



# SKAGIT COUNTY HOUSING INVENTORY AND TRANSPORTATION ANALYSIS REPORT

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PREPARED BY:

**ECON**Northwest

ECONOMICS • FINANCE • PLANNING

FINAL REPORT

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ECONorthwest specializes in economics, planning, and finance. Established in 1974, ECONorthwest has over three decades of experience helping clients make sound decisions based on rigorous economic, planning and financial analysis.

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## Table of Contents

Study Overview	1
Housing Organizations in Skagit County	2
Housing Market Dynamics in Skagit County	3
Barriers to Market-rate and Affordable Housing Development	13
Skagit County Housing Action Plan	15



The Housing Inventory and Transportation Analysis Final Report and Skagit County Housing Action Plan are not part of a formal governmental planning process or any process to amend current countywide planning policies. The Report and Action Plan were prepared for informational purposes and are non-binding documents that require no formal action on the part of any local government. They present information and suggestions for addressing the housing issues identified by ECONorthwest and Commonworks Consulting.

The intent of the Action Plan is to deliver a comprehensive set of strategies and actions that both public and private entities could work together on for developing or supporting market-rate and subsidized affordable housing in Skagit County. Not all strategies and actions will be applicable for every jurisdiction or organization. Any decision by local government to implement strategies and actions within the Action Plan will need to follow requirements established in relevant agreements and federal, state and local laws.

*SCOG Board of Directors and Staff  
December 20, 2017*



# Introduction

Housing is a critical element of a community's social well-being, quality of life, and economic vitality. Expanding housing opportunities and creating more affordability is a growing concern in Skagit County. Jurisdictions and local nonprofit organizations in Skagit County are already taking steps to address housing issues, particularly for low- and moderate-income households. In 2010 the Skagit County Board of County Commissioners established an Affordable Housing Advisory Committee in 2010 to develop and recommend an affordable housing plan for Skagit County. That plan—*Building a Skagit County Affordable Housing Strategy*—was completed in 2012 and updated in 2016.

Housing markets function at a regional scale, which makes it a challenge for individual jurisdictions to adequately address issues related to its housing supply – both market-rate and public supported housing. In addition, local jurisdictions and nonprofit organizations often lack the financial resources to adequately address their housing needs. As a result, further and more coordinated action is needed to fully address the growing challenge of producing low- and moderate-income housing throughout Skagit County.

This study – the Housing Inventory and Transportation Analysis – is intended to build on the efforts of jurisdictions and nonprofit organizations and to provide a more in-depth understanding of the local housing characteristics and affordability issues countywide. The study also presents a housing action plan for addressing low- and

## What can public agencies and nonprofit organizations do to increase production of housing, especially affordable housing, in Skagit County?

moderate-income housing needs identified. The purpose of the action plan is to layout a five- to seven-year road map with specific options for a variety of organizations, including governmental and nonprofit organizations. The action plan is not intended to be prescriptive or replace Skagit County's affordable housing strategy created in 2010 and updated in 2016. It is intended to supplement that housing strategy. Because the action plan is oriented toward addressing a variety of issues and organization, not all actions will be applicable for every organization, and it is important to continue existing housing efforts and maintain existing partnerships.

Overall, there are three broad questions SCOG wanted the analysis to address:

- What is Skagit County's current housing landscape and inventory?
- What type of housing is needed currently and in the future based on Skagit County's employment and socio-economic profile?
- How does the current housing stock and employment distribution align with the transportation network, specifically transit service?

Ultimately, what can public agencies and nonprofit organizations do to increase production of housing, especially affordable housing, in Skagit County?

Our approach to the study was to gather information about the regional housing market to better understand the county's current and historical housing conditions, discuss these findings with developers and affordable housing stakeholders, and identify actions that public and nonprofit agencies could take to increase production of all housing types.

To address these questions the study had two main components: an analysis of the current housing market and trends, and the development of a housing action plan. The housing market analysis evaluated the supply and demand factors affecting local housing production. Housing supply characteristics included a detailed inventory of all housing units in the county and an assessment of housing affordability. Housing demand characteristics included an analysis of socioeconomic trends and factors contributing to housing prices in Skagit County. The development of the housing action plan first involved outreach through interviews and focus groups with real estate professionals, affordable housing providers, and local elected official and planning staff. The subsequent action plan addresses the specific barriers to market-rate and subsidized affordable housing development identified.

# Organizations Involved in Housing Regulation and Production in Skagit County

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The key objective of this project is to determine specific actions that public agencies, nonprofit organizations, and affordable housing advocates can take to increase production of housing, especially affordable housing, in Skagit County.

This Plan focuses on strategies and actions about supporting the development of market-rate and subsidized affordable housing in Skagit County. The plan focuses on strategies in two principal areas:

- Land use planning and regulation: These actions are the responsibility of local government.
- The production and preservation of housing, particularly housing the private market cannot afford to create. This involves local nonprofit/public agency entrepreneurs (including housing authorities), their private sector and faith-based supporters/advocates, and public entities that provide financial, planning, and capacity-development assistance.

Private sector developers have an important role in the local housing market and will be affected by several of the actions in the plan. However, the plan focuses mainly on approaches that will be implemented by local nonprofits, public agency entrepreneurs, affordable housing advocates, and local governments.

The following organizations have a role in implementing the Housing Action Plan. This section describes their current housing-related work.

## **Skagit Council of Governments (SCOG).**

SCOG staff has participated in the region's evolving discussion on housing and affordability over the past couple of years. SCOG coordinates standing committees composed of member jurisdictions related to transportation and land use issues in Skagit County, including a Growth Management Act Steering Committee and a Growth Management Act Technical Advisory Committee.

**Cities and Towns.** All incorporated cities and towns within Skagit County have a role in housing development through their regulatory authority and permitting process. Cities (incorporated areas with populations greater than 1,000) and towns (which include incorporated areas with populations less 1,000) can provide funding support for subsidized affordable housing through their general fund or a dedicated funding source such as a special property tax levy.

**Skagit County.** Skagit County has roles in both the land use regulatory responsibilities (primarily through the Planning and Development Services Department) and support for subsidized affordable housing production (primarily through Skagit County Public Health, which is dealt with in more detail below). The County has land use regulatory authority and planning responsibilities for unincorporated parts of Skagit County, both in rural areas and unincorporated Urban Growth Areas. The County also makes decisions about how county-owned land is used, potentially including housing development.

**Skagit County Public Health.** Skagit County concentrates its subsidized affordable housing work in the Department of Public Health (Skagit County Public Health). This department's involvement has provided substantial visibility, coherence, and leadership around affordable housing efforts in the county related to planning for and financially supporting affordable housing programs.

**Skagit County Consortium for the Tri-County Area Plan.** The Consortium consists of 19 municipalities in three counties (Skagit, Island, and Whatcom) that agreed to join the Consortium through signing on to an Interlocal Cooperation Agreement establishing the Consortium. Skagit County Public Health is the lead entity and administrator of the Consortium. The Consortium has a three-year Consolidated Plan (2015-17) that describes housing and community development needs and how federal and other resources are to be used to address them.

**Nonprofit Affordable Housing Providers, Housing Authorities, and Tribes.** There are a wide variety of organizations that develop or own affordable housing in Skagit County and that also provides services and support for low- to moderate-income households. Specific organizations include local public housing authorities, nonprofit affordable housing developers, nonprofit service providers, and local tribes that provide housing assistance for tribal members in Skagit County.

# Housing Market Dynamics in Skagit County

Key findings of the *Housing Inventory and Transportation Analysis* highlight the characteristics of Skagit County's existing housing stock, the growing and changing housing needs, and the broad direction for addressing housing barriers in the county.

- **Most housing in Skagit County is single-family detached and located along the Interstate-5 or Highway 20 corridors.**

The existing stock and development patterns reflects historical needs when that development occurred. However, as housing demand has changed, development of housing in Skagit County has not responded to the changes in demand. Production of more expensive single-family detached housing has continued but production has lagged for more affordable housing types such as small-scale single-family detached, duplexes, and multifamily housing.

- **Housing production in Skagit County since 2010 has been slower than any decade in the last 40 years.** Since 2010, about 1,500 new units have been built. Almost all of those recently built units are single-family homes. Much of the higher-end development has been of higher-end single-family detached housing. These trends exacerbate the existing deficit of housing affordable to for moderate- and low-income households.

- **Economic recovery from the Great Recession has been uneven, with most household growth occurring at lower income levels.** Low- and moderate-income households, who have limited housing options, are a growing share of the county's population. Development of housing affordable for these households been slow or nonexistent.
- **The County's existing housing stock does not meet the needs of Skagit County residents, especially given the demographic changes occurring in the county and across the nation.** Changing demographics in Skagit County and across the nation are resulting in demand for more affordable units of all types.
- **There are a growing number of households who cannot afford the lowest market-rate housing available in the County.** Maintaining the existing supply of subsidized affordable housing and building new subsidized housing to meet the growing need is also a financial challenge for affordable housing providers. There is a lack of financial resources to build new subsidized affordable housing to meet the increasing need.

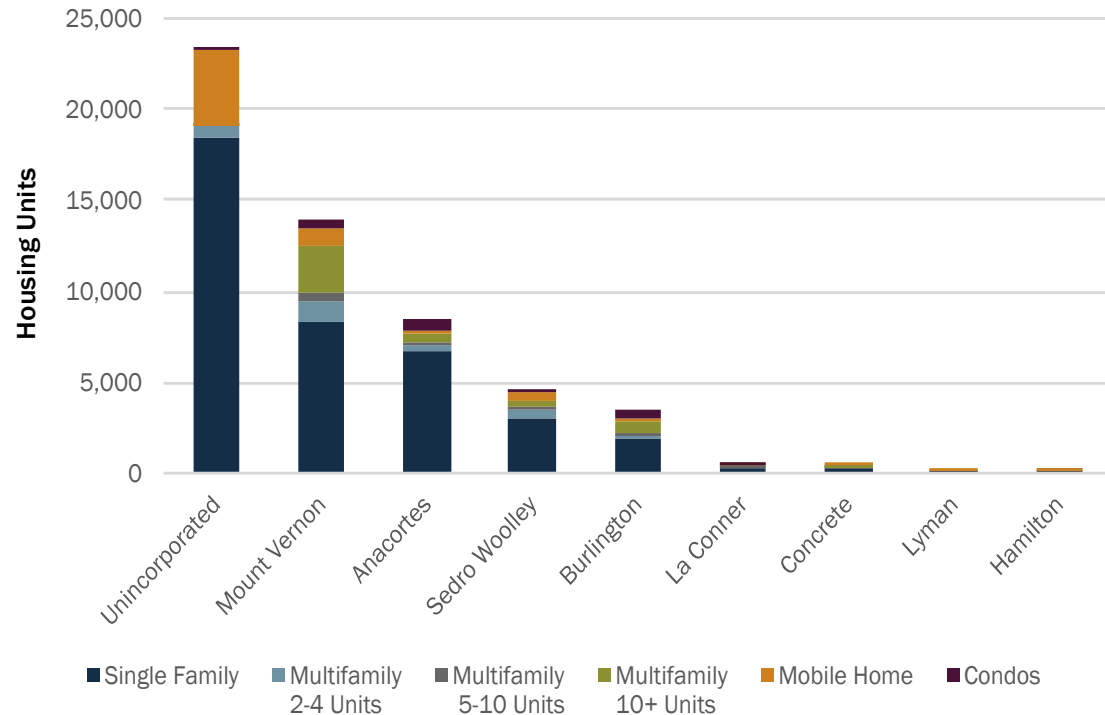
## BY THE NUMBERS

- Approximately 55,000 total units in 2016. Over 70% are single-family homes, 18% are multifamily units, and 11% are mobile homes.
- Six years into the decade, 2010-2020 will likely have the fewest housing units constructed in 40 years.
- Median incomes have decreased by 9% adjusted for inflation from 2010–2014.
- For rent vacancy: 1%
- Average home sales price (2016): \$262,000
- Average monthly rent for an apartment (2016): \$955

# Skagit County's housing stock has limited housing options.

There were almost 55,000 housing units in Skagit County in 2016. The large share of those units (70 percent) are single-family homes. The majority of the units are within an incorporated city or town, but a sizable share (42 percent) of housing units are in unincorporated areas of the county. Multifamily housing represents 18 percent of the total housing stock. Small-scale multifamily buildings with less than 10 units are just seven percent of the county's housing stock. A sizable majority of the multifamily housing stock is in three cities: Burlington, Mount Vernon, or Sedro-Woolley. Mobile homes are almost 11 percent of total housing stock, which is mostly in unincorporated parts of the county.

Skagit County Housing Units, 2016



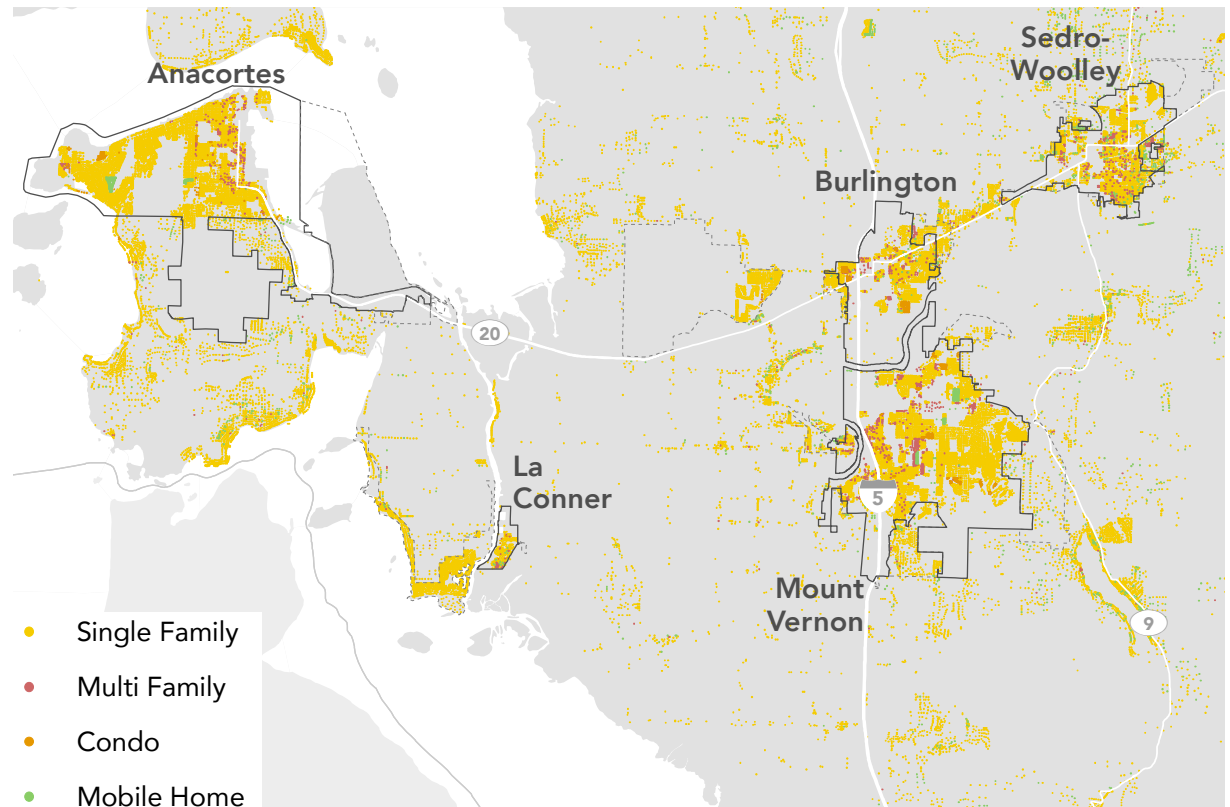
Source: Skagit County Assessor



# Housing opportunities depend on where different types of housing are located.

Single-family housing is spread throughout the county in both incorporated and unincorporated rural areas. Multifamily housing is concentrated in incorporated areas of the county, while mobile homes are mostly dispersed throughout unincorporated rural areas. Locations along shorelines also have a concentration of housing.

Skagit County Housing Units, 2016

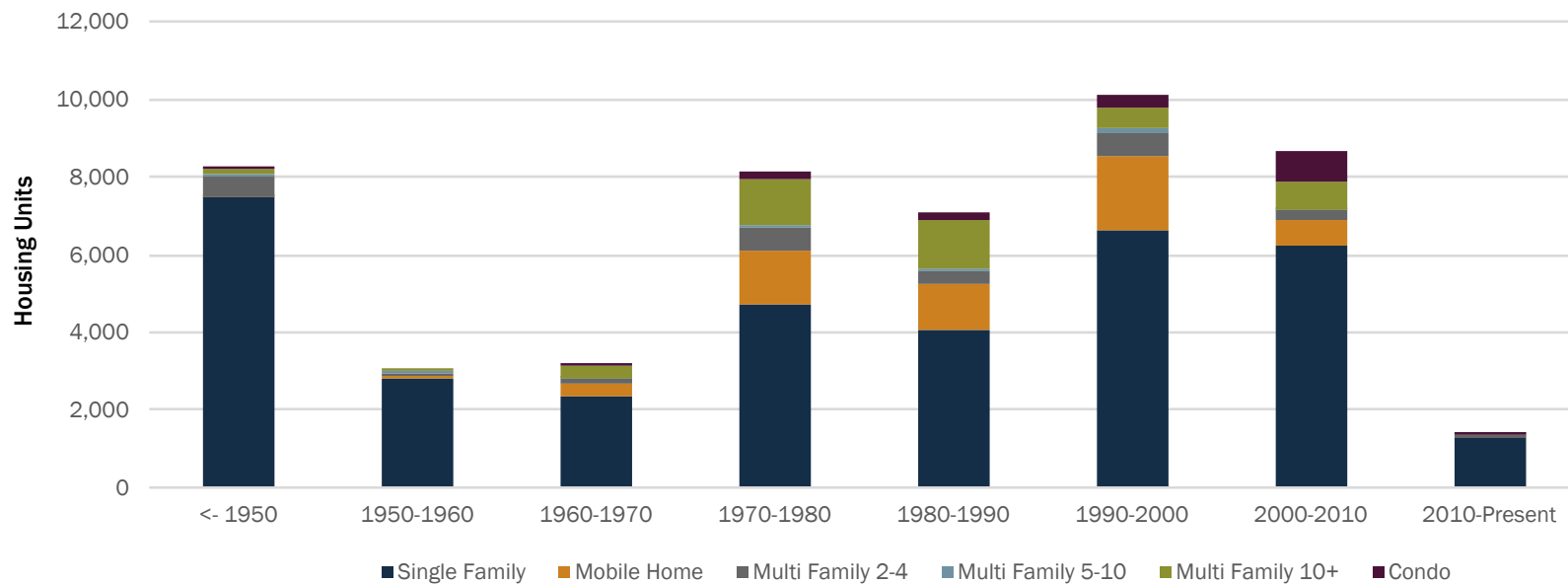


Source: ECONorthwest, Skagit County Assessor

# Based on the last six years, the decade spanning 2010-2020 is on track to produce fewer units than any decade in the last 40 years.

Skagit County's housing stock is generally older with few units built since 2010. Over 60 percent of the county's housing stock was built between 1970 and 2010. Since 2010, about 1,500 new units have been built. Almost all of those recently built units are single-family homes. As the local housing market has improved throughout 2017 there has been an up-tick in housing construction in the county. Currently, there are 99 multifamily units under construction in Sedro-Woolley and Mount Vernon has four projects that will create 62 multifamily units that have either received building permits or have submitted building permits and are working through the approval process. Burlington has an additional 83 multifamily units under construction. However, based on the last six years, the decade spanning 2010–2020 is on track to produce fewer units than any decade in the last 40 years. The appendix at the end of this report shows the annual housing production in Skagit County over the last 40 years.

## Housing Units by Year Built, 2016



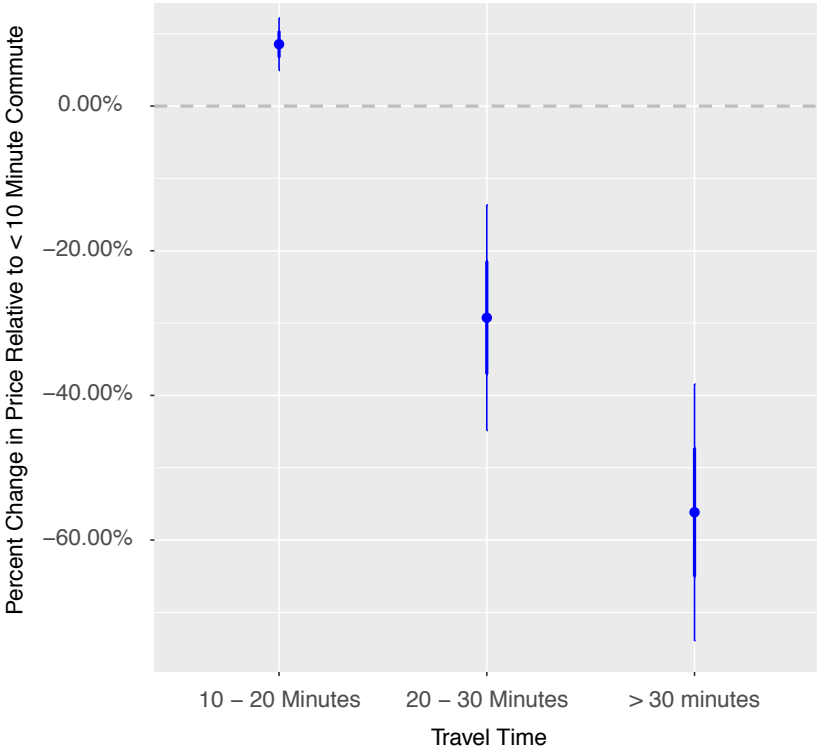
Source: Skagit County Assessor

# A large share of the housing stock is near job centers, which has a price premium.

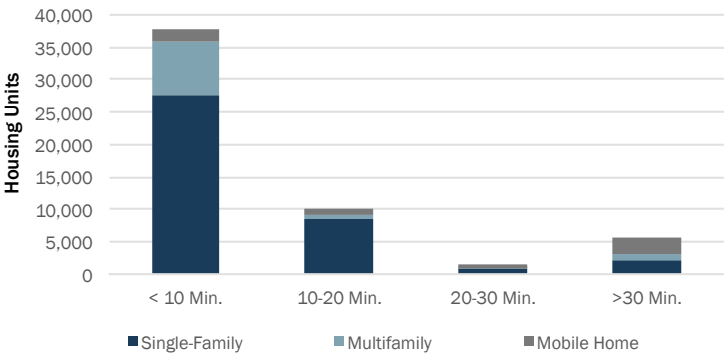
Employment in Skagit County is generally concentrated in “job centers” along the Interstate-5 corridor and Highway 20. Job centers were identified as areas with an employment density greater than 250 jobs per square mile. Almost 70 percent of housing units in the county are less than a 10-minute drive from a job center, including 80 percent of multifamily units.

The study conducted statistical analysis of the different factors that contribute to housing prices. Of particular interest is the impact of being closer to job centers on home prices compared to other locational and structure factors, such as the size or age of a house. The analysis found the proximity to job centers has a positive effect on home prices. Controlling for all other factors, units more than a 20-minute drive from a job center had lower home prices than those less than 20 minutes. Units within a 10- to 20-minute commute to job centers actually had prices 10 percent higher than units with less than 10-minute commute time.

**Average Change in Price Based on Travel Time to Nearest Job Center**



**Housing Units by Travel Time to Nearest Job Center**



Above source: Skagit County Assessor;  
At left source: Redfin

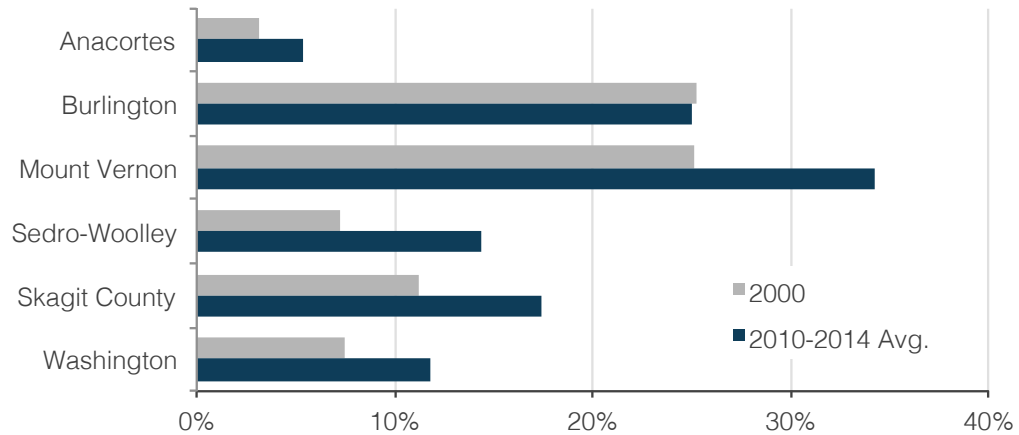
# Skagit County's population is growing, aging, and becoming more diverse. Its housing stock does not match this diversity.

Since 2010, Skagit County's population has grown by over 5,300, which is an average annual rate of 0.8 percent. This rate of growth is slower than from 2000 to 2010, which was 1.3 percent. Looking forward, the Washington State Office of Financial Management (OFM) projects net-migration into the county through 2025 to somewhat exceed net-migration totals from 2000 to 2010.

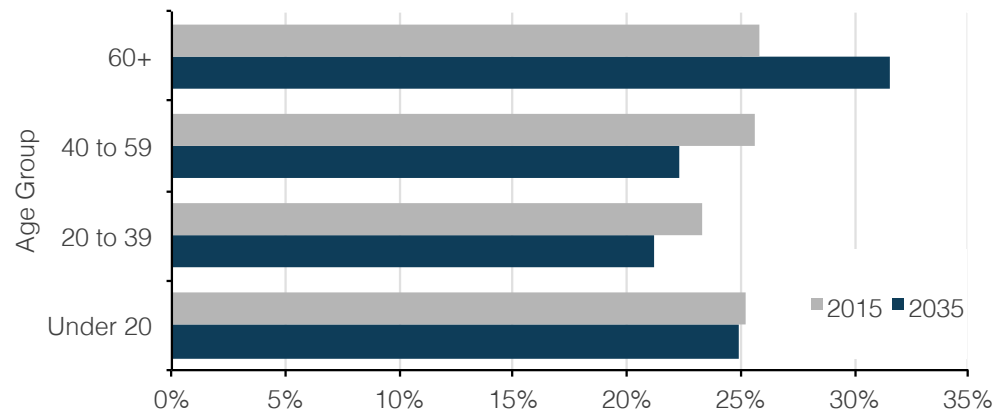
Skagit County's population is also aging. The median age in Skagit County is 40.6, which is up from 37.2 in 2000. The median age in the county is also higher than the State's median age of 37.4. OFM projects the share of the population over 60 is expected to increase to almost one third of the total population by 2035, up from 26 percent in 2015.

Since 2000, the county's population is becoming more diverse. Residents who identify as an ethnicity other than white alone, non-Hispanic has increased from 17 percent in 2000 to 24 percent in 2015. In particular, the Latino population has grown from 11 percent to almost 18 percent over this same period.

**Percent of Nonwhite Residents by County**



**Percent of Skagit County Residents by Age**

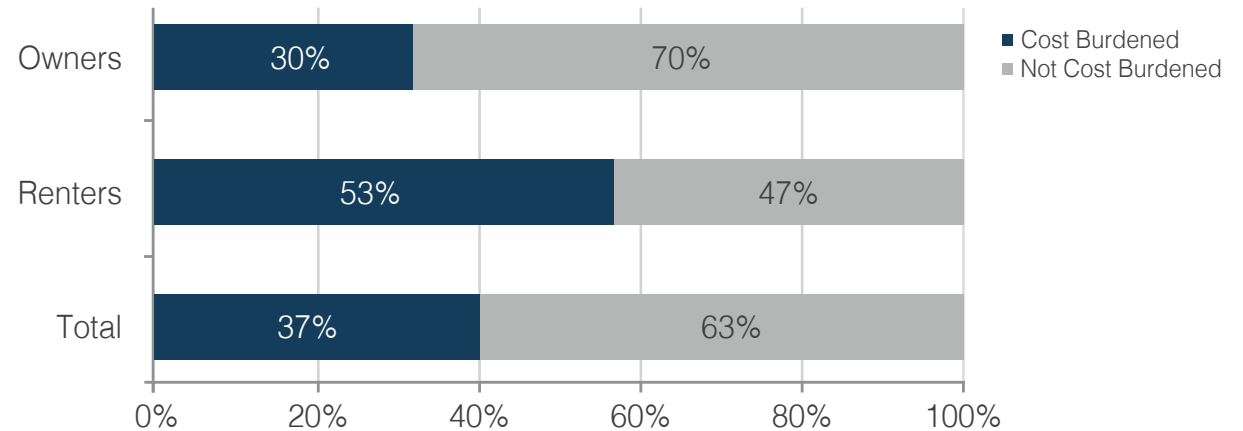


Source for graphs: ECONorthwest, US Census Bureau

# Demand for lower-priced housing.

Low- and moderate-income households, who have limited housing options, are a sizable share of the county's population. In 2015, 22 percent of households had incomes below \$25,000, and 37 percent of households are cost burdened because they spend more than 30 percent of their income on housing. The majority of renter households in the county are cost burdened. In addition, since 2000, the median household income declined from about \$60,000 to \$54,000 in 2015 (adjusted for inflation in 2015 dollars).

**Cost-Burdened Skagit County Residents 2015**



Source: U.S. Census Bureau 2015

**Skagit County Median Family Income Ranges, 2014**

Percent of Skagit County MFI	< 30%	30% - 50%	50% - 80%	80% - 120%	> 120%
Income Range	< \$12,456	\$12,456 - \$20,760	\$20,760 - \$33,216	\$33,216 - \$49,824	> \$49,824
Number of households	5,864	4,987	7,993	8,300	18,165
Percent of Households	13%	11%	18%	18%	40%
Owner-occupied	None	Manufactured in parks	Single-family attached; condominiums; duplexes; manufactured on lots	All housing types; lower values	All housing types; higher prices
Renter-occupied	Apartments; new and used government assisted housing	Apartments; manufactured in parks; duplexes	Single-family attached; detached; manufactured on lots; apartments	All housing types; lower values	All housing types; higher prices

Source: ECONorthwest, U.S. Census Bureau 2014



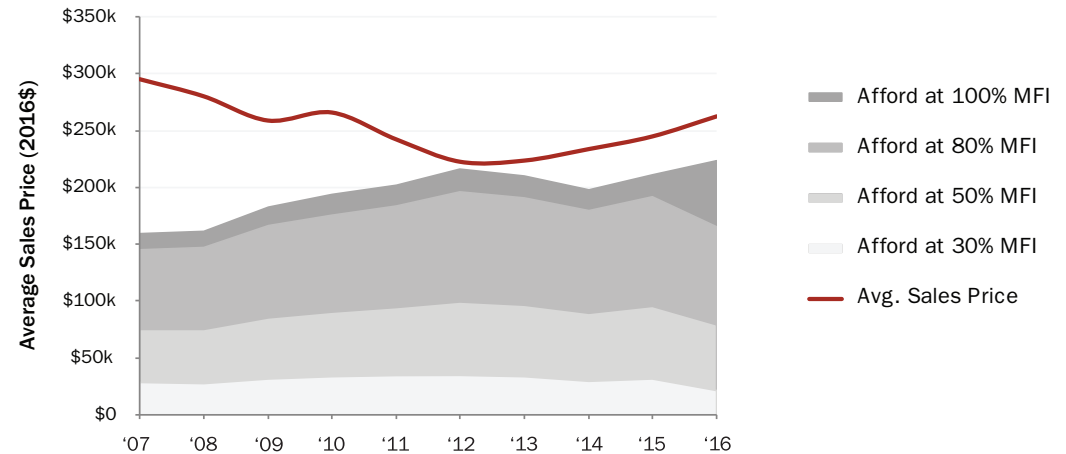
# Housing affordability is an issue for both renting and owning a home in Skagit County.

Housing costs in Skagit County, both average rents and average home sales price, were lower in 2016 than they were at the start of the recession in 2007. Adjusted for inflation, average apartment rents been relatively flat over the last ten years at about \$950 per month. In addition, inflation adjusted home sales prices were lower in 2016 with an average sales price of \$262,000 compared to \$295,000 in 2007.

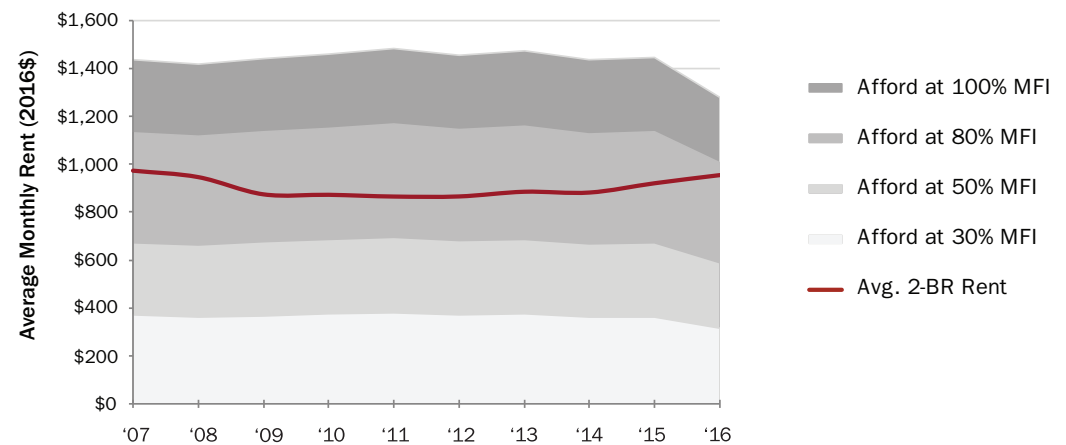
Despite housing costs not increasing, a relatively high share (37 percent) of households in the county paid more than 30 percent of their income on housing in 2015. These households are considered cost-burdened by their housing costs. Renters in particular are affected with 53 percent of households renting considered cost-burdened. Home ownership is also out of reach for many households. A family making the median family income could not afford the average priced home without becoming cost-burdened.

Overall, the share of cost-burdened households has decreased since 2010 going from 41 percent of all households to 37 percent in 2015. The overall decrease was due to the decrease in the owner-occupied cost-burdened households, which is likely due to the decline in home prices. The percent of renter cost-burdened households increased slightly going from 52 percent to 53 percent over the same period.

**Single Family Home Prices and Affordability (Adjusted for Inflation)**



**Two-bedroom Apartment Rent and Affordability (Adjusted for Inflation)**



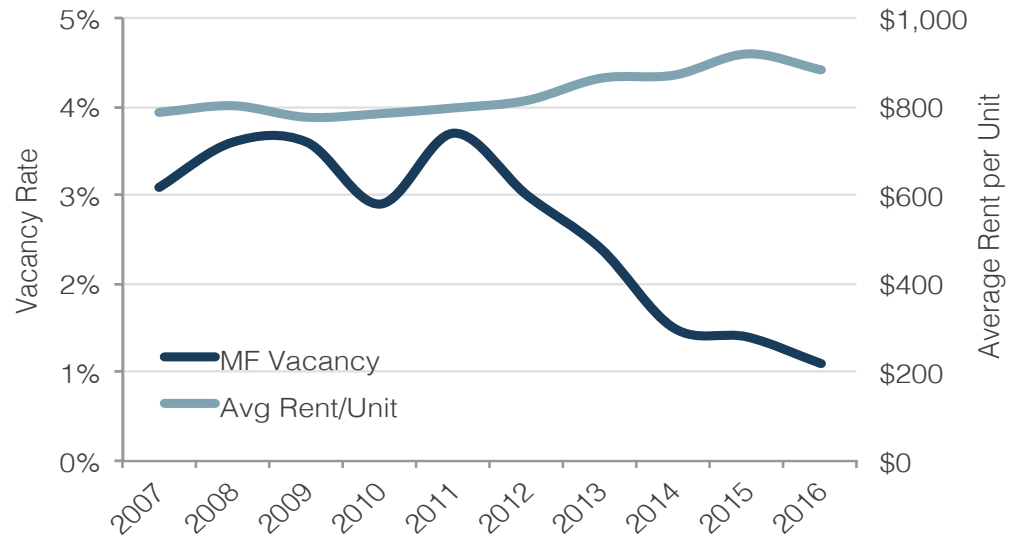
Source for graphs: ECONorthwest, U.S. Census Bureau 2014

# Housing supply is tight, with limited opportunities to easily build new housing of all types.

As of 2016 less than 1,500 total units and fewer than 80 multifamily units have been built in the county since 2010. At the same time, the availability of rental and for-sales homes decreased. Apartment vacancies in the county are very low and decreased from about three percent in 2010 to one percent in 2016. Interviews with real estate professionals and brokers also noted a tight market for, for-sale homes and that homes are currently often selling above the asking price. Interviewees also noted the lack of homes affordable to younger, first-time buyers.

One of the reasons the housing supply has been slow to respond to market indicators for new housing, such as low vacancy rates or selling prices being bid-up, is the lack of sizable, vacant sites within the county's incorporated and unincorporated urban growth areas (UGAs). Interviews with real estate professionals and affordable housing providers both cited the lack of sizable, vacant properties for multifamily housing under current zoning. In addition, much of the identified housing capacity (buildable parcels with residential zoning) is in unincorporated UGAs. While mostly undeveloped, these areas lack the appropriate infrastructure and zoning to support the development of these areas with denser residential uses.

**Skagit County Apartment Rent and Vacancy, 2016**



Source: CoStar, 2016

Another reason for the limited amount of recent housing development is financial feasibility. While home prices have declined and apartment rents have remained flat, construction costs have increased. Construction costs (labor and materials) in Skagit County are a part of the broader Puget Sound marketplace, which has realized sizable increases in construction costs. As a result, it is financially challenging to building new units in Skagit County, especially for units not targeting high-end home buyers.

<sup>1</sup>Construction costs in the Seattle market have increase by 4.6 percent in the last years according to Rider Levett Bucknall.

# Existing subsidized affordable housing does not meet current demand.

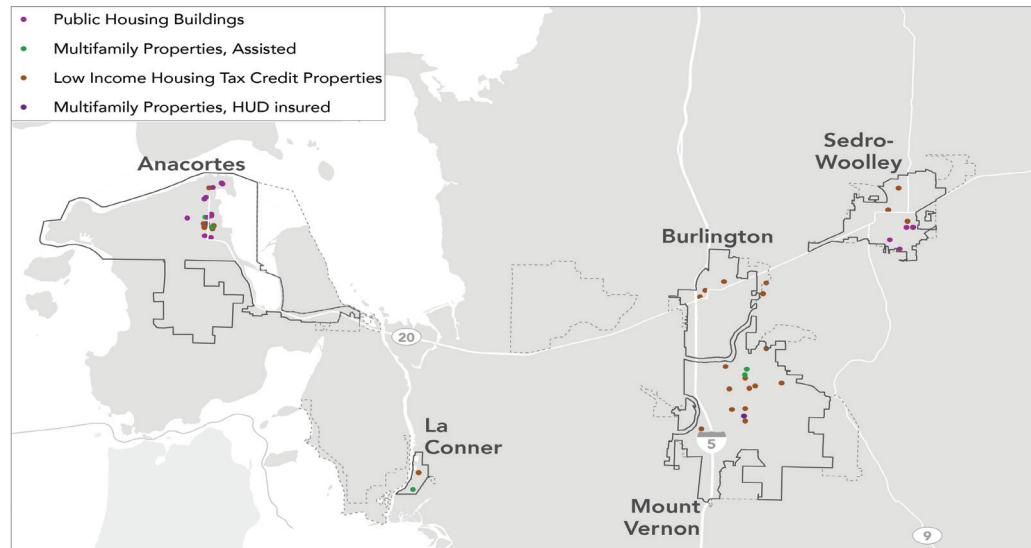
The private market does not currently produce enough housing that is affordable for low- and moderate-income households. Existing affordable housing communities have lengthy waiting lists for new applicants. Households using Section 8 voucher have difficulties using them because they cannot find housing to rent or are losing their housing due to rent increases.

**Building new income-restricted units is the most direct strategy for addressing the shortage of affordable housing.**

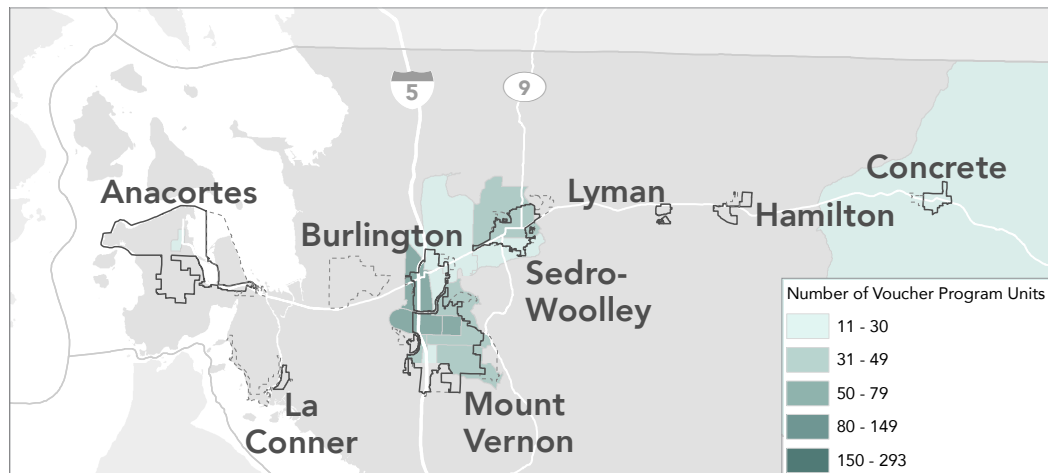
Under the leadership of the Skagit County Public Health, Skagit County has made a promising start in this direction.

Financial resources to subsidize new rental housing and maintain existing subsidized rental housing is limited and often competitively awarded. New housing development requires up-front resources to identify and analyze a site and complete a feasibility analysis. Projects also require gap financing to deliver rents that are affordable in the long-term. As a result, creating substantially more affordable housing will require the for-profit and nonprofit development communities and local governments to bring their commitment, expertise, and resources to build additional affordable housing developments.

### Subsidized Affordable Housing Properties, 2016



### Housing Choice Vouchers by Census Tract, 2016



Sources for maps: U.S. Department of Housing and Urban Development

# Barriers to Market-rate and Affordable Housing Development

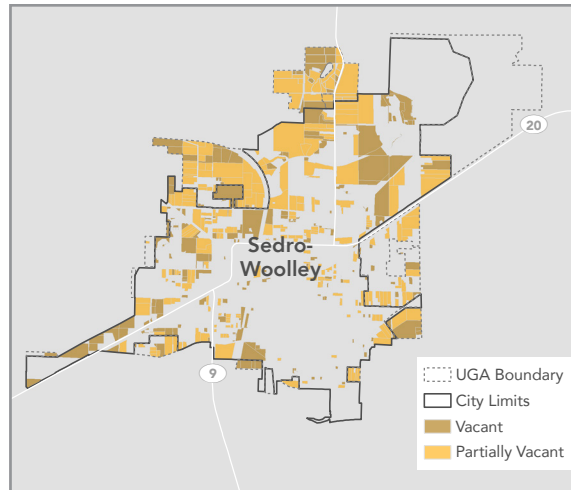
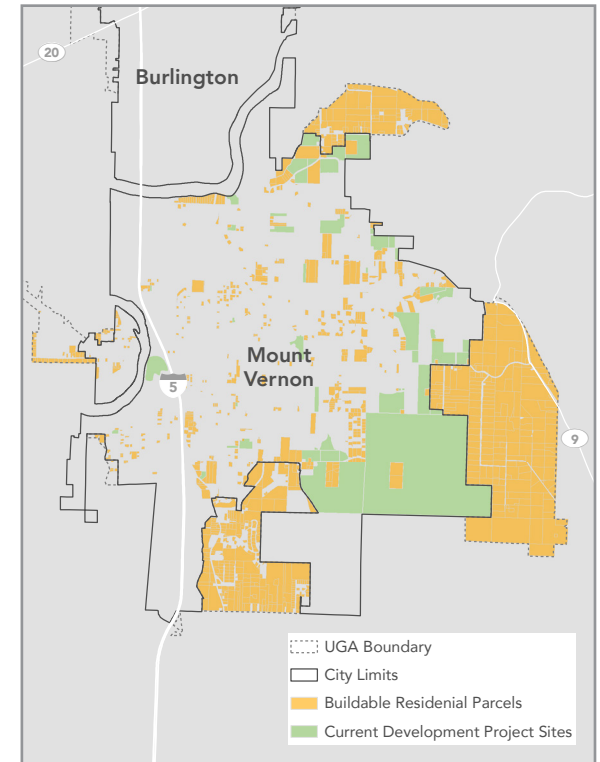
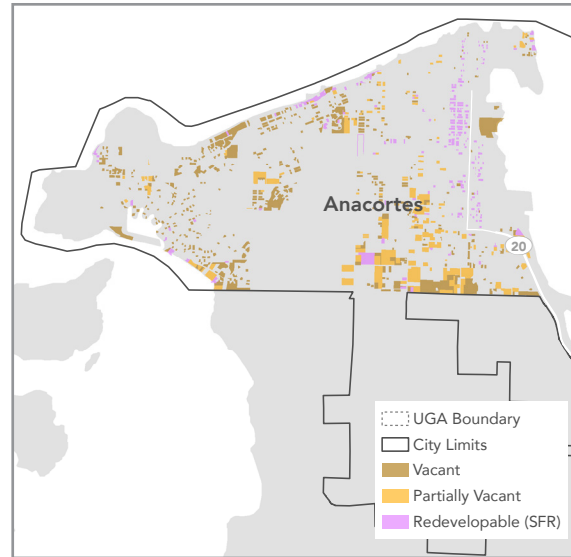
Based on this analysis and discussions with stakeholders, the analysis identified barriers to the development of subsidized affordable and market-rate housing in Skagit County. The barriers fall into three categories: **regulatory**, **financial**, and **infrastructure**.

## REGULATORY BARRIERS

Regulatory barriers include zoning and development requirements that limit the amount and types of housing developed in Skagit County. Specific regulatory issues identified include:

- Most of the existing land capacity (about 80 percent not including the City of Burlington) is zoned for single-family or mobile home development.
- There is a lack of sizable, vacant sites in UGAs with zoning that allows housing, particularly for multifamily housing.
- Sizable, vacant sites have been mostly developed, and the remaining capacity is on more challenging sites that may already have structures, may be encumbered with critical areas, lack necessary urban infrastructure, or are not in the right location.
- Development standards, such as lots size minimums and parking requirements, limit the ability to do infill housing development in many areas, even in zones that allow that type of housing.

## Residential Land Capacity in Anacortes, Sedro-Woolley, and Mount Vernon



Sources: City of Anacortes, City of Sedro-Woolley, City of Mount Vernon

# Barriers to Market-rate and Affordable Housing Development

## FINANCIAL BARRIERS

Financial barriers include gaps in funding and financing market-rate and subsidized affordable housing, and overall financial feasibility of projects. Skagit County, cities, and affordable housing providers have made good efforts addressing affordable housing in the county, but these efforts need to be scaled up to meet the growing and variety of low- and moderate-income housing needs. Additional sources of funding for affordable housing will be needed to scale up production. However, financial resources are a constant constraint for all organizations and housing needs in the county are likely to be higher than the resources available to completely address those needs. Specific financial issues identified include:

- It is a challenge to build new housing based on recent rents/prices compared to construction costs, especially for housing not oriented to the high-end of the market.
- Skagit County, cities, and affordable housing providers have made good efforts addressing affordable housing in the county, but these efforts need to be scaled up to meet the growing and variety of low- and moderate-income housing needs. Additional sources of funding for affordable housing will be needed to scale up production.

## INFRASTRUCTURE BARRIERS

Infrastructure barriers include the lack of water, sewer, and transportation infrastructure to support housing development. In particular, much of the undeveloped residential land supply is in unincorporated UGAs, which

lack these costly infrastructure improvements. Transportation access broadly was not identified as barriers because a large share of the existing housing stock is less than a 20-minute drive from a job center.

## Rent Levels Needed for Development Feasibility





# Skagit County Housing Action Plan

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The Housing Inventory and Transportation Analysis analyzed and developed an inventory of the current housing market in Skagit County and conducted numerous interviews and focus groups with public sector, private sector, and non-profit stakeholders involved in housing development in Skagit County. Based on this analysis and discussions with stakeholders, the analysis identified barriers to the development of subsidized affordable and market-rate housing in Skagit County. To overcome these barriers and address low- and moderate-income housing issues in the county, the Housing Action Plan focuses on five strategies:

- **Strategy 1:** Facilitate Development of Market-rate and Subsidized Affordable Housing
- **Strategy 2:** Build Local Organizational Capacity to Develop Subsidized Affordable Housing
- **Strategy 3:** Address Funding Needs to Support Subsidized Affordable Rental Housing Development and Operation
- **Strategy 4:** Support Housing Rehabilitation and Preservation
- **Strategy 5:** Continue to Support Affordable Homeownership Development

Following each strategy are specific implementation actions. The actions address findings from the analysis and stakeholder outreach, and identify **what** needs to be done, **how** the action can be accomplished, **who** the responsible entities are for implementing the action, and **when** the action should take place and sequenced with other actions.

It is important to note that **not all actions will be applicable for every jurisdiction or organization**. Some jurisdictions may already be pursuing similar actions. For implementation, specific next steps for individual organizations depends on who the lead organization is and the timeline of the specific action item.

As the regional planning organization, SCOG's role may include tracking these efforts and continuing to play a role as a convener. The County, cities, and towns should integrate the applicable action items into their work programs over the next several years and coordinate new actions with their current actions related to housing issues. Nonprofit organizations should

prioritize and align their efforts and funds to address the relevant action items as well.

The following sections detail the strategies and actions for the Skagit County Housing Action Plan.

## **STRATEGY 1: FACILITATE DEVELOPMENT OF MARKET-RATE AND SUBSIDIZED AFFORDABLE HOUSING**

The private market does not currently produce enough housing that is affordable for low- and moderate-income households. The development of subsidized affordable housing in urban areas is also a challenge due to the lack of sizeable, vacant sites and lack of financial and organizational capacity.

Actions that help increase housing of all types built in the region—particularly those types that are smaller, cost-effective to build, and built in infill areas—can ensure an existing stock and pipeline of affordable and market-rate options for residents in the future.

<b>Action 1.1: Implement a consistent and comparable countywide buildable lands inventory</b>
<b>Barrier:</b> Different methods and assumptions used in conducting buildable land inventories makes it difficult to compare the housing capacity between cities. As a result, it is also difficult to know the overall capacity for additional single-family and multifamily housing within the county.
<b>What:</b> Establish a buildable land inventory (BLI) for UGAs (both incorporated and unincorporated) in the county based on a common methodology, implementation, and assumptions to understand the potential supply of developable sites that allow single-family and multifamily housing.
<b>How:</b> Start a process for cities and the County to review current approaches to buildable lands analysis and then develop a common methodology and assumptions for how BLIs are conducted for all jurisdictions in the county. The Growth Management Act Technical Advisory Committee could serve as the forum for this process. Individual cities will then have to update their BLI by a certain date.
<b>Who:</b> This process can be coordinated by SCOG and the GMA Technical Advisory Committee as part of the comprehensive plan update process. <ul style="list-style-type: none"> <li>■ Lead: Growth Management Act Steering Committee</li> <li>■ Partners: Cities and towns, Skagit County, SCOG</li> </ul>
<b>When:</b> 3–5 years: at least one year before the next comprehensive plan update

<b>Action 1.2: Create and coordinate housing element implementation actions</b>
<b>Barrier:</b> Comprehensive Plan Housing Element policies typically do not have any specified implementation action items associated with the policies. There may be value in regional coordination on specific housing action. These defined work programs need not live in the Comprehensive Plan, but could be referenced as an outside operational plan that is updated periodically.
<b>What:</b> Review and identify housing policies and how are being implemented. Develop and coordinate implementation actions to address policies not being implemented among jurisdictions with common issues.
<b>How:</b> In advance of updating jurisdictions' comprehensive plans, coordinate the creation of implementation action and priorities for similar housing strategies among jurisdictions. <ul style="list-style-type: none"> <li>■ As part of updating jurisdictions' Housing Element, each individual jurisdiction should identify possible implementation actions for each policy that can be included in the jurisdictions' annual work program.</li> <li>■ Jurisdictions then should meet and identify similar policies, priorities, and common implementation actions, such as supporting the development of accessory dwelling units, and update their plans have coordinated housing policies and actions.</li> <li>■ In addition, cities can communicate the importance of housing production and the implementation actions with a consistent message to constituents.</li> </ul>
<b>Who:</b> Jurisdictions planning under the GMA <ul style="list-style-type: none"> <li>■ Lead: Skagit County, Anacortes, Burlington, Mount Vernon, and Sedro-Woolley</li> <li>■ Partners: SCOG</li> </ul>
<b>When:</b> 5–7 years

**Action 1.3: Coordinate future planning within UGAs for annexation**

**Barrier:** Much of the sizable and vacant land is in unincorporated UGAs, particularly for a few cities. Often, the lack of an orderly annexation process, infrastructure, and/or appropriate zoning limit the ability of these areas to develop at urban densities.

**What:** The development of infrastructure to support development is a costly and time-consuming process. Coordinating planning, infrastructure development, and zoning changes can speed up the annexation of these areas, which will facilitate the develop at urban densities and form, which is required under the Growth Management Act. Ultimately, cities should ensure an adequate and orderly process exists that will allow areas to annex into the city.

**How:** Individual cities can create plans for infrastructure improvements and zoning changes and develop strategies for the annexation of UGAs or parts of UGAs into city limits.

**Who:** Affected cities and Skagit County

- Lead: Cities
- Partners: Skagit County

**When:** 1–3 years

**Action 1.4: Evaluate development regulations to allow more housing types in more areas**

**Barrier:** There are a limited number of sizable, vacant sites – particularly for multifamily or affordable housing – within incorporated areas of the county.

**What:** Identify sites and areas that could accommodate more housing development where current zoning or development regulations, such as lot size requirements, limit the development potential of those sites. Consider changes to these regulations to allow housing of different types and scales. Also, consider implementing by-right zoning, which streamlines the approval for developments that meet existing development requirements.

**How:** Engage in a planning process to update zoning regulations.

- Start a public conversation around the need for and location of multifamily housing.
- Begin by focusing on specific subareas that currently do not allow multifamily housing that are near employment concentrations and transit service or other desirable locations. Explore mixed use zones that include multifamily housing.
- Initiate comprehensive plan amendment process and update development zoning regulations.

**Who:** Cities

- Lead: Anacortes, Burlington, Mount Vernon, and Sedro-Woolley
- Partners: None

**When:** 1–5 years

**Action 1.5: Develop coordinated policies for infill development among all cities**

**Barrier:** Many of the development opportunities within city limits are on lots that already have structures on them. As a result, most cities in Skagit County are looking for opportunities to realize more infill housing development.

**What:** Cities can collectively explore potential “missing middle” housing options (i.e. small-lot homes, duplexes through 4-plexes, accessory dwelling units, townhouses, and more dense garden apartments) and form zoning regulations to support the development of these housing types.

**How:** Engage in a planning process to update zoning regulations, potentially as part of the same public conversation and process evaluating zoning.

- Start a public conversation about housing needs and the role of “missing middle” and multifamily housing in affordability and housing needs.
- View and possibly tour existing missing middle housing options.
- Create and share implementation action and regulation for infill housing development among cities.
- Initiate comprehensive plan amendment process and update zoning regulations.
- Coordinate on the use of the multifamily property tax exemption to support the building of market-rate and affordable housing. They will need to consider the targeting to areas, specific product types, and whether to use the 8- or 12-year program.

**Who:** All cities

- Lead: Anacortes, Burlington, Mount Vernon, and Sedro-Woolley
- Partners: All cities

**When:** 1–3 years

**Action 1.6: Identify, assemble, and prepare sites for subsidized affordable housing**

**Barrier:** There is a lack of sizable, vacant, and low-cost sites for subsidized affordable housing.

**What:** Identify sites under public ownership that provide an opportunity for inclusion of subsidized housing as part of the project concept. Analyze redevelopment opportunities and their scale and prioritize the best opportunities.

**How:** Start with one site, one project.

- Solicit “Phase 1” proposals that include identification of project concept and partners.
- Incentivize the development of affordable housing, possibly by making pre-development funds (source to be determined) and free/reduced-cost sites available to projects that incorporate both.
- If site is not already under public ownership, consider applying for balance of State CDBG funds (except for sites in Anacortes and Mount Vernon, which are Entitlement Communities) for site acquisition.

**Who:** Cities, nonprofit affordable housing developers, and housing authorities

- Lead: Cities and Skagit County
- Partners: Nonprofit affordable housing providers and housing authorities

**When:** 1–3 years

**Action 1.7: Enhance development potential of current sites owned by nonprofits and faith-based entities**

**Barrier:** Some existing sites owned by nonprofits or faith-based entities could physically accommodate housing or more housing than currently onsite.

**What:** Expand housing opportunities for lower income households on sites already owned by nonprofits or faith-based entities. Engage in proactive, team-based problem-solving to identify constraints and how to address them

**How:** Collaborate to identify opportunities and select an initial site in which to pursue the development of additional housing.

- Inventory sites currently owned by nonprofits and faith-based entities.
- Build community support and develop an outreach plan for potential sites.
- Select one or more sites to serve as prototypes for this effort. Identify those that are potential sites for affordable housing development (i.e. willing owner, site could physically accommodate more housing, is properly zoned, etc.), and prioritize development opportunities. One potential early candidate is Skagit Council Housing site in Mount Vernon.
- For the prototypes, identify the barriers preventing development, especially ones involving development regulations. Engage in proactive, team-based problem-solving that includes jurisdictions, site owners, and affordable housing developers to create solutions. Update zoning regulations if necessary.
- Start the development process to design and build on the site.
- Repeat for additional high priority sites with willing owners.

**Who:** Affordable housing providers (nonprofits and housing authorities) and faith-based entities.

- Lead: Individual affordable housing providers that own property.
- Partners: Appropriate jurisdictions, which may need to amend the comprehensive plan and/or zoning.

**When:** 1–3 years

**Action 1.8: Incentivize the development of multifamily housing**

**Barrier:** Multifamily housing development may not be financially feasible given current values and high construction costs. Also, existing development codes are often not currently set up for incentives to be utilized effectively.

**What:** Create a menu of incentives that address identified barriers that jurisdictions can offer to encourage multifamily housing and/or projects that include affordable units. Cities may also need to review incentives they currently offer and determine if they are effective or if they need to be modified.

**How:** Determine specific market issues for development of multifamily housing in appropriately zoned areas.

- Consider incentives that would specifically address these barriers. One option is the 12-year multifamily tax exemption program (MFTE) within incorporated areas with a population above 15,000, which includes Anacortes and Mount Vernon. Other options include reductions for parking requirements, infrastructure requirements, permit or impact fee waivers, or density bonuses.
- Work with elected officials to create a menu of options and the implementation of those options.
- Calibrate incentives (new or existing) to local market conditions and barriers. Correctly calibrating incentives is a key component of making an incentive program effective.
- Adopt ordinances and/or zoning changes to allow for the use of the appropriate incentive.

**Who:** Cities

- Lead: Anacortes, Burlington, Mount Vernon, and Sedro-Woolley
- Partners: SCOG

**When:** Present and ongoing as needed



**STRATEGY 2: BUILD LOCAL ORGANIZATIONAL CAPACITY TO DEVELOP SUBSIDIZED AFFORDABLE HOUSING**

Housing development is contingent on a variety of public and private partners. Creating affordable housing requires the for-profit and nonprofit development communities, as well as government funders, to bring their commitment, expertise and resources for project construction. Under the leadership of Skagit County Public Health, Skagit County has made a promising start in this direction. The continued leadership of Public Health is needed, along with energized nonprofit/private sector leadership in areas where public sector employees cannot lead, such as in a campaign for a housing levy. This section builds on existing momentum and identifies opportunities to further enhance the region’s capacity to develop subsidized housing.

<b>Action 2.1: Formalize structures for coordination and leadership for governmental and nonprofit affordable housing providers</b>
<b>Barrier:</b> Nonprofit affordable housing providers highly value Skagit County Public Health’s leadership and facilitation on affordable housing issues, which should continue. However, there is a need for a parallel structure to take on issues that cannot be led by County staff, such as advocating for changes in policy or campaigning for a new property tax levy, local option sales tax, or emergency housing levy.
<b>What:</b> Formalize a network of affordable housing providers and advocates who are independent of (but have a relationship with) Skagit County Public Health for the purpose of taking on initiatives that cannot be done with local government involvement. Meanwhile, continue to support and better resource planning, facilitation, and coordination by Skagit County Public Health.
<b>How:</b> As needed, re-evaluate committee structure and make changes. The stakeholder committee structure should evolve as new private, public, nonprofit, and faith-based partners step forward. The independent network of affordable housing providers and advocates should identify key initiatives (referendums, etc.) and develop an action plan.
<b>Who:</b> Skagit County, affordable housing providers, and faith-based organizations and businesses <ul style="list-style-type: none"> <li>■ Lead: New independent organization or partnership</li> <li>■ Partners: Nonprofits, housing authorities, faith-based organizations, businesses, Skagit County Public Health, SCOG</li> </ul>
<b>When:</b> 1–3 years

**Action 2.2: Increase local capacity to undertake subsidized affordable multifamily housing development**

**Barrier:** Staff capacity at affordable housing providers limits their ability to undertake more housing development projects.

**What:** Identify sources of funds that can be used to support housing development capacity-building within Skagit County nonprofits. In year 1, identify technical assistance providers, such as a development consultant or a regional/statewide nonprofit housing developer that is interested in training and partnering with a Skagit County nonprofit. Invite qualified Skagit County nonprofits to submit applications and select one or more organizations for capacity-building assistance. Funds should be used to pay for both the provision of training and for staff time for the Skagit County nonprofit to participate. In years 2–3, either continue to provide technical assistance or shift to providing operating support to the organizations that are undertaking housing development or pre-development activities.

**How:** Two options for funding:

- **Option 1:** Create a pool of local funds by requesting modest three-year funding commitments from Skagit County and each of the Skagit County cities participating in the HOME Consortium. To create the pool, consider an initial set of three \$60,000 investments over three years—total pool of \$180,000. Funds would be used for both local capacity development as described above and project pre-development loans as described in Section 3.2 below.
- **Option 2:** Evaluate the possibility of a local referendum for an affordable housing levy and the capacity needed to conduct a successful informational campaign. Convene a group of affordable housing advocates in the nonprofit, private, civic and faith-based sectors to explore the possibility of a referendum to a housing levy. Undertake polling on the feasibility of a local levy and the amount of funds that could be raised. If the result is positive, advocate for voter approval of a housing levy. Levy proceeds could be used for technical assistance, operating support, pre-development loans, gap financing and other needs associated with affordable housing development.

**Who:** Skagit County Public Health, cities and local and regional housing providers and advocates

- **Lead:** Option 1: Skagit County. Option 2: New independent organization or partnership described in Action 2.1 above.
- **Partners:** Option 1: Cities. Option 2: Affordable housing advocates in the nonprofit, private, civic and faith-based sectors

**When:** 3–5 years

**Action 2.3: Explore innovative development models and developers who create low to moderate income housing without highly competitive federal subsidies.**

**Barrier:** One of the key federal subsidies supporting affordable housing development is the nine percent Low Income Housing Tax Credit (LIHTC) Program, a highly competitive resource. For places like Skagit County, Washington State has chosen to prioritize awarding nine percent LIHTC resources to projects where 50 percent of the units provide housing for formerly homeless individuals/ households. These projects require an ongoing local source of operating support to help subsidize rents and funds for resident services to help households remain housed. Developing these projects also requires sources of gap financing. The County should continue working on aligning resources to support competitive nine percent LIHTC projects by a nonprofit. However, the County may have to explore other avenues. Some developers are experimenting with models for developing affordable rent-restricted projects with locally-provided subsidies and support instead of federal support. Currently, Skagit County does not have such a developer, but there are some in other areas of the Pacific Northwest.

**What:** Identify and vet affordable housing developers, such as Home First Development in Portland, Oregon, that have a successful track record of developing attractive, durable affordable housing without federal subsidies that can add cost to the project. Focus on developers that can build smaller-scale housing projects appropriate to places like Skagit County. Such developers may require local assistance to fill gaps or reduce development costs to make the projects work long-term. To keep the project local, explore the option of supporting the development of projects that are subsequently owned and managed by a local nonprofit or housing authority.

**How:** Meet with developers and explore potential sites, subsidies, development opportunities, and partnerships with local nonprofits.

**Who:** Skagit County Public Health and local nonprofit housing developers

- Lead: Skagit County Health Department
- Partners: Nonprofit housing developers and housing authorities

**When:** 1–3 years

**STRATEGY 3: ADDRESS FUNDING NEEDS TO SUPPORT SUBSIDIZED AFFORDABLE RENTAL HOUSING DEVELOPMENT AND OPERATION**

The county has a shortage of affordable housing, creating challenges for households with lower incomes. Existing affordable housing communities have lengthy waiting lists for new applicants. Building new income-restricted units is the most direct strategy to address the shortage of affordable housing. Targeted assistance for affordable housing development can increase the number of projects that are constructed in a given amount of time.

**Action 3.1: Provide pre-development assistance for subsidized affordable rental housing**

**Barrier:** Initiate planning for a new housing development requires up-front resources to identify and analyze a site and complete a feasibility analysis. This includes reviewing relevant development regulations, developing a preliminary design, investigating environmental concerns, analyzing the market, creating a development budget and identifying potential financing. If the project is developed, these costs can be folded into the permanent financing for the project. However, if the project cannot proceed, the investment in the predevelopment work is lost. Currently, Skagit County lacks this type of high-risk capital to lend to affordable housing providers to jump-start development.

**What:** Identify sources of funds to create a revolving loan fund (soft commitments for repayment, depending on project feasibility) that can be used for qualified predevelopment costs associated with specific affordable, rent-restricted projects. Models for this initiative include the Community Housing Fund serving Washington County, Oregon. Funds would be loaned to nonprofits/housing authorities at very low interest rates for a specific term (not to exceed five years) and, if the project is feasible, repaid upon permanent financing. If the project is not feasible, the loan would be forgiven. Potential projects include the proposed Anacortes project, a new project on publicly owned land, a Housing Authority of Skagit County project, or a Skagit Council housing project to build more housing on their existing site.

**How:** The two funding options are the same as those described for Action 2.2:

- Option 1: Create a pool of local funds by requesting modest three-year funding commitments from Skagit County and each of the Skagit County cities participating in the HOME Consortium. To create the pool, consider an initial set of three \$60,000 investments over three years—total pool of \$180,000. Funds would be used for both project pre-development loans as described above and local capacity development as described in Section 2.2.
- Option 2: Evaluate the possibility of a local referendum for an affordable housing levy and the capacity needed to conduct a successful informational campaign. Convene a group of affordable housing advocates in the nonprofit, private, civic and faith-based sectors to explore the possibility of a referendum to a housing levy. Undertaking polling on the feasibility of a local levy and the amount of funds that could be raised. If the result is positive, advocate for voter approval of a housing levy. Levy proceeds could be used for technical assistance, operating support, pre-development loans, gap financing, and other needs associated with affordable housing development.

**Who:** Skagit County Public Health, cities and local and regional housing providers and advocates

- Lead: Option 1: Skagit County. Option 2: New independent organization or partnership described in Action 2.1 above.
- Partners: Option 1: Cities. Option 2: Affordable housing advocates in the nonprofit, private, civic and faith-based sectors.

**When:** 1–3 years

**Action 3.2: Provide gap financing for subsidized affordable rental housing**

**Barrier:** Subsidized affordable housing projects require gap financing to deliver rents that are affordable in the long-term, because the income derived from affordable rents can only support a limited debt payment on a conventional loan. Thus, other permanent financing sources in the form of grants or deferred/modified payment loans are required to fill the “gap” between development costs and other investments in the project (e.g., bank loan, owner’s equity, donated land, deferred developer’s fee, etc.). Proceeds from a future housing levy could be used for this purpose. However, identifying multiple sources both increases the pool of funds if a levy is approved and provides an alternative (although a much smaller one) if it is not approved. If a levy is pursued, the leadership must come from outside local government, as public employees are prohibited from being involved in campaigns.

**What:** Identify potential local sources, including an initiative to support a housing levy for Skagit County, to support gap financing for affordable rental housing projects.

**How:** Two funding options:

- **Option 1:** Evaluate the possibility of a local referendum for an affordable housing levy and the needed capacity to conduct a successful informational campaign. Convene a group of affordable housing advocates in the nonprofit, private, civic and faith-based sectors to explore the possibility of a referendum to a housing levy. A housing levy is the most likely source for gap financing because of the amount of funds that it can raise.
- **Option 2:** Consider pooling resources from jurisdictions to create a pool to support gap financing on a project-by-project basis, as needed.

**Who:** Skagit County Public Health, cities and local and regional housing providers and advocates

- **Lead:** Option 1: New independent organization or partnership described in Action 2.1 above. Option 2: Skagit County.
- **Partners:** Option 1: Affordable housing advocates in the nonprofit, private, civic and faith-based sectors. Option 2: Cities.

**When:** 1–3 years

**Action 3.3: Identify sources of operating support for subsidized affordable rental housing**

**Barrier:** Housing to serve extremely low-income households (those with incomes at or below 30 percent of AMI) requires ongoing operating subsidies, which are more difficult to obtain than construction subsidies and financing. To be competitive for state nine percent LIHTC funding, 50 percent of the units in a proposed project must be for formerly homeless households (typically extremely low-income).

**What:** Identify ongoing sources of funding to support operating housing developments with units for extremely low-income households.

**How:** Explore the possibility of project-basing some housing vouchers. This initiative is especially relevant now, when a growing share of households newly receiving vouchers are unable to utilize them because they cannot find housing to rent or are losing their housing due to rent increases. Some Skagit County voucher holders are “porting out”—moving to a lower-cost area and taking their voucher with them, which results in the effective loss of the voucher to Skagit County.

- Identify and address any added costs of administration relating to project-basing vouchers.
- Consider impacts on existing wait list of project-basing some vouchers.

**Who:** Governmental and nonprofit affordable housing providers

- **Lead:** Skagit County Public Health and Housing Authority of Skagit County
- **Partners:** Nonprofit affordable housing providers

**When:** 1–3 years

**Action 3.4: Identify sources of funding for services for households who require permanent supportive housing**

**Barrier:** Some households require case management and other support services to stay housed. Identifying long-term funding sources for services can be challenging.

**What:** Examine the opportunities presented by the Medicaid Transformation Project of the Washington State Health Care Authority.

**How:** Look at opportunities for support through Initiative 3 of the Authority's Medicaid Transformation Project and the Foundational Community Supports Program. While it does not provide funding for room and board, this program does provide services that help individuals get and keep community housing, including wrap-around supports that assess housing needs, identify appropriate resources, and develop the independent living skills necessary to remain in stable housing.

**Who:** Skagit County Public Health, Skagit County Community Action, Pioneer Human Services, Compass Health, Catholic Community Services

- Lead: Skagit County Community Action, Pioneer Human Services, Compass Health, Catholic Community Services
- Partners: Skagit County Public Health

**When:** 1–4 years



#### STRATEGY 4: SUPPORT HOUSING REHABILITATION AND PRESERVATION

The existing stock of housing affordable to low- and moderate-income households is an important asset. Maintaining this stock of affordable housing is a foundational strategy to ensure these units are not lost, thus decreasing the stock of affordable housing. Finding funds for housing rehabilitation is a challenge, particularly for housing that is affordable and does not have high rental income. Financial support for subsidized and unsubsidized housing maintenance can help keep these units in the housing stock and in good condition.

##### Action 4.1: Rehabilitate existing subsidized housing

**Barrier:** Maintenance of existing subsidized housing is costly and competes with funds for other affordable housing uses.

**What:** Identify rehabilitation needs of existing projects owned by housing authorities or nonprofits.

**How:** Apply for state CDBG Balance of State funds for rehabilitation and/or contact Mount Vernon and Anacortes about these needs. Identify source of funds to administer CDBG grant, if it is received.

**Who:** Governmental and nonprofit affordable housing providers

- Lead: Skagit County Public Health could convene the discussion on this topic. The Housing Authority of Skagit County has one property in Burlington that may be a candidate for rehab; other nonprofits or housing authorities may have properties as well.
- Partners: housing authorities and nonprofit housing developers

**When:** 1–3 years: coordinate with Action 4.2 to ensure that competing applications are not submitted.

**Action 4.2: Rehabilitate existing, unsubsidized affordable housing**

**Barrier:** Much of the existing housing affordable to low- and moderate-income households is in privately-owned, unsubsidized multi-unit buildings, single family homes, or manufactured housing. Some of these units may be in poor condition and in danger of falling into further disrepair and eventually being demolished or redeveloped.

**What:** Identify programs that can be used to maintain existing housing structures that are unsubsidized but affordable to low- or middle-income households.

**How:** Bring together existing agencies involved in weatherization and rehabilitation to discuss:

- Possible future applications to state for CDBG funds for expanded countywide rehabilitation program and funding to support the administration of the program.
- Possibility of creating a special program for critical repairs to manufactured housing, which represents a significant portion of the unsubsidized affordable housing stock in the county.
- Aligning existing weatherization programs with potential new housing rehabilitation funds to support preservation of existing lower-cost housing. Some homes are at risk of further deterioration and becoming uninhabitable due to a need for a new roof or foundation that cannot be addressed by existing weatherization funds alone.

**Who:** Skagit County Public Health, Housing Authority of Skagit County, Community Action of Skagit County, Skagit Habitat for Humanity.

- Lead: Skagit County Health Department
- Partners: Housing Authority of Skagit County, Community Action of Skagit County, Skagit Habitat for Humanity

**When:** 1–3 years: coordinate with Action 4.1 above to ensure that competing applications are not submitted.

**Action 4.3: Preserve subsidized housing with expiring affordability restrictions**

**Barrier:** Some of the county's subsidized housing is at risk of losing its income restrictions. If a project were to lose its restrictions, rents could be raised, tenants could be displaced, and the county's inventory of subsidized affordable housing stock would shrink. Skagit County Public Health has developed a list of these properties. There are nine properties at risk of losing their subsidies through 2024. These units are typically privately owned by the developers that built the housing with the assistance of HUD or state bond financing in prior decades.

**What:** Preserve expiring use subsidized housing projects.

**How:** Recruit developers to preserve them.

**Who:** Skagit County Public Health

- Lead: Skagit County Public Health
- Partners: Current and future owners of subsidized housing projects

**When:** 1–7 years

**STRATEGY 5: CONTINUE TO SUPPORT AFFORDABLE HOMEOWNERSHIP DEVELOPMENT**

Two organizations currently provide affordable homeownership options for households in Skagit County that would not otherwise be able to afford to own a home: Skagit Habitat for Humanity and Home Trust of Skagit. Currently, HOME, local economic development, and CDBG funds are used to support affordable homeownership.

<b>Action 5.1: Continue to provide financial assistance and support for affordable homeownership development.</b>
<b>Barrier:</b> Providing affordable homeownership opportunities, including multifamily ownership options, requires community, public and private sector support. Public sector support can consist of both actions by public officials to raise the visibility of “success stories” and public subsidies, such as free or reduced-cost land, reduction of impact fees, down payment assistance and funds for providing homebuyer education. The need for both continues.
<b>What:</b> Continue to provide public support for homeownership development.
<b>How:</b> Continue to support initiatives led by nonprofits to raise the visibility of their work and rally community, faith-based, and private sector financial and volunteer support for affordable homeownership. Continue to provide financial support through public subsidies, including HOME, balance of state CDBG applications, and local Impact and Utility Connection Fee Funding.
<b>Who:</b> Skagit Habitat for Humanity, Home Trust of Skagit, local elected officials, Skagit County Public Health
<b>When:</b> Ongoing

Action Plan Summary	Regulatory Issue	Financial Issue	Infrastructure Issue
<b>Strategy 1: Facilitate Development of Market-rate and Subsidized Affordable Housing</b>			
1.1 Develop a consistent and comparable countywide buildable lands inventory	X		
1.2 Create and coordinate housing element implementation actions	X		
1.3 Coordinate future planning within UGAs for annexation	X		X
1.4 Evaluate zoning to allow more housing types in more areas within UGAs	X		
1.5 Develop coordinated policies for infill development among all cities	X		
1.6 Identify, assemble, and prepare sites for subsidized affordable housing		X	
1.7 Enhance development potential of current sites owned by nonprofits and faith-based entities	X		
1.8 Incentivize the development of multifamily housing	X		
<b>Strategy 2: Build Local Organizational Capacity to Develop Subsidized Affordable Housing</b>			
2.1 Formalize structures for coordination and leadership for governmental and nonprofit affordable housing providers		X	
2.2 Increase local capacity to undertake subsidized affordable multifamily housing development		X	
2.3 Explore innovative development models and developers who create low to moderate income housing without highly competitive federal subsidies		X	
<b>Strategy 3: Address Funding Needs to Support Subsidized Affordable Rental Housing Development and Operation</b>			
3.1 Provide predevelopment assistance for subsidized affordable rental housing		X	
3.2 Provide gap financing for subsidized affordable rental housing		X	
3.3 Identify sources of operating support for subsidized affordable rental housing		X	
3.4 Identify sources of funding for services for households who would otherwise qualify for skilled nursing care		X	
<b>Strategy 4: Support Housing Rehabilitation</b>			
4.1 Rehabilitation of existing subsidized housing		X	
4.2 Preservation of existing, unsubsidized affordable housing		X	
<b>Strategy 5: Continue to support affordable homeownership development</b>			
5.1 Continue providing financial assistance and support for affordable homeownership development		X	



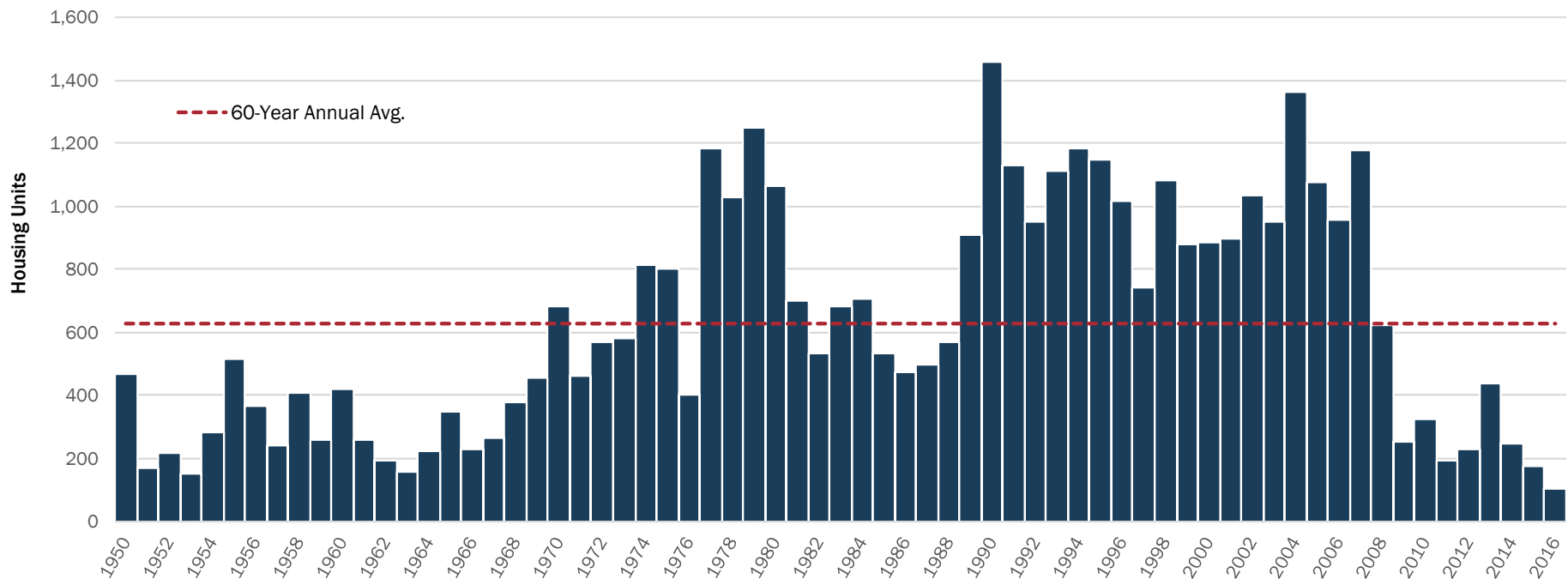
# APPENDIX



This appendix provides additional, more detailed information on housing topics in Skagit County. The appendix includes three exhibits.

A-1: Annual housing production since 1950. This chart provides a more detailed look at how housing production have varied year-to-year and highlights the sizable drop in housing built since 2008.

### Skagit County Housing Units by Year Built



A-2: Current affordable housing funding sources used in Skagit County and where those funds are applied.

	<b>Annual Revenue for Housing</b>	<b>Controlling Party</b>	<b>Primary Purpose</b>	<b>Alternative Strategies</b>	<b>Notes</b>
<b>Document Recording Fee (affordable housing)</b>	\$147,215	Skagit County	Affordable Housing	Homeless services	Currently allocated toward farm worker vouchers.
<b>Document Recording Fee (homeless services)</b>	\$752,293	Skagit County	Homeless Services	PSH services/operations funding	Currently allocated toward rental assistance, case management, and shelters.
<b>Consolidated Homeless Grant</b>	\$595,858	Skagit County	Homeless Services	PSH services/operations funding	Currently allocated toward rental assistance, case management, and shelters.
<b>Section 8 Vouchers</b>	\$2,901,141	Housing Authority of Skagit County	Affordable Housing	Operations funding	2015 data shows payments to landlords of \$2,901,141 for 503 vouchers. Housing Authority will have more recent data.
<b>Economic Development Public Facility Funds</b>	\$100,000+	Skagit County	Economic Development	Impact/utility hookup fees for affordable housing	We received \$100,000 in allocations for 2016 and may receive future allocations from this fund if needed.
<b>McKinney Vento Grants</b>	\$125,000	Community Action	Homeless Services	PSH services/operation	Currently allocated toward rental assistance and supportive services for chronically homeless clients.
<b>HOME</b>	\$674,000 (across three counties)	Skagit County, Island County, Whatcom County	Affordable Housing	Homeless services	At least \$100,000 year set aside for affordable housing development (the rest currently goes toward tenant based rental assistance for homeless clients); Split across three counties.
<b>CDBG</b>	\$432,933+	Mount Vernon and Anacortes; WA State Dept of Commerce	Community Development	Land acquisition; preservation	Skagit County could apply for land acquisition/preservation funding from Commerce for shovel-ready projects.
<b>I/10 of 1% behavioral health sales tax</b>	\$572,000+	Skagit County	Behavioral Health Services	Supportive services, capital, operations for clients with a BH disorder	Currently, the County allocates \$572,000 of \$3,000,000 toward homeless housing/homeless services.

A-3: Recent example actions that cities in Skagit County are already taking to address housing affordability issues. These actions can fit within and be aligned with the Action Plan framework.

Jurisdiction	Action	Category
City of Anacortes	Developing strategic plan for housing affordability	-
City of Anacortes	Considering changes to development regulations:	Regulatory Issue
	<ul style="list-style-type: none"> <li>■ Lots size minimums and maximum densities</li> <li>■ Off-street parking requirements</li> <li>■ Establishing minimum densities</li> </ul>	
City of Anacortes	Considering incentives for multifamily housing:	Regulatory Issue
	<ul style="list-style-type: none"> <li>■ Increase building heights in exchange for affordable units</li> <li>■ Re-establishing MFTE program</li> <li>■ Reducing impact fees for qualifying projects</li> </ul>	
City of Mount Vernon	Creating overlay zone to facilitate development of supportive housing facilities	Regulatory Issue
City of Mount Vernon	Committed CDBG funds for affordable housing	Financial Issue
City of Mount Vernon	Considering code amendments to incentivize affordable housing	Regulatory Issue

