

CHAPTER 6

HOUSING ELEMENT

Introduction

The Housing Element has been developed in accordance with Section 36.70A.070 of the Growth Management Act (GMA) and in accordance with County-Wide Planning Policies.

The Housing Element is meant to ensure the vitality and character of established residential neighborhoods. It includes:

- 6C-1** An inventory and analysis of existing and projected housing needs that identify the number of housing units necessary to manage projected growth.
- 6C-1** A statement of goals, policies, mandatory provisions for the preservation, improvement, and development of housing.
- 6C-1** Identification of sufficient land for housing, including, but not limited to, government-assisted housing; housing for low-income families, manufactured housing; multi-family housing; and group home and foster care facilities.
- 6C-1** Adequate provisions for existing and projected needs of all economic segments of the community.

There is necessarily significant overlap between the Land Use Element and the Housing Element. Much of the capacity and demographic information necessary for analysis is included in the Land Use Element. That information is not duplicated here and the reader is directed to the Land Use Element for detailed discussion of capacity and demographics.

The Town faces new challenges and opportunities as it works toward providing housing options for present and future generations. Our community has low and moderate wage workers. Since a community benefits from its workers, it has a responsibility to ensure they have a desirable place to live. There is a growing concern over rising housing costs and affordable housing.

Many households face financial burdens in meeting their basic shelter needs. The cost of land is often the largest single variable in the price of a house. Since land is in finite supply within the Town boundaries, the amount of land available for new housing has been decreasing as new homes are built. Using available land more efficiently is one of the best ways to make housing more affordable.

By working to encourage the availability of affordable housing for all economic segments of the population, as specified in RCW 36.70A.070(2)(d), the community can address a fundamental human and community need. Addressing community housing needs requires a regional approach that involves all levels of government (Federal/State/local) and private sector partnerships.

Development of this chapter was guided in particular by the following GMA Planning Goal: “Encourage the availability of affordable housing to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.” The following goals and policies are meant to provide guidance for future planning in La Conner.

The Goals of the Housing Element address the following areas:

- A. Preservation and Improvement
- B. Development and Design Standards
- C. Housing Affordability
- D. Alternative Housing Options

GOALS AND POLICIES

GOAL A

Strive to preserve, improve and enhance the existing housing stock, including historic structures and sites within the Historic District.

Policies

- 6A-1 Continue to enforce UDC (Uniform Development) Codes and design standards that have been developed to preserve the historic look and feel that are consistent with the historic integrity of the past.
- 6A-2 Encourage restoration and provide incentives to restore.
- 6A-3 Protect existing “view corridors”.
- 6A-4 Encourage adaptive reuse of appropriate structures as one method to introduce housing into non-residential areas.
- 6A-5 Use available tax and other financial incentives to encourage the rehabilitation of historic properties.
- 6A-6 Do not reduce the size of the residential zone.

- 6A-7 Protect residential zones from encroachment by Commercial and Industrial uses.
- 6A-8 Review zoning and subdivision standards to meet housing needs (i.e. cottage housing, performance standards in lieu of prescriptive standards).

GOAL B

Implement development and design standards in a manner consistent with the Vision Statement and densification strategies while protecting individual property rights and the community interest as a whole.

Policies

- 6-B1 Allow a range of housing choices in new development, including, but not limited to, multi-family housing, live/work spaces, manufactured homes, accessory dwelling units, cottage-style housing and single-family residences.
- 6-B2 Encourage residential uses in the Commercial Zone to locate on the second floor or in separate buildings behind the commercial uses. Residential uses should be discouraged on street level in the Commercial Zone.
- 6-B3 Meet allocated GMA population growth through increased unit densities.
- 6-B4 Encourage efficient review and approval processes in granting permits in order to provide more effective use of time, labor and materials in building, thus expediting the construction process and saving on total development costs.
- 6-B5 Allow the dividing of existing residential and commercial structures in order to provide additional living units.
- 6-B6 Require development on or near the shoreline to provide public access.
- 6-B7 Encourage pedestrian access and walkways throughout all housing areas.
- 6-B8 Develop pedestrian linkages across town through boardwalks and greenbelt trails that link street-end parks

GOAL C

Encourage public and private creation of affordable housing opportunities to meet

the needs identified for all economic segments of the community

Policies

- 6C-1 Encourage cost effective development of affordable housing that is compatible with surrounding and adjacent neighborhoods.
- 6C-2 Encourage Planned Unit Residential Developments (PURDs) for both large and small tracts of land in residential zones to promote more economical and efficient use of the land.
- 6C-3 Consider needs related to government assisted housing, group homes and foster care facilities.
- 6C-4 Encourage the development of affordable housing which is compatible with the density, character and scale of existing residential areas.
- 6C-5 Allow manufactured homes throughout residential zones and encourage integration into the general neighborhood environment rather than concentrate in one area.
- 6C-6 Work with State agencies and local non-profits to provide opportunities for self-help housing development, Ensure affordable housing availability for local working families and seniors.

GOAL D

Encourage a regulatory environment where innovative and creative housing and habitat options can be considered. Encourage alternative means to accomplishing Housing Element goals

Policies

- 6D-1 Support innovative land use management techniques, including, but not limited to, density bonuses, cluster housing, community based land trusts, and planned unit developments.
- 6D-2 Encourage alternative homeowner arrangements and partnerships such as community land trusts; non-profit housing providers; housing cooperatives; and partnerships with other government agencies, non-profit agencies, citizen groups, self-help groups, and other such groups.
- 6D-3 Encourage open public forums where creative housing solutions can be explored and considered.
- 6D-4 Remain open to yet unknown or untried creative housing solutions.

APPENDIX 6A

INVENTORY AND ANALYSIS

Data presented here comes from the 2010 Census and the 2012-2016 American Community Survey (ACS). Appendices H-1 & H-2 are the most recent information prepared by Skagit County on the subject of housing affordability (Building a Skagit County Housing Affordability Strategy Interim Report (Appendix H-1) and Skagit County 10-Year Plan to End Homelessness (Appendix H-2). The State Office of Financial Management provided the population projections used in this and preceding chapters.

Characteristics of Existing Housing Stock

Home Ownership

Information from the American Community Survey and US Census data indicate that in 2010, there were 329 single-family units, 158 multi-family, 34 mobile homes, and 0 special (boats) units for a total of 521 dwellings. In 2015, there were 294 single-family units, 138 multi-family, 22 manufactured homes, and 0 special units (i.e. boats) for a total of 454 dwellings. In 2018, it is estimated that there are 524 residential dwelling units (See Table 6-5) (this information was compiled by the La Conner Planning Department).

The American Community Survey data for 2016 (the most current year that there is data from) indicates; 36% of the housing units were built before 1939 and 53% of the housing units were built after 1970. Home ownership outnumbered renters; 70% owners versus 30% renters in 1990. By the 2000 Census, the percentages shifted significantly to 55% owners and the 45% renters. By the 2010 Census the shift had increased to 54% renters versus 46% owners. However the 2016 data shows a shift back toward home ownership with 55% owners and 45% renters.

The median home value in LaConner was \$168,800 in 2000. By 2010 the median home value had more than doubled to \$362,500—a similar trend of housing costs doubling every ten years as was experienced since 1990. By 2016 the median home value had fallen to \$263,300. It is likely that this is a reflection of the economic downturn experienced beginning in 2009.

Household Size

In 2010 a typical household in La Conner was 2.24 persons per unit in owner occupied homes, and 1.56 in renter occupied units. The average household size decreased from 2.83 in 1970 to 2.24 in 2010 but has remained steady since 2000. The median household size for Skagit County in the 2010 Census was 2.5 people.

It is anticipated that the average household size trend will continue to remain consistent with state and national trends.

Vacancy Rates

In 1990 the U.S. Census reported that 29 units or 9% of the total housing stock was vacant. In 1993, 25 units or 6.8% of the total housing stock was vacant. In the 2000 U.S. Census, the vacancy number was 62 units or 14%.

**TABLE 6-1
HOUSING OCCUPANCY IN TOWN OF LA CONNER**

Year	Population	Dwelling Units	Owner Occupied	Renter Occupied	Avg. Family Size	Average Value
1970	639	242	75.2%	24.8%	2.8	\$13,000
1980	660	319	68.6%	31.4%	2.2	\$52,300
1990	690	320 ¹	63.1%	27.8%	2.2	\$92,823
1993	713	365	Not available		2.1	\$150,000
1995	737	350	Not available			\$174,600
2000 ²	761	372	55%	45%	2.25	\$168,800
2005	795	503 ³	-	-	-	See Note ⁴
2010 ⁵		521	46.5%	53.5%	2.7	\$362,500
2016 ⁶		455	55%	45%	2.52	\$263,300

Type of Dwelling Units

In 2005 the Town conducted an inventory and determined that the number of dwelling units within the Town limits was 503, including liveaboards. The information was updated to reflect conditions as of 2017. The information is compiled in Table 6-5. Based on the updated data prepared by the Planning Department approximately 364 units are single family and 161 are multi-family dwellings. Since 2005 the Port of Skagit has implemented a new policy designed to phase out liveaboards. There are currently no live-aboard vessels reported in the ACS data. The special types of housing in LaConner are listed below:

Government Subsidized Housing

There is a 16-unit privately owned, federally subsidized (Farmers Home Administration) facility. Harbor Villa Apartments provides housing for low income, disabled and/or senior citizens from the Town and the County. Housing for special needs groups under private or government funding is permitted by Town ordinance.

¹ Vacancy Rate in 1990 was 9% (29 units); in 1993 it was 6.8% (25 units). Source: 1970, 1980, 1990 U.S. Census and 1993 Town of La Conner count for Census adjustment.

² 2000 Census Data

³ 2005 Housing inventory by La Conner Planning Department

⁴ EDASC 2005 Demographics of house sales in La Conner indicate an average sale price of \$304,811, not average assessed values.

⁵ 2010 Census Data

⁶ American Community Survey 5-Year Estimates 2012-2016

Another low-income residential facility is Channel Cove. It is a 20-unit PURD operated by the Home Trust of Skagit Units range from single-family to 5-unit structures. The PURD has not been completed and has an additional 10-unit capacity, originally intended for “self-help housing”. Discussions with the Home Trust indicate that the additional units will be completed by 2020.

Manufactured Homes

No manufactured home parks exist in LaConner. The recently completed update of housing units completed by the planning department indicates that 19 units are dispersed throughout the Town’s residential zone.

Historically Significant Housing

The Historic Preservation District was established in 1972. The Town has one building on the Washington State Register, the Civic Garden Club. The portion of the existing Historic Preservation District, which includes both sides of First Street and the west side of Second Street from Commercial to 100 feet north of Morris Street, is on the National Register. Several homes outside the historic district are over 50 years old. Many of the dated buildings in LaConner have been rehabilitated for commercial, public, and/or residential use.

As many as 27% of the buildings in town were constructed prior to 1940 and much of the waterfront was constructed at the turn of the 19th to 20th centuries.

Housing Affordability

Monthly Cost of Owner Occupied Housing:

- Median Monthly Cost Of Owner Occupied Housing with Mortgages
 - 1989 - \$663 or 21.8% of household income (70 households)
 - 2000 - \$1,158 or 32.8% of household income (109 households)
 - 2010 – 1,738 or 49% of household income (129 households)
 - 2016 - \$1,622 or 38% of household income (100 households)

- Median Monthly Cost Of Owner Occupied Housing without Mortgages
 - 1989 – \$187 or 12.5% of household income (66 households)
 - 2000 - \$356 or 10% of household income (31 households)
 - 2010 – \$455 or 13% of household income (82 households)
 - 2016 - \$485 or 11% of household income (110 households)
 -

Value of Owner Occupied Housing

The average value of owner occupied homes in LaConner:

- 1990 - \$92,823
- 2000 - \$168,800
- 2010 - \$362,500
- 2016 - \$263,300

Monthly Gross Rent

- 1990 - \$231 to \$415
- 2000 - \$300 to \$1,499
- 2010 \$594 (Median Rent)
- 2016 \$1185 Median Rent)

Criteria for Affordable Housing

Providing affordable housing is a priority for La Conner. Over the last 30 years the trend has been for more renters to be paying over 35% of their income for rent. . In 1990, 38% of the renters in LaConner were paying more than 30% of their incomes for rent. In 2000, 46.6% of renters were paying over 35% of their household income to rent. In 2010 48.9% were paying over 35% of their household income for rent. In 2016 53% were paying over 35% of their household income for rent.

In 1989, the mortgaged vs. non-mortgaged homes was relatively equal, 70 and 66 respectively. In 2000, the owner occupied housing pool was similar in size (140 vs. 136), but there was a dramatic shift to mortgaged homes; 109 mortgaged vs. 31 without a mortgage. By 2010 that shift had reduced (129 vs. 82) and by 2016 it had shifted to more non-mortgaged homes than mortgaged (110 vs 100).

Housing and Urban Development (HUD) defines households, which pay more than 30% of income for all housing costs, and earn less than 80% of median income, as households in need of housing assistance. HUD defines very low-income households as those earning less than 50% of median income. In La Conner 32% of households had incomes less than 50% of the county median of \$28,389 in 1990. The 2000 Census indicates a median household income for La Conner of \$42,344, and for Skagit County of \$42,381. Approximately 33% of households had incomes less than \$25,000.. The 2010 Census indicates a median household income for La Conner of \$35,682 and for Skagit County the median income was \$63,486. Approximately 39% of La Conner households had an income of less than \$25,000. The trend seems to be slowly improving with the 2016 estimates showing La Conner with a median income of \$42,589 and Skagit County with a median income of \$66,865. The percentage of La Conner households with an income of less than \$25,000 has dropped to 31.2% the lowest since before 1990. While the trend seems to be improving this still represents a significant portion of La Conner households in the low income range and in need of housing assistance.

Future Needs and Alternatives

This information was used to compare existing housing stock with anticipated future population and to determine future housing needs. It includes the following:

- A. Population and Demographics—Refer to the Land Use Chapter 5 for discussion of population demographics and capacity analysis.
- B. Projected Housing Needs by Type and Cost

- C. Needed Public Facilities and Services
- D. Land Availability
- E. Private Sector Housing Supply and Affordability

Analysis of Population and Demographics

Development Patterns

La Conner is uniformly settled in a grid pattern. Because of boundary constraints, agricultural lands to the east and north and the Swinomish Channel to the west, urban sprawl is not a problem. The north and south industrial zones are located away from most residential development, with the exception of the industrial property between Caledonia and Sherman Streets. However, some residential development is interspersed with commercial development on First and Morris Streets. This is seen as a positive impact in that this type of development also provides additional housing units to meet forecasted needs. A well-defined historic district is located in the heart of town and encompasses a large part of the Residential Zone. The overall development pattern allows for efficient public services, adequate traffic circulation, and pedestrian access.

Age Distribution of Population: As shown in Chapter 5 Land Use, the population distribution of the Town is shifting toward an older age bracket. In 1990, the median age of people in La Conner was 39.8, a few years older than that of Skagit County, which was 35.6. The 2000 Census showed the median age to have increased to 45.5 in LaConner and 37.2 for Skagit County. By 2010 the shift was more dramatic with La Conner having a median age of 52.8 while Skagit County had shifted to 40.1. The ageing of the La Conner population has continued with the most recent numbers from 2016 showing a median age of 60 for La Conner versus 41.3 for Skagit County.

The 25 to 44 year age group continued to decline slightly (11 people) from 2000 to 2010. Over the same time period, the population over 45 years of age increased by 68. The next youngest age bracket also decreased by nine. This shows a clear trend that La Conner is attracting and retaining an older population, and an out-migration trend in the 25 to 44 year age group. This has significant implications for the Town. An aging population would require special consideration in planning for housing, transit, and social services. A large retired population would contribute “retirement” fund dollars, but would not likely require employment opportunities.

POPULATION CHANGES

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
5-14	152	59	82	90	81
25-34	64	138	77	72	75
35-44	*	*	130	102	88
45-64	*	*	155	224	222
65+	*	*	107	163	233

Household Size: In 1990, 79.7% of total households were family households with 2.89 persons per family. Non-family households made up 19.5% of the population. Household size decreased from 2.83 in 1970 to 2.18 in 1980, but remained constant for 1990 and 2000 at 2.24 and 2.25 respectively. . The trend appears to have reversed somewhat with the 2010 and 2016 household sizes being 2.7 persons per household and 2.52 persons per household respectively.

Income Range of Households: Prior to 1990, the LaConner median household income lagged behind the County median income. As of 1989, the median household income in LaConner was \$25,054. Skagit County's median income was \$28,389. In the 2000 Census, the median household income for the County and La Conner were essentially equal, \$42,381 and \$42,344. By 2010 and 2016 La Conner's household income was significantly less than that of Skagit County (La Conner 2010 \$35,682 & 2016 \$42,589; Skagit County 2010 \$63,468 & 2016 \$66,865).

In 1993, 6.5% of the Town's population was considered to be at poverty level or below. In the 2000 and 2010 Census, that figure rose to 8.8% and 14.8% respectively. The 2016 5-year estimates indicate that the figure has dropped to 8.6%. Population income levels are important in determining the type of housing needed for projected populations as well as unit and lot sizes.

Analysis of Projected Housing Needs by Type and Cost

The projection of the type of dwelling units was determined based on the following assumptions:

- OFM established the La Conner 2017 population at 925.
- A recent housing inventory (Table 6-5) indicates that the number of residential units for the Town is 524
- The 2016 American Community Survey estimated the household density at 2.52 persons per household.

- As discussed in the Land Use Element the projected population for 2036 is 1,226 or an increase of 301 people. This would result in a need for an additional 119 residential units by 2036.
- Households with one or two persons need dwelling units with two or less bedrooms, three or more need two or more bedrooms.
- The residential unit capacity of the Commercial Zone was not used as a factor for future residential projects.
- Rehabilitated or replacement units are not counted.

New Household Formations

The Town will need to add roughly 6 units per year for the next 20 years to meet growth projections. The last large subdivision was created in 2004, when 22 units were created. Development in La Conner is currently characterized by developers acquiring previously unused building lots for single-family development. Based on current development trends this projection could likely be met. . However, if the new residential building were to increase, build-out capacity may be reached earlier than anticipated.

Vacancy Rate

A vacancy rate for owner households in 2016 (2016 American Community Survey) was 7.5%, and for rental units it was 4.3%.

Analysis of Needed Public Facilities and Services

New residential units will need the same services and utilities provided by the Town to existing residents. Current levels of services and utilities are expected to be adequate for the next 20 years at the current projected build-out capacity.

Analysis of Private Sector Housing Supply, Affordability and Land Availability

An estimate of the Town's ability to meet its housing needs is based on an analysis of the land available for residential land uses under the current zoning and development ordinances. This is discussed in more detail in the Land Use Element.

Available Lot Development

From Table 6-5, there are a significant number of lots that may serve to meet future housing needs. How and when these lots become available is speculative.

Of the potential lots available, at least 20 lots are available to build immediately. Many of the lots identified may require platting or a lot line adjustment to develop.

Of the 177 lots identified, at least 132 should be available for development within the next 15 to 20 years.

New Housing

The Town has the capacity to add a potential of 152 units in this planning period depending upon market factors and lot availability (i.e. short platting or lot line adjustments).

Affordable Housing

The Town has chosen to densify rather than establish an Urban Growth Area to absorb population growth and commercial/industrial development. This choice has led to challenges to preserve the character of the Town while optimizing the use of developable land.

Economic groups have been categorized in the poverty level if income falls below 30% of median income for the area; very low income if between 31% and 50% of median income; and low income if between 51% and 80% of median income. If housing costs exceed 30% of family income, a mortgage may be difficult to obtain.

2000 Data: The median monthly mortgage for owner occupied housing units in 2000 was \$1,158. For renters, the median rent was \$781. Median family income was \$52,083.

The 2000 census identified 20 families (92 people) in La Conner living at or below the poverty level. This was 12% of the Town's population in 2000, and 9% of families.

2010 Data: The median monthly mortgage for owner occupied housing units in 2010 was \$1,738. For renters, the median rent was \$594. Median family income was \$35,682.

The 2010 census indicated that roughly 35% of home owners with a mortgage and 53% of renters paid more than 35% of their income for housing.

2016 Data: The median monthly mortgage for owner occupied housing units in 2016 was \$1,622. For renters, the median rent was \$1,185. Median family income was \$35,682.

The 2016 American Community Survey data indicated that roughly 49% of home owners with a mortgage and 48% of renters paid more than 35% of their income for housing.

La Conner has become a desirable location for middle and upper income families. It is anticipated that very low-income families will be crowded out, as the demand for housing in LaConner increases and the cost of housing rises. A non-profit organization, Skagit Housing Solutions, worked with the Skagit County Housing Authority to establish a Planned Unit Residential Development (PURD). That facility currently has 22 residential units for low income families. There is an additional capacity for 10 more units under the current PURD. These additional units were originally intended as self-help housing projects. Unfortunately,

Skagit Housing Solutions was not able to successfully complete the project, and eventually the Department of Community, Trade and Economic Development took charge of the facility. No further development is scheduled. However, it still has the capacity for 10 more units.

Habitat for Humanity has completed homes in La Conner and continues to express a desire to build if they are able to find acceptable lots at affordable prices. The existence of the flood plain and historic district in the Town add challenges to providing affordable housing.

Existing Housing Stock

From the 2016 American Community Survey data, 36% of the housing stock was built before 1939 and 59% was constructed prior to 1970. Less than 1% has been constructed since 2000.

Existing housing will account for the majority of the housing opportunities in town for the foreseeable future. Height limits and small lot sizes will limit multi-family development opportunities. Accessory dwelling units may become a more significant portion of the housing options in Town in the near future. This is likely to be the source of more affordable housing under current development standards.

The current housing mix is shown in Table 6-5. This table shows that 31% of the LaConner housing stock is multi-family and 69% is single-family.

Table 6-5 Housing Inventory

Street	Blgs	Mfgd. Homes	Condo	Potential Res Lot(s) - Units	MF Buildings	Residential Units Total	SF Units	MF Units
Benton	5	0	0	0	0	5	5	0
Birch	13	0	0	6	0	7	7	0
Caledonia	28	4	0	8	0	18	18	0
Calhoun	5	0	0	0	0	3	3	0
Center	19	1	0	3	0	13	13	0
Commercial	1	0	0	0	0	1	1	0
Conner Way	1	0	0	0	0	1	1	0
Dalan Place	5	0	0	0	0	5	5	0
Douglas	5	0	0	2	0	4	4	0
Finley	6	0	6	0	0	6	6	0
Laurel	7	1	0	2	0	6	6	0
Maple	68	3	0	33	6	63	42	21
Morris	24	0	1	2	0	14	14	0
Myrtle	15	1	0	0	2	15	11	4
Park	23	1	0	18	9	38	13	25
Rainier	11	0	0	1	1	10	8	2
Road	7	1	0	3	0	5	5	0
Sherman	4	0	0	0	0	3	3	0
Spencer Lane	2	0	4	0	2	4	0	4
State	17	1	3	5	3	34	10	24
Talbott	15	2	0	5	0	12	12	0
Tillinghast	13	0	0	3	0	13	13	0
Washington	6	0	0	11	0	5	5	0
Whatcom	21	0	10	20	3	23	13	10
North First	9	0	4	0	2	70	6	64
South First	15	0	0	0	0	16	16	0
North Second	2	0	0	0	0	1	1	0
South Second	20	0	0	5	0	16	16	0
North Third	14	0	0	22	0	12	12	0
South Third	51	1	0	3	0	42	42	0
North Fourth	4	0	0	0	0	3	3	0
South Fourth	48	2	0	19	2	41	34	7
North Fifth	9	0	0	3	0	7	7	0
North Sixth	15	1	0	3	0	9	9	0
Unit Totals	508	19	28	177	30	525	364	161

Net Potential Lots after Market factor
availability (25%)

132

3 80