

HOUSING ACTION PLAN

A watercolor-style illustration of a town. In the foreground, there are several houses, including a prominent two-story house with a porch on the left and a multi-story apartment-style building on the right. The middle ground shows more houses and trees. The background features a range of mountains under a light sky. The overall style is soft and painterly.

OAK HARBOR, WASHINGTON

June 4, 2021



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C. EXECUTIVE SUMMARY



INTRODUCTION

There is a housing affordability crisis impacting the State of Washington. The growth around the Puget Sound region over the last decade has been steady. Between 2000-2015 alone, the State underproduced housing by approximately 225,000 units¹. And with this underproduction of housing brings housing affordability challenges.

Island County, and the city of Oak Harbor in particular, is not immune to this growth trend. As Island County is anticipated to add an additional 10,000 people in 20 years, action must be taken. The development of strategies to increase the supply of housing for all income levels, while maintaining the character of the city of Oak Harbor, is a key step to solving this problem.

Recognizing the need to focus on housing, the Washington State Legislature passed House Bill (HB) 1923 during the 2019 legislative session. The

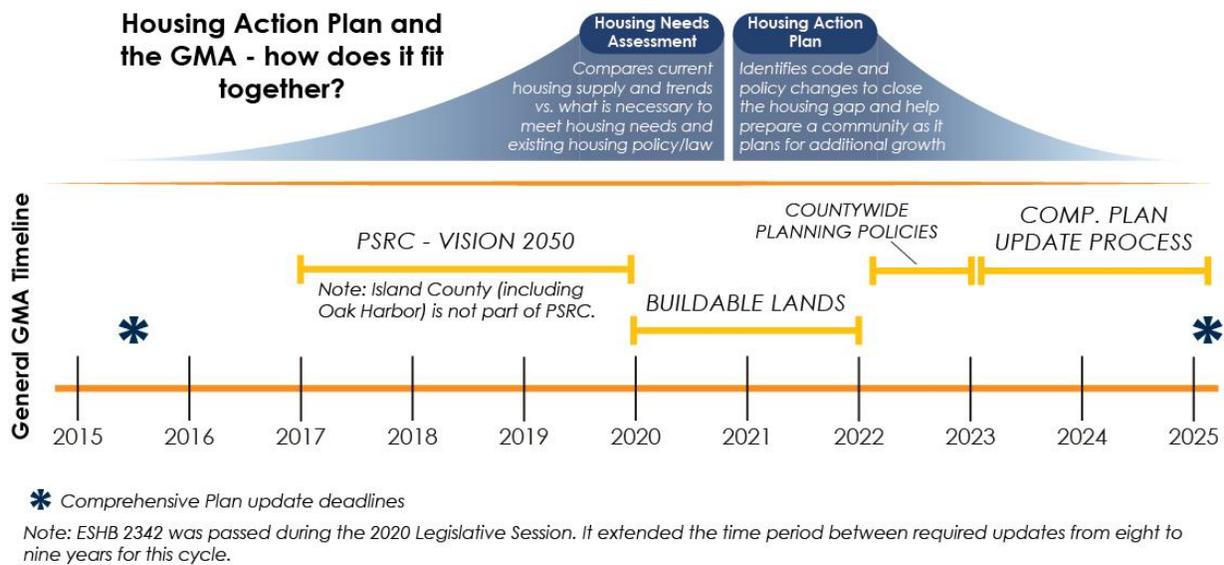
Bill provided grant funds to develop a Housing Action Plan (HAP).

The City of Oak Harbor received a grant to develop a HAP. The Plan allows the City the opportunity to understand the existing and future housing needs for the community through the development of a [Housing Needs Assessment](#) (HNA) and to develop strategies to make sure those needs are met through a [HAP](#).

The timing for this project is ideal. Oak Harbor will be updating its Growth Management Act (GMA) Comprehensive Plan by June 2025. The update requires the city to make a variety of housing types available for all economic segments of the community. In addition, the Comprehensive Plan outlines how population growth will be accommodated out to 2045.

This early action to focus on the housing needs of Oak Harbor and to develop strategies to address these issues is a valuable exercise.

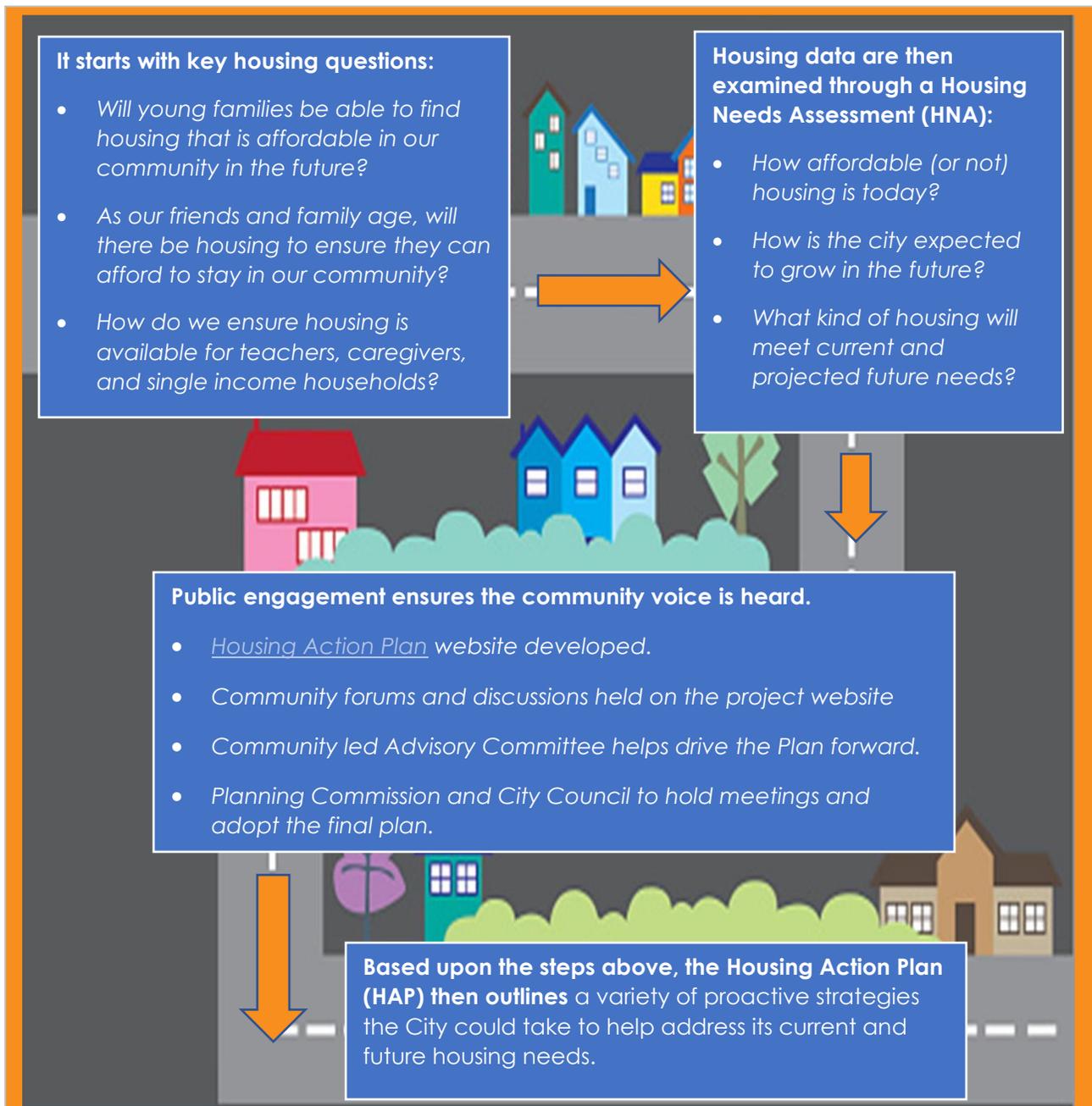
Figure 1. HAP and GMA Timeline



¹ Up for Growth 2020. Housing Underproduction in Washington [www.upforgrowth.org/sites/default/files/2020-](http://www.upforgrowth.org/sites/default/files/2020-01/HousingUnderproductionInWashingtonState2020-01-10.pdf)

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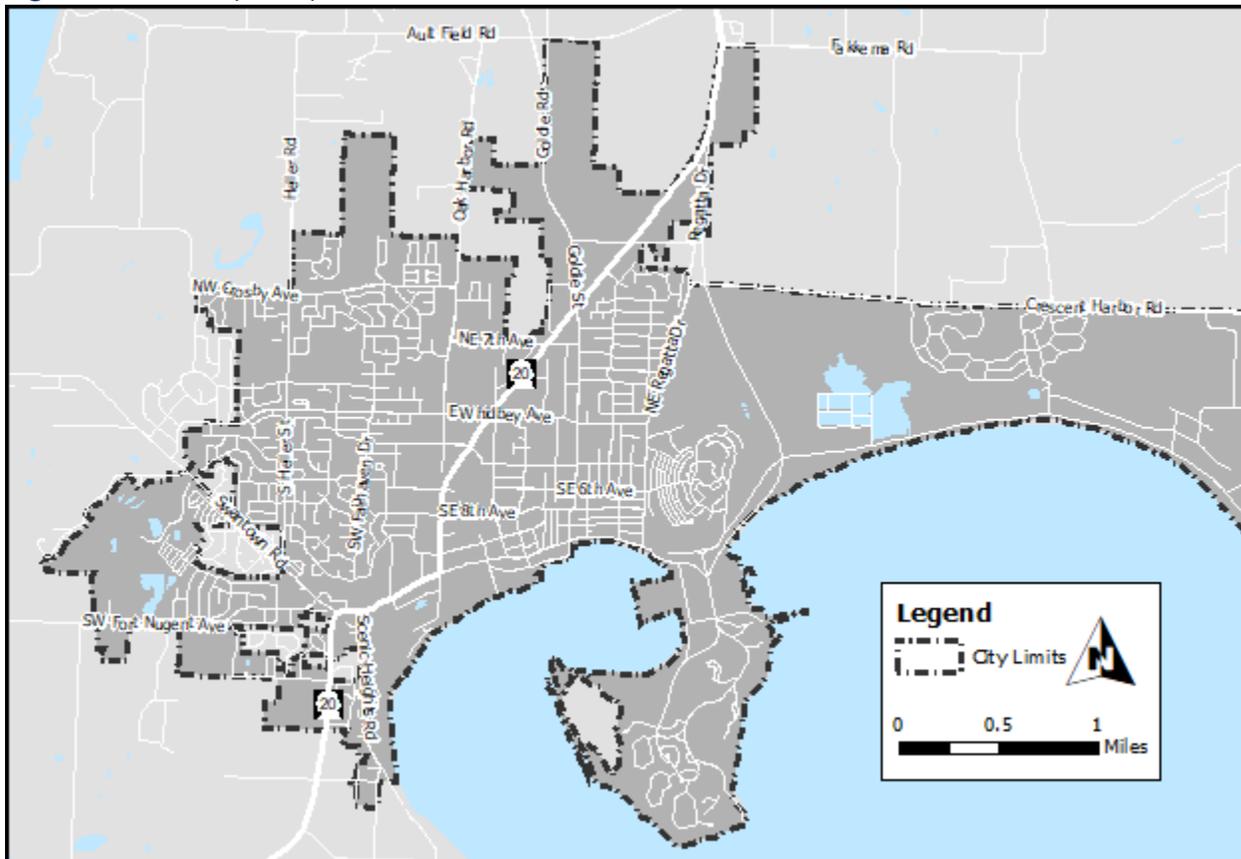
THE ROADMAP TO HOUSING AFFORDABILITY – HOW A HOUSING ACTION PLAN (HAP) WORKS



D. INTRODUCTION



Figure 2. Vicinity Map



Community Profile

Oak Harbor, located near the northern end of Whidbey Island, is the largest city in Island County and is home to just under 23,000 people. Situated between the water bodies of Oak Harbor and Crescent Harbor to the south and the Salish Sea to the west, the community is perhaps best known regionally as home to Naval Air Station Whidbey Island (NASWI), the area's largest employer and a major driver of the housing market. Oak Harbor is also more broadly the commercial and industrial center of north Whidbey Island. The community is a diverse mix of families and an increasingly aging population that require very different housing needs.

Project Overview

The City of Oak Harbor proudly presents its Housing Action Plan (HAP). The development of this Plan has engaged the community in an important conversation about housing. Key questions or issues raised include:

- *There are many entry barriers to the housing market for Oak Harbor residents. Will there be enough housing that is affordable to individuals and families?*
- *A large imbalance exists in the housing market in terms of housing types. As a result, there are too many single-family homes being built at prices that are not affordable for many residents.*

- *How much can a NASWI individual/family afford for rent/mortgage?*
- *Because of pandemic-related remote working and schooling, there will continue to be elevated demand for more larger (3-5 bedroom) single-family homes. This put a greater stress on housing affordability.*
- *How will the city meet the housing needs of an aging population?*

To begin to answer these important questions, housing data were analyzed and developed into a Housing Needs Assessment (HNA). The HNA summary, located in [Chapter E](#) (with full assessment located in [Appendix 1](#)) provide important insights on issues like:

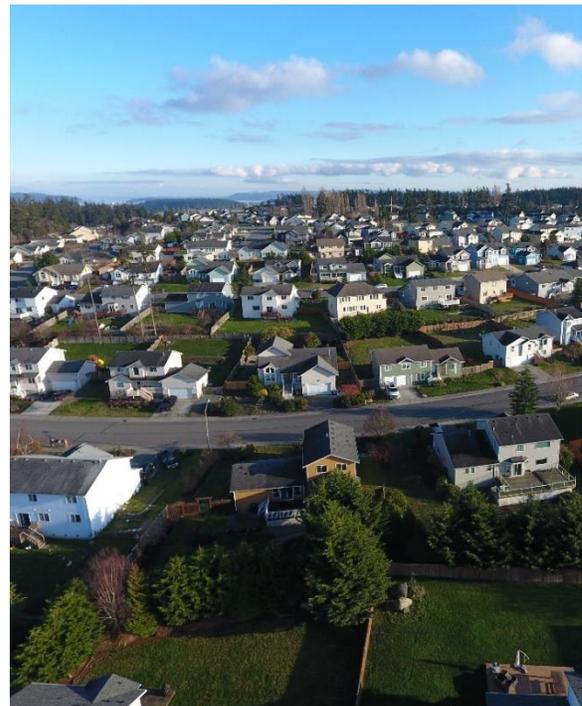
- How affordable (or not) housing is today?
- How is the city expected to grow in the future?
- What kind of housing is necessary to meet current and future needs?

The intersection between key housing issues identified by the community and data highlighting current and future housing needs leads to the development of a Housing Action Plan (HAP). The HAP, located in [Chapter F](#), outlines strategies and actions to ensure the city offers the appropriate supply and type of housing to meet future demand for all income levels.

Housing strategies are focused on important topics such as:

- Provide a wider variety of housing types
- Provide incentives for new rental housing
- Bring down the cost of development
- Prevent and mitigate displacement

The actions identified within the HAP are regulatory and policy changes focused on implementing the strategies listed above. A variety of options have been identified for the city to consider moving forward. Pros and cons for adopting certain code changes, and the identification of other jurisdictions who have considered similar changes, assist in making this a user-friendly document for Oak Harbor moving forward.



House Bill (HB) 1923

In 2019, the legislature passed [HB 1923](#) to assist cities in developing a HAP that will encourage construction of additional affordable and market rate housing in a greater variety of housing types and at prices that are accessible to a greater variety of incomes. The City applied for and received a grant to develop an HNA and HAP in accordance with HB 1923.

The Washington State Department of Commerce ("Commerce") deadline for the adoption of the Housing Action Plan is June 30, 2021. A copy of HB 1923 is available for reference in this Plan in [Appendix 5](#).

Plan Impact on Housing Prices

Housing affordability (or lack thereof) is a big issue in our region. There are many reasons why housing has become so expensive, and cities can only address certain aspects of the problem. While the City could reduce fees for certain housing types, consider additional areas to allow for higher density housing, or provide more options for senior housing, they do not control fluctuating economic costs such as labor shortages or the rising cost of lumber, for example.

This Plan is a piece of a larger puzzle that aims to help address important housing issues in our region. If many communities in our region takes the steps that Oak Harbor is taking as part of this Plan, it will have a positive overall impact on housing affordability issues in the region.

Figure 3. Vicinity Map

House Bill 1923 requirements for a Housing Action Plan

- Quantify existing and projected housing needs for all income levels, including extremely low-income households
- Develop strategies to increase the supply of housing, and variety of housing types
- Analyze population and employment trends, with documentation of projections
- Consider strategies to minimize displacement of low-income residents resulting from redevelopment
- Review and evaluate the current housing policies
- Provide for participation and input from community members, community groups, local builders, local realtors, nonprofit housing advocates, and local religious groups
- Include a schedule of programs and actions to implement the recommendations of the housing action plan

GOALS AND OBJECTIVES

As noted in the Oak Harbor's Comprehensive Plan, almost half of the city's homeowner and renter households are classified as cost-burdened by rising housing costs, meaning they pay more than 30 percent of their income toward their housing. In an effort to address this issue, to encourage the preservation of existing affordable housing, and to help promote development of new housing, the City is developing a HAP to gain a better understanding of housing issues and challenges the city faces.

GOALS

- Assess the housing needs of Oak Harbor
- Through a comprehensive public engagement process, develop a strategy addressing housing needs for the citizens of Oak Harbor
- Prepare a HAP that is consistent with the housing element of the City's Comprehensive Plan and addresses goals and policies

OBJECTIVES

- Develop strategies and recommendations to increase the supply and types of housing needed in Oak Harbor
- Develop zoning, regulatory, and incentive strategies to support housing that meets the needs of Oak Harbor
- Evaluate and refine existing housing policies and actions
- Develop recommendations for improvement based on housing needs assessment data

- Identify a schedule of programs/actions to implement the recommendations of the HAP
- Create a collaborative process that is inclusive and focused on housing solutions



PLAN ELEMENTS

The goals and vision are implemented through the development of this plan. The two primary pieces of this plan are the Housing Needs Assessment and the Housing Action Plan.

Each element was guided by development and implementation of a **Project Charter** and a **Public Participation Plan**. Those plans are available to read on the [project website](#) and are included in [Appendix 8](#) and [Appendix 9](#) of this Plan.

Housing Needs Assessment (HNA) – high level findings

Oak Harbor is a highly desirable place to live, offering unique island-life character, small-town atmosphere, and beautiful natural surroundings. As the city and county have grown, the demand for a limited supply of housing has also grown. The following are a few high-level findings.

- Rents and home values in Oak Harbor are rising faster than incomes. This makes affordability a challenge, especially difficult for households earning below the median annual income.
- Oak Harbor has more 3-plus person households and fewer 2-person households than Island County or the State as whole.
- A majority of workers in and around Oak Harbor live in the city but commute elsewhere. This is likely driven by NASWI, but this may also mean they are travelling “off-island” to other locales for employment.
- Oak Harbor has experienced very little residential construction since the 2008/09 recession, especially multifamily housing. Additionally, vacancy rates remain low for both renter and owners. Both factors place significant pressure on housing availability and affordability.
- In addition to the lack of overall available housing, the population of Oak Harbor is aging. This will create added pressure as well as a need for more accessible housing. Therefore, providing a

variety of housing types will ensure there is housing for all.

The need to provide housing that people can afford is real and growing. The Housing Action Plan provides a variety of options to address these issues.



Housing Action Plan (HAP) – high level approach

The Housing Action Plan (HAP) pairs the HNA findings with community goals to bring forward an identifiable set of actions the City can consider. The HAP is organized in the following sections:

- Review of Oak Harbor’s existing housing policies
- Development of strategies to address the communities’ housing goals
- Actions to implement each of the housing strategies

The strategies in this Plan are:

- Provide a wider variety of housing types
- Provide incentives for new rental housing
- Bring down the cost of development
- Prevent and mitigate displacement

Each subsequent action identified includes the following:

- Highlight the strategy this action addresses
- The pros/cons of the action

- Outline areas of code or policy that could be modified
- Highlight jurisdictions that have already taken this action
- Whether the action would implement or address the recommendations of the Island County North Whidbey Affordable Housing Task Force

Overall, the HAP provides a suite of options for the City to consider moving forward.



PUBLIC PARTICIPATION

This Housing Action Plan was developed with a wide range of public engagement. The City relied on close consultation with a Stakeholder Advisory Committee (SAC), who helped to shape the issues, focus, and vision of the Plan and pointed the way to identification of strategies and actions. The project team held three meetings with the SAC.



The project also engaged the public through the [City of Oak Harbor's project website](#), where draft documents and a discussion forum allowed the public to engage with draft documents and discussion of the Stakeholder Advisory Committee. Screenshot of the project website shown below.



Selected Advisory Committee Member Quotes

“Existing housing that needs rehabilitation is the housing that is *already* affordable to the community at the moment. The preservation of these housing types is extremely important. How can we incentivize the preservation or rehabilitation of the affordable housing that already exists?”

“Reduce fees for infill housing whether it’s affordable or not. There should be options to develop infill housing without additional permitting and process costs.”

“The market doesn’t necessarily reflect what the community needs. The single-family homes being built are simply not affordable for a large portion of the community.”

“Folks in the lower income bracket are still struggling to get into townhouses or other attached style housing options. This population may also not have the time or resources to maintain the property.”

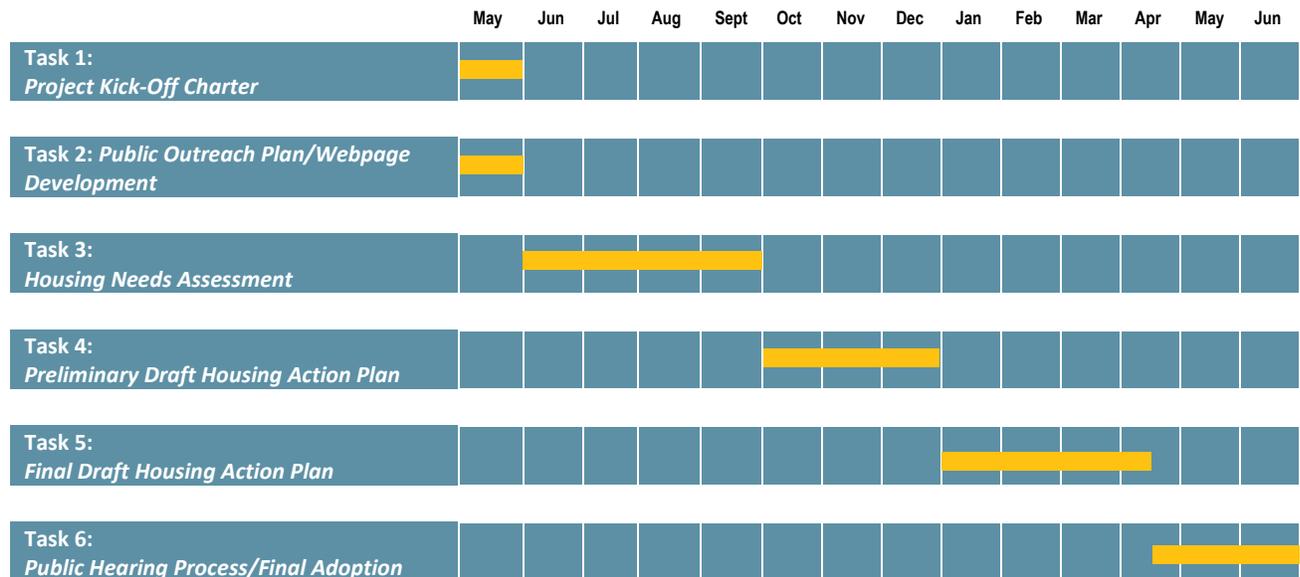
“How much can NASWI employees afford for rent? What types of housing do they need?”

“We are hoping to provide access to lower income residents so we can get folks to a place where they can create wealth and give back to the community.”

PROJECT TIMELINE

The Commerce deadline for adoption of the HAP is June 30, 2021. The following process and schedule were followed to ensure state requirements and project goals were met.

Figure 4. Timeline and Process Graphic



E. HOUSING NEEDS ASSESSMENT



HOUSING NEEDS ASSESSMENT

This section contains a summary of the Housing Needs Assessment's findings. The full HNA can be found in [Appendix I](#).

Introduction

The need for housing in Oak Harbor is challenging, and these needs will broaden as the community changes over the next few decades. A key initial step to address housing challenges is to analyze the best available data that help accurately define the range of unmet housing needs and the depth of affordability needs. This analysis should answer questions about the availability of different housing, who lives and works in the community, and what range of housing is needed to address housing needs and demands into the future. Housing analysis is an important exercise because housing needs tend to evolve based on changes in the broader economy, local demographics, and regulatory environment.

Oak Harbor has grown over the years, although not as quickly as other communities in the region. The city's population change is partially a result of the fluctuating Naval Air Station Whidbey Island (NASWI) base population. This has likely always affected and will continue to affect housing demands. Depending on these fluctuations and the types of personnel the base plans to add or reduce, this may affect the range of housing options available for growing population sectors with different housing needs.

Analyzing housing is complex since it represents a bundle of services that people are willing or able to pay for, including shelter and proximity to daily

household needs (job, grocery shopping, healthcare), access to public services (quality of schools, parks, etc.), and lifestyle amenities (type and quality of home fixtures and appliances, landscaping, views). It is difficult for households to maximize all these services and minimize costs. As a result, many families make tradeoffs and sacrifices between needed services and what they can afford.

Housing markets tend to function at a regional scale, which makes it a challenge for jurisdictions to adequately address issues individually. This also presents a prime opportunity for cities like Oak Harbor to broadly meet their housing needs. The following section helps frame the broader context associated with key housing trends.



Broader Demographic Trends

Several demographic changes have emerged since the mid-20th century that have influenced housing demand. These trends help explain forces shifting the housing landscape that are beyond the local purview.

- Nationally, family households with children and parents/guardians shrank from 40 percent in 1970 to 20 percent in 2018, while the share of single-person households increased from 15 to 28 percent

over that time.² Persons living alone have become the most prevalent household type, which could result in smaller household sizes and increased housing unit demand.

- Around one-third of Americans between 18 and 34 are now living in their parents' homes, possibly delaying their household formation.
- The population is aging, and the number of U.S. seniors will continue to grow over the next twenty years as the Baby Boomer generation exits the workforce. National estimates suggest that around 22 percent of Americans will be over 65 years of age by 2050. Seniors are projected to outnumber children for the first time ever by 2035. This is significant considering that currently, the over 65 age group is about 13 percent of the population in Oak Harbor. The aging Baby Boomer generation (born 1946 to 1964) could result in greater demand for smaller housing for those wishing to “downsize” and greater demand for assisted living housing situations³.
- Nationwide, the Hispanic/Latino population is predicted to be the fastest growing racial/ethnic group over the next few decades. The growing diversity of American households will have a large impact on domestic

housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for rental housing and small homes.

- Another factor affecting housing is the COVID-19 pandemic. Since its emergence, the pandemic has slowed the production of housing in many regions and due to growing remote work practices, commuting rates have diminished and housing preferences are shifting. In addition, the pandemic has impacted the ability to pay for housing consistently, which will likely exacerbate housing availability and stability. These types of trends should be monitored as communities adjust.
- Another factor crucial for estimating housing needs is population growth. The growth around Puget Sound has been intense, with the region welcoming one million new people (total of 4.3 million) since 2000 and a forecast showing a similar population surge through 2040.⁴ While population growth has been moderate in Oak Harbor compared to the Seattle area, regional growth has had an impact at both a local and countywide level by increasing demand and price pressure on an already limited housing supply in and around Oak Harbor.

² Sources: AARP (2018) Making Room for a Changing America, U.S. Census Bureau Annual Social and Economic Supplements 1950 and 1970, 2015 U.S. Census ACS, PSRC Draft 2050 Forecast of People and Jobs.

³ AARP (2019) “2018 Home and Community Preferences: A National Survey of Adults Ages 18-Plus

⁴ Puget Sound Regional Council (PSRC). 2017. Land Use Vision Dataset. Retrieved from: <https://www.psrc.org/projections-cities-and-other-places>.

Oak Harbor Housing Needs Assessment Results Summary

Oak Harbor Housing Gap and Housing Production Target

The results of the Housing Needs Assessment show a total gap of 2,787 housing units. This gap combines the existing underproduction of around 1,532 housing units affordable to households making less than 80 percent of the median income and the future need of around 1,255 housing units to accommodate projected growth. This means that to meet the additional housing demand by 2036 and close the current gap, 78 or more units per year, on average, would need to be built in Oak Harbor.⁵

In addition to supporting needed housing growth, Oak Harbor should also develop strategies to more equitably meet diverse housing needs such as planning for housing for a range of income levels. Roughly 60 percent of all housing stock in the city is attached or detached single-family homes. Additionally, of these single-family structures, a majority of them are two- and three-bedroom structures. This leaves fewer options available in the multifamily category or other housing options that tend to lean more affordable.

Several demographic trends, including household size, race/ethnicity, incomes, and tenure, influence housing demand and should be evaluated to identify emerging trends and variations in what

people need for their families and households.

Oak Harbor's Average Households Size Drops But More 3-Person Households

Although the overall household size declined between 2000 and 2018 (2.7 people per household down to 2.43 people per household, respectively), household size is larger in Oak Harbor than in Island County and the State, with almost half of all households including three or more persons.

Finding: This trend of decreasing household size over time but a larger overall household size in Oak Harbor compared with the County and the State may suggest that while there are still a number of larger families in Oak Harbor (possibly due to NASWI) that need a larger home, there is likely also an increasing need for homes that are more suitable to smaller 1- to 2-person households. The City should explore strategies that not only provide for a broader mix of family-friendly housing units, but also smaller units that will accommodate other demographics within the community. In all cases, however, there should be a strategy to encourage the development of units at varying price points and will attract a wider range of incomes.

Oak Harbor Has Become Increasingly Diverse

Consistent with national and county trends, the City of Oak Harbor has become more diverse since 2000. The share of the population identifying as other than white increased from 25.1 percent to 31.2 percent between 2000 and 2014-18. The Hispanic/Latino

⁵ In comparison, the county-level 2016-2036 growth target calls for 1,588 new units in the Oak Harbor UGA. Since the

UGA includes some areas not currently within city limits, this is consistent with the future need identified in the HNA.

population doubled over this same time period to become the most prevalent non-white population group in Oak Harbor. Hispanic and Latino households compared to non-Hispanic households have a larger household size and a lower median household income.⁶ Households headed by Hispanic or Latino people are also more likely than other racial or ethnic groups to include multiple generations, requiring more space than smaller household sizes.⁷

Findings: Strategies should focus on providing lower-cost rentals and increased moderate to middle-income priced homes with home ownership opportunities and multigenerational accommodations.

Oak Harbor's Population is Aging

Since housing needs change over a person's lifetime, it is important to track shifts among age cohorts to anticipate expected demand. Similar to Island County trends, the overall demographic shift from 2000-2018 indicates that Oak Harbor is aging. While the largest age group is currently the 25-44 cohort, indicating that the community is likely made up of families with children and working adults, the changes in the two age cohorts above (45-64 and 65+) indicates the population is slowly aging.

Findings: As noted earlier, the dominant housing available in Oak Harbor is larger single-family structures. This accommodates the existing 25-44 cohort with children. However, the HAP

should include strategies to address the increased housing needs for other cohorts.

Homeownership rates tend to increase as age increases, and older people are more likely to live in single-person households that tend to be smaller in size. The aging of the Baby Boomer generation (born 1946 to 1964) could also generate greater demand for housing offering living assistance, multigenerational accommodations, and opportunities for residents to age-in-place or age elsewhere in their community. Overall, these trends indicate high demand for "missing middle" housing (e.g., ADUs, townhomes, triplexes, duplexes, quad homes, and cottages), which allows more seniors and couples to downsize and remain in their community.⁸

Increased Demand, Housing Scarcity, Rising Costs and Lagging Household Incomes

Since the 2008/09 Great Recession, fewer units have been built per year than in the preceding decade.⁹ And since that time, few multi-family units have been permitted or built (though the past three years have seen some permits for apartments). This housing underproduction in Oak Harbor, coupled with high demand for housing needed for home-buyers, has fueled rising housing costs.

Both median rents and house values have increased dramatically between

homes, townhomes, courtyard cottages, accessory dwelling units, etc.) or other housing bridging a gap between single family and more intensive multifamily housing.

⁹ From 2000 to 2008, an average of 118 single-family homes were permitted per year with variable numbers of duplexes, fourplexes, and apartments. From 2009 to 2019, an average of 42 homes per year were permitted, with only 33 total two- and multi-family units across that span.

⁶ American Community Survey 2019 1-Year Estimates, Table S0201, State of Washington

⁷ "Household size could be contributing to King County's racial disparity in coronavirus cases." Seattle Times, May 26, 2020 (data from US Census)

⁸ "Missing middle" housing referred generally herein as middle housing primarily includes single-family attached housing with two or more units (duplexes, triplexes, quad

2011 and 2019. The median rent in Oak Harbor increased from \$1,210 (2011) to \$1,580 (2019), while house values increased from \$229,000 (2011) to \$333,000 (2019). These numbers confirm that rising housing costs and rent have been a trend felt across Island County, the Puget Sound region and state.

Alongside housing cost increases, the median household income in Oak Harbor was \$52,127 in 2018 – below the Island County median of \$59,894. In the city, 41 percent of households own rather than rent. Additionally, while house values have increased (39.3 percent, 2007-11 to 2014-18), the average income only increased 11.1 percent during this time.

When household incomes increasingly lag behind rents and home values, this creates cost burden, including for households who may at one time have not faced this burden. And with Oak Harbor's population aging and more of the population nearing retirement, the number of cost burdened households will likely increase.

Findings: Where feasible, additional home ownership opportunities should be provided for households earning less than 80 percent of the area median income. Housing serving this income bracket tends to be rental housing, with some smaller-sized middle density housing (i.e. duplex, triplexes, condos). Demand for middle housing and rentals, especially 1- to 2-person households, is increasing mostly due to aging baby boomers. However, as noted previously, while the community is majority renters, there is little new construction in this segment to meet future demand. As a result, strategies should be developed to support middle housing production,

including new rental units. The Oak Harbor renter population tends to include households at the moderate to lower income levels, and the rising cost of housing has disproportionate impacts for units priced at these levels. Consequently, additional production of apartments, multiplexes and middle housing, and subsidized housing should be supported.

Oak Harbor Residents Commute Outside City for Work

Understanding Oak Harbor's workforce profile and commuting trends will help plan for workers' housing needs. Factors such as job sector growth and the city's commuting patterns may have implications for how many people are able to both live and work within the city. If such factors indicate many people are commuting into the city for work, it could be possible that the city does not have enough housing to accommodate its workforce or enough housing that matches their needs and affordability levels.

Oak Harbor and NASWI are the two primary job centers in North Whidbey Island. Within the city, there are over 5,000 jobs, two-thirds of which are in in four categories (retail trades, education, health care/social assistance, and accomodation/food services). While the number of lower paying jobs (\$1,250/month or less) has remained relatively stable, Oak Harbor's high wage sector has sharply increased and is growing faster than the low wage sector. This likely contributes to upward pressure on housing prices.

A majority of employed Oak Harbor residents do not work within city limits, with approximately 76 percent of employed residents commuting outside

the city for work. Additionally, of the roughly 5,500 jobs in the city, around two in three live outside the city and commute in for work.

Findings: The high percentage of employed city residents commuting elsewhere is due in large part to NASWI, the area's largest employer. The base's plans for employment and personnel change and on-base housing should be considered as part of the city's assessment of its future housing demand.

Oak Harbor's Housing Stock is Aging

A plurality (roughly 36 percent) of housing units in Oak Harbor were built between 1980 and 1999. Forty percent were built before 1980, and less than a quarter (23 percent) were built since 2000.

60 percent are single-family homes, 12 percent are two to four units, 20 percent are 5 or more unit multifamily dwellings, and 7 percent are mobile homes or another type. Moreover, of all units, more than 70 percent of units have either 2 or 3 bedrooms.

Findings: Because growth pressure is mild in Oak Harbor relative to other locations in the Puget Sound region, redevelopment pressure where existing dwellings are demolished and denser housing is built in its place is less likely than in the Seattle-Tacoma metro area. However, the age of existing structures makes naturally occurring affordable housing somewhat vulnerable to displacement by newer and more expensive units.

The low supplies of single-family attached housing such as townhomes, triplexes, duplexes, and cottage

courtyard apartments and multifamily housing should be addressed to provide broader housing options. In addition, demand is expected to increase for single-family attached housing mostly due to aging baby boomers and young households forming.

Cost-burden Disproportionately Affects Lower-Income, Renter, and Senior Households

The affordability of housing in Oak Harbor is of increasing concern. Housing prices have risen faster than incomes, with the median rent in the city increasing more than 30 percent from 2011 to 2019, more than 3 times faster than the median income of renter households. Over that same span, the median home value has risen roughly 45 percent over that span, roughly four times faster than the median income of households that own their dwelling.



Affordable housing problems have not affected all households evenly; in fact, low and moderate-income households, renters, and older adults have been disproportionately impacted. Black and Native American renter households and Latino or Hispanic households that own their housing unit have particularly high rates of severe cost burden, suggesting a targeted approach. Currently, 35 percent of occupied subsidized housing units are headed by someone aged 62 or older and 78 percent of such households citywide make less than 80 percent of the area median income.

Findings: Oak Harbor faces an existing gap of housing units affordable to many households, particularly low to moderate income renters and seniors. At the same time, it will face increased need for more affordable housing to accommodate projected population growth and the aging of its current population. This is particularly true for senior households, many of whom have low and fixed incomes and special housing needs.

What is Affordable Housing?

The term affordable housing refers to a household's ability to find housing within its financial means. The typical standard used to determine housing affordability is that a household should pay no more than 30% of the gross household income for housing, including payments and interest or rent, utilities, and insurance. Another indicator for measuring and tracking housing affordability concerns is housing cost burden. The US Housing and Urban Development (HUD) guidelines indicate that a household is cost-burdened when they pay more than 30% of their gross household income for housing and severely cost-burdened when they pay more than 50% of their gross household income for housing (rent or mortgage, plus utilities).

Median Income Level

When examining household income levels, the Area Median Income (AMI) and Median Family Income (MFI) are helpful benchmarks for understanding what different households can afford to pay for housing expenses. Since housing needs vary by family size and costs vary by region, HUD produces a median income limit for different family sizes and regions on an annual basis. These benchmarks help determine eligibility for HUD housing programs and support the tracking of different housing needs for a range of household incomes.

The median income value (100%) primarily used for this analysis is an annual income of \$76,000 for a family of four, which is the Island County rate for fiscal year 2020. Below 30% of AMI is extremely low income (under \$26,200), 30-50% of AMI is very low income (\$26,200 - \$38,000), 50-80% of AMI is low income (\$38,000 - \$68,800), 80-100% of AMI is moderate income (\$68,800 - \$76,000), 100 to 120% of AMI is middle income (\$76,000 - \$91,200), and above 120% AMI is high income (above \$91,200). Income levels tend to vary throughout a lifetime and homeownership rates tend to increase as income increases.

Source: HUD, 2020. Island County, FY Income limits Documentation.

F. HOUSING ACTION PLAN



HOUSING ACTION PLAN INTRODUCTION

Overview

Our region has and will continue to face great challenges as we grow. This includes the ability to provide affordable housing. Housing element requirements under the Growth Management Act (GMA) outline requirements to "...ensure the vitality and character of established residential neighborhoods...". This includes provisions for protections of housing "...for existing and projected needs of all economic segments of the community" ([RCW 36.70A.070\(2\)](#)). At the same time, cities are growing, and redevelopment pressures will continue to occur. As redevelopment occurs, the key is focusing on policies and regulations that minimize displacement and preserve affordable housing options. These are difficult planning challenges, and it takes a proactive approach to meet these challenges head on.

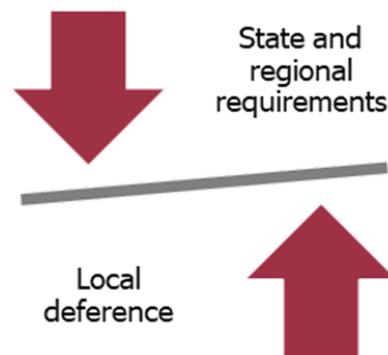
In addition, Oak Harbor faces some unique challenges and opportunities due to its housing types, demographics, policies, location on Whidbey Island, the makeup of its local economy, and its status as the largest urban community in the county. This Housing Action Plan presents analysis, strategies, and a range of actions to consider.

Connection to Comprehensive Plan Process

Oak Harbor will update its Comprehensive Plans no later than June of 2025. As part of that process, they will be planning for growth out to 2045. The amount of growth the City decides to plan for is linked to the types of actions necessary to meet housing goals. The

more growth expected, the more creative the City must be in order to accommodate that growth. The elements and objectives of a HAP will help support the implementation of growth and housing strategies as the city moves forward.

Planning is a balance between state and regional requirements and substantial local deference is afforded to the city so it can plan in a way that is best for its community.



While broad housing requirements are outlined within the Growth Management Act ([RCW 36.70A.070\(2\)](#)), policies are also developed at the countywide level. The Island County Commissioners then develop Countywide Planning Policies (CPPs), which help ensure Island County and the cities within the county coordinate on growth issues. The policies contained in the CPPs are further refined as the City completes its Comprehensive Plan update. The HAP provides an opportunity to proactively look at housing issues and identify possible solutions that can be implemented as this planning takes place.

Work of the Island County North Whidbey Affordable Housing Task Force

From 2016 through 2018, a task force on affordable housing guided by Island County and Oak Harbor developed a set of recommendations, with the input of local stakeholders, aimed at addressing the urgent housing issues in Island County, particularly in the North Whidbey area. This Housing Action Plan directly incorporates and expands upon the work of the Task Force.

The Task Force's work was divided up into four working groups focused on various issues and topics related to housing affordability:

- Land Mapping, Land Banking, Transfer of Development Rights
- New Affordable Housing Resources, Financing, and Funding
- Zoning and Housing Types, Construction, Timelines
- Tenant Access and Protections, and Preserving Affordable Housing

The forty recommendations generated by the Task Force are broken up into tasks for Island County alone, for the County and City alike, and for the City of Oak Harbor alone. Twenty-six recommendations involve the City of Oak Harbor and are listed in the box at right. Of these, the ones that have not been addressed and that are within the scope of this HAP are noted in the action and strategy writeups.

Figure 5. Task Force Recommendations

Island County North Whidbey Affordable Housing Task Force Recommendations

- Adjust ordinances to take maximum advantage of RCW 36.70A.540 Affordable Housing Incentive Program.
- Allow sewer service extensions into UGA, with requirement for future annexation
- Adopt provisions of SB 5674, which allows administrative approval of final plats
- Eliminate any minimum square footage requirements preventing use of tiny homes and park model homes
- Allow first floor residential in all commercial zones, requiring 10-foot ceilings on the portion of building fronting an arterial or major collector street.
- Eliminate occupancy restrictions and no added parking requirements for ADUs
- Reduce minimum lot sizes through density bonuses for affordable housing
- Establish inter-jurisdictional housing affordability task force to follow through on implementation
- Designate and bank surplus properties for Affordable Housing either through development of the site or by sale of sites with funds used for land purchase
- Attract experienced affordable housing developers by demonstrating reasonably priced developable land, local funding (levy) for an Affordable Housing Investment Fund, and staff resources designated to reach out to advance and promote new policies
- Allow an affordable housing high density project in unincorporated UGA with a provision through covenant that the ownership will agree to future annexation

(continued next page)

Definitions of Income Ranges Used to Define Affordability

Several of the recommended actions and strategies in this HAP address housing affordability. The following definitions of income ranges are based on Island County's Area Median Income, or AMI (updated annually, used interchangeably here with HUD's definition of Median Family Income). The actual makeup of household incomes in Oak Harbor specifically may differ from that of Island County more broadly, but AMI is the baseline for measuring affordability using the best available data. The income ranges and their definitions are as follows:

- Extremely Low Income – 30% AMI and below
- Very Low Income – 30-50% AMI
- Low Income – 50-80% AMI

Island County's median family income for fiscal year 2020 was \$76,000. This means the definitions for income ranges for this Plan for the City of Oak Harbor are as follows:

- Extremely Low Income - \$26,200 per year and below
- Very Low Income - \$26,200 - \$38,000 per year
- Low Income - \$38,000 - \$60,800

Affordable housing provided through the Low-Income Housing Tax Credit (LIHTC) program, a major resource for new construction and preservation, is defined as providing housing that is affordable (no more than 30% of gross income) to those making at or below 60% of the Area Median Income. In Island County's case, this would be \$45,600 per year and below.

Affordable Housing Task Force Recommendations, continued

- Create maps identifying land that can accommodate affordable housing for immediate and future development
- Mix R-3 and R-4 strategically within the R-1 areas that have not been fully developed
- Allow duplexes in single-family zones
- Provide increased density bonuses for affordable housing in all residential zones of 30% (up from 20%) if units are targeted at or below 90% AMI and meet affordable housing criteria
- Establish a Transfer of Development Rights program targeting development at 80% or less of AMI
- Allow waiver of impact fees if the development targets 70% AMI or below
- Preserve existing affordable housing opportunities, including developing system to monitor existing affordable properties
- Work with County to reduce or modify parking standards for development at 90% AMI or below
- Allow detached housing in multifamily zones
- Require landlords to give 45 days' notice to vacate. Create "Affirmative Defense"
- Require lessors to provide tenant a lease addendum informing them of resources for obtaining copy of tenant rights
- Require 45 day notice for rent increase of 10% or more in any 180-day period
- Allow park model homes with associated quality requirements such as insulation and wood siding
- Incentivize LID through increased density allowances and reduced permitting costs. Develop guide for low-cost LID options. Look into potential LID standards revisions

Long-Term Impacts of COVID-19 on Housing

The ongoing COVID-19 pandemic and the associated health and economic consequences continue to affect everyone in Western Washington and around the world. While the full story of the effects of COVID-19 on housing is still being written, several important trends are emerging or likely to gain importance in the years to come.

First, for many of those whose employment can occur remotely, physical proximity to the workplace is a less important factor when choosing a place to live. Factors including access to parks, great schools, and being closer to family, may increase in importance. This is of particular relevance to Oak Harbor, as its location, natural amenities, and less expensive housing compared to many central Puget Sound communities could make it an increasingly popular relocation option for people from those communities whose work can be done remotely.

Second, the demand for new housing is continuing to outstrip supply, leading to continued upward pressure on prices. Labor and material shortages continue to make building housing expensive, and the locational decisions discussed above are leading to many more households with continued employment looking to change their housing situation.

Third, continued high unemployment in the hardest-hit economic sectors may lead to a wave of evictions, with serious consequences for those households unable to afford their housing coupled with a spike in vacancies and continued financial stress for landlords and housing providers. Stagnant or falling rents may

help some, but certainly not all, households facing loss of income or medical expenses as a result of the pandemic. This is particularly true in Oak Harbor, where the rapidly growing sectors of the economy in recent years have been those most affected by the pandemic.

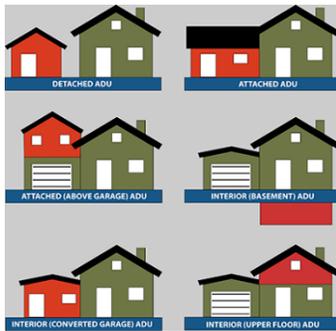
Housing Policy Analysis and Current Policy Conditions

Oak Harbor's Comprehensive Plan contains many housing policies in its Housing Element. Appendix 3 contains an analysis of the Comprehensive Plan policies that relate to housing.

The City should consider additions and revisions to its policies that support future actions in line with what is provided in this plan. Such policy additions should strengthen and support the actions recommended here, including (but not limited to) strengthening policy support for more diverse housing options, developing code and policies that mitigate the risk of displacement, and placing equity front and center when crafting future housing code and policy.

Additional analysis on housing policies can be found under the [Key Findings and Recommendations](#) of the HAP and in [Appendix 3](#).

Housing Types Considered



SINGLE-FAMILY HOUSING

HB 1923 specifically calls for the development of policies and strategies to increase the availability of single-family homes that are affordable to a wider range of households. This could include both detached and attached single-family dwellings. The HAP presents strategies and actions that can increase the availability and affordability of single-family homes, including various forms of single-family attached as well as single-family detached units.

MISSING MIDDLE HOUSING

"Missing middle" housing refers to a range of housing types including duplexes, triplexes, fourplexes, townhomes, and apartments built with wood frame construction. These offer more affordable options for buyers and renters and more efficiently utilize land often dedicated to single family homes. "Missing" refers to the fact that these types are not being built fast enough to keep up with demand. "Middle" refers to their position on a spectrum between single-family detached homes and mid-to high-rise apartment buildings. The Housing Action Plan includes actions that address various facets of this form of housing. This includes potential changes to zoning to allow such development in more places and

updates to parking and road standards to reduce development costs.



ACCESSORY DWELLING UNITS

Accessory Dwelling Units, or ADUs, are small housing units attached to or separate from and accessory to a single-family home. These smaller dwellings, sometimes envisioned as homes for older parents or other relatives, hold promise as a way of providing basic, affordable accommodations for households that do not need much space while



potentially providing a source of rental income for homeowners. Jurisdictions region-wide have recently pursued changes to their land use regulations to allow or further encourage ADUs as a way of addressing the housing affordability issue. Various actions are detailed in the following plan that could help incentivize construction of ADUs.

MULTIFAMILY HOUSING



Larger multifamily developments (five-plus units in a structure) make up roughly 20 percent of housing units in Oak Harbor. Some of these developments are a key part of Oak Harbor's inventory of naturally occurring affordable housing. Additionally, because of their construction techniques and economies of scale, new developments with affordable units tend to be this type of housing. Several of the actions in the following plan involving incentivizing new rental housing and mitigating displacement address multifamily housing in some dimension.

TINY HOMES/PARK MODEL HOMES

Tiny homes, park model homes, and manufactured homes all provide a crucial dimension of affordability to housing in Oak Harbor. Roughly seven percent of housing in the city is mobile homes, RVs, or boats. Adopting updated building codes that clear the way for tiny homes, making sure the City's land development regulations can accommodate tiny house villages, and clarifying definitions of park model homes can make it more feasible to offer this type of housing. Additional actions related to preserving existing affordable housing cover some elements of manufactured homes.

SENIOR HOUSING



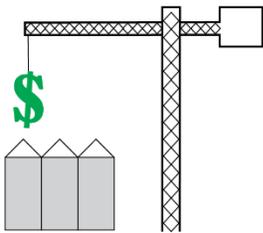
Assisted living facilities, retirement communities, adult family homes, and other forms of senior housing will be increasingly needed as the populations within our region ages. ADUs and missing middle housing can also play an important role in providing housing options for seniors that are affordable. Providing these housing options within the city allows current residents the ability to age in place.



Strategies

All actions proposed in this Housing Action Plan can be categorized by their implementation of one of the strategies as outlined below. Each strategy is assigned its own icon, which are incorporated into the following action writeups according to which strategy or strategies each action addresses.

INCENTIVIZE NEW RENTAL HOUSING



The City has expressed interest in policy options to increase incentives available for creating new affordable and

market rate rental housing. The Housing Needs Assessment demonstrates that additional rental housing, particularly for low- to moderate-income households, is needed to reduce the cost burden of their housing expenses.

Incentives for rental housing can include the Multi-Family Tax Exemption (MFTE), waiving or reducing impact fees, density bonuses to incentivize affordable housing options, and demonstration programs to reduce displacement and rehabilitate existing housing stock.

BRING DOWN THE COST OF DEVELOPMENT



The cost of developing new housing, regardless of type, includes labor and materials, the costs of permitting

(including impact and mitigation fees), and the time and cost of permit processes. Several actions included in

this Housing Action Plan address the elements of this calculation most within the City's control, namely permit efficiency, fees, and time and process required to approve development.

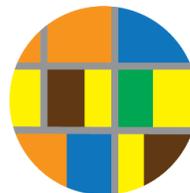
PROVIDE WIDER VARIETY OF HOUSING TYPES



The City can make progress on this strategy through several actions, including changes to zoning code to make

various types of housing more widely allowed and demonstration programs for fee reductions. This includes senior housing, ADUs, and so-called Missing Middle housing.

PREVENT AND MITIGATE DISPLACEMENT



This addresses both rent-restricted and non-rent-restricted rental housing. This can be done through rehabilitation of existing

units or a waiver of certain fees that would allow a new development to offer new units whose rents approximately match housing that was displaced. Actions include public-private partnerships with neighborhood associations and landlords to bring down the cost of upkeep.

Implementation of the recommendations of the Island County North Whidbey Affordable Housing Task Force



The recommendations of the Island County/North Whidbey Affordable

Housing Task Force are important guideposts for establishing actions in this plan. These recommendations, which were issued in 2018, were evaluated by City staff and integrated by the project team into this plan. Several actions presented in this plan implement one of the Task Force's recommendations and are noted with the symbol above.

HIGH-LEVEL FINDINGS FROM OAK HARBOR HOUSING NEEDS ASSESSMENT

Household Composition – Household size has declined in Oak Harbor, and nonfamily households in particular but the city still has more large households than the region at large. This points to the need for a targeted approach to bring down costs for single-family detached and attached dwellings while providing more diverse rental options at a wider range of prices for smaller households.

Growing Diversity - Actions should focus on providing lower-cost rentals and increased moderate to middle-income priced homes with home ownership opportunities and multigenerational accommodations.

Families and Seniors - The HAP should include strategies to address the increased housing needs for seniors. Homeownership rates tend to increase as age increases and older people are more likely to live in single-person households which tend to be smaller in size. The aging of the Baby Boomer generation (born 1946 to 1964) could also generate greater demand for housing offering living assistance, multigenerational accommodations, and opportunities for residents to age-in-place or age elsewhere in their communities. Overall, these trends indicate high demand for “missing middle” housing (e.g., ADUs, townhomes, triplexes, duplexes, quad homes, and cottages) which allows more seniors and couples to downsize and remain in their community. The need is particularly acute for older adult households making less than 80 percent of the area median income.

Rising Demand and Supply Scarcity - Where feasible, additional home ownership opportunities should be afforded for households earning between 80 and 120% AMI. Housing serving this income bracket tends to be middle housing. Demand is mounting for middle housing mostly due to aging baby boomers, young households forming, and the growing workforce. As a result, strategies should be developed to support middle housing production in Oak Harbor, particularly given its abundance of renter households. Moreover, the renter population tends to include households at the moderate to lower income level, and the rising costs of housing has disproportionate impacts for homes priced at these levels. Consequently, additional production of apartments, multiplexes and middle housing, and government subsidized housing should be supported.

Existing Single-Family Housing Stock Aging – While the risk of redevelopment pressure akin to what communities in central Puget Sound experience is low in Oak Harbor, the age of existing structures, particular small single-family homes, makes them somewhat vulnerable to replacement by new, larger, much more expensive homes. The low supplies of single-family attached housing such as townhomes, triplexes, duplexes, as well as cottage courtyard apartments and multifamily housing should be addressed to provided broader housing options for the community. In addition, demand is expected to increase for single-family attached housing mostly due to aging baby boomers and continued demand from NASWI-related workforce, at least in the next several years.

Cost Burden on Lower Income and Renter Households – Growth in service industry employment and an increase in older-adult households with low and/or fixed incomes mean Oak Harbor will need to continue boosting production of low-income (50% AMI or lower) housing rentals and ownership opportunities to achieve the 2008-2030 target. This is especially true given that the current gap between what is affordable and available at different income levels exceeds the housing needs between now and 2036. The approach for increasing low-income housing likely is more complicated due to the need for some sort of direct assistance.

KEY FINDINGS AND RECOMMENDATIONS

Housing Policy Analysis

The project team completed an analysis of Oak Harbor's current housing policies. The City's comprehensive plan includes housing-related policies under the Land Use Element ([Chapter 4, Oak Harbor 2036](#)) and under the Housing Element (Chapter 6). [Appendix 3](#) contains an analysis table of the City's housing policies. The Land Use Element's Goal 4 and its associated policies set a great policy basis for supporting and providing a variety of housing types at all income levels within the city. Most of the actions identified in this plan are already supported by existing policy. For example:

- 4.c focuses on support for the "...development of new, and the conversion of existing, residential structures for accessory dwelling units."
- 4.e calls for the City to "support flexible standards for developments that provide affordable housing."
- 4.f calls for the City to "Consider development incentives to include affordable housing within new developments."

The Housing Element offers most of the goals and policies pertaining to the goals of this Housing Action Plan. Its four goals and 23 policies already provide support for most of the recommendations herein. There are several ways in which policies could be added or revised to clarify support for the actions and recommendations in this plan, including:

- Create a policy supporting the City adopting the Multi-Family Tax Exemption (MFTE) to incentivize affordable housing construction
- Create policy support for inter-local agreements with Island County to establish land banking and/or TDR program targeting affordable housing
- Update Housing Policy 1.b to include forms of "missing middle" housing as being distinct from multi-family (including duplexes, triplexes, fourplexes, and cottage apartments)
- Create policy under Goal 3 that allows first-floor residential in mixed-use zones as long as first floor can be converted to commercial use in future if needed
- Create policy under Goal 4 that supports the City developing a maintenance and repair program for naturally occurring affordable housing, including both multifamily rental and single-family detached

Lastly, the City will be updating its comprehensive plan by June 2025. Part of this process will include a review to ensure City policies are consistent with State Law and Countywide planning policies.

Housing Strategies

The following four topical strategies represent collections of actions that address a particular housing issue in a targeted way. The specific actions that fall under each strategy are listed below the strategies. Actions that implement one or more recommendations of the Island County are followed by an **(I)** on this page and are labeled with the Island County logo at the head of their action writeups along with the topical strategy they implement.

Strategy 1, Incentivize New Rental Housing

- [Use of MFTE as incentive for affordable housing](#)
- [Allow first floor residential in most commercial zones \(I\)](#)
- [Density bonuses/current use exemptions \(I\)](#)
- [Attract professional and experienced affordable housing developers \(I\)](#)
- [Mix R-3 and R-4 strategically within R-1 areas that have not developed fully](#)

Strategy 2, Bring down the cost of development

- [Use of MFTE as incentive for affordable housing](#)
- [Create permit process efficiencies](#)
- [Reduce impact fees and other direct costs \(I\)](#)
- [Raise SEPA exemption levels for minor new construction](#)
- [SEPA exemptions for infill development](#)
- [Update road standards to increase site flexibility](#)
- [Reduce minimum lot sizes \(I\)](#)
- [Switch to bedroom-based calculation of off-street parking for multifamily](#)

Strategy 3, Provide wider variety of housing types

- [Use of MFTE as incentive for affordable housing](#)
- [Modify bulk regulations to incentivize missing middle housing](#)
- [Modify allowed uses to increase range of missing middle housing \(I\)](#)
- [Update parking and design requirements for ADUs \(I\)](#)
- [Permit and clarify Tiny Home and Park Model Home regulations \(I\)](#)
- [Update subdivision code to allow unit lot subdivisions](#)
- [Mix R-2 and R-3 strategically within R-1 areas that have not developed fully](#)

Strategy 4, Prevent and Mitigate Displacement

- [Affordable housing preservation strategies](#)
- [Create property maintenance incentive program](#)
- [Use of MFTE/publicly owned land as incentives for rent-restricted affordable housing](#)
- [Density bonuses/current use assessments](#)
- [Update landlord tenant ordinances to head off displacement \(I\)](#)

Figure 6. Action Schedule and Summary Table

Action	Type	Target Group	Area of Applicability	Scale of Potential Impact	Timeline
Use of MFTE as incentives for rent-restricted affordable housing	Incentivize new rental housing, prevent and mitigate displacement, bring down the cost of development				
The rest of this table will be filled in as staff reviews each section.					
Affordable Housing Preservation Strategies	Prevent and mitigate displacement				
Attract professional and experienced affordable housing developers	Incentivize new rental housing, Task Force				
Create permit process efficiencies	Bring down the cost of development				
Switch to bedroom-based calculation of off-street parking for multifamily	Bring down the cost of development				
Allow first floor residential in most commercial zones	Incentivize new rental housing, Task Force				Work continuing 2020 to 2021 in Planning Commission work program (staff presentation given at 4/27/2021 meeting)
Update parking and design requirements for ADUs	Provide wider variety of housing types, Task Force				Ownership addressed (Ord. #1828, OHMC 19.42), implement

Action	Type	Target Group	Area of Applicability	Scale of Potential Impact	Timeline
					other recommendations if evidence warrants
Update bulk regulations to encourage missing middle housing	Provide wider variety of housing types				
Modify use regulations to increase range of missing middle housing	Provide wider variety of housing types, Task Force				
Mix R-2 and R-3 zoned areas strategically within R-1 areas not fully developed	Provide wider variety of housing types, incentivize new rental housing				
Reduce minimum lot sizes	Bring down the cost of development, Task Force				
Density bonuses/current use assessments	Incentivize new rental housing, bring down the cost of development, Task Force				
Reduce impact fees and other costs	Bring down the cost of development, Task Force				
Update road standards to increase site flexibility	Bring down the cost of development				
Permit and clarify Tiny Home and Park Model Home regulations	Provide wider variety of housing types, Task Force				

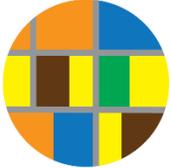
The rest of this table will be filled in as staff reviews each section.

Action	Type	Target Group	Area of Applicability	Scale of Potential Impact	Timeline
Update subdivision code to allow unit lot subdivisions	Provide wider variety of housing types				
Raise SEPA exemption levels for minor new construction	Bring down the cost of development		The rest of this table will be filled in as staff reviews each section.		
SEPA exemptions for infill development	Bring down the cost of development				
Create property maintenance incentive program	Prevent and mitigate displacement				
Reform landlord-tenant ordinances	Prevent and mitigate displacement, Task Force				



HOUSING ACTIONS

Preventing and Mitigating Displacement



Reducing Development Costs



Providing Wider Variety of Housing Types



USE OF MFTE AS INCENTIVE FOR AFFORDABLE HOUSING

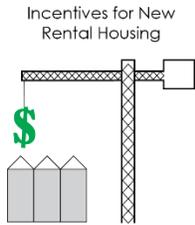
The City of Oak Harbor should consider establishing more incentives to promote increased availability of affordable housing that would be rent restricted for low to moderate-income households. Use of these programs with partners should be explored to help develop new affordable housing in the city. For example, use of the Washington State Housing and Finance Commission's 80/20 private activity and non-profit housing bonds should be explored.

Oak Harbor should consider adopting a Multifamily Tax Exemption (MFTE) program to incentivize affordable housing options and promote mixed income developments. The MFTE allows a local jurisdiction to incent housing options in urban centers lacking in housing choices or workforce housing units. Chapter [84.14 RCW](#) outlines the existing requirements. This program exempts eligible new construction or rehabilitated housing from paying property taxes for either an 8-year or 12-year period. Only multiple-unit projects with four or more units are eligible for either the 8- or 12-year exemption, and only property owners who commit to renting or selling at least 20% of these units to low- and moderate-income households are eligible for the 12-year exemption.

Other MFTE program variations such as including the rehabilitation of housing units should be researched and weighed against costs (foregone property tax revenue for the duration of the program) and benefits (such as affordable housing production). The City should examine potential urban center areas (such as the Central Business District, Multiple-Family Residential, Residential Office, or Neighborhood Commercial zones) that could allow the use of a MFTE program.

Cities with MFTE programs include: Sumner • Burien • Redmond • Tacoma • Kirkland • Marysville • Everett • Issaquah • Yakima

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Tax abatements positively impact the feasibility of projects where market-rate projects are feasible and can help cross-subsidize affordable units • Can be implemented relatively quickly (incentives could induce applications as soon as it is adopted) • Helps balance out the financial impacts associated with building affordable housing • Increases the production of affordable housing and broadens the availability of housing choices 	<ul style="list-style-type: none"> • City must weigh the temporary loss of tax revenue against potential benefits • May provide insufficient incentive to lead to production or affordability unless paired with other tools



ATTRACT PROFESSIONAL AND EXPERIENCED AFFORDABLE HOUSING DEVELOPERS

In partnership with Island County, Oak Harbor should pursue several actions that will aid in the effort to attract experienced affordable housing developers.

The City should consider preparing and compiling, at regular intervals (perhaps every six to 12 months) maps and assessor data identifying land that can accommodate affordable housing in the short term (within a year, perhaps) and in the long term (up to five years out). Factors to consider include zoning/future land use category, land value over time, presence of critical areas, scheduled expiration/lapsing of any affordability window from Section 42 (LIHTC) funding or other federal requirements, age of existing structures, and proximity to transit corridors/routes, and water/sewer feasibility.

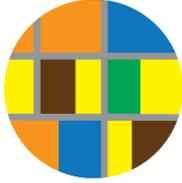
This mapping effort would be further enhanced by an effort to create a land use dataset (distinct from zoning districts), updated perhaps halfway through every Buildable Lands/Land Capacity Analysis cycle. This should be a partnership with Island County and would help the City and County identify areas that are not built to zoned capacity or that could take advantage of new code provisions to add additional housing that is affordable.

Interlocal agreements and any future Affordable Housing Investment Fund (developed with the County) should be established prior to engaging seriously with developers to demonstrate availability of local resources and support. The County takes advantage of the SHB 1406 sales tax credit for affordable housing, so the City should work with the County to leverage these funds to attract affordable housing.

This effort could also aid any future efforts to establish a Transfer of Development Rights (TDR) program in partnership with the County. Land use inventories and maps designed to support affordable housing development could simultaneously identify potential TDR receiving areas.

The City and County should work together to provide a joint staff team that could support recruitment and coordination with affordable housing developers. Organizations like Bellwether, Low Income Housing Institute, Mercy Housing, Opportunity Council, Catholic Housing/Community Services, and others are active throughout the region and have experience with many different forms of affordable housing in many jurisdictions.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Relies on deep experience of affordable housing providers rather than trying to reinvent the wheel • Mapping and inventory efforts are likely to yield myriad benefits for planning work in the city and county more broadly • Staff and resource intensive 	<ul style="list-style-type: none"> • Must be careful to not create unfunded mandates to create maps and reports (care should be taken to time this work appropriately with other long-range planning, like comprehensive plan updates and buildable lands/land capacity analysis)

Preventing and
Mitigating Displacement

AFFORDABLE HOUSING PRESERVATION STRATEGIES

Affordable housing should be preserved in Oak Harbor to retain housing options meeting the needs of residents with different household income levels. Strategies should be developed to preserve both rent-restricted low-to moderate-income affordable housing and naturally occurring affordable housing. Naturally occurring affordable housing are housing units that are unregulated/ unsubsidized and subject to market forces but are affordable to low-income households. Considering that regulated affordable housing is difficult and costly to build (see Appendix 7, describing the Affordable Housing Development process), strategies supporting the preservation of naturally affordable rentals are crucial for Oak Harbor. Actions should be prioritized to encourage owners to retain housing for long-term renting.

- Oak Harbor should collect key data on its rental housing properties to build a rental housing preservation inventory useful for describing the rental landscape. Information on the age of the housing, number of bedrooms, rental rates, rate of vacancy, rent-restricted units, and condition (such as the CoStar housing condition star ranking) could be collected. Another benefit is this could prevent the loss of “at-risk” properties by setting Oak Harbor up to purchase targeted properties when the owner is ready to sell or for the City to offer low-cost rehab loans and financing of repairs in exchange for an affordability covenant. This strategy would help maintain housing affordability and could prevent the loss of property to new redevelopment which could displace existing residents.¹⁰ Lastly, this rental housing inventory could inform the establishment of a rental housing licensing program, should this become a priority for the City.¹¹
- Oak Harbor should increase investments needed to purchase and preserve affordable properties particularly those at risk of displacement. The City should identify partnership opportunities with non-profit organizations and housing agencies to purchase existing, unregulated affordable housing to preserve it for the long term. This could also be used to preserve rent-restricted housing units that might be nearing the end of their affordable term.
- The City could consider an overlay zoning district on existing affordable developments, including mobile home parks, that would make it more difficult to displace these affordable units or developments.
- The City should reach out to local housing providers to support the rehabilitation of regulated affordable properties with large capital needs or failed inspections. In addition, the City could partner with a nonprofit and/or Island County to create a rehabilitation, repair, and weatherization program that would offer repair/weatherization support for existing, unsubsidized affordable housing in exchange for affordability restrictions. This program can help improve the livability of existing owner-occupied homes and manufactured homes and can help homes become more energy-efficient, which can reduce the costs of utilities and promote sustainable development. This can also include seismic updates and mitigating flood risk.

¹⁰ Local housing solutions, 2020. Housing in areas with access to public transit and schools could be targeted.

¹¹ A rental housing licensing program could be considered which requires owners of rentals to obtain a landlord license and gain periodic inspections, when legitimate complaints are received. With these types of programs, owners are typically required to respond to code violations identified during inspections within a certain timeframe. Oak Harbor should avoid imposing strict requirements and high fees for license since this could discourage participation.

- Oak Harbor should consider establishing good landlord incentives, such as landlord training workshops or clinics, crime reduction programs, and financial incentives (e.g., exemptions from fees) associated with improving housing conditions. This type of program will support landlords by providing them best practices in preventative maintenance and tenant and property management. Similar to earlier recommendations, the City could partner with a nonprofit or Island County to jointly implement this program.¹²
- The City could work with Island County to use some of the funds available through the SHB 1406 state sales tax credit program to provide rent or utility assistance to residents of existing unsubsidized affordable housing.

Examples of cities that have taken this approach: Tukwila • Seattle • Tacoma • Burien

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Preserves affordable housing possibly for the long-term • Rehabilitation of existing affordable housing can be done much more quickly than producing new housing • Improves the quality of life and can improve the health and stability for people living in rehabilitated homes and if completed for many homes in the same community, can result in positive effects on neighborhood quality and stability • Reduces displacement and provides information useful for identifying housing at risk of displacement • Can help improve the stability of neighborhoods • Renovating existing housing stock tends to be more cost-effective than building new affordable housing • A low-income weatherization and rehabilitation program can help improve the livability of existing owner-occupied homes and manufactured homes 	<ul style="list-style-type: none"> • All the recommendations will require staff time and resources • Overlay zone for existing affordable developments would be a lengthy process and would not be able to preserve those developments in the short term • Several of the ideas would require funding and grants, and possible partner support • These measures are not guaranteed to increase the housing supply and the number of new affordable housing units 

¹² Local Housing Solutions, 2020.



CREATE PERMIT PROCESS EFFICIENCIES

The City should pursue permit process improvements that will help make the housing development process more predictable, efficient, and less expensive to help promote targeted housing projects such as for ADUs, multifamily housing, single-family attached housing, and affordable housing. The Local Project Review law (RCW 36.70B) supports the establishment of a predictable and timely review process by setting time limits on application review and permit decisions. Following are several ways to support this goal:

- The City could launch a pilot program to test housing permitting improvements, with the goal to increase predictability in the timing of the development process. Focus on adjustments such as expediting permit review, simplifying or combining application steps, making permit checklists more user-friendly, and reducing submittal requirements at the permit intake stage. This pilot program should test out process improvements such as a consolidated permit review process with concurrent review of preliminary plat and civil plans (with the applicant assuming risk) for priority housing applications. This process should integrate negotiated timelines emphasizing mutual responsibility of applicants to meet deadlines along with City reviewers. As a first step, the City could test out fast-tracking routine ADU applications. Applicants wanting to build an ADU could make an appointment with the City and sit down with all departments at once to get their permit submitted and approved in a short amount of time.
- The City could designate a staff person (or housing ombudsman) to serve as a liaison for affordable housing projects. This person would provide guidance and coordination through the permitting process and could help applicants navigate the complexities associated with the process of development and building construction permitting. In addition, this person could help educate and advise landlords and tenants.
- A reform of the time it takes a project to make it through the permit process could be coupled with raising the SEPA exemption threshold, creating a SEPA exemption for infill housing, and adding a unit lot subdivision code section could reduce pressure on staff and make it easier to prioritize the desired project types for a fast-track program.
- The City could create a fast-track program for permitting housing in unused commercial space to prevent displacement due to the pandemic.

The following cities enacted permitting efficiencies: Redmond • Kirkland • Tacoma • Redmond • Auburn • Lake Stevens. The City of Bellevue has a planner dedicated to housing projects.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • This could expedite the delivery of housing meeting diverse needs and reduce the time to approval • Could translate into cost reductions for housing • Broadened housing choices and increased housing development 	<ul style="list-style-type: none"> • The process of establishing a new staff member and undergoing review of fees and permitting process steps will require staff time and resources • Delayed payment of fees could result in delays for receiving needed revenue for the City



SWITCH TO BEDROOM-BASED CALCULATION OF OFF-STREET PARKING FOR MULTIPLE DWELLING UNIT DEVELOPMENT

[OHMC 19.44](#) governs parking requirements in the city. Provisions for off-street parking is one of the largest users of land in most forms of residential development. Communities face a delicate balancing act of providing enough parking on site that is convenient for residents and does not have major negative side effects on surrounding streets. Traditionally, communities and developers have erred on the side of requiring or providing plentiful off-street parking in garages and driveways. While Oak Harbor's code accounts for differences in how much parking is called for in some residential uses and zones, there are areas where change could be considered.

For example, [OHMC 19.44.100](#) requires 1.5 off-street parking spaces per dwelling unit for all multi-family units (2 per unit for units with three or more bedrooms). The City could consider tying off-street parking spaces more thoroughly to the number of bedrooms rather than the number of units. As an alternative, allow a parking study to be provided to justification for reduced parking.

The following are examples of jurisdictions that have adopted parking requirements that vary by number of bedrooms: Lynnwood • Marysville • Bellingham

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> More accurately ties required parking to actual demand Lots of evidence on the benefits of right-sizing parking makes it easy to head off potential criticism Can be combined with other parking-related code updates (see ADUs) to reduce cost of development and prioritize housing over parking 	<ul style="list-style-type: none"> Might not lead to that many new units depending on strength of local market for smaller units with fewer bedrooms Does not address provision of on-street parking, which is an important but potentially more politically divisive issue





ALLOW FIRST-FLOOR RESIDENTIAL IN MOST COMMERCIAL ZONES

Currently, residential uses in commercial zones are a mixed bag in terms of where and how they are allowed. Multi-family dwellings are a permitted use in the C-1 (Neighborhood Commercial) zone, but single-family residential uses are permitted only if they are located on the second floor above a permitted use. In the C-3 (Community Commercial) and C-5 (Highway Corridor Commercial) zones, residential units are permitted only above and secondary to essential or primary floor uses. Residential uses are not allowed in the C-4 zone.

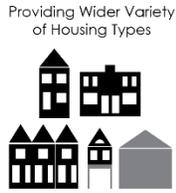
The City is in the process of considering allowing first floor residential in some commercial zones if the first floor has 10-foot ceilings on the portion fronting an arterial or major collector. This allows flexibility to convert to commercial use on the first floor if the market is there in the future.

The following are some factors to keep in mind as the City considers this change:

- The single-family provision in C-1 should be clarified to allow single-family on the first floor in a townhome/single family attached configuration if ceilings meet commercial standard
- The City could consider a version of a form-based code for its commercial zones where first-floor residential with 10-foot ceilings are permitted in all cases as long as screening and landscape requirements are met
- In the C-3 and C-5 districts, the City could consider adding a clarification that residential uses can have a front setback of 15 feet if parking and access is provided from the rear of the building.

Currently, the core of Oak Harbor is home to plentiful commercial space that is not being used because of the COVID-19 pandemic. One way the City could alleviate immediate housing need while preserving potential commercial space for future use is by providing assistance in the form of renovation grants and reducing the cost of complying with fire code so that unused commercial space can be used temporarily as housing. This assistance could be conditioned on building owners making units affordable to those most heavily impacted by the pandemic.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Covers a lot of area (C-3 in particular encompasses significant acreage along major transportation corridors) • Provides needed flexibility to respond to market conditions 	<ul style="list-style-type: none"> • Allowing what might be lower cost housing in areas with high commercial activity raises equity concerns • Unclear what the demand would be for residential development in these zones



UPDATE PARKING AND DESIGN REQUIREMENTS FOR ADUS

The City of Oak Harbor currently regulates the requirements for Accessory Dwelling Units in [OHMC 19.42](#). In August 2018, the City eliminated occupancy restrictions, which is a great step forward in eliminating barriers to ADU use.

Other code changes could help further incentivize use of ADUs:

- If the City makes changes allowing and clarifying tiny homes, consider adding a provision to [OHMC 19.42](#) that tiny homes can serve as ADUs. Whether this applies to both tiny homes on foundations and on wheels is up to the City to decide.
- OHMC 19.42.030(6) require in part that the primary residence and accessory dwelling together may not occupy more than 40 percent of the total site area. Considering the lot coverage in the R-1 (Single-Family Residential) zone is limited to 35 percent, this leaves very little room for a legal detached ADU.
- The City could consider removing the requirement for an additional off-street parking space if certain conditions are met. For example, if the lot is developed using the reduced lot size provision (see below) the parking requirement could be waived for the ADU. Alternatively, if the existing primary dwelling has at least 4 legal parking spots including garage and driveway the parking requirement for the ADU could be waived. Proximity to transit could also be a consideration for waiving the parking space requirement.
- An ADU could qualify a single-family lot for the reduced lot size under a proposed lot size reduction incentive because it would function as affordable housing. This could be accompanied by a provision in the zoning district dimensional regulations that increased the allowed lot coverage for the more compact lots to account for decreased site area.

The City has recently worked to address ADU issues through the Planning Commission and City Council. Parking for ADUs has been a controversial topic. The City can address some of these issues through revisions to street parking policies in its active transportation planning process.

The following jurisdictions have reduced parking requirements for ADUs: Seattle • Kirkland • Olympia

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Provide greater flexibility for location and design of ADUs • Make more lots legally able to support an ADU 	<ul style="list-style-type: none"> • Neighborhood sensitivity to perceived burden on on-street parking • Potential to trigger broader changes to residential design requirements could make the changes take longer



Providing Wider Variety of Housing Types



UPDATE BULK REGULATIONS TO INCENTIVIZE MISSING MIDDLE HOUSING

Each zoning district's code contains dimensional regulations that specify allowable densities, lot sizes, setbacks, and coverage ratios. There are several improvements to bulk regulations the City can consider improving the variety of housing types available:

The City could consider removing the requirement that duplexes and multi-family have larger setbacks in the R (Residential) zones than single-family homes and just let building height drive any increases in setbacks, as in OHMC 19.20.145(7). This borrows from form-based codes and acknowledges that duplexes and other forms of missing middle housing are often structurally indistinct from single-family.

The City should consider removing its density ranges on its zones for the R-1 and R-2 (Limited Multiple-Family Residential) district and regulate density using minimum lot sizes. If this presents political difficulties, at least consider raising the minimum density of the R-2 zone to six dwelling units per acre.

The City should provide exceptions to the side setback and minimum lot width requirements in all zones where unit-lot subdivisions are encouraged to allow side setbacks of zero feet when a unit lot subdivision is proposed (link to new code for this) as long as buildings meet fire separation and other setback requirements.

Where additional housing types are allowed, considering increasing the allowed density as well to encourage that housing type to be built. Also consider locational standards that ensure more dense housing types are built in desired locations (such as along arterials or duplexes on corner lots).

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> City already has language in other code sections to act as template language Could be combined with definition of unit-lot subdivisions to make the biggest difference 	<ul style="list-style-type: none"> Without provisions in place to prevent displacement, could incentivize elimination of affordable (older) single-family homes and diminish stock of naturally occurring affordable housing





MODIFY PERMITTED USES TO INCREASE RANGE OF MISSING MIDDLE HOUSING

[OHMC 19.20](#) outlines which uses are permitted, conditional, and accessory in the zoning districts. This code section is important because it lays out where different uses are allowed within the city.

Currently, duplexes are not permitted in the R-1 district. Additionally, all apartments and condominiums are grouped together in one use category; they are permitted outright in the R-3 (Multiple-Family Residential) zone and permitted with conditions in some commercial and mixed-use districts. Single-family residences are permitted outright in the R-1, R-2, and C-1 districts, while it is not clear in which districts ADUs would be allowed. (R-1 and R-2 both contain language as follows: “In an R-1 (R-2) district, the following are accessory permitted uses: (1) Accessory uses and structures incidental to any permitted residential uses, such as servants’ quarters, garages, greenhouses, or workshops, and barns; *provided, that none shall be rented or occupied for gain;*” (Emphasis added) The City should explore adding ADUs as permitted uses in the R-1 and R-2 zones.)

Given the City’s interest in providing more diverse housing options, several changes to the land use matrix could increase the range of “missing middle” housing across the city. Duplexes could be allowed in more than just two zones, including potentially in R-1 (conditions can specify larger minimum lot sizes or corner lot requirements for duplexes to be built in lower density zones). New use categories could be broken out of the “Apartments/Condominiums” use to reflect missing middle options like triplexes and quadplexes, with those uses permitted, conditional, or permitted with conditions in more zones than large apartments.

While the City’s code allows for ADUs, they are not included as a permitted accessory use or listed anywhere in OHMC 19.20 (language on accessory permitted structures in the individual zone sections in fact prohibits accessory structures from being “rented or occupied for gain.”) The City should clarify where and when ADUs are an accessory permitted structure (presumably on any single-family lot).

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Could open up large areas where more diverse housing options are allowed • Footnotes and Conditional Use Permit requirements could allow staff/council to tailor appropriate performance standards and conditions to each use 	<ul style="list-style-type: none"> • Adding or modifying uses in the use matrix could trigger broader examination of the land use matrix and bog down the process • Just permitting uses in a zone does not alter any other market fundamentals or code limitations within that zone’s standards and thus may not result in many units being built unless those other limitations are addressed as well

Providing Wider Variety of Housing Types



MIX R-2 AND R-3 ZONES STRATEGICALLY WITHIN R-1 AREAS THAT HAVE NOT BEEN FULLY DEVELOPED

Together with other zoning-related changes previously described, the City should consider including areas of R-2 (Limited Multiple-Family Residential) and R-3 (Multiple-Family Residential) zoned properties strategically in areas zoned R-1 that have not been fully developed.

The multiple-family zones, particularly if modified as previously described to increase the construction of missing middle housing options, can provide much-needed variety of housing choices in newly developing areas.

- The City should consider adopting R-2 and R-3 designations along current or future planned transit routes and at major corridors and intersections in existing areas of new development that have not been entirely platted or built out.
- The City should consider adopting a policy in its comprehensive plan to include areas zoned for multi-family development in UGA expansions whenever feasible and to locate those areas strategically near major intersections and transportation facilities.
- The City can also explore rezoning within existing fully developed areas, although this is likely to be much slower and more politically difficult. For example, R-4 is in a different comprehensive plan land use category than the other R-districts, so strategically including R-4 in future R-1 areas would require comprehensive plan amendments.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Could open up large areas where more diverse housing options are allowed • Would be most effective if paired with other changes as noted elsewhere in this plan to increase the availability of duplexes, triplexes, four-plexes, cottage apartments, and ADUs 	<ul style="list-style-type: none"> • Will take a long time to show results due to process required for comp plan and zoning amendments and UGA expansions • Political challenges associated with rezoning in areas with existing neighbors/stakeholders



REDUCE MINIMUM LOT SIZES

Currently, the City's residential zones permit minimum lot sizes of 7,200 square feet in R-1 and 6,000 square feet in R-2. This correlates with the maximum density (six dwelling units per acre) in the R-1 zone and around seven dwelling units per acre in the R-2 zone (that zone allows denser residential uses as well).

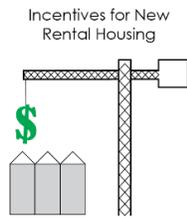
Smaller lot sizes can reduce the cost of land embedded in the cost of housing. In addition, a minimum lot size that corresponds with the maximum allowed density can result in a situation where the maximum density in the zone is not achievable due to requirements for streets, access, open space, and other site elements.

The City could reduce minimum lot sizes or allow lot size averaging to allow a minimum lot size of 5,000 square feet in the R-1 zone, 3,000 square feet in the R-2 zone, and 2,000 square feet in the R-3 and R-4 zones. If pursued, this should also entail examining potential increases in the maximum lot coverage to ensure a wide range of housing footprints at different price points can be built. These smaller lot sizes, particularly in the R-2 through R-4 zones, would be needed to enable unit-lot subdivision.

Reductions in minimum lot size and variations in other bulk regulations are permitted through the Planned Residential Development (PRD) code in OHMC 19.31. Density bonuses are also available through the PRD process. As an alternative to reducing lot sizes and keeping the PRD as a parallel approval track, the city could consider incorporating the flexibility and density bonus provisions of the PRD code into the regular zoning.

Communities that have smaller minimum lot sizes and/or lot size averaging in single-family residential zones include: Everett • Snohomish County • Bellevue

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Helps address affordability of single-family homes by reducing development costs • If combined with density incentives discussed in this Plan or in the City's existing PRD code, could result in more units being created than would otherwise be the case and could include provision of affordable units or high-quality open space in exchange for more density 	<ul style="list-style-type: none"> • Does not guarantee that affordable single-family homes will be built (due to labor and materials and other costs) • Political challenges associated with allowing denser development in areas with existing neighbors/stakeholders



DENSITY BONUSES/CURRENT USE ASSESSMENTS

Oak Harbor has indicated interest in a voluntary program to incentivize creation of more affordable housing units. Non-financial incentives for affordable housing can address dual goals of increasing the number of overall units as well as creating more affordable units.

Several tools for incentivizing affordable housing as a percentage of new development sit at the City's disposal. For example, the City could consider establishing density bonuses for affordable housing such as a density bonus up to 10 to 15 percent (or up to 30 percent from 20 percent) of the base density for certain zones. In addition, bonuses could be allowed for affordable senior housing including retirement residences or multifamily housing. The City could limit this to certain zones or could create an overlay zone that contains the density bonus and could be applied to a range of zones. This would have to include developing detailed criteria and agreeing on an income threshold at which bonuses are considered.

Density bonus programs could also allow developers to contribute to a housing fund in place of building the units themselves. This would give the City flexibility on where affordable housing units would be best placed and help offset loss of revenue from other potential HAP actions.

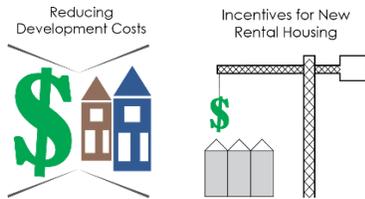
Another potential program the City could use to incentivize affordable housing is a Current Use Assessment. This approach provides a tax reduction in which a participating property is assessed at a specified use value, which is lower than the "highest and best use" assessment value that would be applied in the absence of the program.

This program is in place at the state level through RCW 84.34 and WAC 458-30 as it applies to natural resource, open space, and historic properties. A Current Use Assessment program for voluntary affordable housing could provide an extension of property taxes paid as vacant property for a certain number of years if a development provides a certain level of public benefit (in this case, affordable housing). It is unknown if any communities in Western Washington use this approach for affordable housing. This current use assessment could be used as a filter for projects wishing to participate in the fast-track permit program or applying for reduction or elimination of certain impact fees. It could also be used to incentivize other desired public benefits, which could improve the quality of the development while also providing increased affordability.

Jurisdictions that currently use a density bonus program include: Marysville • Seattle • Redmond • Kirkland • Federal Way • Poulsbo

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Voluntary program likely to be less controversial than mandatory one• For density bonus, contribution to a fund in lieu of participation could bridge gap between mandatory and voluntary program	<ul style="list-style-type: none">• Voluntary program unlikely to receive same level of interest or have the same effects as mandatory program• For current use assessment, lack of current examples makes program design more challenging• Lot size reduction density bonus incentives only work if bulk regulations and subdivision code are updated• Density bonuses may entail sacrificing parking or open space – may not be appropriate in all areas/situations





REDUCE FEES AND OTHER DIRECT COSTS

Incentives should be explored to reduce the cost of developing affordable housing and single-family attached housing (also referred to as “missing middle” housing) in a way that would help boost production. Fees that make it expensive to build more housing choices create financial barriers to new home construction, which can result in fewer projects moving forward. Impact fee reductions or waivers should be explored along with incentive zoning (i.e., density bonuses).

Impact fee exemptions, reductions, and deferrals should be considered to help reduce upfront fees incurred during the permitting of targeted development such as affordable housing and “missing middle” housing development. The City of Oak Harbor already provides impact fee exemptions/reductions for affordable housing constructed by public housing authorities or nonprofit housing developers, which is a great step forward.

- In this vein, the City could allow a waiver on impact fees for any developer if the project targets 70 percent AMI or below.
- Oak Harbor could explore payment flexibility opportunities to reduce upfront fees and allow for gradual payment during the permitting process to help reduce upfront requirements acting as a barrier of entry. As a part of this process, the City could identify possible fee barriers for new residential development that is affordable and helpful for meeting current housing needs (such as multifamily housing and single-family attached housing).
- The City could adopt a latecomer’s fee for traffic impact fees similar to what it has adopted for water/sewer and stormwater system charges. This would allow the City to fully recoup impact fees while allowing early development in an area to be reimbursed by latecomers to the area whose traffic impacts are mitigated by measures implemented by the original developer. This could help defray some of the costs of mitigating new development.
- The City could waive or reduce impact fees for ADUs. If an ADU is created within a primary residence or existing detached structure, the City could waive drainage review and waive or reduce traffic and park impact fees regardless.
- The City should assess variations for how to reduce impact fees to determine potential revenue impacts and weigh the loss of this revenue against potential benefits such as new investment in targeted areas.
- The City could conduct an impact fee study to inform recommendations. In theory, impact fees should be designed to include costs proportionate to the benefit that new growth and development will receive from improved/expanded public services.
- When the City does collect the impact fees, they should consider allowing for deferred collection later in the process and the financing of fees over time to lower the barrier of entry for builders.
- The City could explore developing a grant program to help existing affordable housing undertake structural improvements to mitigate earthquake risk or to correct drainage issues associated with developments in or near floodplains.

The City should explore using the presence of the Census Bureau-designated “Opportunity Zone” to leverage that investment benefit and pair it with targeted fee reductions for affordable housing to spur private investment in low- to moderate-income rental housing in the city center.

Examples of cities that have used this approach include: Olympia • Mercer Island • Shoreline • Woodinville • Kirkland • Tacoma

The City of Portland, OR Water Bureau has a development fee [financing option](#).

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Impact fees are passed along to the rents/prices charged for residents, so this could have a measurable impact on prices/affordability• The smaller housing types do not require large empty properties	<ul style="list-style-type: none">• City must weigh the loss of impact fee revenue against the potential attraction of new investment in targeted areas• Waiving impact fees at the 70% AMI level may be politically sensitive





UPDATE ROAD STANDARDS TO PROVIDE SITE FLEXIBILITY

Substantial portions of new development are taken up by the provision of roads and streets. If fire life safety issues are addressed by the road design and on-street parking is available proportionate to the surrounding uses, narrower public streets or private roads can reduce impervious surface, allow more units to be built, and improve the built environment for residents, especially pedestrians.

For example, Oak Harbor currently allows private access drives only for short subdivisions. While private streets are allowed for short subdivisions of nine or fewer lots according to [OHMC 21.60.120](#), some of the housing options discussed in the Housing Action Plan could also benefit from the ability to provide access via a private access drive less than 150 feet in length that complies with fire code. For example, townhouse developments on small footprints can provide units and off-street parking, but especially in infill situations, providing public street access to those units may impact the viability of the project. The City could consider allowing private access drives 20 feet in width, potentially with a pedestrian facility, less than 150 feet in length to serve townhouses, cottage housing, or other “missing middle” housing options. (Currently access easements are only allowed for single-family detached and duplex lots.)

The following are a few of the jurisdictions who have adopted similar private access drive and/or reduced width roadway designs: • Snohomish County (private access drives) • Marysville (reduced width roadway)

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Revising engineering standards could be less politically complex than some other code revisions • Provides design flexibility without adding layers of complexity to code • Environmental benefits from less impervious surfaces 	<ul style="list-style-type: none"> • Does not guarantee increased affordability of housing • Need to have buy-in from fire department • Requires road standards changes and coordination with public works





PERMIT AND CLARIFY TINY HOME/PARK MODEL HOME REGULATIONS

Tiny houses, which can be either built on foundations or on wheels, are one way to provide a housing option for individuals and households who desire privacy but do not want or cannot afford a large single-family home. They can also be used as a way of providing housing for people experiencing homelessness. Until recently, state law, building codes, and local regulations have presented numerous legal and logistical barriers to siting and building these very small, detached dwellings. (Park Model Homes, discussed in the Affordable Housing Task Force recommendations, are a form of tiny homes.)

In 2019, the state legislature passed [ESSB 5383](#), which updated state law to enable the development of tiny house villages or communities throughout the state. This law defined tiny houses, directs the adoption of the updated residential building code. The City of Oak Harbor can do the following to study and improve its code and policies on tiny houses and park model homes.

- Create permit pathway for Binding Site Plans that allow siting of tiny homes (similar to manufactured home park). This will require adding tiny homes to the list of uses for binding site plans in [OHMC 21.80.020](#).
- Consider modifying the use matrices to specify where tiny houses or tiny house villages would be permitted or conditionally allowed
- Add definitions for tiny houses to the code's Definitions section to differentiate from trailers, manufactured homes, and recreational vehicles. This includes clarifying that only tiny houses on foundations (not on wheels) are allowed
- Allow tiny homes, set on a foundation, to be utilized as an ADU
- Include support for tiny houses in housing element of Comprehensive Plan
- Adopt updated International Residential Code with Appendix Q modified to include tiny houses
- Update site plan approval criteria to account for unique site needs of tiny houses
- Allow Park Model Homes in manufactured home parks or subdivisions if certain construction and design standards (like wood siding and insulation) are met

The following are a few of the jurisdictions who have adopted specific provisions for tiny homes: Seattle • Olympia • Tacoma

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Addresses housing for lower income households without using apartments • Could be cost effective way of mitigating displacement • Provides safer living environment for people experiencing homelessness or housing instability during COVID-19 	<ul style="list-style-type: none"> • Could provide another ADU option • Perception of tiny homes as social welfare program may make it politically difficult • Addressing tiny homes may require addressing multiple sections of City code and thus may add to difficulty

Providing Wider Variety of Housing Types



UPDATE SUBDIVISION CODE TO ALLOW UNIT LOT SUBDIVISIONS

Unit lot subdivisions, also called zero lot line development or fee simple townhomes, are a form of land division that allows townhomes and other single-family-attached housing units to be sold fee-simple like detached homes would be, sometimes including a front and back yard.

Unit-lot subdivisions allow for more diverse single-family housing options and lower the bar financially for entry into home ownership. There is a lack of moderately priced single-family ownership units region-wide, and townhomes help fill that gap¹³. They are processed identically to standard lot subdivisions, the differences being primarily in how access to units is provided and dimensional regulations (particularly side setbacks). The City should take care in implementing unit lot subdivisions to provide for lower impact and utility connection fees where appropriate. The City could consider adding a section to Title 21, which governs division of land, as well as adding footnotes or sections to the separate zones in which dimensional regulations are established carving out exceptions for unit lot subdivisions. Currently, the City's subdivision code ([OHMC 21.50.100](#)) requires a minimum 50-foot lot width, and side setbacks are a minimum of five feet on one side generally in the residential zones and up to 20 feet combined as adopted in the districts' dimensional regulations under [Chapter 19.20](#).

Since townhouses or other attached single-family housing could therefore be subdivided, the City should make sure to allow unit lot short subdivisions as well, especially since the City has adopted higher SEPA exemption thresholds for short plats.

The following are a few of the jurisdictions that have allowed unit-lot subdivisions in their code: Snohomish County • Everett • Redmond • Renton

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Simpler to administer and regulate than condominiums while providing similar affordable entry to home ownership • Encourages appropriate development of sites with complex constraints or layout • Provides downsize option for seniors as well as an affordable entry into ownership for first-time buyers 	<ul style="list-style-type: none"> • Simply allowing a type of development does not guarantee any element of affordability • City must coordinate with utility districts to ensure required utility easements do not exceed the size of desired front setbacks for unit lot townhomes

¹³ PSRC, 2018. ["Middle' housing is scarce in region."](#)



SEPA EXEMPTIONS FOR INFILL DEVELOPMENT

During the 2019-2020 legislative session, [HB 2673](#) was passed. The Bill allows cities a local option to allow higher SEPA exemptions for projects that implement the density and intensity of uses planned for in your Comprehensive Plan. The legislation allows for SEPA exemptions for residential, mixed-use, and commercial development up to 65,000 square feet. Adopting increased SEPA exemptions could reduce duplicative permit processes while maintaining environmental protections outlines within current City, state, and federal regulations. It is also a way to encourage urban infill that the City has already planned for.

The following are a few of the jurisdictions who have utilized this tool. Bothell • Shoreline • Lynnwood

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Reduce permit timelines and costs • Eliminate duplicative processes • Encourage urban development planned for within the Comprehensive Plan 	<ul style="list-style-type: none"> • Requires previous/future EIS on comprehensive plan • Perception that environmental protections may be reduced • Perception that notification/options to appeal projects could be reduced





RAISE SEPA EXEMPTION LEVELS FOR MINOR NEW CONSTRUCTION

The Department of Ecology updated State Environmental Policy Act (SEPA) rules in 2012/13. The updated rules, contained within [WAC 197-11-800\(1\)](#), grant local governments the ability to increase SEPA categorical exemptions for certain minor new construction activities. This includes SEPA exemptions for single and multi-family development, commercial buildings, and filling and grading activities. These are often referred to as “flexible thresholds” because each jurisdiction can adopt standards within a range that meets their needs. Currently, Oak Harbor Municipal Code [20.04.100](#) only allows the minimum number of SEPA exemptions (four units) for minor new construction activities.

In most cases, environmental issues that SEPA was intended to address in 1971 are now mitigated by local codes and both state and federal regulations. Setting appropriate SEPA exemption levels within the city could reduce duplicative processes and reduce permit process timeframes while still providing protection of the environment and strong public participation during the permitting process.

The following are a few of the jurisdictions who have adopted SEPA exemption thresholds above the minimum required by WAC 197-11-800: Des Moines • Everett • Kent • Lynnwood • Marysville • Mountlake Terrace • Mukilteo

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Reduce permit timelines and costs • Eliminate duplicative processes • Encourage urban development 	<ul style="list-style-type: none"> • Perception that environmental protections may be reduced • Perception that notification of specific projects would be reduced if underlying permit does not require public notice



Preventing and Mitigating Displacement



CREATE PROPERTY MAINTENANCE INCENTIVE PROGRAM

Incentives promoting rental housing maintenance helps to keep housing in good repair, can have a stabilizing effect on the broader community, and can prevent displacement. There is a wide range of potential actions, on a spectrum from regulatory measures to community outreach and incentive funding, that the City can consider:

Oak Harbor could collect key data to create a housing preservation inventory. This could help prevent the loss of “at-risk” properties and set up the City to purchase targeted properties when the owners are ready to sell or to offer low-cost rehabilitation loans and financing of repairs in exchange for affordability covenants.

The City could increase investments to purchase and preserve affordable properties particularly at risk of displacement. This could also involve partnership opportunities with nonprofit organizations and housing agencies. Of particular interest to the City could be rent-restricted units that are nearing the end of their affordable term.

The City could then reach out to local housing providers to support the rehabilitation of regulated affordable properties with large capital needs or failed inspections. This could also involve partnering with Island County and/or a nonprofit (or possibly even the Department of Defense through the Office of Local Defense Community Cooperation, or [OLDCC](#)) to create a rehabilitation, repair, and weatherization program.

The City could also consider setting up a volunteer committee of business owners, landlords, and residents to do community outreach and promote contests; waiving or reducing applicable City permit fees for building improvements that address identified capital needs or inspection failures for affordable housing; and establishing a dedicated pot of money (perhaps sourced from a percentage of code violation fines) to help landlords abate potential maintenance-related code violations before they are reported.

Examples of cities that have pursued this approach include: [Tukwila](#) • Tacoma • Burien • [Kent](#)

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Improves quality of life for people living in rehabilitated units • Providing volunteer opportunities and financial incentives would build goodwill • Reduces displacement • Can improve the stability of neighborhoods • Renovating existing stock would be more cost-effective than building new affordable housing 	<ul style="list-style-type: none"> • Some of these require lots of staff time and resources • Some items would require funding, grants, and partner support, increasing complexity • Not guaranteed to increase the housing supply or add to total affordable units • Abatement program dollars would require yearly general fund funding

Preventing and Mitigating Displacement



IMPROVE LANDLORD-TENANT ORDINANCE TO HEAD OFF DISPLACEMENT

The Island County North Whidbey Affordable Housing Task Force included several recommendations on how the City and County could enhance tenants' situation regarding knowledge of tenants' rights, evictions, rent increases.

RCW Chapter 59.18, the Residential Landlord-Tenant Act, contains the relevant state laws regarding the landlord-tenant relationship in a residential setting.

- The City is already allowed under RCW 59.18.440 to require landlords to offer relocation assistance for tenants living in subsidized units. If Oak Harbor has not pursued this, it should consider adopting this rule.
- If the City and Island County have created an affordable housing fund (or with other funding sources like a 1406 sales tax levy), these funds could be spent assisting tenants with relocation costs who do not qualify under RCW 59.18.440 (do not live in subsidized units). That section of law prohibits jurisdictions from requiring assistance with relocation costs for non-subsidized units.
- The City could consider adopting a more stringent notice to vacate in a month-to-month lease than the 20 days required under state law (other communities have adopted 60 days, the Affordable Housing Task Force proposed 45 days). This could also include an "Affirmative Defense" that would allow tenants to challenge an eviction proceeding in which the landlord failed to provide the appropriate notice to vacate and the tenant has met all terms of the lease, although the City should study the legality of such a clause thoroughly.

Examples of cities that have pursued this approach include: **Bellingham** • **Vancouver** • **Tacoma**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Could help provide assistance to those most at risk of displacement and adverse outcomes from losing their housing • Other communities have long histories of more robust tenant assistance and can provide guidance 	<ul style="list-style-type: none"> • Likely to be politically sensitive • Legal issues differ from most planning-related initiatives and should be coordinated closely with City attorney's office

G. APPENDICES



APPENDIX 1: FULL HOUSING NEEDS ASSESSMENT

HOUSING NEEDS ASSESSMENT

CITY OF OAK HARBOR, WASHINGTON



PROJECT OVERVIEW

WHAT IS A HOUSING NEEDS ASSESSMENT, AND WHY IS THE CITY OF OAK HARBOR CREATING ONE?

Washington State House Bill 1923 granted the Washington State Department of Commerce (Commerce) \$5 million in the 2019 Legislative Session to provide grant funds to local governments for activities to increase residential building capacity, streamline development, or develop a Housing Action Plan (HAP).

The City of Oak Harbor received an \$80,000 grant from Commerce to develop a HAP, the goal of which will be to assess current and future housing needs and offer strategies and recommendation for policy development regulations that will allow for a variety of housing types with varying income ranges.

A Housing Needs Assessment (HNA) is a comprehensive study that will be used to inform the HAP. To formulate policy recommendations, the City of Oak Harbor must have access to the most recent population, housing, and workforce data. The HNA is developed to define the housing needs specific to Oak Harbor residents.

ELEMENTS OF A HOUSING NEEDS ASSESSMENT

1. Community Profile
2. Workforce Profile
3. Housing Inventory
4. Gap Analysis
5. Land Capacity Analysis

QUESTIONS THE HOUSING NEEDS ASSESSMENT WILL HELP ANSWER

1. Who lives and works here, and what are their socioeconomic characteristics?
2. What types of housing are available?
3. How much does housing cost, and what types of housing are needed to meet current and future housing needs?



HOUSING NEEDS ASSESSMENT OUTLINE

1. Community Profile

- a. [Population Characteristics](#)
- b. [Household Characteristics](#)
- c. [Special Housing Needs](#)

2. Workforce Profile

- a. [Local Workforce Characteristics](#)
- b. [Jobs to Housing Ratio](#)
- c. [Employment Trends & Projections](#)

3. Housing Market

- a. [General Housing Inventory](#)
- b. [Housing Market Conditions](#)
- c. [Special Housing Inventory](#)

4. Gap Analysis

5. Land Capacity Analysis

*The datasets explored in each of the five elements are required by Commerce. If not required, the data will be marked with an asterisk to display optional or additional analysis done on behalf of the City and consultant.

Data Sources:

American Community Survey (ACS)

- Roughly 3.5 million households are surveyed every month, every year
- Explores topics not asked by decennial Census

Washington State Office of Financial Management (OFM)

- Obtains data from state and federal agencies, and private businesses

United States Department of Housing and Urban Development (HUD)

- Obtains data from the ACS

OnTheMap (OTM)

- Web Application provided by the U.S. Census Bureau
- Maps jurisdictions based on workforce characteristics

Employment Security Department (ESD)

- Labor Market and Economic Analysis

U.S. Bureau of Labor Statistics

- Quarterly Census of Employment and Wages

City of Oak Harbor

- Building permits
- Comprehensive Plan

Naval Air Station Whidbey Island, 2019 Housing Requirements Market Analysis

- Provides specific employment and housing data for the naval base

Zillow

- Tracks home values, rental units and market changes on a monthly basis

1. COMMUNITY PROFILE

2. WORKFORCE

3. HOUSING MARKET

4. HOUSING AFFORDABILITY

5. HOUSING GAPS

6. LAND CAPACITY

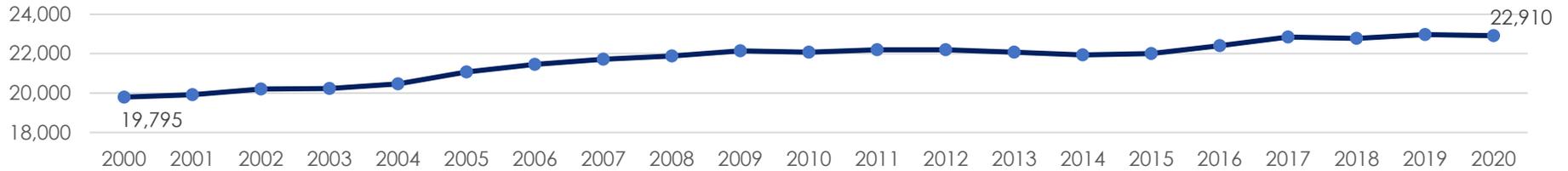


Population and Community Characteristics

OAK HARBOR HAS GROWN BY MORE THAN 3,000 PEOPLE SINCE 2000 AND BY AROUND 900 SINCE 2010.

Since 2000, Oak Harbor's population has grown from 19,795 to roughly 22,910 as of 2020, according to the Washington State Office of Financial Management (OFM), an increase of more than 3,000 residents (15 percent). The majority of that population increase occurred between 2000 and 2010.

Exhibit I. Oak Harbor Population Estimate, 2000-2020

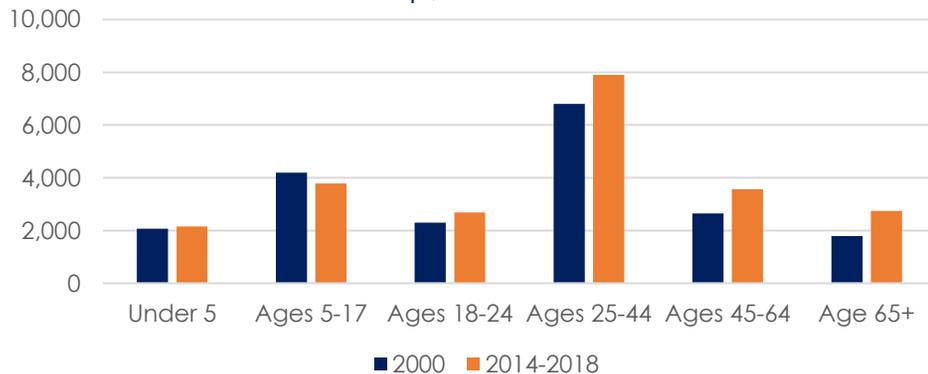


Source: WA OFM April 1 Population Estimates

OAK HARBOR'S POPULATION IS OLDER ON AVERAGE THAN IT WAS 20 YEARS AGO.

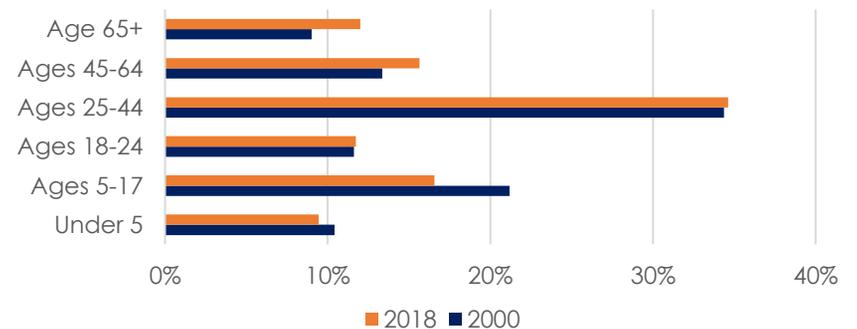
In 2000, the median age of Oak Harbor's residents was 28.3. In 2018, it had risen to 29.6. The percentage of residents aged 65 and over grew from 9 percent in 2000 to 12 percent in 2018, while the percentage of residents aged 45 to 64 (who will be of retirement age or older in 20 years) grew from 13.4 percent to 15.6 percent over that span.

Exhibit II. Oak Harbor Population Total by Age Group, 2000 - 2018



Sources: ACS 2014-2018 5-Year Estimates, Table S0101; 2000 Decennial Census, Table P012

Exhibit III. Oak Harbor Population Share by Age Group, 2000 - 2018



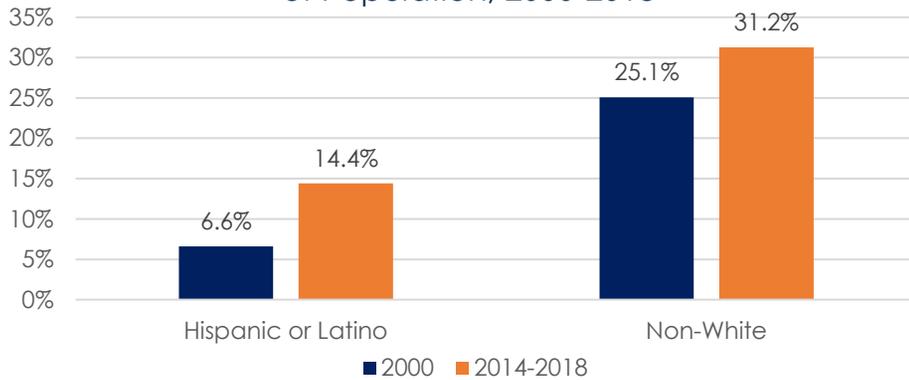
Sources: US Census Bureau, ACS 2014-2018 5-Year Estimates, Table DP05; and 2000 Decennial Census, Table P012

Population and Community Characteristics

OAK HARBOR HAS BECOME MORE DIVERSE SINCE 2000.

Oak Harbor was 75 percent white in 2000 and as of the 2014-2018 survey period, that percentage had fallen to roughly 69 percent. This change was driven by large percentage increases in the Black, multiracial, and Hispanic/Latino communities. The number of residents who speak a language other than English at home has grown 25 percent from 2011 to 2018, rising from 2,838 to 3,558 over that time.

Exhibit IV. Non-White, Hispanic or Latino, and Non-English Spoken at Home as a Percentage of Population, 2000-2018



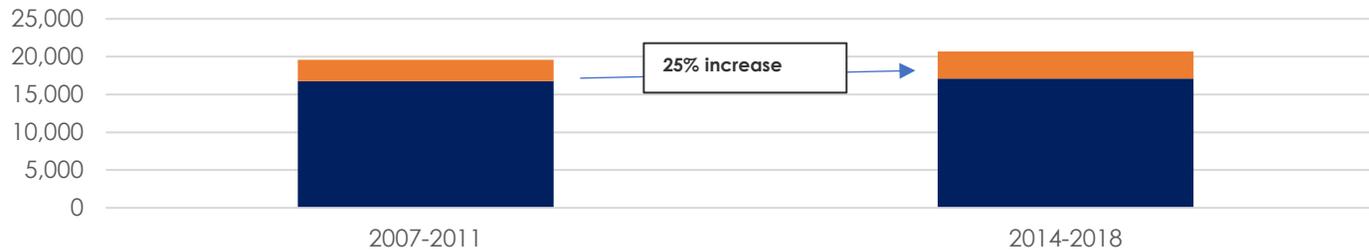
Sources: ACS 2014-2018 5-Year Estimates, Tables B02001 and B03003; 2000 Decennial Census, Tables P007 and P011

Exhibit V. Race and Ethnicity, 2000-2018

	2000	2014-2018
White	74.9%	68.8%
Black	5.4%	7.5%
American Indian and Alaska Native	1.2%	2.2%
Asian	9.6%	10.2%
Native Hawaiian and Other Pacific Islander	0.8%	0.7%
Some Other Race Alone	2.4%	2.8%
Two or More Races	5.6%	7.8%
Hispanic or Latino, Any Race	6.6%	14.4%

Sources: ACS 2014-2018 5-Year Estimates, Table B02001; 2000 Decennial Census, Table P007

Exhibit VI. Languages Spoken at Home for Population Aged 5 and Over, 2011-2018



Sources: ACS 2007-2011 and 2014-2018 5-Year Estimates, Tables DP02 and DP03 respectively

Household Characteristics

OAK HARBOR HOUSEHOLD SIZE AND PREVALENCE OF FAMILY HOUSEHOLDS DROP.

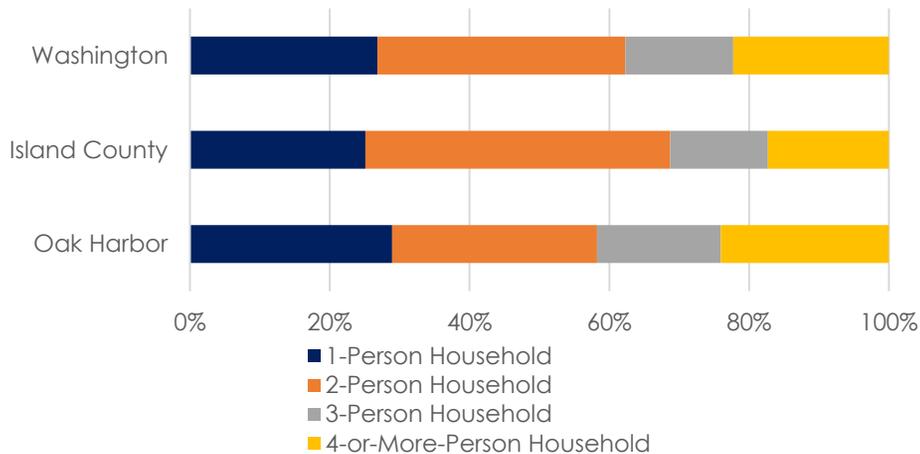
In 2000, the average household size in Oak Harbor was nearly 2.7 people per household. As of 2018, that average household size had declined to 2.43. Smaller household sizes require more housing units to accommodate the same population. Overall, Oak Harbor had 9,380 households in the 2018 American Community Survey (ACS) estimate.

In 2000, more than 43 percent (a plurality) of households in Oak Harbor were families with their own children under 18. By 2018, more households were nonfamily households (36.2 percent) than family households with children (35.6 percent).

OAK HARBOR HAS MORE 3-PLUS PERSON HOUSEHOLDS AND FEWER 2-PERSON HOUSEHOLDS THAN THE COUNTY OR STATE.

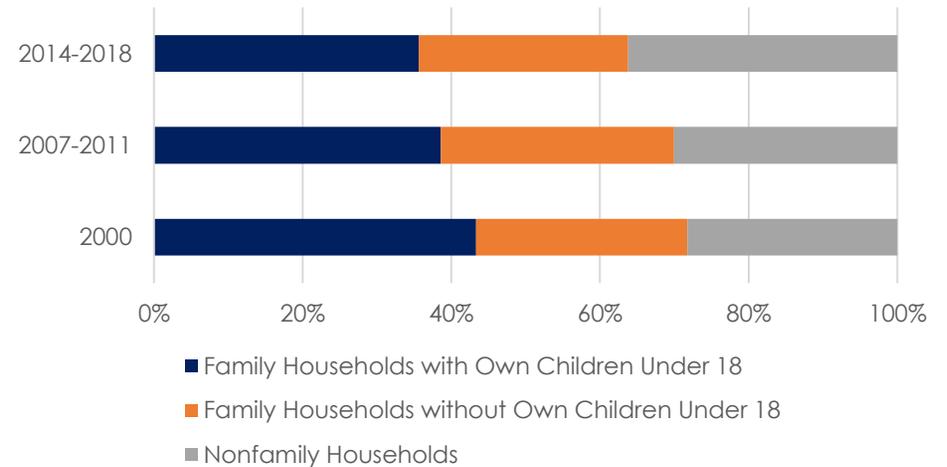
Compared to Island County and Washington state as a whole, Oak Harbor has more 1-, 3-, and 4+ person households and fewer 2-person households. More than 40 percent of Oak Harbor households are composed of three or more people, roughly 5 percentage points greater than the statewide figure and more than 10 percentage points greater than Island County.

Exhibit VII. Distribution of Household Sizes Compared to County and State, 2018



Source: US Census Bureau, ACS 2014-2018 5-Year Estimates, Table S2501

Exhibit VIII. Household Type, 2000-2018



Sources: US Census Bureau, ACS 2014-2018 and 2007-2011 5-Year Estimates, Table S2501
US Census Bureau, 2000 Decennial Census, Table P018

Household Characteristics

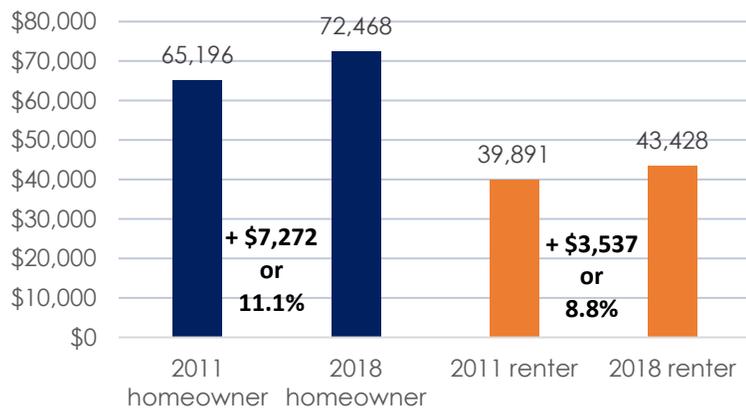
OAK HARBOR'S HOUSEHOLDS EARN PREDOMINATELY MIDDLE-TO UPPER-MIDDLE INCOMES AND ARE MAJORITY RENTERS

Forty-three percent of households owned their housing unit in 2000; that figure rose to 48 percent for the 2007-2011 estimate before dropping to 41 percent in the 2014-2018 estimate.

Nearly a quarter (24 percent) of households in the city make between \$50,000 and \$75,000 per year, and more than half make between \$35,000 and \$100,000 per year. The median household income in 2018 in Oak Harbor was \$52,127.

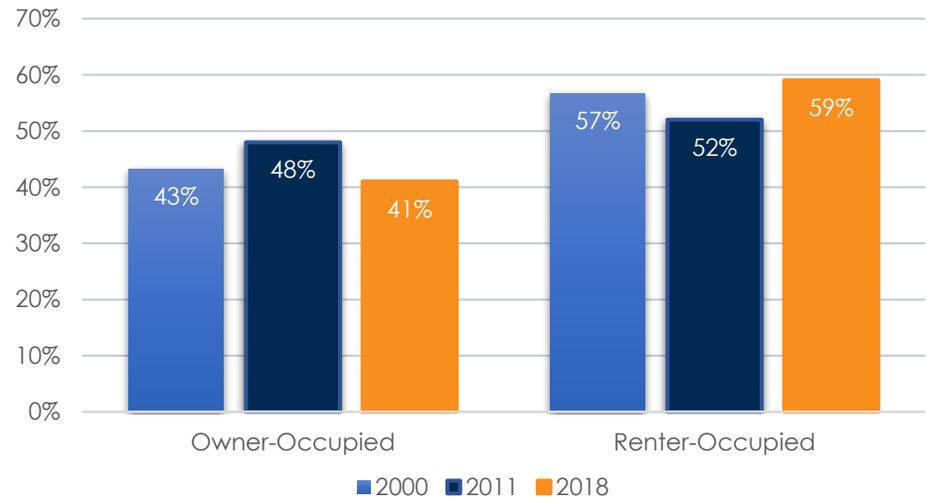
Households that own their dwelling units saw their median income grow more than 11 percent, to around \$72,500, between the 2011 and 2018 estimates. Renter households, meanwhile, saw their median income grow less (less than 9 percent) to around \$43,500 over that time.

Exhibit X. Change in Median Household Income Between 2011 & 2018



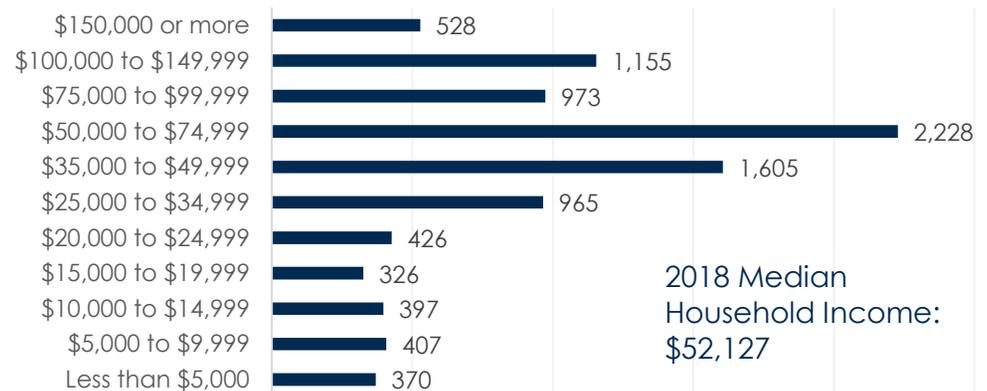
Source: 2007-2011 and 2014-2018 ACS 5-Year Estimates, Table DP04

Exhibit IX. Housing Tenure, 2000-2018



Source: 2007-2011 and 2014-2018 ACS 5-Year Estimates, Table DP04; 2000 Decennial Census, Table H004

Exhibit XI. 2018 Estimate of Households by Income



Source: 2014-2018 ACS 5-Year Estimates, Table S2503

Household Characteristics – HUD Income Limits

The US Department of Housing and Urban Development (HUD) publishes Consolidated Planning/CHAS data, which group households by income level relative to MFI. These data include adjustments to account for differences in household size relative to living expenses. The 2020 Income Limits published for Island County, shown below, calculate eligibility for housing assistance like Section 8 vouchers. To read this table, a family of four making \$26,200 or less per year would be considered extremely low income and may qualify for Section 8 housing vouchers. An extremely low-income two-person household, meanwhile, makes no more than \$18,250 per year in Island County.

Exhibit XII. Housing and Urban Development Income Limits

FY 2020 Income Limit Area	Median Family Income	FY 2020 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Island County, WA	\$76,000	Very Low (50%) Income Limits (\$)	26,600	30,400	34,200	38,000	41,050	44,100	47,150	50,200
		Extremely Low Income Limits*	16,000	18,250	21,720	26,200	30,680	36,160	39,640	44,120
		Low (80%) Income Limits (\$)	42,600	48,650	54,750	60,800	65,700	70,550	75,400	80,300

* Extremely low income was defined in the 2014 Consolidated Appropriations Act as the greater of 60 percent of the Section 8 very low-income limit or the poverty guideline established by HHS, provided it does not exceed the 50 percent very low-income limit. In Island County's case, the HUD income limits are greater for one- and two-person households, while the HHS poverty limits are greater for three-person households and larger.

Household Characteristics – Special Populations

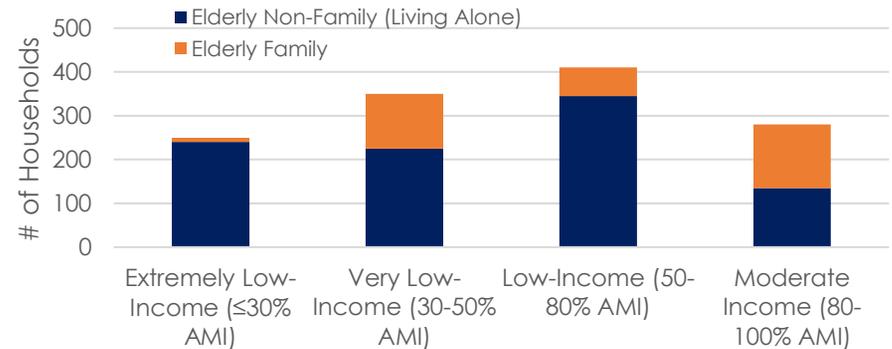
NEARLY 1,300 OLDER ADULT HOUSEHOLDS ARE LOW TO MODERATE INCOME

As residents age, they are more likely to live alone and more likely to be part of lower income brackets. Aging adults may also need additional supportive care. In Oak Harbor, there were 945 senior non-family households (62+) and 345 senior family (two adults, at least one 62+) households with incomes under the area median in the 2013-2017 estimate period.

INDIVIDUALS AND FAMILIES EXPERIENCING HOMELESSNESS

In 2019, Island County tabulated 159 people in 132 households. Of these, 12 households included children. Thirty total people out of 159 (19 percent) are considered chronically homeless. In the Oak Harbor School District, 233 students were homeless in the 2018-2019 school year. Of these, most were doubled up.

Exhibit XIII: Income Brackets for Older Adult Households (62+) in Oak Harbor



Source: HUD-CHAS Tabulations of 2013-2017 ACS Estimates, Table 7

Exhibit XIV. TOTAL Homeless (sheltered and unsheltered)							
Households w/out minors		Households with minors		Households with only minors		TOTAL	
Persons	Households	Persons	Households	Persons	Households	Persons	Households
124	119	34	12	*	*	159	132

Note: Asterisks represent suppressed data between 0 and 10.

Exhibit XV. Oak Harbor School District Homeless Student Count

Grade														
PK	K	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	Total
N<10	16	18	15	13	11	N<10	19	10	11	18	28	20	39	233
Primary Nighttime Residence														
Doubled-Up	Hotel/motel	Sheltered	Unsheltered	Total										
186	N<10	10	33	233										
Student Group														
English Language Learner	Low Income	Migrant	Section 504	Student with Disabilities	Unaccompanied Youth									
17	232	0	11	49	92									

1. COMMUNITY PROFILE

2. WORKFORCE

3. HOUSING MARKET

4. HOUSING AFFORDABILITY

5. HOUSING GAPS

6. LAND CAPACITY

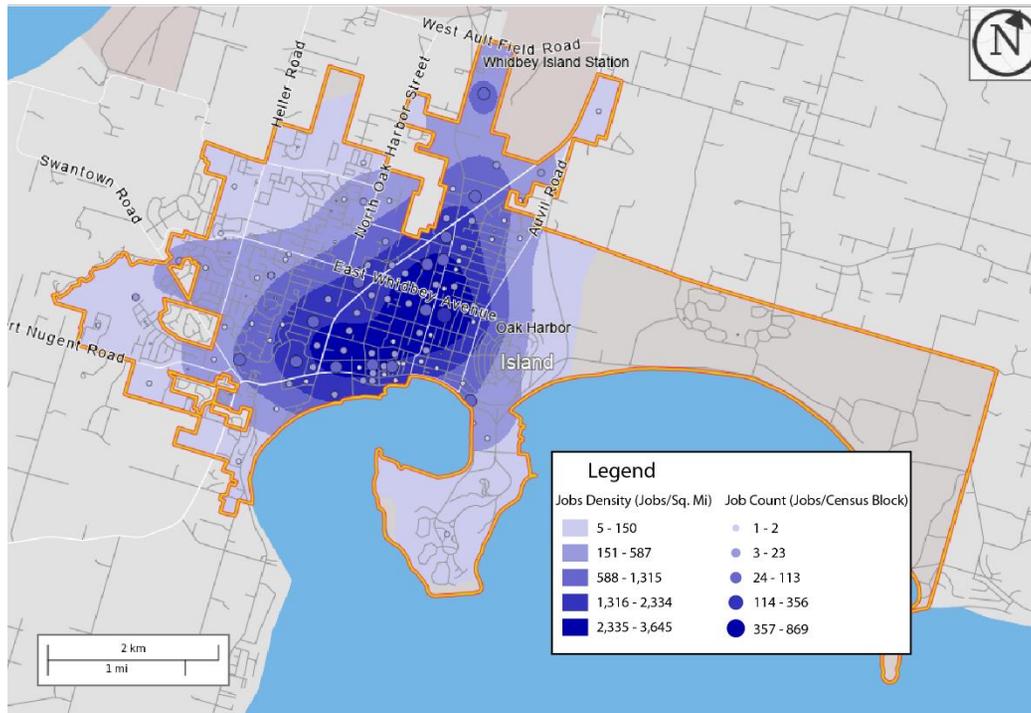


WORKFORCE

OAK HARBOR'S MORE THAN 5,000 NON-NAVAL STATION JOBS ARE CLUSTERED IN THE DOWNTOWN AND FOUR KEY INDUSTRIES

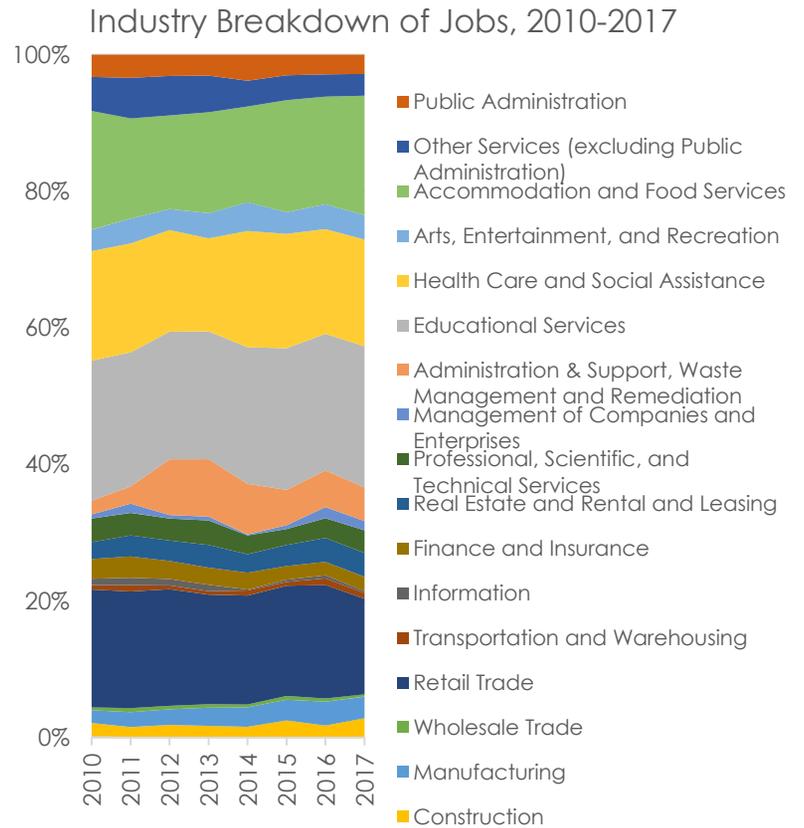
As of 2017, the most recent year for which detailed Census data are available, Oak Harbor was home to 7,748 workers (a quarter of whom also work in the city) and 5,425 jobs. These jobs are clustered along Pioneer Way and Midway Boulevard as well as SR 20. More than two-thirds of Oak Harbor's jobs are in retail trade, educational services, health care and social assistance, and accommodation and food services. Since 2010, accommodation and food service jobs have increased as a percentage of total, while retail jobs have declined.

Exhibit XVI. Oak Harbor Job Density



U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter 2002-2017)

Exhibit XVII. Oak Harbor Industries



Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter 2002-2017)

WORKFORCE

A MAJORITY OF WORKERS IN AND AROUND OAK HARBOR LIVE IN THE CITY BUT WORK OUTSIDE THE CITY

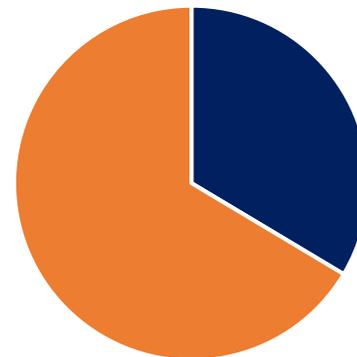
According to an inflow-outflow analysis from the US Census Bureau from 2017 (the most recent year for which these data are available), Oak Harbor is home to 5,425 jobs and 7,748 employed people, indicating a net daily outflow of workers. More than three out of four employed workers who live in the city of Oak Harbor are employed outside city limits. It is important to note that NAS-Whidbey is considered outside the City, and since the base is the region's largest employer, it is likely that a substantial portion of that net outflow represents city residents commuting to work at the base. Conversely, around 1,821 employed residents, or about one in four, both live in and work in the city. Meanwhile, of the 5,425 jobs within city limits, those 1,821 workers who also live in the city are around 34 percent of the total, with 3,604 workers (almost two in three) living outside the city and commuting into Oak Harbor for work.

Exhibit XVIII. Commuter Map



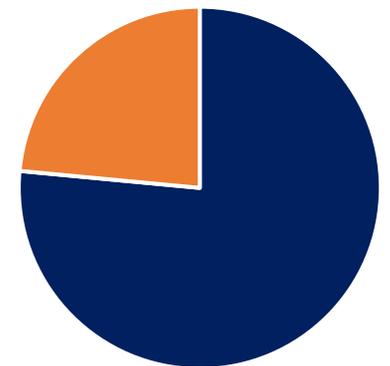
Exhibit XIX. Inflow/Outflow Analysis

Working in Oak Harbor



- Living and Employed in Oak Harbor
- Employed in Oak Harbor and Living Outside City

Living in Oak Harbor



- Living in Oak Harbor and Employed Outside City
- Living and Employed in Oak Harbor

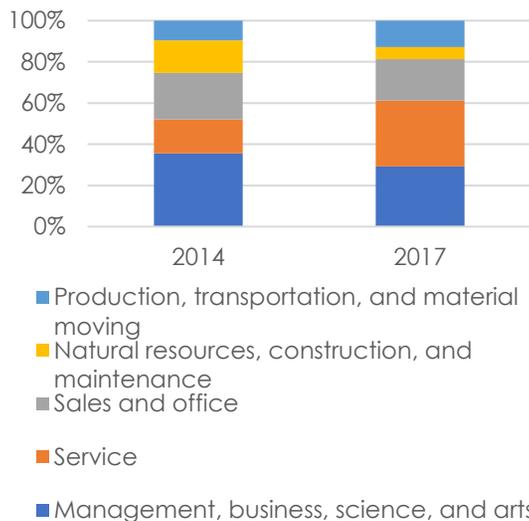
source for both exhibits XII & XIII: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2017).

WORKFORCE

REGION HAS ADDED MEDIUM- AND HIGH-WAGE JOBS IN RECENT YEARS, BUT LOW WAGE JOBS HAVE STAGNATED

The number of jobs in the city that pay \$1,250 per month or less (roughly \$15,000 per year) has fluctuated but remains largely the same since 2010. In contrast, the number of middle- and high-income jobs have sharply increased, particularly the latter (jobs paying more than \$3,333 per month). When examined by occupational employment category, Oak Harbor's mix of occupations saw service occupations double as a share of total employment between 2014 and 2017, with production, transportation, and material moving seeing a slight increase and all other occupation groups declining relative to total jobs. With service occupations in the nearby Mount Vernon-Anacortes Metropolitan Statistical Area (MSA) averaging the lowest hourly wages of all occupation categories and Sales and Office close behind, housing demand for workers making on the lower end of the \$1,251 to \$3,333 per month income range will merit close attention in the Housing Action Plan.

Exhibit XX. Occupation Breakdown in Oak Harbor, 2014 and 2017



Source: ACS Supplemental Estimates Detailed Table K202401, Occupation for the Civilian Employed Population 16 Years and Over

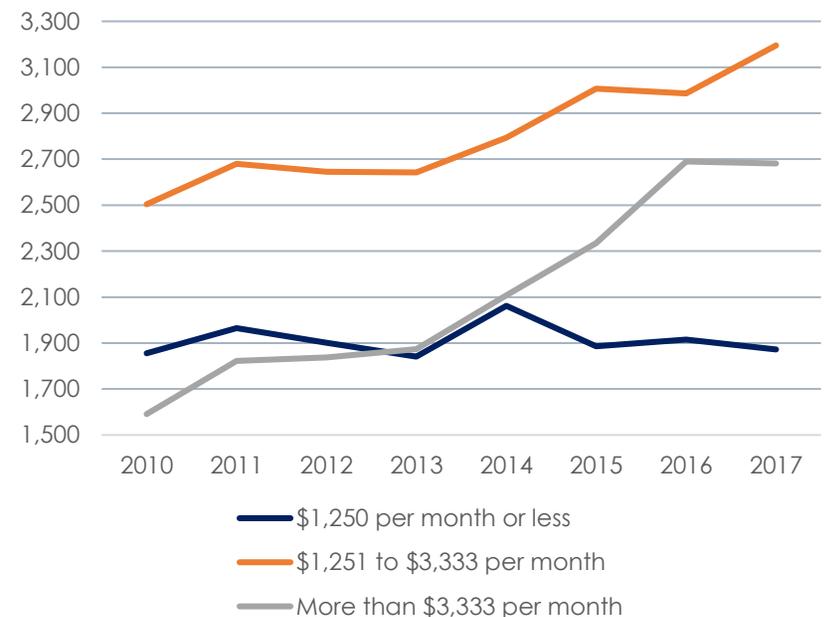
Exhibit XXI. Hourly Wage by Occupation

Occupation Category	Mean Hourly Wage*
Management, Business, Science, and Arts	\$35.38
Service Occupations	\$19.16
Sales and Office	\$19.70
Natural Resources, Construction, and Maintenance	\$26.84
Production, Transportation, and Material Moving	\$21.93

*Closest Metropolitan Statistical Area to Oak Harbor, averaged across all occupations in each category

Source: Bureau of Labor Statistics Occupational employment and wages by major occupational group, United States and the Mount Vernon-Anacortes, WA MSA

Exhibit XXII. Change in Jobs by Earning



WORKFORCE

NAVAL AIR STATION – WHIDBEY ISLAND IS REGION’S LARGEST EMPLOYER AND PLANS TO GROW IN SHORT TERM

In 2018, NAS Whidbey Island employed 9,788 people, making it Oak Harbor’s largest employer. While Oak Harbor has grown relatively slowly, NAS-Whidbey’s housing market area (Whidbey Island, Fidalgo Island, and the lower Skagit River delta) has grown rapidly and is projected to continue to grow. The base reported 7,877 active-duty, permanent party military personnel in 2019, expected to grow to 8,529 personnel by 2024.

To accommodate the expected growth, the base projects an additional 134 2-bedroom units, 142 3-bedroom units, and 42 additional 4+ bedroom units.

EMPLOYMENT PROJECTIONS MUDDIED BY COVID-19

The most recent employment projections from the state Employment Security Department for Northwest Washington, the workforce development area containing Oak Harbor and Island County, projects that overall nonfarm employment in the region, which grew 1.12 percent from 2007 to 2017, will grow by 1.35 percent between 2017 and 2027. This projection includes projected increases in employment by industry. The industries expected to grow fastest over that time include health services, education services, and social assistance, which are all expected to grow by more than 2 percent over that time. However, the COVID-19 pandemic has, over a relatively short time, drastically changed the outlook of large segments of the workforce in industries like retail, accommodations, and travel, leading to waves of business closures and increases in unemployment. These projections should thus be qualified by the ongoing nature and uncertain future of the COVID-19 crisis.

Figure 2-1. Housing Market Area, NAS Whidbey Island, Washington



WORKFORCE

Exhibit XXIII. Employment growth by Washington region

Workforce development area(1)	Historical growth rate(2) 2007-2017	Projected growth rate 2017-2027	Historical trend line growth rate(3) 1990-2017
Statewide	1.70%	1.51%	1.48%
Seattle-King County	2.01%	1.83%	1.30%
Pierce County	1.58%	1.40%	1.73%
Southwest Washington	1.86%	1.39%	1.80%
Benton-Franklin	2.75%	1.36%	2.28%
Northwest	1.12%	1.35%	1.76%
Pacific Mountain	1.17%	1.34%	1.31%
Spokane	0.93%	1.28%	1.27%
North Central	1.60%	1.27%	1.38%
Snohomish County	1.68%	1.14%	2.15%
Olympic Consortium	0.68%	1.11%	1.12%
South Central	1.36%	1.10%	0.88%
Eastern Washington	1.18%	0.82%	0.99%

PROJECTED EMPLOYMENT GROWTH RATE IN NORTHWEST WASHINGTON EXPECTED TO BE 1.35% BETWEEN 2017 AND 2027

According to the Washington State Employment Security Department (ESD) and the US Bureau of Labor Statistics, employment in the Northwest region of Washington (where Island County is located) is expected to grow 1.35 percent per year through 2027. The COVID-19 situation notwithstanding, this would indicate the number of jobs in the City of Oak Harbor would grow to around 6,300 by 2027.

Source: Employment Security Department/LMEA; U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW)

1 Workforce development areas are regions within Washington state with economic and geographic similarities.

2 Historical growth is based only on covered employment that is eligible for unemployment and included in the QCEW.

3 The historical trend growth is defined as the growth rate of the linear trend line.

1. COMMUNITY PROFILE

2. WORKFORCE

3. HOUSING MARKET

4. HOUSING AFFORDABILITY

5. HOUSING GAPS

6. LAND CAPACITY

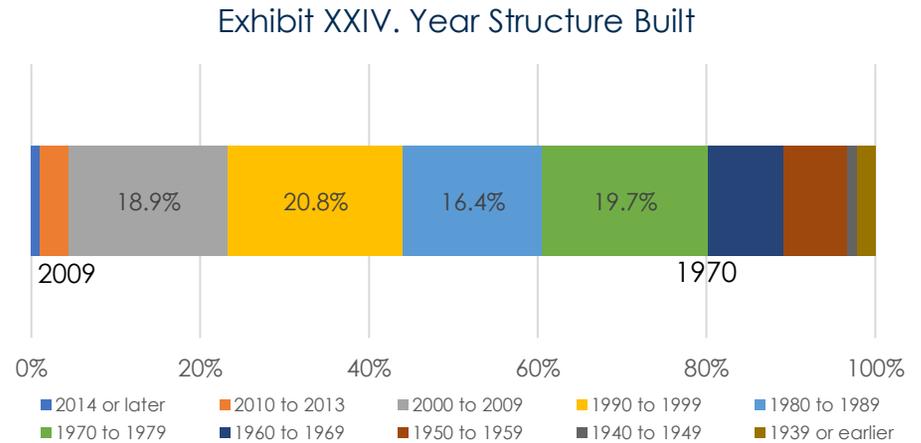


3. HOUSING MARKET

Housing Supply

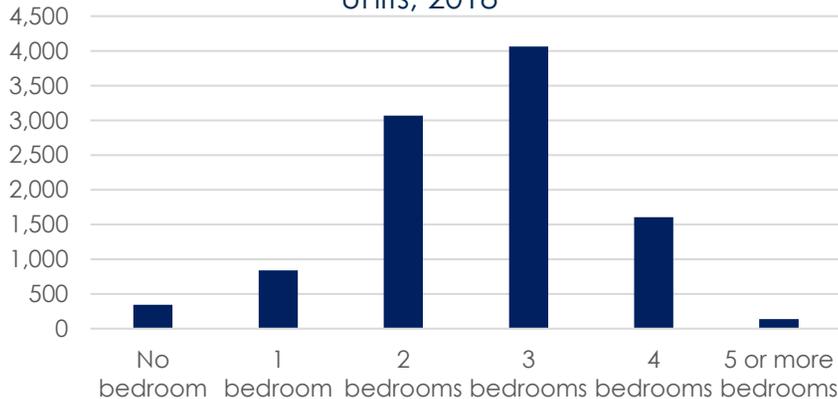
OAK HARBOR'S HOUSING STOCK IS PREDOMINATELY SINGLE-FAMILY HOMES BUILT BETWEEN 1970 AND 2010

Roughly 60 percent of all dwelling units in Oak Harbor are either detached or attached single-family homes. Two- or four-unit structures compose an additional 12 percent, while multifamily structures with 5 or more units make up one in five (20 percent) dwellings in the city. Seven percent are mobile homes, boats, or RVs. Nearly 76 percent of all residential structures in the city were built between 1970 and 2010. The majority of residential units have two or three bedrooms.



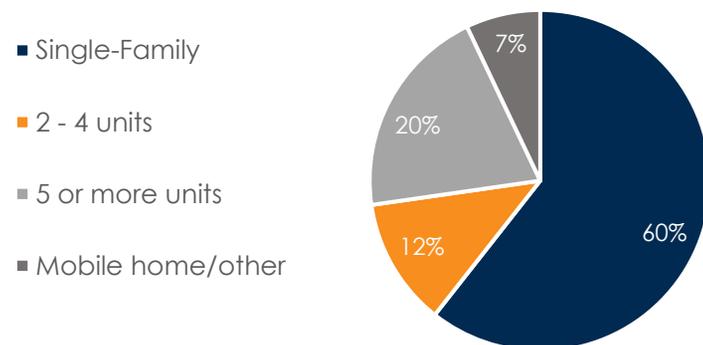
US Census Bureau, ACS 2014-2018 5-Year Estimates, Table DP04

Exhibit XXV. Number of Bedrooms in Housing Units, 2018



US Census Bureau, ACS 2014-2018 5-Year Estimates, Table DP04

Exhibit XXVI. 2018 Unit Count by Type



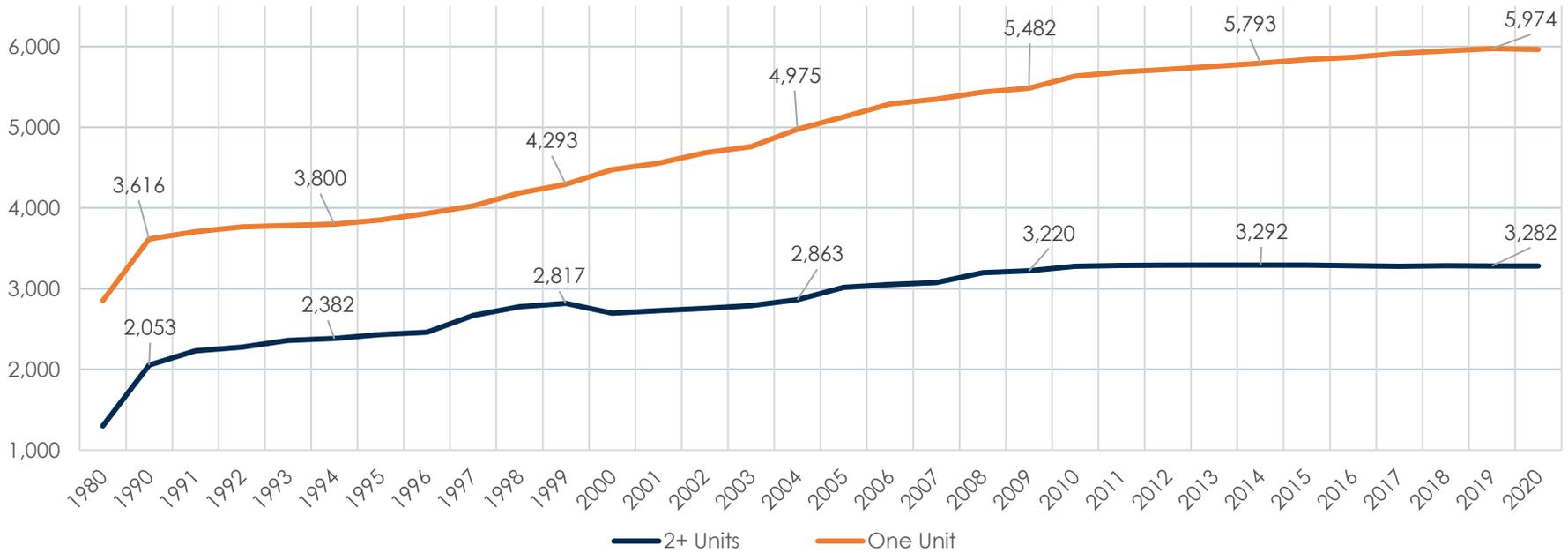
US Census Bureau, ACS 2014-2018 5-Year Estimates, Table DP04

Housing Supply

CONSTRUCTION OF SINGLE-FAMILY HOMES HAS GROWN STEADILY OVER THE PAST 10 YEARS; IN CONTRAST, MULTI-UNIT BUILDINGS HAVE FLATLINED.

The construction of residential structures with two or more units (duplexes, triplexes, and apartments, for example) has consistently lagged behind the construction of single-family homes in Oak Harbor. As seen below, the construction of multi-unit homes nearly plateaued in 2010. 342 single-family detached homes were added in the city between 2010 and 2019.

Exhibit XXVII. Change in Housing Units, 1980-2020



OFM, Postcensal Estimates of Housing Units, April 1, 2010 to April 1, 2020

Housing Supply

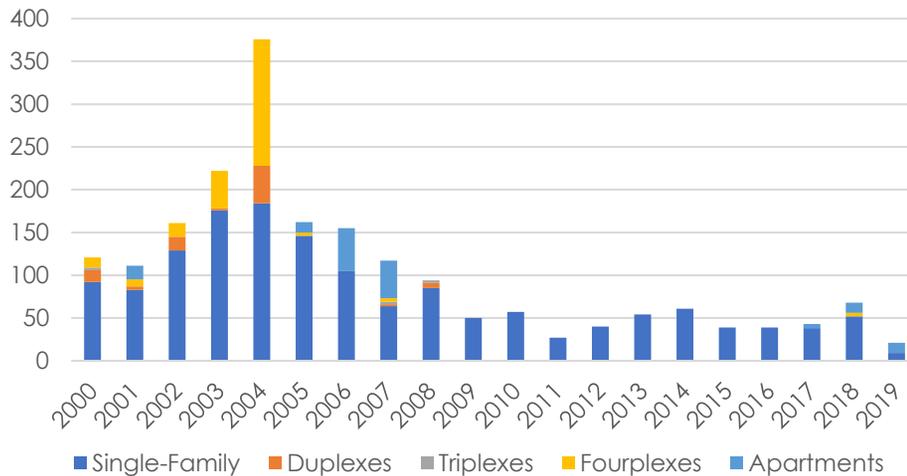
FEW RESIDENTIAL UNITS HAVE BEEN BUILT SINCE 2008/09 RECESSION, PARTICULARLY NON-SINGLE-FAMILY

Building permit data from the City of Oak Harbor show that an average of 118 single-family homes were built per year between 2000 and 2008. From 2009 to 2019, that average is 42 per year. Duplexes, triplexes, fourplexes, and apartments were built in substantial numbers before 2009, peaking sharply in 2004. Since 2009, only 33 housing units across all categories of multi-family housing have been constructed, all of those between 2016 and 2019. See Exhibit XXVIII below for details.

VACANCY RATES ARE LOW FOR BOTH OWNERS AND RENTERS, INDICATING UPWARD PRESSURE ON PRICE AND THEREFORE SUPPLY

In the 2014-2018 ACS estimate, the vacancy rate for owner-occupied housing units was 1.8 percent, and the vacancy rate for rentals was 4.8 percent. Vacancy rates are said to represent a healthy balance between supply and demand when rates are 5 to 6 percent. This indicates a potential for upward pressure on prices and therefore new construction, particularly for owner-occupied homes. More recent data are needed to fully understand the price pressure on supply, but rising prices and relatively slow new construction indicate that supply may not be keeping pace with demand.

Exhibit XXVIII. Units Permitted by Type, 2000-2019



Source: City of Oak Harbor Building Permit Data, 1976-2019



Housing Demand

OAK HARBOR IS EXPECTED TO GROW BY 12.7 PERCENT BY 2036

The 2016 Oak Harbor Comprehensive Plan, informed by state data, anticipated the City of Oak Harbor to grow from 22,075 people in 2010 to 25,814 in 2036, a growth of 3,739 (17 percent) over 26 years. According to Office of Financial Management annual estimates, the city has added 835 residents between 2010 and 2020, or around 22 percent of the projected growth over the planning period. This means the city expects to continue to grow at a modest rate and add 2,904 new residents by 2036. This growth is driven in part by projections of housing and employment at Naval Air Station Whidbey.

DEMOGRAPHIC TRANSITION MEANS THAT A GROWING SHARE OF THE CITY WILL BE 65 AND OVER

In 2020, one quarter of the population of Island County is between the ages of 45 and 64 and an additional quarter is 65 and over. By 2040, only 22 percent of the population is expected to be between 45 and 64, with 28 percent aged 65 and above. Other age ranges are expected to remain roughly the same as a percentage of the total population as population grows. The state does not forecast age breakdowns at the city level in its demographic projections, but this inversion of middle-aged and older residents is likely to hold for the City of Oak Harbor as well. This has ramifications for housing demand, as more households comprised of older adults with no children under 18 will need different sizes and styles of housing than those same households needed in the past.

Exhibit XXIX. Historical and Projected Population of Island County and Oak Harbor, 1990-2040

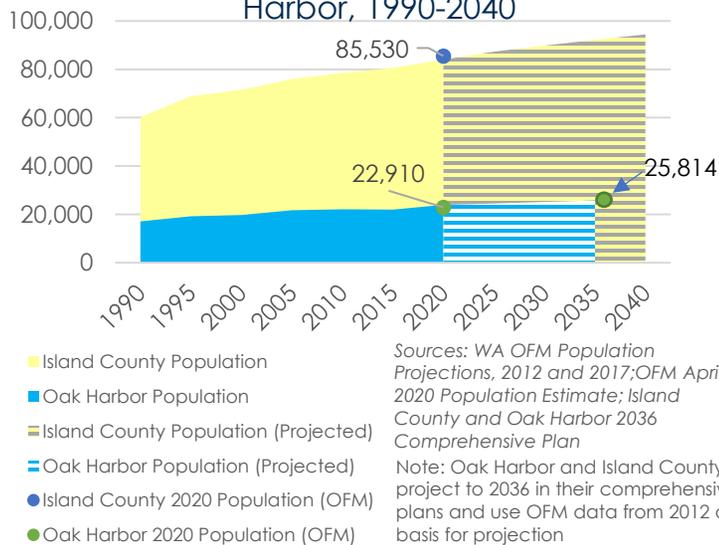
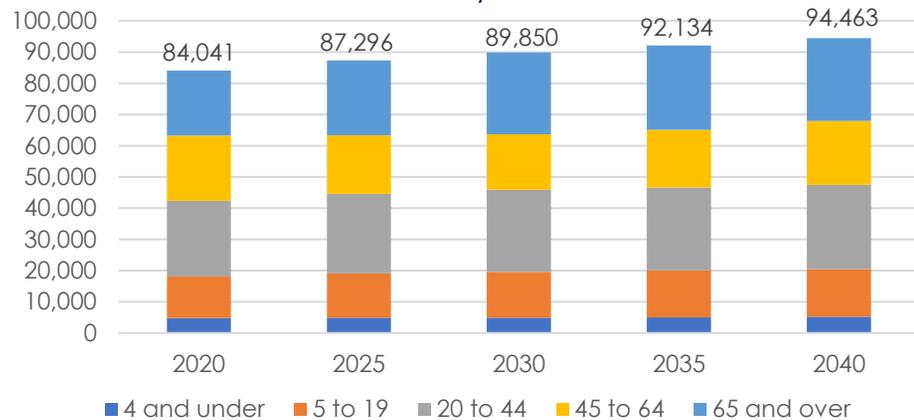


Exhibit XXX. Population Projection by Age for Island County, 2020-2040



Source: OFM GMA Population Projections for Counties, 2010-2040

1. COMMUNITY PROFILE

2. WORKFORCE

3. HOUSING MARKET

4. HOUSING AFFORDABILITY

5. HOUSING GAPS

6. LAND CAPACITY

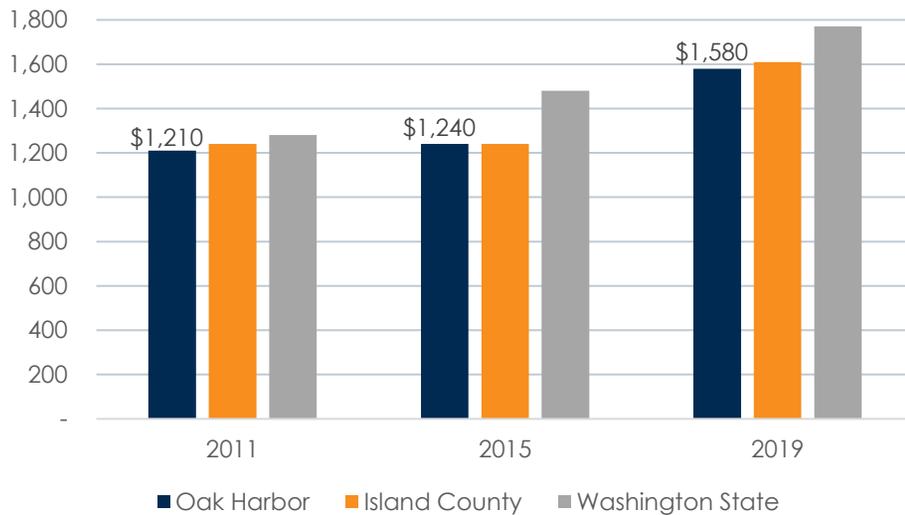


4. HOUSING AFFORDABILITY

HOME VALUES AND RENTS ARE RISING REGION-WIDE, THOUGH NOT AS QUICKLY AS THE STATEWIDE AVERAGE.

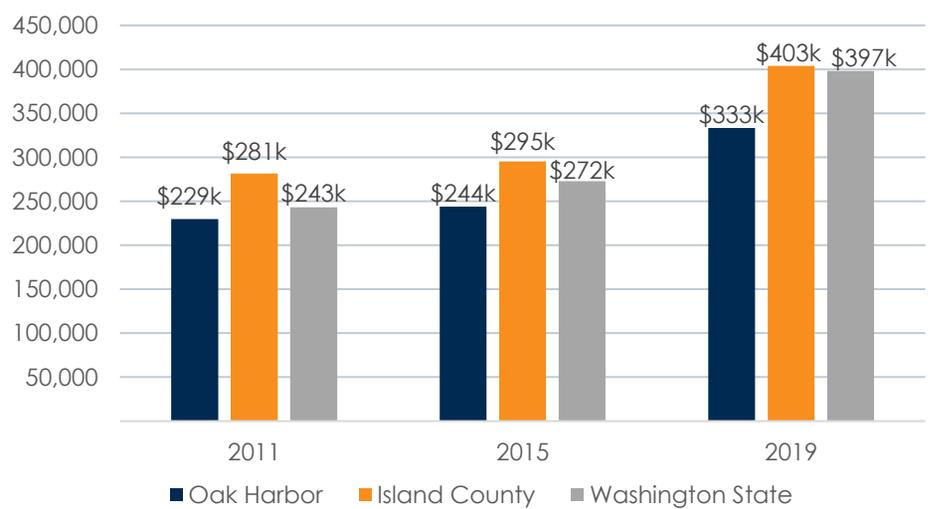
The average home in Oak Harbor was worth around \$229,000 in 2011 (monthly mortgage payment of \$1,083 for a 30-year fixed rate of 3.9%) and had risen to \$333,000 by 2019 (monthly mortgage payment of \$1,574 at the same rate), an increase of roughly the same magnitude as in Island County as a whole, though not as rapid as the increase statewide. Similarly, median rents increased from \$1,210 in 2011 to \$1,580 in 2019.

Exhibit XXXI. Oak Harbor, Island County and Washington State Median Rent



Source: Zillow Time Series

Exhibit XXXII. Oak Harbor, Island County & Washington State Median Home Values



Source: Zillow Time Series

Housing Affordability

RENTS AND HOME VALUES IN OAK HARBOR ARE RISING FASTER THAN INCOMES.

While the average home value jumped 39.3 percent from the 2007-2011 estimate to the 2014-2018 period, the average income of an Oak Harbor homeowner only increased by 11.1 percent over that time. Similarly, the costs of rent in Oak Harbor increased by percent, as the change in average renter income lagged at only an 8.8 percent increase.

MEDIAN HOME VALUES RISING FASTER THAN STARTER HOME VALUES

Data from the Zillow Home Value Index show that mid-tier homes (between 35th and 65th percentile of home values) have risen in value slightly faster than homes in the bottom tier (5th to 35th percentiles) since 2002.

SUBSIDIZED HOUSING IN OAK HARBOR HOUSES 384 PEOPLE IN 218 UNITS – LONG WAIT LISTS INDICATE CONSTRAINED SUPPLY

Subsidized units available	277	% Minority, Total	17%
% Occupied	78%	% Black Non-Hispanic	6%
Total Residents	384	% Black Hispanic	0%
% 0 - 1 bedrooms	45%	% Native Non-Hispanic	0%
% 2 bedrooms	33%	% Asian or Pacific Islander Non-Hispanic	5%
% 3+ bedrooms	21%	% Hispanic	6%
Average months on waiting list	24	% with disability among head, spouse, or co-head, aged 61 years or less	55%
% Households with head of household aged 62 or older	35%	% with disability among head, spouse, or co-head, aged 62 years or older	61%
		Percent of median income	26%

Exhibit XXXIII. Oak Harbor Home Prices at Two Price Tiers, 2002-2020



Source: Zillow ZHVI Middle- and Bottom-Tier Time Series, July 2002-July 2020
 Mid Tier: All homes between 35th and 65th percentiles of home values
 Bottom Tier: All homes between 5th and 35th percentiles of home values

Exhibit XXXIV. Change in Median Household Income, 2011 & 2018



Source: ACS 2007-2011 and 2014-2018 5-Year Estimates, Table S2503

Housing Affordability

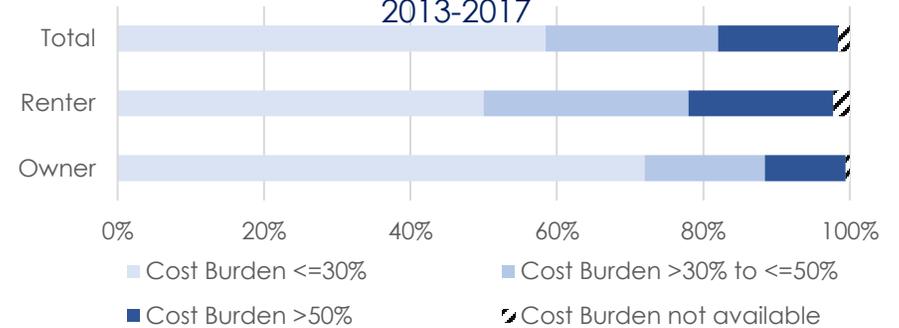
MORE THAN TWO IN FIVE HOUSEHOLDS IN OAK HARBOR PAY TOO MUCH FOR HOUSING, ESPECIALLY RENTERS

Roughly 40 percent of Oak Harbor households pay more than 30 percent of their income toward housing, with 23 percent paying between 30 and 50 percent and 16 percent paying 50 percent or more. When broken down by renters and owners, the difference is especially stark, with roughly half of renters paying more than 30 percent of their income toward housing and a little over one in four owners paying that much. This relationship of income to housing costs is known as “Cost Burden”. Please see the next chapter on Housing Gap for a more in-depth look at cost burden.

NEARLY 1,300 HOUSEHOLDS OF OLDER ADULTS MAKE LESS THAN THE MEDIAN INCOME

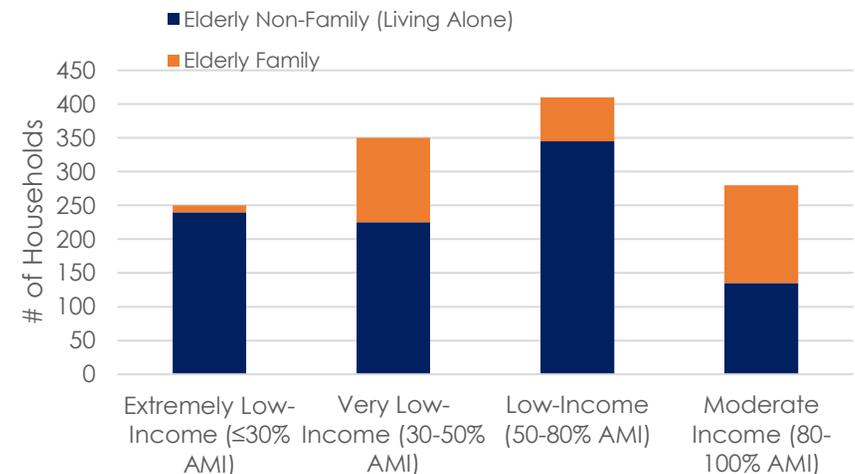
Of the 1,290 households with one or more people over aged 62 making less than the median household income, most (78 percent) make less than 80 percent of the median. More than 400 make between 50 and 80 percent, 350 make between 30 and 50 percent, and 250 make 30 percent or less of the median income. Non-family older adult households (elderly living alone) make up most of these low-income senior households. Given the projections of 28 percent of the population in 2040 being aged 65 or older, the number of low-income senior households will likely grow even faster than other low-income households. Currently, 35 percent of occupied subsidized housing units (around 76 units) are headed by someone aged 62 or older, so providing housing options for this group will be especially important.

Exhibit XXXV. Household Housing Expenditure as a Percentage of Income (Cost Burden), 2013-2017



Source: HUD-CHAS Tabulations of 2013-2017 ACS 5-Year Estimates

Exhibit XXXVI: Income Brackets for Older Adult Households (62+) in Oak Harbor



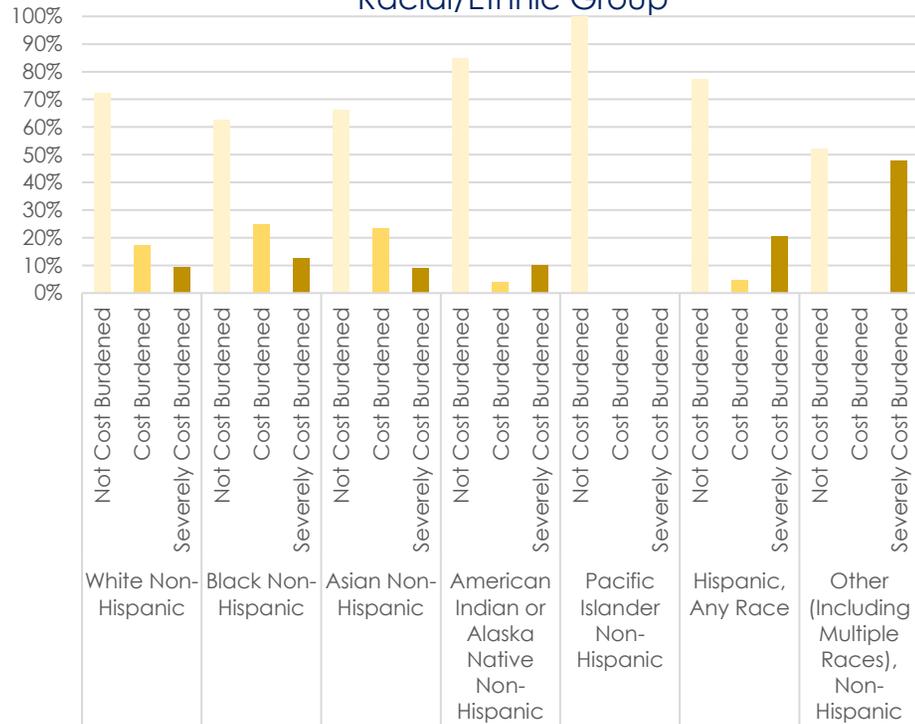
Source: HUD-CHAS Tabulations of 2013-2017 ACS Estimates, Table 7

Housing Affordability

RACIAL AND ETHNIC DISPARITIES MERIT A TARGETED APPROACH TO RELIEVING COST BURDEN

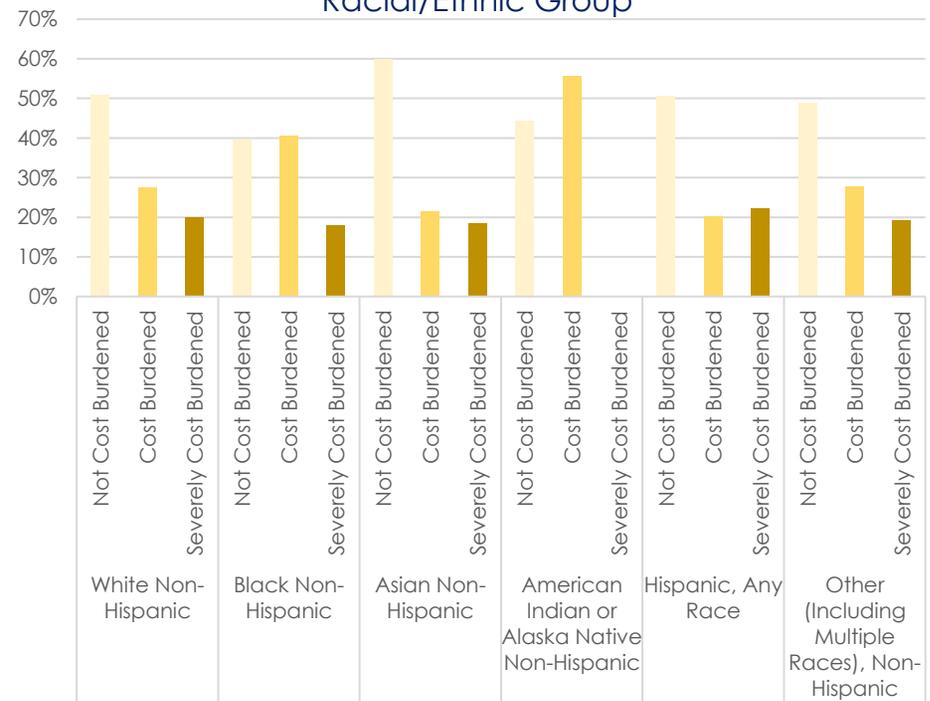
Among households who own their housing units, more than 20 percent of both Black and Asian households pay between 30 and 50 percent of their incomes toward housing, with 17 percent of white households doing so. While rates of severe cost burden are mostly low in owner households, 20 percent of Hispanic or Latino households and 48 percent of other/multi-racial households who own their units are severely cost burdened. Among rental households, as discussed on the previous page, rates of cost burden are much higher, but Black and Native American renter households have particularly high cost burden rates (41 and 66 percent), much higher than other groups.

Exhibit XXXVII: Owner-Occupied by Racial/Ethnic Group



Source: HUD-CHAS Tabulations of 2013-2017 ACS Estimates, Table 9

Exhibit XXXVIII: Renter-Occupied by Racial/Ethnic Group



Source: HUD-CHAS Tabulations of 2013-2017 ACS Estimates, Table 9

Note: Pacific Islander removed from this table due to insufficient data

1. COMMUNITY PROFILE
2. WORKFORCE
3. HOUSING MARKET
4. HOUSING AFFORDABILITY
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6. LAND CAPACITY



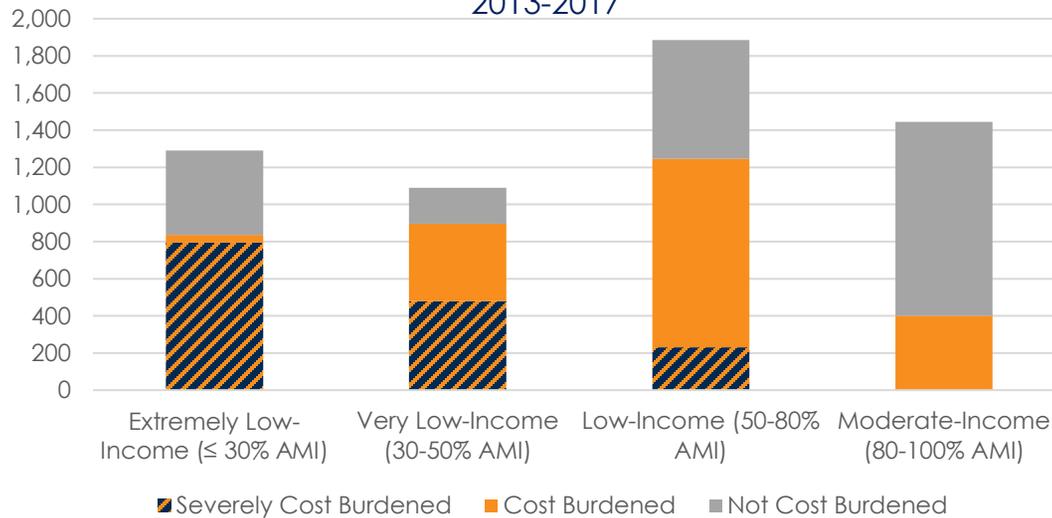
5. HOUSING GAPS

There are two primary components to the analysis of housing gaps: the current gap between the supply and demand of housing units that are affordable to Oak Harbor's current households, and an estimate of how many more units (and what kinds of units) are needed to accommodate the projected growth over the planning horizon.

CURRENT GAP

Currently, there are 2,315 households who rent their housing unit making less than 80 percent of the area median family income (\$57,239 per year) paying more than 30 percent of their incomes in rent. There are 790 households who own their unit making less than the median income who pay more than 30 percent of their incomes toward monthly housing costs. There are 358 units of subsidized or publicly managed affordable housing aimed at households making below 50 percent of the median income. Therefore, the current gap between what is affordable and available, and the current demand is **2,747 units**. If a more restrictive threshold of paying more than 50 percent of income toward housing is used, there are 1,505 renting households making 80 percent or less of the median income who are paying at least 50 percent of their incomes toward rent and 385 owning households making less than the median paying that much, for a total gap (after deducting subsidized units) of **1,532 units**. These cost burden figures are illustrated in Exhibit XXXIX below.

Exhibit XXXIX. Cost Burdened Households by Income, 2013-2017



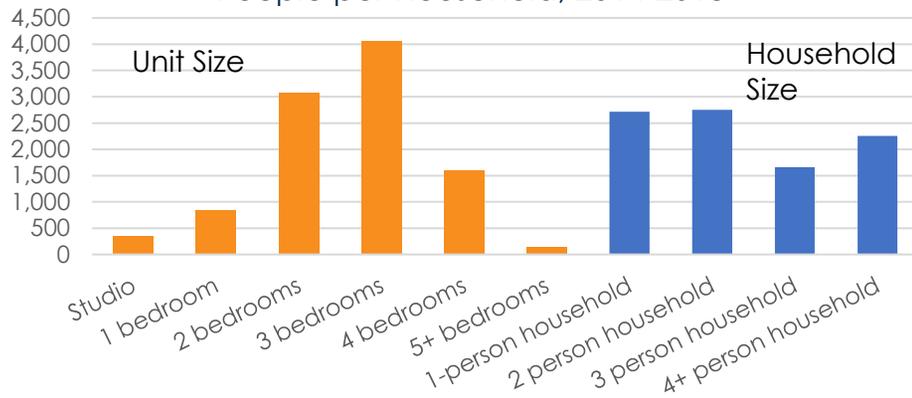
Source: HUD-CHAS Tabulations of ACS 2013-2017 Estimates

Exhibit XL. Breakdown of Oak Harbor Incomes

Income Grouping for Cost Burden Analysis	Income Range
Less than 30% Area Median Family Income	Less than \$21,465
30 - 50% Area Median Income	\$21,465 - \$35,774
50 - 80% Area Median Income	\$35,775 - \$57,238
80 - 100% Area Median Income	\$57,239 - \$71,548
100% Area Median Income and Above	\$71,549 and above

Source: ACS 2017 1-Year Estimates for Island County, Adopted by HUD as Area Median Income for FY 2017

Exhibit XLI. Housing Unit Size Compared to People per Household, 2014-2018



Source: 2014-2018 ACS 5-Year Estimates, Tables DP04 and B11016

OAK HARBOR CALCULATIONS

- Projected population growth, 2010-2036 (Oak Harbor Comprehensive Plan): 3,739
- Projected population growth, 2020-2036 (using OFM 2020): 2,904 (182 per year)
- Projected household growth, 2020-2036: 1,195
- Number of housing units needed to meet projected growth in households, 2020-2036: **1,255 units** (5 percent vacancy rate)
- Number of new housing units needed per year, on average, 2020-2036: **78 units**

Another way of examining the current housing gap can be illustrated by comparing the size of current housing units and the sizes of households. As shown in Exhibit XLI at left, Oak Harbor has around 1,200 more 1- to 2-person households than it has 0- to 2-bedroom housing units. Another way of describing the housing gap, therefore, might be that **1,211 households** in Oak Harbor are living in dwelling units that are too large (and thus too expensive) for their needs because not enough smaller units are available. While this figure cannot be directly compared to the gaps identified above based on cost burden, it provides a useful window into the types of housing that the city currently lacks in sufficient numbers.

PROJECTED GAP

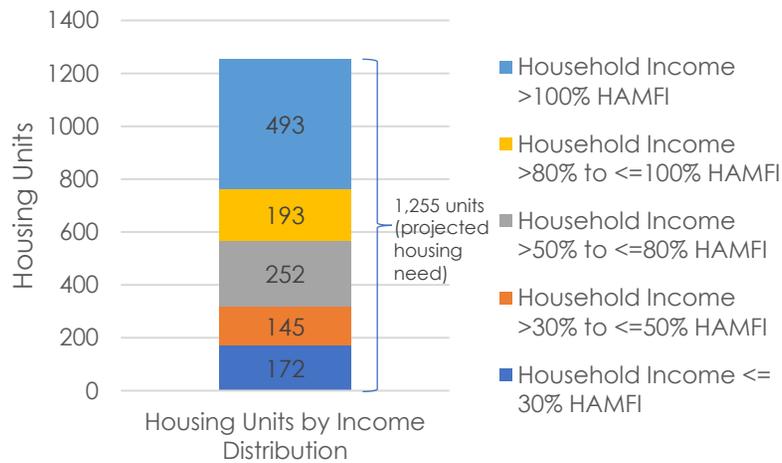
The 2019 Oak Harbor Comprehensive Plan adopted the 2016 Island County growth allocations, which anticipate an increase in the City's population to 25,814 by 2036. To accommodate this growth based on current average household sizes and assuming a 5 percent vacancy rate, the City would need at least **1,255 more housing units** by 2036, an average of **78 units per year** for the next 16 years. The city has added 45 new housing units per year on average since 2010, according to city building permit data, meaning new housing will be needed at a quicker pace to meet projected growth.

One factor that may be driving the increase of housing units to be constructed so fast is the low housing unit vacancy rates in the City. In 2018, the American Community Survey reported a homeowner vacancy rate of 1.8 percent and a renter vacancy rate of 4.8 percent. This means mean that there is strong upward pressure on prices, which should incentivize the construction of new housing.

TOTAL GAP

The city currently is short about 1,500 housing units that are affordable to current households making less than 80 percent of the area median income. 1,255 housing units are likely needed over the next 16 years to accommodate projected growth. Assuming a continuation of current income distributions, this would mean 172 new units affordable to extremely low-income households, 145 affordable to very low-income households, 252 affordable to moderately low-income households, and 686 affordable to those making at least 80 percent of the area median income (see Exhibit XLII below). Units will likely need to be more balanced between smaller rental and single-family homes and larger homes than has been the case since 2009 due to the aging of the population and declining household sizes.

Exhibit XLII. Allocation of Projected New Housing Needed between 2020 and 2036 Based on Income



Source: HUD-CHAS 2013-2017, Analysis by LDC, Inc.

1. COMMUNITY PROFILE
2. WORKFORCE
3. HOUSING MARKET
4. HOUSING AFFORDABILITY
5. HOUSING GAPS
6. LAND CAPACITY



6. LAND CAPACITY

DRAFT LAND CAPACITY ANALYSIS SHOWS CITY MAY LACK CAPACITY IN ITS RESIDENTIALLY ZONED AREAS, WITH CAVEATS

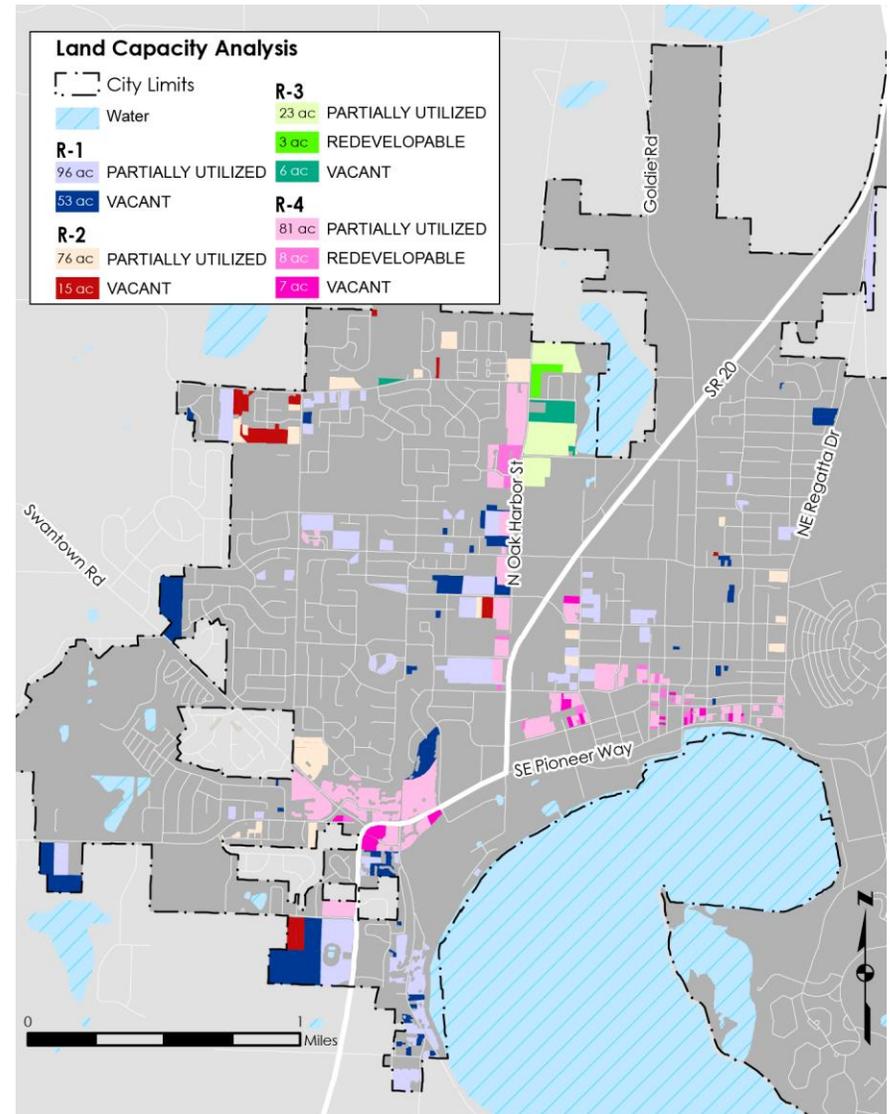
Pending an update to Island County’s land capacity analysis and buildable lands analysis, which will likely not be completed before the deadline for this Housing Action Plan, a geospatial analysis of tax parcels in the city, adjusted for critical areas and a market factor, shows that the city has sufficient land to accommodate roughly 56 percent of the projected 2,900+ additional residents through 2036.

The map at right shows vacant, redevelopable, and partially utilized tax parcels in residential zones with critical areas removed. This analysis shows that there are 81 acres of vacant developable land, after removing critical areas and accounting for a 25 percent reduction for utilities, roads, and common areas, across the R-1 through R-4 zones. There are an additional 11 acres of redevelopable land in the R-3 and R-4 zones where existing structures are worth less than \$100,000 and less than 75 percent of the underlying land. (Redevelopable land in the R-1 and R-2 zones was not included because existing homes are unlikely to redevelop at a meaningfully higher density within the planning horizon.)

Taken together, 92 acres of vacant and redevelopable land could, at densities allowed by the zones, **yield more than 706 dwelling units**, enough for around **1,630 people** at current household size and a healthy vacancy rate of 5 percent. This means the city may lack capacity for housing for around 1,274 future residents.

Partially utilized tax parcels are at least three the minimum size permitted by zoning and are not currently vacant. There are more than 80 such acres across all four zones, but more in-depth analyses of specific sites would be needed to conclude that these are in fact able to be subdivided and developed.

Exhibit XLIII. Land Capacity Analysis Map



APPENDIX 2: ISLAND COUNTY NORTH WHIDBEY AFFORDABLE HOUSING TASK FORCE RECOMMENDATIONS

6-13-18

Affordable Housing Task Force Recommendations and Top Priorities

Jurisdiction	Recommendation	Comments
Island County & City of Oak Harbor	1) Adjust Island County and City of Oak Harbor ordinances to take maximum advantage of RCW 36.70A.540 Affordable Housing incentive program. Recommend vetting by IC and OH planning departments to ensure meeting all legal criteria (Group#1)	OHMC 19.31.090(1) (b) & 19.25.040(1)(f) currently provide some AH incentives.
Island County & City of Oak Harbor	2) Allow city sewer service extensions into the UGA, with requirement for future annexation. (Group#1)	Generally not an acceptable GMA or City policy position.
Island County & City of Oak Harbor	3) Island County and City of Oak Harbor to adopt the provisions of Senate Bill 5674 which was signed into law by Governor on 4/27/17. The Bill provides local options to allow administrative approval of final plat process. Has the Potential to cut several months off the Platting process (Group#1)	Completed: Ord. #1824 (Feb. 2018)
Island County & City of Oak Harbor	4) Eliminate any minimum square footage requirements preventing the use of tiny homes and Park Model Homes (Group #3)	Building code requirements present barriers.
Island County Only	5)a. Modify the ordinance to Eliminate barriers to ADUs: b. Allow two ADU's on parcels of 5 acres and allow an additional ADU for each additional 5 acres under a single ownership, and allow common septic tank use. (Group #1)	
Island County Only	6) Implement Multi-Family Tax Incentive Program per RCW 84.14and RCW 36.70A215 (Group #1)	
City of Oak Harbor Only	7) Change the ordinance to allow first floor residential in all commercial zones with provision that requires 10-foot ceilings on the portion of building fronting an arterial street or major collector street. (Creates option to convert to commercial in event demand arises) (Group #1)	Some work being done in this regard. See December 16, 2020 Council workshop. Development Services item C.

Jurisdiction	Recommendation	Comments
<p>City of Oak Harbor Only</p>	<p>8) Make an immediate change to the ordinance to eliminate barriers and encourage ADU's. (Group #1) <i>a) Eliminate occupancy restrictions</i> <i>b) no added parking requirements</i></p>	<p>Completed: OHMC 19.42 Ord #1828 (August 2018)</p>
<p>** At the July 10th 2017 meeting, Task Force members met to review final voting and prioritizing of recommendations. At this meeting Work Group #1 presented the idea of bundling the 8 recommendations listed in the orange box above, as implementation could happen with relative ease in the near future through ordinance change or other. A majority of the Task Force members in attendance voted and agreed to bundle and prioritize.</p>		
<p>Island County Only</p>	<p>10) Streamline Permitting processes. Look at overlapping processes, timeline barriers, allow paying for permits with credit cards. (Group #3)</p>	
<p>City of Oak Harbor Only</p>	<p>11) Reduce minimum lot sizes through density bonuses for affordable housing development, per the guidelines below; (Group #3) <i>Current 7,200 reduce R-1 to 5,500 sq. ft.</i> <i>Current 6,000 reduce R-2 to 3,500 sq. ft.</i> <i>Current 6,000 reduce R-3 and R-4 to 2,500 sq. ft.</i></p>	<p>Should be explored further. Staff supports looking at options.</p>
<p>Island County & City of Oak Harbor</p>	<p>12) Establish an inter-jurisdictional Housing Affordability Task Force to follow through on implementation. Task Force to include elected officials, land development, planning professions and City and County staff. Group should meet with enough regularity to ensure final approved recommendations are moved forward. (Group #3)</p>	<p>Several issues (resource intensive, finding common goals, sustainability, etc.) make this recommendation cumbersome.</p>
<p>Island County Only</p>	<p>9) Island County should revisit minimum 5-acre lot size for smaller lot sizes where appropriate. (Group #1). (July 10th meeting, Voted and approved new wording.)</p>	

Jurisdiction	Recommendation	Comments
<p>Island County & City of Oak Harbor</p>	<p>13) Land Banking- Designate and Bank surplus properties in Oak Harbor and Island County unincorporated areas as targeted land for Affordable Housing either through development of the specific site or by sale of sites with funds used for developed land purchase. (Group#1) <i>i: Banked properties would be managed, for compliance, by County staff or Island County Housing Authority.</i> <i>ii: Inter local agreement required.</i></p>	<p>Resource intensive and inherent inconsistencies with GMA.</p>
<p>Island County & City of Oak Harbor</p>	<p>14) Take actions necessary to attract (non-profit or for-profit) professional and experienced affordable housing developers like Bellwether, Low Income Housing Institute, Mercy Housing, Opportunity Council, Catholic Housing Services and others to navigate the complex funding sources and systems needed to develop affordable housing in Oak Harbor and Island County. These developers are expert at knowing the recipe for success and know the formula for putting together the right partners and funding sources: local funding, low income housing tax credits, WA state housing trust, federal home loan bank, private banks, foundation grants, etc. If we can attract them to build, in scale, on Island County/Oak Harbor we will be able to take the pressure off an inadequate number of existing units and provide a range of housing options for our residents. (Group#2) <i>To accomplish this we must demonstrate:</i> <i>1). availability of reasonably priced land, suitably zoned, with water and sewer accessibility</i> <i>2). local funding (levy) for an Affordable Housing Investment Fund (AHIF) that</i></p>	<p>Has been successful in other communities, however, resource intensive.</p>

Jurisdiction	Recommendation	Comments
	<i>demonstrates local commitment and support 3). Staff resource designated to reach out to advance and promote new policies.</i>	
Island County & City of Oak Harbor	15) Allow an affordable housing high density project in the unincorporated UGA with a contract provision that the ownership, by covenant, will agree to future annexation. (Group#1)	Utility/infrastructure, other services would be needed from the City. Not practical.
Island County Only	16) Per RCW 84.52.105 Request Board of County Commissioner’s to place on ballot the implementation of a 7-year property tax levy to fund an Affordable Housing Investment Fund. (Group #2) Funds from this levy would be targeted toward that community segment in greatest crisis-assisting renting households who earn 50% or less of area median income. This levy would not impact the county’s levy lid. Fund Allocation: 1). 60% of collections-allocated toward new rental developments and preservation of existing rental projects 2). 20% of collections-allocated toward land acquisition/land banking 3). 15% of collections- allocated toward accompanying social services 4). 5% of collections – allocated to administration	
Island County & City of Oak Harbor	17) Create maps identifying land that can accommodate affordable housing for immediate development and future development. (Group#1)	Updated how often? Too many variables.
City of Oak Harbor Only	18) Mix R-3 and R-4 strategically within the R-1 areas that have not been developed fully (Group #3)	Has potential for success.
Island County Only	19) For existing manufactured home parks-allow up to 30% expansion with no density requirement if infrastructure is available. (Group #1)	

Jurisdiction	Recommendation	Comments
Island County Only	20) Adjust incentives for clustering. Allow reduced permitting costs and/or additional bonus for affordable units at 90% AMI or below with a 30% density increase. (Group #3)	
City of Oak Harbor Only	21) Allow Duplexes in Oak Harbor Single Family zones (Group #3)	Has potential for success.
Island County Only	22) Encourage Manufactured Home Parks. Remove size limitation, allow existing parks to expand if infrastructure available. (Group #3)	
Island County & City of Oak Harbor	23) Provide increased Density Bonuses for Affordable Housing in all residential zones of 30% (up from 20%) if units targeted at or below 90% area median incomes and meet affordable housing criteria. (Group #3)	Has potential, however, what is being sacrificed by higher density? Parking, open space?
Island County Only	24) Conservation Futures Funds should be targeted in a way using TDR's or other mechanisms to benefit affordable housing (Group #1)	
Island County & City of Oak Harbor	<p>25) Establish a Transferable Development Rights program targeting development at 80% or less of AMI. (Group#1)</p> <p>i) Execute inter local agreements between Island County and City of Oak Harbor and possibly Coupeville.</p> <p>ii) Identify potential TDR receiving areas</p> <p>iii) Evaluate possibility of intra-jurisdictional county programs that could transfer development rights from farmland, forest land, or areas of high environmental value to unincorporated urban areas or rural areas where density is allowed.</p> <p>iv) Utilize staff position called for in H4.10 of Island County Comprehensive Plan to manage repository.</p> <p>v) Initial funding for TDR bank from Island County Housing</p>	Would need a funding strategy and outside assistance to establish this program.

Jurisdiction	Recommendation	Comments
Island County Only	26) For new developments of manufactured homes allow for increased density up to 50 units on no less than 30 acres (Group #1)	
Island County Only	27) Island County Should Take the lead in the creation of Community Drain fields in RAIDS – Many individual lots do not ‘perc’. Most lots that ‘perc’ well have already been built out. Large Onsite Septic Systems (LOSS) are already successfully used, such as in mobile home, Payless grocery store and Sunny View Village Work Force Housing. (Group #3)	
Island County & City of Oak Harbor	28) Allow waiver on impact fees if the affordable housing project targets 70% AMI or below	Staff Supported. Political view?
Island County & City of Oak Harbor	29) Preserve existing affordable housing opportunities. Develop system to closely monitor existing affordable housing properties annually. (Group #4)	Mobile, manufactured home parks for sustainable land use.
Island County & City of Oak Harbor	30) Through discussions with both County and City planning, parking standards can be reduced or modified for development of affordable housing at 90% AMI or below.	Could be effective if required to be within transit stop, arterial, etc.
Island County Only	31) Island County to develop Conservation Futures Funds Program in concert with clustering and affordable housing. (Group #3) i). Purchase development rights using conservation futures funds and transfer them to be used for affordable cluster development elsewhere ii). Use conservation futures funds to purchase the required set aside open space for conventional clustering development to reduce cost.	
City of Oak Harbor Only	32) Allow detached housing in multifamily zones (Group #3)	Seems counter-productive?
Island County & City of Oak Harbor	33) Planned Residential Development (PRD) Process/Earned development units. Allow increased density as a trade- off for design	Completed: OHMC 19.31.090

Jurisdiction	Recommendation	Comments
	requirements/street improvements and address any neighborhood concerns with good design. (Group #3)	
Island County & City of Oak Harbor	34) Require landlords to give forty-five (45) day notice to vacate. Create a 45-day notice “Affirmative Defense”, where residential month to month tenants can assert in an eviction action against a landlord who fails to provide a 45 day no-cause notice to terminate tenancy. This notice would be contingent upon the tenant meeting all terms of the lease. A failure to meet the terms would allow the landlord to issue a three-day notice to pay or vacate. (Group #4)	Possible recommendation. RCW guidance?
Island County & City of Oak Harbor	35) Require lessors to provide tenant a lease addendum informing them of resources for obtaining copy of tenant rights.	RCW guidance?
Island County & City of Oak Harbor	36) Require forty-five (45) day notice for rent increases on 10% or more in any 180-day period. (Group #4)	RCW guidance?
Island County & City of Oak Harbor	37) Allow Park Model Homes with associated quality requirements such as insulation and wood siding (Group #3)	Staff supported.
Island County Only	38) Island County to create a staff position, in accordance with Island County Comprehensive plan for affordable housing. (July 10 th meeting, voted and approved new wording and to move to the final list of recommendations).	
City of Oak Harbor Only	39) Low Impact Development (LID) requirements – Incentivize Low Impact Developments (LID) through increased density allowances and reduced permitting costs. Develop guide for low cost LID options. Look into potential revisions to LID standards to help with affordability. (Group #3)	May be difficult to achieve revisions of LID requirements through DOE and EPA

Jurisdiction	Recommendation	Comments
Island County Only	40) Task Island County Housing Advisory Board to target funds toward leveraging into programs that actually create new affordable housing or new added shelter programs. (Group #1)	

APPENDIX 3: HOUSING POLICY TABLE

Comprehensive Plan Policy Summary – City of Oak Harbor												
Policy Info				Policy Categories								
Element	Goal	Policy #	Policy Text	Single Family Housing	Duplex	Town-homes	Multi-Family	ADUs	Affordable Housing	Seniors and Other Special Needs Groups	Tiny Houses	Other
Land Use	4. Promote a diverse and affordable housing stock.	4.a	Maintain a healthy amount of developable and redevelopable land in all residential land use categories.	X	X	X	X					
		4.b	Support land use changes that accommodate higher density residential uses where services and utilities are available.			X	X	X	X	X	X	
		4.c	Support the development of new, and the conversion of existing, residential structures for accessory dwelling units.					X				

Policy #	Policy Text	Single Family Housing	Duplex	Town-homes	Multi-Family	ADUs	Affordable Housing	Seniors and Other Special Needs Groups	Tiny Houses	Other
4.d	Consider a mix of land uses when expanding urban growth areas.									X Mixed Uses
4.e	Support flexible standards for developments that provide affordable housing.						X			
4.f	Consider development incentives to include affordable housing within new developments.						X			
4.g	Coordinate housing growth strategies with changes in school enrollment projections and NASWI expansions.						X			X School enrollment projections, NASWI
4.h	Support efforts to increase affordable housing in the City.						X			

		Policy #	Policy Text	Single Family Housing	Duplex	Town-homes	Multi-Family	ADUs	Afford-able Housing	Seniors and Other Special Needs Groups	Tiny Houses	Other
Housing	1. Ensure that adequate opportunities exist for low and moderate-income families to obtain affordable housing.	1.a	Provide land use policies and development regulations that allow for a variety of housing types and residential lifestyles, to accommodate households in varying income ranges.	X	X	X	X	X	X	X	X	X
		1.b	Encourage alternative housing types from the standard single-family residences by using contemporary building and planning concepts, including apartments, condominiums, small lot, zero lot line, attached patio, townhouse, and manufactured housing.		X	X	X	X			X	Condos, Small lot, zero lot line, attached patio, mfg'd housing

		Policy #	Policy Text	Single Family Housing	Duplex	Town-homes	Multi-Family	ADUs	Affordable Housing	Seniors and Other Special Needs Groups	Tiny Houses	Other
		1.c	Promote the inclusion of affordable housing developments through incentives, density bonuses, and flexible development regulations.						X			
		1.d	Promote the inclusion of subsidized units throughout the community to diversify neighborhoods.						X			X Income diverse neighborhoods
		1.e	Promote the location of affordable housing in proximity to transit routes to ensure the most efficient and cost-effective use of public transportation.						X			
		1.f	Support efforts to develop self-help housing programs.									X Self-help housing programs

		1.g	Allow provisions in development regulations for inclusionary affordable housing and density bonus performance standards.	X	X	X	X	X	X	X	X	
		Policy #	Policy Text	Single Family Housing	Duplex	Town-homes	Multi-Family	ADUs	Affordable Housing	Seniors and Other Special Needs Groups	Tiny Houses	Other
		1.h	Allow for the development and preservation of manufactured home communities, using design guidelines that ensure such communities are compatible with existing neighborhoods.									Mfg'd Housing
		1.i	Support and monitor mediation services for tenant/landlord dispute issues.					X				Tenant/landlord dispute
		1.j	Encourage the development and implementation of affordable housing as part of the City's						X			

			annexation program.									
		1.k	Monitor affordable housing availability for low and moderate-income populations.						X			X
		1.l	Encourage the development of accessory units to address housing needs and increase capacity.					X				
		Policy #	Policy Text	Single Family Housing	Duplex	Town-homes	Multi-Family	ADUs	Affordable Housing	Seniors and Other Special Needs Groups	Tiny Houses	Other
		2.a	Accommodate land uses and housing that provides for the needs of the elderly, disabled, and infirm.							X		
		2.b	Support the Island County Housing Authority and Opportunity Council to address siting and development of							X		

		housing for special needs populations.										
2. Promote housing opportunities for special needs population.	2.c	Work cooperatively with social service providers, local churches, other organizations, and individuals, to address the needs of homeless persons by establishing options for short-term homeless shelters and encampments.								X		
	Policy #	Policy Text	Single Family Housing	Duplex	Town-homes	Multi-Family	ADUs	Affordable Housing	Seniors and Other Special Needs Groups	Tiny Houses	Other	
	2.d	Allow for the development of assisted housing in appropriate locations.							X			
	2.e	Ensure compliance with State and National Standards for group homes and family day care facilities.							X			
	3.a	Monitor inventory of developable	X	X	X	X						

			land, to ensure adequate land is available for projected housing needs.									
		3.b	Allow for a range of densities to ensure maximum choice in housing options.	X	X	X	X					
3. Identify and provide sufficient and appropriate land for housing.		3.c	Consider incentives and flexibility in development standards to promote mixed uses that include housing in commercial development.							X		X Mixed Use
	Policy #	Policy Text		Single Family Housing	Duplex	Town-homes	Multi-Family	ADUs	Affordable Housing	Seniors and Other Special Needs Groups	Tiny Houses	Other
	4.a	Enforce existing housing codes and maintain code enforcement efforts in residential areas.										X Code Enforcement
	4.b	Invest in existing infrastructure as a means to encourage private reinvestments.										X Infra-structure

	4. Preserve, maintain, and improve the value of existing neighborhoods	4.c	Encourage redevelopment and infill of underdeveloped residential properties.										X Redevt. And infill

APPENDIX 4: CITY RESOLUTION ADOPTING PLAN

**Placeholder for when
city council adopts the
plan**

APPENDIX 5: COPY OF HB 1923

CERTIFICATION OF ENROLLMENT

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1923

Chapter 348, Laws of 2019

66th Legislature
2019 Regular Session

URBAN RESIDENTIAL BUILDING CAPACITY

EFFECTIVE DATE: July 28, 2019—Except for section 11, which becomes effective July 1, 2019.

Passed by the House April 24, 2019
Yeas 75 Nays 19

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 22, 2019
Yeas 33 Nays 16

CYRUS HABIB

President of the Senate

Approved May 9, 2019 3:12 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1923** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

May 13, 2019

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1923

AS AMENDED BY THE SENATE

Passed Legislature - 2019 Regular Session

State of Washington 66th Legislature 2019 Regular Session

By House Appropriations (originally sponsored by Representatives Fitzgibbon, Macri, Appleton, Doglio, Dolan, Santos, and Frame)

READ FIRST TIME 03/01/19.

1 AN ACT Relating to increasing urban residential building
2 capacity; amending RCW 36.70A.030, 43.21C.420, and 36.70A.490; adding
3 new sections to chapter 36.70A RCW; adding new sections to chapter
4 43.21C RCW; adding a new section to chapter 35.21 RCW; adding a new
5 section to chapter 35A.21 RCW; adding a new section to chapter 36.22
6 RCW; providing an effective date; and declaring an emergency.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 36.70A
9 RCW to read as follows:

10 (1) A city planning pursuant to RCW 36.70A.040 is encouraged to
11 take the following actions in order to increase its residential
12 building capacity:

13 (a) Authorize development in one or more areas of not fewer than
14 five hundred acres that include at least one train station served by
15 commuter rail or light rail with an average of at least fifty
16 residential units per acre that require no more than an average of
17 one on-site parking space per two bedrooms in the portions of
18 multifamily zones that are located within the areas;

19 (b) Authorize development in one or more areas of not fewer than
20 five hundred acres in cities with a population greater than forty
21 thousand or not fewer than two hundred fifty acres in cities with a

1 population less than forty thousand that include at least one bus
2 stop served by scheduled bus service of at least four times per hour
3 for twelve or more hours per day with an average of at least twenty-
4 five residential units per acre that require no more than an average
5 of one on-site parking space per two bedrooms in portions of the
6 multifamily zones that are located within the areas;

7 (c) Authorize at least one duplex, triplex, or courtyard
8 apartment on each parcel in one or more zoning districts that permit
9 single-family residences unless a city documents a specific
10 infrastructure of physical constraint that would make this
11 requirement unfeasible for a particular parcel;

12 (d) Authorize cluster zoning or lot size averaging in all zoning
13 districts that permit single-family residences;

14 (e) Authorize attached accessory dwelling units on all parcels
15 containing single-family homes where the lot is at least three
16 thousand two hundred square feet in size, and permit both attached
17 and detached accessory dwelling units on all parcels containing
18 single-family homes, provided lots are at least four thousand three
19 hundred fifty-six square feet in size. Qualifying city ordinances or
20 regulations may not provide for on-site parking requirements, owner
21 occupancy requirements, or square footage limitations below one
22 thousand square feet for the accessory dwelling unit, and must not
23 prohibit the separate rental or sale of accessory dwelling units and
24 the primary residence. Cities must set applicable impact fees at no
25 more than the projected impact of the accessory dwelling unit. To
26 allow local flexibility, other than these factors, accessory dwelling
27 units may be subject to such regulations, conditions, procedures, and
28 limitations as determined by the local legislative authority, and
29 must follow all applicable state and federal laws and local
30 ordinances;

31 (f) Adopt a subarea plan pursuant to RCW 43.21C.420;

32 (g) Adopt a planned action pursuant to RCW 43.21C.440(1)(b)(ii),
33 except that an environmental impact statement pursuant to RCW
34 43.21C.030 is not required for such an action;

35 (h) Adopt increases in categorical exemptions pursuant to RCW
36 43.21C.229 for residential or mixed-use development;

37 (i) Adopt a form-based code in one or more zoning districts that
38 permit residential uses. "Form-based code" means a land development
39 regulation that uses physical form, rather than separation of use, as
40 the organizing principle for the code;

1 (j) Authorize a duplex on each corner lot within all zoning
2 districts that permit single-family residences;

3 (k) Allow for the division or redivision of land into the maximum
4 number of lots through the short subdivision process provided in
5 chapter 58.17 RCW; and

6 (l) Authorize a minimum net density of six dwelling units per
7 acre in all residential zones, where the residential development
8 capacity will increase within the city.

9 (2) A city planning pursuant to RCW 36.70A.040 may adopt a
10 housing action plan as described in this subsection. The goal of any
11 such housing plan must be to encourage construction of additional
12 affordable and market rate housing in a greater variety of housing
13 types and at prices that are accessible to a greater variety of
14 incomes, including strategies aimed at the for-profit single-family
15 home market. A housing action plan may utilize data compiled pursuant
16 to section 3 of this act. The housing action plan should:

17 (a) Quantify existing and projected housing needs for all income
18 levels, including extremely low-income households, with documentation
19 of housing and household characteristics, and cost-burdened
20 households;

21 (b) Develop strategies to increase the supply of housing, and
22 variety of housing types, needed to serve the housing needs
23 identified in (a) of this subsection;

24 (c) Analyze population and employment trends, with documentation
25 of projections;

26 (d) Consider strategies to minimize displacement of low-income
27 residents resulting from redevelopment;

28 (e) Review and evaluate the current housing element adopted
29 pursuant to RCW 36.70A.070, including an evaluation of success in
30 attaining planned housing types and units, achievement of goals and
31 policies, and implementation of the schedule of programs and actions;

32 (f) Provide for participation and input from community members,
33 community groups, local builders, local realtors, nonprofit housing
34 advocates, and local religious groups; and

35 (g) Include a schedule of programs and actions to implement the
36 recommendations of the housing action plan.

37 (3) If adopted by April 1, 2021, ordinances, amendments to
38 development regulations, and other nonproject actions taken by a city
39 to implement the actions specified in subsection (1) of this section,
40 with the exception of the action specified in subsection (1)(f) of

1 this section, are not subject to administrative or judicial appeal
2 under chapter 43.21C RCW.

3 (4) Any action taken by a city prior to April 1, 2021, to amend
4 their comprehensive plan, or adopt or amend ordinances or development
5 regulations, solely to enact provisions under subsection (1) of this
6 section is not subject to legal challenge under this chapter.

7 (5) In taking action under subsection (1) of this section, cities
8 are encouraged to utilize strategies that increase residential
9 building capacity in areas with frequent transit service and with the
10 transportation and utility infrastructure that supports the
11 additional residential building capacity.

12 (6) A city with a population over twenty thousand that is
13 planning to take at least two actions under subsection (1) of this
14 section, and that action will occur between the effective date of
15 this section and April 1, 2021, is eligible to apply to the
16 department for planning grant assistance of up to one hundred
17 thousand dollars, subject to the availability of funds appropriated
18 for that purpose. The department shall develop grant criteria to
19 ensure that grant funds awarded are proportionate to the level of
20 effort proposed by a city, and the potential increase in housing
21 supply or regulatory streamlining that could be achieved. Funding may
22 be provided in advance of, and to support, adoption of policies or
23 ordinances consistent with this section. A city can request, and the
24 department may award, more than one hundred thousand dollars for
25 applications that demonstrate extraordinary potential to increase
26 housing supply or regulatory streamlining.

27 (7) A city seeking to develop a housing action plan under
28 subsection (2) of this section is eligible to apply to the department
29 for up to one hundred thousand dollars.

30 (8) The department shall establish grant award amounts under
31 subsections (6) and (7) of this section based on the expected number
32 of cities that will seek grant assistance, to ensure that all cities
33 can receive some level of grant support. If funding capacity allows,
34 the department may consider accepting and funding applications from
35 cities with a population of less than twenty thousand if the actions
36 proposed in the application will create a significant amount of
37 housing capacity or regulatory streamlining and are consistent with
38 the actions in this section.

39 (9) In implementing this act, cities are encouraged to prioritize
40 the creation of affordable, inclusive neighborhoods and to consider

1 the risk of residential displacement, particularly in neighborhoods
2 with communities at high risk of displacement.

3 **Sec. 2.** RCW 36.70A.030 and 2017 3rd sp.s. c 18 s 2 are each
4 amended to read as follows:

5 Unless the context clearly requires otherwise, the definitions in
6 this section apply throughout this chapter.

7 (1) "Adopt a comprehensive land use plan" means to enact a new
8 comprehensive land use plan or to update an existing comprehensive
9 land use plan.

10 (2) "Agricultural land" means land primarily devoted to the
11 commercial production of horticultural, viticultural, floricultural,
12 dairy, apiary, vegetable, or animal products or of berries, grain,
13 hay, straw, turf, seed, Christmas trees not subject to the excise tax
14 imposed by RCW 84.33.100 through 84.33.140, finfish in upland
15 hatcheries, or livestock, and that has long-term commercial
16 significance for agricultural production.

17 (3) "City" means any city or town, including a code city.

18 (4) "Comprehensive land use plan," "comprehensive plan," or
19 "plan" means a generalized coordinated land use policy statement of
20 the governing body of a county or city that is adopted pursuant to
21 this chapter.

22 (5) "Critical areas" include the following areas and ecosystems:

23 (a) Wetlands; (b) areas with a critical recharging effect on aquifers
24 used for potable water; (c) fish and wildlife habitat conservation
25 areas; (d) frequently flooded areas; and (e) geologically hazardous
26 areas. "Fish and wildlife habitat conservation areas" does not
27 include such artificial features or constructs as irrigation delivery
28 systems, irrigation infrastructure, irrigation canals, or drainage
29 ditches that lie within the boundaries of and are maintained by a
30 port district or an irrigation district or company.

31 (6) "Department" means the department of commerce.

32 (7) "Development regulations" or "regulation" means the controls
33 placed on development or land use activities by a county or city,
34 including, but not limited to, zoning ordinances, critical areas
35 ordinances, shoreline master programs, official controls, planned
36 unit development ordinances, subdivision ordinances, and binding site
37 plan ordinances together with any amendments thereto. A development
38 regulation does not include a decision to approve a project permit
39 application, as defined in RCW 36.70B.020, even though the decision

1 may be expressed in a resolution or ordinance of the legislative body
2 of the county or city.

3 (8) "Forestland" means land primarily devoted to growing trees
4 for long-term commercial timber production on land that can be
5 economically and practically managed for such production, including
6 Christmas trees subject to the excise tax imposed under RCW 84.33.100
7 through 84.33.140, and that has long-term commercial significance. In
8 determining whether forestland is primarily devoted to growing trees
9 for long-term commercial timber production on land that can be
10 economically and practically managed for such production, the
11 following factors shall be considered: (a) The proximity of the land
12 to urban, suburban, and rural settlements; (b) surrounding parcel
13 size and the compatibility and intensity of adjacent and nearby land
14 uses; (c) long-term local economic conditions that affect the ability
15 to manage for timber production; and (d) the availability of public
16 facilities and services conducive to conversion of forestland to
17 other uses.

18 (9) "Freight rail dependent uses" means buildings and other
19 infrastructure that are used in the fabrication, processing, storage,
20 and transport of goods where the use is dependent on and makes use of
21 an adjacent short line railroad. Such facilities are both urban and
22 rural development for purposes of this chapter. "Freight rail
23 dependent uses" does not include buildings and other infrastructure
24 that are used in the fabrication, processing, storage, and transport
25 of coal, liquefied natural gas, or "crude oil" as defined in RCW
26 90.56.010.

27 (10) "Geologically hazardous areas" means areas that because of
28 their susceptibility to erosion, sliding, earthquake, or other
29 geological events, are not suited to the siting of commercial,
30 residential, or industrial development consistent with public health
31 or safety concerns.

32 (11) "Long-term commercial significance" includes the growing
33 capacity, productivity, and soil composition of the land for long-
34 term commercial production, in consideration with the land's
35 proximity to population areas, and the possibility of more intense
36 uses of the land.

37 (12) "Minerals" include gravel, sand, and valuable metallic
38 substances.

39 (13) "Public facilities" include streets, roads, highways,
40 sidewalks, street and road lighting systems, traffic signals,

1 domestic water systems, storm and sanitary sewer systems, parks and
2 recreational facilities, and schools.

3 (14) "Public services" include fire protection and suppression,
4 law enforcement, public health, education, recreation, environmental
5 protection, and other governmental services.

6 (15) "Recreational land" means land so designated under RCW
7 36.70A.1701 and that, immediately prior to this designation, was
8 designated as agricultural land of long-term commercial significance
9 under RCW 36.70A.170. Recreational land must have playing fields and
10 supporting facilities existing before July 1, 2004, for sports played
11 on grass playing fields.

12 (16) "Rural character" refers to the patterns of land use and
13 development established by a county in the rural element of its
14 comprehensive plan:

15 (a) In which open space, the natural landscape, and vegetation
16 predominate over the built environment;

17 (b) That foster traditional rural lifestyles, rural-based
18 economies, and opportunities to both live and work in rural areas;

19 (c) That provide visual landscapes that are traditionally found
20 in rural areas and communities;

21 (d) That are compatible with the use of the land by wildlife and
22 for fish and wildlife habitat;

23 (e) That reduce the inappropriate conversion of undeveloped land
24 into sprawling, low-density development;

25 (f) That generally do not require the extension of urban
26 governmental services; and

27 (g) That are consistent with the protection of natural surface
28 water flows and groundwater and surface water recharge and discharge
29 areas.

30 (17) "Rural development" refers to development outside the urban
31 growth area and outside agricultural, forest, and mineral resource
32 lands designated pursuant to RCW 36.70A.170. Rural development can
33 consist of a variety of uses and residential densities, including
34 clustered residential development, at levels that are consistent with
35 the preservation of rural character and the requirements of the rural
36 element. Rural development does not refer to agriculture or forestry
37 activities that may be conducted in rural areas.

38 (18) "Rural governmental services" or "rural services" include
39 those public services and public facilities historically and
40 typically delivered at an intensity usually found in rural areas, and

1 may include domestic water systems, fire and police protection
2 services, transportation and public transit services, and other
3 public utilities associated with rural development and normally not
4 associated with urban areas. Rural services do not include storm or
5 sanitary sewers, except as otherwise authorized by RCW 36.70A.110(4).

6 (19) "Short line railroad" means those railroad lines designated
7 class II or class III by the United States surface transportation
8 board.

9 (20) "Urban governmental services" or "urban services" include
10 those public services and public facilities at an intensity
11 historically and typically provided in cities, specifically including
12 storm and sanitary sewer systems, domestic water systems, street
13 cleaning services, fire and police protection services, public
14 transit services, and other public utilities associated with urban
15 areas and normally not associated with rural areas.

16 (21) "Urban growth" refers to growth that makes intensive use of
17 land for the location of buildings, structures, and impermeable
18 surfaces to such a degree as to be incompatible with the primary use
19 of land for the production of food, other agricultural products, or
20 fiber, or the extraction of mineral resources, rural uses, rural
21 development, and natural resource lands designated pursuant to RCW
22 36.70A.170. A pattern of more intensive rural development, as
23 provided in RCW 36.70A.070(5)(d), is not urban growth. When allowed
24 to spread over wide areas, urban growth typically requires urban
25 governmental services. "Characterized by urban growth" refers to land
26 having urban growth located on it, or to land located in relationship
27 to an area with urban growth on it as to be appropriate for urban
28 growth.

29 (22) "Urban growth areas" means those areas designated by a
30 county pursuant to RCW 36.70A.110.

31 (23) "Wetland" or "wetlands" means areas that are inundated or
32 saturated by surface water or groundwater at a frequency and duration
33 sufficient to support, and that under normal circumstances do
34 support, a prevalence of vegetation typically adapted for life in
35 saturated soil conditions. Wetlands generally include swamps,
36 marshes, bogs, and similar areas. Wetlands do not include those
37 artificial wetlands intentionally created from nonwetland sites,
38 including, but not limited to, irrigation and drainage ditches,
39 grass-lined swales, canals, detention facilities, wastewater
40 treatment facilities, farm ponds, and landscape amenities, or those

1 wetlands created after July 1, 1990, that were unintentionally
2 created as a result of the construction of a road, street, or
3 highway. Wetlands may include those artificial wetlands intentionally
4 created from nonwetland areas created to mitigate conversion of
5 wetlands.

6 (24) "Affordable housing" means, unless the context clearly
7 indicates otherwise, residential housing whose monthly costs,
8 including utilities other than telephone, do not exceed thirty
9 percent of the monthly income of a household whose income is:

10 (a) For rental housing, sixty percent of the median household
11 income adjusted for household size, for the county where the
12 household is located, as reported by the United States department of
13 housing and urban development; or

14 (b) For owner-occupied housing, eighty percent of the median
15 household income adjusted for household size, for the county where
16 the household is located, as reported by the United States department
17 of housing and urban development.

18 (25) "Extremely low-income household" means a single person,
19 family, or unrelated persons living together whose adjusted income is
20 at or below thirty percent of the median household income adjusted
21 for household size, for the county where the household is located, as
22 reported by the United States department of housing and urban
23 development.

24 (26) "Low-income household" means a single person, family, or
25 unrelated persons living together whose adjusted income is at or
26 below eighty percent of the median household income adjusted for
27 household size, for the county where the household is located, as
28 reported by the United States department of housing and urban
29 development.

30 (27) "Permanent supportive housing" is subsidized, leased housing
31 with no limit on length of stay, paired with on-site or off-site
32 voluntary services designed to support a person living with a
33 disability to be a successful tenant in a housing arrangement,
34 improve the resident's health status, and connect residents of the
35 housing with community-based health care, treatment, and employment
36 services.

37 (28) "Very low-income household" means a single person, family,
38 or unrelated persons living together whose adjusted income is at or
39 below fifty percent of the median household income adjusted for
40 household size, for the county where the household is located, as

1 reported by the United States department of housing and urban
2 development.

3 NEW SECTION. **Sec. 3.** A new section is added to chapter 36.70A
4 RCW to read as follows:

5 The Washington center for real estate research at the University
6 of Washington shall produce a report every two years that compiles
7 housing supply and affordability metrics for each city planning under
8 RCW 36.70A.040 with a population of ten thousand or more. The initial
9 report, completed by October 15, 2020, must be a compilation of
10 objective criteria relating to development regulations, zoning,
11 income, housing and rental prices, housing affordability programs,
12 and other metrics relevant to assessing housing supply and
13 affordability for all income segments, including the percentage of
14 cost-burdened households, of each city subject to the report required
15 by this section. The report completed by October 15, 2022, must also
16 include data relating to actions taken by cities under this act. The
17 report completed by October 15, 2024, must also include relevant data
18 relating to buildable lands reports prepared under RCW 36.70A.215,
19 where applicable, and updates to comprehensive plans under this
20 chapter. The Washington center for real estate research shall
21 collaborate with the Washington housing finance commission and the
22 office of financial management to develop the metrics compiled in the
23 report. The report must be submitted, consistent with RCW 43.01.036,
24 to the standing committees of the legislature with jurisdiction over
25 housing issues and this chapter.

26 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.21C
27 RCW to read as follows:

28 If adopted by April 1, 2021, amendments to development
29 regulations and other nonproject actions taken by a city to implement
30 section 1 (1) or (4) of this act, with the exception of the action
31 specified in section 1(1)(f) of this act, are not subject to
32 administrative or judicial appeals under this chapter.

33 NEW SECTION. **Sec. 5.** A new section is added to chapter 36.70A
34 RCW to read as follows:

35 In counties and cities planning under RCW 36.70A.040, minimum
36 residential parking requirements mandated by municipal zoning

1 ordinances for housing units constructed after July 1, 2019, are
2 subject to the following requirements:

3 (1) For housing units that are affordable to very low-income or
4 extremely low-income individuals and that are located within one-
5 quarter mile of a transit stop that receives transit service at least
6 four times per hour for twelve or more hours per day, minimum
7 residential parking requirements may be no greater than one parking
8 space per bedroom or .75 space per unit. A city may require a
9 developer to record a covenant that prohibits the rental of a unit
10 subject to this parking restriction for any purpose other than
11 providing for housing for very low-income or extremely low-income
12 individuals. The covenant must address price restrictions and
13 household income limits and policies if the property is converted to
14 a use other than for low-income housing. A city may establish a
15 requirement for the provision of more than one parking space per
16 bedroom or .75 space per unit if the jurisdiction has determined a
17 particular housing unit to be in an area with a lack of access to
18 street parking capacity, physical space impediments, or other reasons
19 supported by evidence that would make on-street parking infeasible
20 for the unit.

21 (2) For housing units that are specifically for seniors or people
22 with disabilities, that are located within one-quarter mile of a
23 transit stop that receives transit service at least four times per
24 hour for twelve or more hours per day, a city may not impose minimum
25 residential parking requirements for the residents of such housing
26 units, subject to the exceptions provided in this subsection. A city
27 may establish parking requirements for staff and visitors of such
28 housing units. A city may establish a requirement for the provision
29 of one or more parking space per bedroom if the jurisdiction has
30 determined a particular housing unit to be in an area with a lack of
31 access to street parking capacity, physical space impediments, or
32 other reasons supported by evidence that would make on-street parking
33 infeasible for the unit. A city may require a developer to record a
34 covenant that prohibits the rental of a unit subject to this parking
35 restriction for any purpose other than providing for housing for
36 seniors or people with disabilities.

37 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.21C
38 RCW to read as follows:

1 (1) A project action pertaining to residential, multifamily, or
2 mixed use development evaluated under this chapter by a city or town
3 planning under RCW 36.70A.040 is exempt from appeals under this
4 chapter on the basis of the evaluation of or impacts to
5 transportation elements of the environment, so long as the project
6 does not present significant adverse impacts to the state-owned
7 transportation system as determined by the department of
8 transportation and the project is:

9 (a) (i) Consistent with a locally adopted transportation plan; or

10 (ii) Consistent with the transportation element of a
11 comprehensive plan; and

12 (b) (i) A project for which traffic or parking impact fees are
13 imposed pursuant to RCW 82.02.050 through 82.02.090; or

14 (ii) A project for which traffic or parking impacts are expressly
15 mitigated by an ordinance, or ordinances, of general application
16 adopted by the city or town.

17 (2) For purposes of this section, "impacts to transportation
18 elements of the environment" include impacts to transportation
19 systems; vehicular traffic; waterborne, rail, and air traffic;
20 parking; movement or circulation of people or goods; and traffic
21 hazards.

22 **Sec. 7.** RCW 43.21C.420 and 2010 c 153 s 2 are each amended to
23 read as follows:

24 (1) Cities with a population greater than five thousand, in
25 accordance with their existing comprehensive planning and development
26 regulation authority under chapter 36.70A RCW, and in accordance with
27 this section, may adopt optional elements of their comprehensive
28 plans and optional development regulations that apply within
29 specified subareas of the cities, that are either:

30 (a) Areas designated as mixed-use or urban centers in a land use
31 or transportation plan adopted by a regional transportation planning
32 organization; or

33 (b) Areas within one-half mile of a major transit stop that are
34 zoned to have an average minimum density of fifteen dwelling units or
35 more per gross acre.

36 (2) Cities located on the east side of the Cascade mountains and
37 located in a county with a population of two hundred thirty thousand
38 or less, in accordance with their existing comprehensive planning and
39 development regulation authority under chapter 36.70A RCW, and in

1 accordance with this section, may adopt optional elements of their
2 comprehensive plans and optional development regulations that apply
3 within the mixed-use or urban centers. The optional elements of their
4 comprehensive plans and optional development regulations must enhance
5 pedestrian, bicycle, transit, or other nonvehicular transportation
6 methods.

7 (3) A major transit stop is defined as:

8 (a) A stop on a high capacity transportation service funded or
9 expanded under the provisions of chapter 81.104 RCW;

10 (b) Commuter rail stops;

11 (c) Stops on rail or fixed guideway systems, including
12 transitways;

13 (d) Stops on bus rapid transit routes or routes that run on high
14 occupancy vehicle lanes; or

15 (e) Stops for a bus or other transit mode providing fixed route
16 service at intervals of at least thirty minutes during the peak hours
17 of operation.

18 (4) (a) A city that elects to adopt such an optional comprehensive
19 plan element and optional development regulations shall prepare a
20 nonproject environmental impact statement, pursuant to RCW
21 43.21C.030, assessing and disclosing the probable significant adverse
22 environmental impacts of the optional comprehensive plan element and
23 development regulations and of future development that is consistent
24 with the plan and regulations.

25 (b) At least one community meeting must be held on the proposed
26 subarea plan before the scoping notice for such a nonproject
27 environmental impact statement is issued. Notice of scoping for such
28 a nonproject environmental impact statement and notice of the
29 community meeting required by this section must be mailed to all
30 property owners of record within the subarea to be studied, to all
31 property owners within one hundred fifty feet of the boundaries of
32 such a subarea, to all affected federally recognized tribal
33 governments whose ceded area is within one-half mile of the
34 boundaries of the subarea, and to agencies with jurisdiction over the
35 future development anticipated within the subarea.

36 ~~(c) ((In cities with over five hundred thousand residents, notice~~
37 ~~of scoping for such a nonproject environmental impact statement and~~
38 ~~notice of the community meeting required by this section must be~~
39 ~~mailed to all small businesses as defined in RCW 19.85.020, and to~~
40 ~~all community preservation and development authorities established~~

1 ~~under chapter 43.167 RCW, located within the subarea to be studied or~~
2 ~~within one hundred fifty feet of the boundaries of such subarea. The~~
3 ~~process for community involvement must have the goal of fair~~
4 ~~treatment and meaningful involvement of all people with respect to~~
5 ~~the development and implementation of the subarea planning process.~~

6 ~~(d))~~ The notice of the community meeting must include general
7 illustrations and descriptions of buildings generally representative
8 of the maximum building envelope that will be allowed under the
9 proposed plan and indicate that future appeals of proposed
10 developments that are consistent with the plan will be limited.
11 Notice of the community meeting must include signs located on major
12 travel routes in the subarea. If the building envelope increases
13 during the process, another notice complying with the requirements of
14 this section must be issued before the next public involvement
15 opportunity.

16 ~~((e))~~ (d) Any person that has standing to appeal the adoption
17 of this subarea plan or the implementing regulations under RCW
18 36.70A.280 has standing to bring an appeal of the nonproject
19 environmental impact statement required by this subsection.

20 ~~((f) Cities with over five hundred thousand residents shall~~
21 ~~prepare a study that accompanies or is appended to the nonproject~~
22 ~~environmental impact statement, but must not be part of that~~
23 ~~statement, that analyzes the extent to which the proposed subarea~~
24 ~~plan may result in the displacement or fragmentation of existing~~
25 ~~businesses, existing residents, including people living with poverty,~~
26 ~~families with children, and intergenerational households, or cultural~~
27 ~~groups within the proposed subarea plan. The city shall also discuss~~
28 ~~the results of the analysis at the community meeting.~~

29 ~~(g))~~ (e) As an incentive for development authorized under this
30 section, a city shall consider establishing a transfer of development
31 rights program in consultation with the county where the city is
32 located, that conserves county-designated agricultural and forestland
33 of long-term commercial significance. If the city decides not to
34 establish a transfer of development rights program, the city must
35 state in the record the reasons for not adopting the program. The
36 city's decision not to establish a transfer of development rights
37 program is not subject to appeal. Nothing in this subsection (4)

38 ~~((g))~~ (e) may be used as a basis to challenge the optional
39 comprehensive plan or subarea plan policies authorized under this
40 section.

1 (5) (a) Until July 1, ((2018)) 2029, a proposed development that
2 meets the criteria of (b) of this subsection may not be challenged in
3 administrative or judicial appeals for noncompliance with this
4 chapter as long as a complete application for such a development that
5 vests the application or would later lead to vested status under city
6 or state law is submitted to the city within a time frame established
7 by the city, but not to exceed the following time frames:

8 (i) Nineteen years from the date of issuance of the final
9 environmental impact statement, for projects that are consistent with
10 an optional element adopted by a city as of the effective date of
11 this section; or

12 (ii) Ten years from the date of issuance of the final
13 environmental impact statement, for projects that are consistent with
14 an optional element adopted by a city after the effective date of
15 this section.

16 (b) A proposed development may not be challenged, consistent with
17 the timelines established in (a) of this subsection, so long as the
18 development:

19 (i) Is consistent with the optional comprehensive plan or subarea
20 plan policies and development regulations adopted under subsection
21 (1) or (2) of this section;

22 (ii) Sets aside or requires the occupancy of at least ten percent
23 of the dwelling units, or a greater percentage as determined by city
24 development regulations, within the development for low-income
25 households at a sale price or rental amount that is considered
26 affordable by a city's housing programs. This subsection (5) (b) (ii)
27 applies only to projects that are consistent with an optional element
28 adopted by a city pursuant to this section after the effective date
29 of this section; and ((that))

30 (iii) Is environmentally reviewed under subsection (4) of this
31 section ((may not be challenged in administrative or judicial appeals
32 for noncompliance with this chapter as long as a complete application
33 for such a development that vests the application or would later lead
34 to vested status under city or state law is submitted to the city
35 within a time frame established by the city, but not to exceed ten
36 years from the date of issuance of the final environmental impact
37 statement)).

38 ((b)) (c) After July 1, ((2018)) 2029, the immunity from
39 appeals under this chapter of any application that vests or will vest
40 under this subsection or the ability to vest under this subsection is

1 still valid, provided that the final subarea environmental impact
2 statement is issued by July 1, ~~((2018))~~ 2029. After July 1, ~~((2018))~~
3 2029, a city may continue to collect reimbursement fees under
4 subsection (6) of this section for the proportionate share of a
5 subarea environmental impact statement issued prior to July 1,
6 ~~((2018))~~ 2029.

7 (6) It is recognized that a city that prepares a nonproject
8 environmental impact statement under subsection (4) of this section
9 must endure a substantial financial burden. A city may recover or
10 apply for a grant or loan to prospectively cover its reasonable
11 expenses of preparation of a nonproject environmental impact
12 statement prepared under subsection (4) of this section through
13 access to financial assistance under RCW 36.70A.490 or funding from
14 private sources. In addition, a city is authorized to recover a
15 portion of its reasonable expenses of preparation of such a
16 nonproject environmental impact statement by the assessment of
17 reasonable and proportionate fees upon subsequent development that is
18 consistent with the plan and development regulations adopted under
19 subsection (5) of this section, as long as the development makes use
20 of and benefits ~~((from))~~ from, as described in subsection (5) of
21 this section, ~~((from))~~ the nonproject environmental impact statement
22 prepared by the city. Any assessment fees collected from subsequent
23 development may be used to reimburse funding received from private
24 sources. In order to collect such fees, the city must enact an
25 ordinance that sets forth objective standards for determining how the
26 fees to be imposed upon each development will be proportionate to the
27 impacts of each development and to the benefits accruing to each
28 development from the nonproject environmental impact statement. Any
29 disagreement about the reasonableness or amount of the fees imposed
30 upon a development may not be the basis for delay in issuance of a
31 project permit for that development. The fee assessed by the city may
32 be paid with the written stipulation "paid under protest" and if the
33 city provides for an administrative appeal of its decision on the
34 project for which the fees are imposed, any dispute about the amount
35 of the fees must be resolved in the same administrative appeal
36 process.

37 (7) If a proposed development is inconsistent with the optional
38 comprehensive plan or subarea plan policies and development
39 regulations adopted under subsection (1) of this section, the city

1 shall require additional environmental review in accordance with this
2 chapter.

3 **Sec. 8.** RCW 36.70A.490 and 2012 1st sp.s. c 1 s 309 are each
4 amended to read as follows:

5 The growth management planning and environmental review fund is
6 hereby established in the state treasury. Moneys may be placed in the
7 fund from the proceeds of bond sales, tax revenues, budget transfers,
8 federal appropriations, gifts, or any other lawful source. Moneys in
9 the fund may be spent only after appropriation. Moneys in the fund
10 shall be used to make grants or loans to local governments for the
11 purposes set forth in RCW 43.21C.240, 43.21C.031, (~~(e)~~) 36.70A.500,
12 section 1 of this act, for costs associated with section 3 of this
13 act, and to cover costs associated with the adoption of optional
14 elements of comprehensive plans consistent with RCW 43.21C.420. Any
15 payment of either principal or interest, or both, derived from loans
16 made from this fund must be deposited into the fund.

17 NEW SECTION. **Sec. 9.** A new section is added to chapter 35.21
18 RCW to read as follows:

19 A city may not prohibit permanent supportive housing in areas
20 where multifamily housing is permitted.

21 NEW SECTION. **Sec. 10.** A new section is added to chapter 35A.21
22 RCW to read as follows:

23 A code city may not prohibit permanent supportive housing in
24 areas where multifamily housing is permitted.

25 NEW SECTION. **Sec. 11.** A new section is added to chapter 36.22
26 RCW to read as follows:

27 (1) Except as provided in subsection (2) of this section, a
28 surcharge of two dollars and fifty cents shall be charged by the
29 county auditor for each document recorded, which will be in addition
30 to any other charge or surcharge allowed by law. The auditor shall
31 remit the funds to the state treasurer to be deposited and used as
32 follows:

33 (a) Through June 30, 2024, funds must be deposited into the
34 growth management planning and environmental review fund created in
35 RCW 36.70A.490 to be used first for grants for costs associated with

1 section 1 of this act and for costs associated with section 3 of this
2 act, and thereafter for any allowable use of the fund.

3 (b) Beginning July 1, 2024, sufficient funds must be deposited
4 into the growth management planning and environmental review fund
5 created in RCW 36.70A.490 for costs associated with section 3 of this
6 act, and the remainder deposited into the home security fund account
7 created in RCW 43.185C.060 to be used for maintenance and operation
8 costs of: (i) Permanent supportive housing and (ii) affordable
9 housing for very low-income and extremely low-income households.
10 Funds may only be expended in cities that have taken action under
11 section 1 of this act.

12 (2) The surcharge imposed in this section does not apply to: (a)
13 Assignments or substitutions of previously recorded deeds of trust;
14 (b) documents recording a birth, marriage, divorce, or death; (c) any
15 recorded documents otherwise exempted from a recording fee or
16 additional surcharges under state law; (d) marriage licenses issued
17 by the county auditor; or (e) documents recording a federal, state,
18 county, or city lien or satisfaction of lien.

19 (3) For purposes of this section, the terms "permanent supportive
20 housing," "affordable housing," "very low-income households," and
21 "extremely low-income households" have the same meaning as provided
22 in RCW 36.70A.030.

23 NEW SECTION. **Sec. 12.** Section 11 of this act is necessary for
24 the immediate preservation of the public peace, health, or safety, or
25 support of the state government and its existing public institutions,
26 and takes effect July 1, 2019.

Passed by the House April 24, 2019.

Passed by the Senate April 22, 2019.

Approved by the Governor May 9, 2019.

Filed in Office of Secretary of State May 13, 2019.

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APPENDIX 6: COMMERCE CROSS-WALK

The following table illustrates how the Housing Action Plan complies with the requirements under HB 1923 and codified in RCW 36.70A.200(2) as implemented by the Washington Department of Commerce.

HB 1923 Requirement	Compliance
Quantify existing and projected housing needs for all income levels, including extremely low-income households, with documentation of housing and household characteristics, and cost-burdened households;	The Housing Needs Assessment presented herein quantifies existing and projected housing needs for all income levels, including extremely low-income households. It documents housing and household characteristics on pages 7 through 10 in Appendix 1. It addresses cost burden and the housing gap on pages 25 through 26.
Develop strategies to increase the supply of housing, and variety of housing types, needed to serve the housing needs identified in (a) of this subsection;	The final Housing Action Plan presented herein delineates a wide variety of strategies and policies designed to increase the supply and variety of housing needed to serve the needs identified in the Housing Needs Assessment. For example, recommended actions in the Plan call for modifying development regulations (use tables and bulk regulations) to increase the places and situations where “missing middle” housing can be built. The plan recommends more widespread use of the R-2 and R-3 zones in areas currently zoned R-1 that have not developed fully to incorporate more diverse housing types into future neighborhoods. Other actions to increase the supply and diversity of housing types include revising tiny home and ADU regulations, using the multi-family tax exemption as an incentive to build affordable housing, allowing first-floor residential in some commercial zones, and building partnerships with affordable housing developers.
Analyze population and employment trends, with documentation of projections;	The Housing Needs Assessment presented in brief in Section F and in full in Appendix 1 of this Plan analyzes population trends on page 5 and population projections on

	<p>page 21 of Appendix 1. It examines employment trends on page 14 and employment projections on page 16 of Appendix 1. Care has been taken in this process to account for the demographic and economic factors that make Oak Harbor unique. These projections, particularly population, are used as the basis for calculating expected housing needs over the planning period.</p>
<p>Consider strategies to minimize displacement of low-income residents resulting from redevelopment;</p>	<p>The Housing Action Plan contemplates a number of strategies explicitly designed to minimize displacement of low-income residents resulting from redevelopment. For example, a wide range of individual actions associated with the “Affordable Housing Preservation Strategies” include collecting data on rental properties, increasing investments to purchase and preserve the most at-risk existing affordable housing, and creating a rehabilitation, repair, and weatherization program. The Plan also recommends creating a property maintenance incentive and increasing density bonus incentives. The Multi Family Tax Exemption (MFTE) is identified as a possible funding source for rehabilitation of existing affordable housing. Lastly, an action to update the City’s landlord-tenant ordinances would help protect some of the most displacement-vulnerable residents.</p>
<p>Review and evaluate the current housing element adopted pursuant to RCW 36.70A.070, including an evaluation of success in attaining planned housing types and units, achievement of goals and policies, and implementation of the schedule of programs and actions;</p>	<p>The Housing Action Plan includes an evaluation of the success of the current Housing Element of the adopted Oak Harbor Comprehensive Plan (Appendix 3). This evaluation finds that the Land Use and Housing Elements of the Oak Harbor 2036 comprehensive plan provides a good deal of existing policy support for several of the strategies in this HAP. Recommendations for the city as it sets its sights on a plan update due in June 2025 include creating policies supporting the implementation of the MFTE, an interlocal</p>

	<p>agreement with Island County on bank banking, first-floor residential uses in mixed-use and commercial zones, and establishment of a maintenance and repair program. We also recommend updating Housing Policy 1.b to more explicitly support “missing middle” housing.</p>
<p>Provide for participation and input from community members, community groups, local builders, local realtors, nonprofit housing advocates, and local religious groups; and</p>	<p>The Housing Action Plan effort prioritized public and stakeholder engagement from the beginning. City staff and the City Council approved a Project Charter (Appendix 8) and Public Involvement Plan, or PIP (Appendix 9) as two of the first formal actions associated with the project. The Stakeholder Advisory Committee formed to guide the development of the HNA and HAP included representatives from the City, county, and area tribes; federal and state agency representatives, including NASWI; the building and development community; housing and community service providers; realtors; and other local stakeholder groups. This stakeholder committee held three meetings/work sessions and stayed engaged through email and the interactive data and document review platform. Additionally, public engagement through the Konveio platform and newsletters from the City resulted in participation and input from a range of community members.</p>
<p>Include a schedule of programs and actions to implement the recommendations of the housing action plan.</p>	<p>The Housing Action Plan includes an implementation strategy for its policies on page 38 of the plan, in Chapter F. This action implementation table was developed by staff in consultation with city officials and the advisory committee.</p>

APPENDIX 7: GLOSSARY OF TERMS AND FUNDING SOURCES

Affordable Housing Development Information

This section describes the affordable housing development and finance process and how it differs from market rate development, lists common state and local funding sources for housing, and includes a description of geographies associated with affordable housing benefits.

Typical Affordable Housing Development Process

The development of new, multifamily regulated affordable housing is a long and complex process. It is subject to many of the same development conditions as market-rate development, with added complexity due to lower rents requiring additional, lower-cost funding. The development process begins in predevelopment (design and feasibility, land entitlements, and funding applications) then enters construction, before beginning operations. The following are typical development phases for regulated affordable housing projects.

Design and Feasibility

Affordable housing developers start with an understanding of the need for less expensive housing in an area.

How many units are needed at what rent level?

What income levels have the biggest gaps in housing supply?

What populations are struggling with housing costs the most?

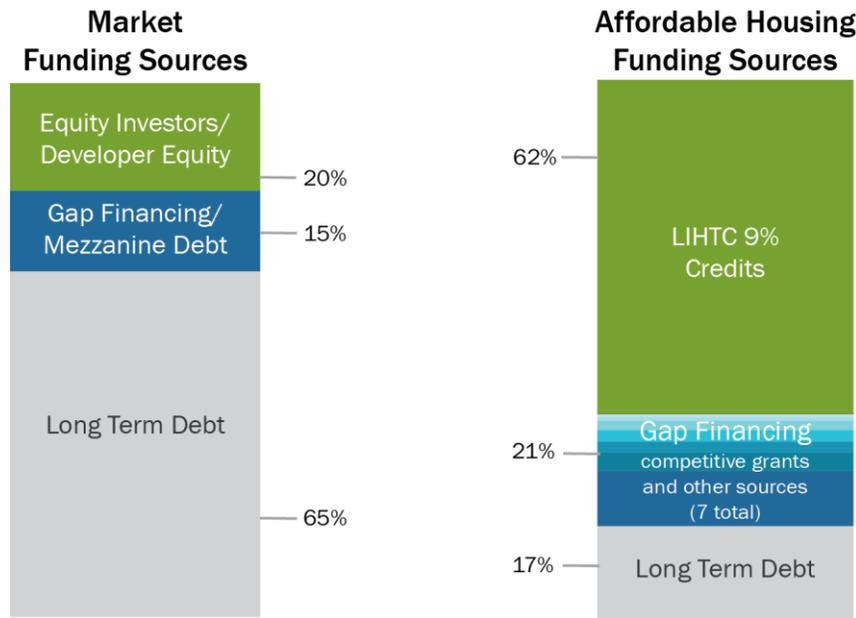
Just like market rate developers, affordable housing developers test the financial feasibility of what they hope to build against the local political and economic conditions. They must estimate what it will cost to build, what affordability levels the region needs, and the amount of funding available to build the project. If the project is not financially or politically feasible (i.e., cannot find adequate funding sources or does not meet a neighborhood's goals), building the housing will be immensely challenging. Key challenges that are considered: cost of land, development allowed on the land (zoning), costs of construction, rents or prices, costs of operations (for multifamily), or local opposition to the project.

How does affordable housing differ?

Both affordable housing development and market-rate development need to go through design and feasibility. Affordable housing development differs from market-rate development in this stage due to limited funding. With the goal of providing below-market rents, the financing structure (often called the “capital stack”) of an affordable housing development needs to fill a gap (often called a “funding gap”) between what it costs to build the property and what the property's operations can support. A market rate development will typically have investor equity and one or two types of debt financing, but an affordable housing development may also need to secure public funding, grants, operating subsidies, and low-cost or forgivable debt on top of competitive investor equity sources (see the figure on the following page). Some affordable housing developers need to secure predevelopment loans or grants as they work out the

logistics of project feasibility. Sometimes, affordable housing developments are given free or reduced cost land, which aids feasibility and reduces the amount of debt needed.

Typical Capital Stacks in a Market Rate and a 9% LIHTC Affordable Housing Development



Source: ECONorthwest

Land Use Entitlements

This is the process of getting control of the site (buying land or assembling parcels) and getting the legal authority to develop (zoning and permitting, design review, neighborhood opposition, etc.). This can take months or years depending on the type of project, the required level of public review, the time it takes to obtain permits, the amount of neighborhood opposition, and many other factors. Developers typically take out pre-development loans to cover these costs, meaning that delays incur “carrying costs” (the interest that accrues on the loan each month of the process). This loan may be wrapped into or repaid by the construction loan.

How does affordable housing differ?

Both affordable housing developments and market-rate developments need to secure land use entitlements. One major way that affordable housing development differs from market-rate development in this stage, is due to neighborhood opposition. It is common for neighborhoods to object to a new affordable housing development, and some may use the slow land use entitlements process to delay or “kill” a project. Some market-rate developments may face opposition in this process, but they may also be in a better financial position to weather delays (e.g., if a market rate developer does not need a pre-development loan, delays do not incur carrying costs).

Public Funding Applications

This is a unique step required of affordable housing development that does not apply to market-rate development. Often, affordable housing developments receive public funding in exchange for renting to low-income households. With rents set below market, the property will have insufficient rent revenue to cover its operating costs and support the loans needed to pay for development. Thus, the property must apply for a range of low-cost funding, project equity, or grants to reach feasibility and begin construction. This step adds cost, time, complexity, and uncertainty to the development process. Because public funding is limited, these application cycles are very competitive and not all projects will receive the funding to move forward. The policy goals attached to each funding amount can influence the type of housing built (e.g., housing for families or seniors) as well as the income levels served. Most often, a project needs to have site control before it can receive funding.

How does affordable housing differ?

Market-rate developments do not typically need to secure public funding for development.

Construction

Once a property has site control, entitlements, and a confirmed design concept, it can begin construction. This stage depends on the availability of labor, materials, and equipment, as well as the complexity and size of the development. The project will take out a construction loan to cover these costs, which means that delays in construction incur additional “carrying costs.” The construction loan is repaid by the permanent loan, which is sized based on the net operating income of the project (rent revenues minus operating expenses).

How does affordable housing differ?

Affordable housing projects do not meaningfully differ from market-rate projects in the construction process. However, they may have simpler designs and prioritize faster construction timelines.

Operations

Once the project is built and leased, it begins operations. Rents are determined at the project feasibility stage and are very important in the project’s operating phase. Feasibility and funding applications can occur several years prior to the project operating. The revenues from property rents need to be high enough to cover the cost of operating the property (including maintenance and repairs, landscaping, taxes, and numerous other fees and costs). The project’s net operating income must also service the monthly debt payments on the permanent loan. Banks generally require an income “cushion” to assure that the property has enough operating income to pay its debts. This means that net operating income must be 15 percent to 20 percent higher than the debt payment. Any change in rent revenues (market softening, competition, vacancies, etc.), costs of operations (higher taxes, maintenance costs, capital repairs, etc.) can meaningfully disrupt a property’s operations.

How does affordable housing differ?

Affordable housing properties operate under affordability restrictions for a specified period of time (e.g., 15-99 years), and are typically managed by mission-driven developers or non-profit organizations. In contrast, many market rate properties will sell to an institutional investor after the

property stabilizes (after 5 or 8 years of operations). Another difference in affordable housing operations is that typically, affordable housing properties are required to put a portion of operating funds into reserves (both capital reserves and or operating reserves) which serve as a cushion for unexpected vacancies, disruptions to operations, or major capital repairs. These reserves help prevent most affordable housing properties from defaulting on debt service requirements (LIHTC properties, in particular, have very low default rates). Market rate properties are not required to keep reserves. Lastly, another difference in affordable housing operations, is that often the properties may have insufficient cash flow (funds left over after paying for operating expenses and debt) to pay for any cash-flow dependent line items (e.g., the developer fee, cash-flow dependent loans, etc.) In contrast, market rate properties seek financial returns from the property, to provide steady cash flow to the owner or investor. While cash flow is not always available due to market rent fluctuations and or vacancies, the deals are structured to seek financial returns.

Local Affordable Housing Funding Sources

This section describes the state and local affordable housing funding sources available to developers looking to construct affordable housing properties in Oak Harbor. This section focuses solely on funding sources, not indirect financing sources that provide financial benefits to properties via reduced costs. The local funding sources do not include non-financial funding sources, like density bonuses or impact fee waivers, that indirectly provide funding by reducing costs.

Washington State Funding Sources

The Washington State Housing Finance Commission offers several funding programs to build multifamily affordable housing. Additionally, properties utilizing some of these funding sources can receive funding “boosts” if they are located in one of the geographic areas described below.

The Low-Income Housing Tax Credit (LIHTC) program is the largest source of funding. It has two types: the 9% tax credit program is more valuable, but limited, and is awarded competitively through annual funding applications. The 4% bond tax credit program is less valuable for project financing, but the program is not competitive. Any project that is able to make the funding program work can access the tax credits up to a certain bond cap across the state. These programs typically fund housing units that are affordable to households earning below 60% of AMI.

The 80/20 Private Activity Bond program can fund construction and development costs for affordable housing projects. The interest on the funding is tax exempt, thereby reducing total development costs and increasing project feasibility. This program typically funds housing units that are affordable to households earning below 60% of AMI.¹⁴

Non-Profit Housing Bonds can assist 501(c)(3) nonprofits in financing numerous housing developments. These funds are more flexible than other types of financing programs.

The Land Acquisition Program assists qualified nonprofits with purchasing land for affordable housing development.

The Washington State Department of Commerce offers three additional funding programs for developing affordable housing.

The Washington State Housing Trust Fund provides loans and grants to affordable housing projects through annual competitive applications. This program typically funds housing units that are affordable to households earning below 80% of AMI.

The Housing Preservation Program provides funding for affordable housing rehabilitation, preservation, and capital improvement needs. It is only available for projects that have previously received Housing Trust Funds.

The HOME Program is a federal block grant program funded through the US Department of Housing and Urban Development (HUD). This program offers funding for the preservation and

¹⁴ Washington State Housing Finance Commission. 2020. Multifamily Housing 80/20 Bond Program: <https://www.wshfc.org/mhcf/BondsOnly8020/index.htm>

development of affordable rental housing to non-profit organizations, public housing authorities, and local and tribal governments. HOME Funds typically build units that are affordable to households earning below 50% of AMI.

Local Funding Sources

A property tax levy (RCW 84.52.105) – allows jurisdictions to place an additional tax up to \$0.50 per thousand dollars assessed for up to ten years. Funds must go toward financing affordable housing for households earning below 50% MFI.

A sales tax levy (RCW 82.14.530) – allows jurisdictions to place a sales tax up to 0.1 percent. At least 60 percent of funds must go toward constructing affordable housing, mental/behavioral health-related facilities, or funding the operations and maintenance costs of affordable housing and facilities where housing-related programs are provided. At least 40 percent of funds must go toward mental / behavioral health treatment programs and services or housing-related services. The City of Oak Harbor may enter into an interlocal agreement with Island County to distribute these funds in a program run by the County.

A real estate excise tax (REET) (RCW 82.46.035) – allows a portion of City REET funds to be used for affordable housing projects and the planning, acquisition, rehabilitation, repair, replacement, construction, or improvement of facilities for people experiencing homelessness. These projects must be listed in the City's the capital facilities plan. Oak Harbor currently uses this.

Island County Community Development Block Grants (CDBG) – Island County receives CDBG funding from the U.S. Department of Housing and Urban Development (HUD). CDBG funds can be used in a variety of ways, including the funding of low-income housing development and social services to improve the living conditions of homes within the county. CDBG public facilities Notice of Funding Availability typically is published in the fall for contracts that commence during the following summer.¹⁵

Federal Government Designated Geographic Areas for Affordable Housing Support

Developing a regulated affordable housing property can be a complex and difficult process. Different funding sources may have different priorities, and the costs of land and development can be prohibitive. To help alleviate some of these difficulties, the federal government has designated certain geographic areas to receive higher priority or more funding for regulated affordable housing development. These include Qualified Census Tracts, Difficult to Develop Areas, and Opportunity Zones, each described below.

Qualified Census Tracts

HUD defines a Qualified Census Tract (QCT) as a Census Tract with “50 percent of households with incomes below 60 percent of the Area Median Gross Income (AMGI)” or one where the

¹⁵ Pierce County Community Development Block Grant Program. 2020.
<https://www.co.pierce.wa.us/4853/Community-Development-Block-Grant-Progra>

poverty rate exceeds 25 percent. ¹⁶ Affordable housing developments in QCTs that apply for LIHTC funding receive a boost in the amount of tax credits they can receive. Oak Harbor does not have any QCTs.

Difficult Development Areas

HUD defines a Difficult Development Areas (DDA) as “areas with high land, construction and utility costs relative to the area median income” and uses HUD Fair Market Rents, income limits, 2010 census, and 5-year American Community Survey (ACS) data as determinants. All of Whidbey and Camano Islands are considered a DDA. DDA properties using the Low-Income Housing Tax Credit (LIHTC) program can receive a 30 percent basis boost in qualified costs, increasing tax credits and resulting in greater investment equity in a project.

Opportunity Zones

In addition, the 2017 federal Tax Cuts and Jobs Act created the Opportunity Zone program which is designed to incentivize investment in low-income communities by providing tax benefits. Opportunity Zones are Census Tracts where the poverty rate exceeds 20 percent. ¹⁷ While there are no specific funding boosts for affordable housing projects developed in Opportunity Zones, the tax incentives make other types of multifamily development more feasible. A large portion of central Oak Harbor is considered an Opportunity Zone.

¹⁶ HUD. 2020. “Qualified Census Tracts and Difficult Development Areas.” www.huduser.gov/portal/datasets/qct.html

¹⁷ Washington State Department of Commerce. 2020. “Opportunity Zones-An Incentive to Invest in Lower-Income Areas.” <https://www.commerce.wa.gov/growing-the-economy/opportunity-zones/>

APPENDIX 8: PROJECT CHARTER

CITY OF OAK HARBOR HOUSING ACTION PLAN PROJECT CHARTER



June 1, 2020



CITY OF OAK HARBOR HOUSING ACTION PLAN PROJECT CHARTER

Purpose

The purpose of a Project Charter is:

- ✓ To provide an understanding of the project, the reason the project is being conducted, its justification, and to provide guidance for completion;
- ✓ To establish the general scope of work and project schedule;
- ✓ To establish communication protocols; and,
- ✓ To identify potential risks and strategies to address those risks.

Project Background

The Washington State Department of Commerce (“Commerce”) received \$5 million in the 2019 Legislative Session to provide grant funds to local governments for activities to increase residential building capacity, streamline development, or develop a Housing Action Plan (HAP).

The City of Oak Harbor has chosen to develop a HAP that will focus on encouraging construction of a greater variety of additional affordable and market rate housing types that are accessible to a variety of incomes. Specifically, the HAP project will:

- ✓ Quantify existing and projected housing needs for all income levels
- ✓ Develop strategies to increase the supply of housing needed by those income levels
- ✓ Analyze population and employment trends
- ✓ Consider strategies to minimize displacement of low-income residents resulting from redevelopment
- ✓ Review and evaluate the Comprehensive Plan Housing Element
- ✓ Provide for participation and input from a variety of stakeholders
- ✓ Include a schedule of programs and actions for implementation of the HAP

The Commerce deadline for adoption of the HAP is June 30, 2021. However, it is expected the Oak Harbor City Council will adopt the HAP by May 31, 2021.

Project Goals and Objectives

As noted in the Oak Harbor’s Comprehensive Plan, almost half of the City’s homeowner and renter households are classified as cost-burdened by rising housing costs, meaning they pay more than 30 percent of their income toward their housing. In an effort to address this issue, to encourage the preservation of existing affordable housing, and to help promote development of new housing, the City is developing a HAP to gain a better understanding of housing issues and challenges the City faces.

Goals

- ✓ Assess the housing needs of Oak Harbor
- ✓ Through a comprehensive public engagement process, develop a strategy addressing housing needs for the citizens of Oak Harbor
- ✓ Prepare a HAP that is consistent with the housing element of the City’s Comprehensive Plan and addresses goals and policies

Objectives

- ✓ Develop strategies and recommendations to increase the supply and types of housing needed in Oak Harbor
- ✓ Develop zoning, regulatory, and incentive strategies to support housing that meets the needs of Oak Harbor
- ✓ Evaluate and refine existing housing policies and actions
- ✓ Develop recommendations for improvement based on housing needs assessment data
- ✓ Identify a schedule of programs/actions to implement the recommendations of the HAP
- ✓ Create a collaborative process that is inclusive and focused on housing solutions

Project Team Members

City of Oak Harbor

Cac Kamak	Interim Development Services Director	City of Oak Harbor
Dennis Lefevre	Senior Planner (Project Manager)	City of Oak Harbor
Ray Lindenburg	Associate Planner	City of Oak Harbor

LDC (consulting team)

Todd Hall	Planning Manager	LDC, Inc.
Matt Covert	Planner	LDC, Inc.
Isaac Anzlovar	Permit Tech	LDC, Inc.
Samantha Adams	Permit Tech	LDC, Inc.

Dennis Lefevre, Senior Planner, City of Oak Harbor, is the project manager and responsible for day to day management of the project. LDC, Inc., is the contracted consulting team assisting the City of Oak Harbor during the project.

The project team will communicate bi-weekly to provide guidance and updates during the course of the project to discuss project tasks, project status and to ensure the project schedules stay on course and deliverable due dates are met. Schedule and scope adjustments may occur on an as-needed basis. Notes of informal meetings will be emailed at the conclusion of meetings. Minutes will only be taken for any formal project meetings.

Public Participation / Project Webpage

A major component of this project is to allow for public participation and opportunities for engagement. The City and consulting team will provide for both online and in-person engagement opportunities throughout the project timeline. Any meetings associated to the project will be posted on the website in a conspicuous location.

In addition, a project webpage (landing page) will be hosted on the City’s website. This website will be frequently updated with general project information, project timelines, meeting dates/times, and an opportunity to directly comment on project documents that are uploaded to the site during the course of the project.

External Communications Protocols

Dennis Lefevre, Senior Planner, City of Oak Harbor, is the project manager. Any external communications (i.e. project stakeholders, public, media, etc.) will be routed through Mr. Lefevre. No external communication is to be routed to the consulting team.

LDC/City will mutually manage meeting scheduling, format, and arrangements. For formal meetings, the City and consulting team will provide agendas and any presentation materials necessary for the meetings. Meeting minutes will only be taken for formal meetings.

Estimated Project Schedule

The following is a general project schedule, which is subject to change. Refer to Appendix A - Scope of Work for a more detailed list of project tasks.

Task	Dates
Task 1: Project Kick-Off/Charter	April 22 – May 31, 2020
Task 2: Public Involvement Plan/Webpage Development	May 1 – May 31, 2020
Task 3: Housing Needs Assessment	June 1 – September 30, 2020
Task 4: Preliminary Draft Housing Action Plan	October 1 – December 31, 2020
Task 5: Final Draft Housing Action Plan	January 1 – April 15, 2021
Task 6: Public Hearing Process/Final Adoption	April 15 – May 31, 2021

Project Deliverables

Task 1	<ul style="list-style-type: none"> Project Charter distributed to project team (LDC) Project schedule (LDC) Establish website landing page (LDC)
Task 2	<ul style="list-style-type: none"> Public Involvement Plan (LDC) Develop SAC Membership, SAC engagement invitation and send to key stakeholders & public (City/LDC) Lead facilitation with Planning Commission and City Council (City)

Task 3	<ul style="list-style-type: none"> • Housing Needs Assessment (LDC) • Review/comment by City (City) • Revise document, if necessary (LDC)
Task 4	<ul style="list-style-type: none"> • Preliminary Draft Housing Action Plan (LDC/City) • Support staff with Preliminary Draft Plan (LDC)
Task 5	<ul style="list-style-type: none"> • Final Draft Housing Action Plan (LDC/City) • Support staff with Final Draft Plan (LDC) • Public notification/mailings (City) (LDC assist w/ project page) • Support staff at hearing, if requested (LDC)
Task 6	<ul style="list-style-type: none"> • Present Final Housing Action Plan to City Council (City) • Public notification/ mailing (City) (LDC assist w/ project page)



Assumptions and Constraints

Assumptions - Involved staff and stakeholder groups will have time to devote to the project in the schedule identified in this Charter. Public engagement will be available online and in-person (when practical). The project budget will be sufficient to complete the project.

Constraints - Limited staff resources. The city has identified the senior planner as the only staffing resource dedicated for this project. At the time of writing of this Charter, there are no other expected constraints for the project.

Expectations and Keys to Success

The following factors will be necessary to ensure project success:

- Build trust with project stakeholders and the community at-large
- Establish common goals among the project team and stakeholders
- Provide clear, concise, and consistent messaging

- Provide documents that are easy to understand by the general public
- Encourage participation from all populations, including elderly and under-represented population
- Ensure a higher awareness and understanding of housing needs and issues

Project Risks and Mitigation

The following is a list of potential risks that have been identified for this project:

1. Lack of understanding of the project – A housing needs assessment and housing action plan are needed to identify both short- and long-term housing needs within the City of Oak Harbor. The overall process and methods of identifying these needs may not be understandable to the general public. The project team should collectively work together to ensure that messaging is clear, understandable and accurately represents the issues raised by project stakeholders and participants.
2. Public engagement methods – Due to the recent COVID-19 pandemic, State and Federal government have placed restrictions on public gatherings, severely impacting opportunities for traditional public engagement methods. Even after the pandemic passes, there may be a greater fear of meeting in-person for quite some time. This has a significant effect on those who prefer to engage face-to-face vs. online, either by choice or because of a lack of online resources (Internet). The project team will need to assess current conditions at the time of each phase of the project, adjust participation methods and ensure that whatever the current health directives and social distancing protocols are in place, that the public is engaged to the best extent possible.
3. Limited staffing and duration of grant window – As noted above, the city has one assigned planner to this project. Depending on the Planning Department's work program, the City's project manager may be assigned to other projects as needed. This may have an impact on meeting project deliverables and deadlines as noted in the Commerce grant award and schedule. In order to ensure the project stays on track and the housing action plan is adopted by the June 30, 2021 deadline as mandated by Commerce, the city will need to ensure continuous staff resources throughout the life of the project.
4. Housing Action Plan through Legislative Process – During the budget/holiday season (October – early January), City Council agendas are typically busy with review and approval of the budget, and due to limited available meetings there may be a delay in review of the draft Housing Action Plan. In order to ensure the project stays on schedule, the project team should inform the Council that due to the grant deadlines for the project, every effort should be made to accommodate project review during the budget season.

Appendix A – Scope of Work

PHASE 1: LEARN

ACTION 1.1: INITIAL CITY VISIT/LEADERSHIP/PROJECT MANAGEMENT

STEP 1.1.1 Meet with appropriate City staff. Discuss existing housing conditions, community values/needs/issues and goals and expectations of Housing Action Plan. Discuss schedule, deliverables, communication protocols, public outreach methods/opportunities.

ACTION 1.2: PUBLIC INVOLVEMENT PLAN (PIP)/ESTABLISH WEBSITE – STORY MAP

STEP 1.2.1 Establish stakeholder advisory committee (SAC).

STEP 1.2.2 Identify and involve local and regional developers with interest in developing low- to moderate-income housing.

STEP 1.2.3 Develop PIP outlining: schedule, approaches, methods, goals, activities, stakeholders, team responsibilities, identification of venues & translation needs.

Deliverables/Assumptions:

- Kick-off Meeting
- City Housing Tour
- SAC Membership/Charter
- PIP/Schedule
- Project Website – Story Map

PHASE 2: EXPLORE

ACTION 2.1: HOUSING NEEDS ASSESSMENT

STEP 2.1.1 Quantify existing and projected housing needs for all income levels, including extremely low-income households/documentation of housing and household characteristics/cost burdened households (Housing Gap Analysis).

2.1.1.1 Document type and age of housing.

2.1.1.2 Identify how many households in each income segment are paying more than 30% of income for housing.

2.1.1.3 Identify housing and household characteristics.

2.1.1.4 Identify various levels of cost burdened households.

2.1.1.5 Project housing needs based on anticipated population forecast/all income levels.

2.1.1.6 Analyze population trends/forecasts.

2.1.1.7 Develop plan for maintaining existing housing stock within the City.

STEP 2.1.2 Review and evaluate effectiveness of current code provisions related to housing (Land Use Code Audit).

STEP 2.1.3 Identify barriers to accessing and production of housing.

STEP 2.1.4 Consider strategies to minimize displacement of low-income residents resulting from redevelopment.

STEP 2.1.5 Review Housing Needs Assessment with SAC.

Deliverables/Assumptions:

- Complete draft Housing Needs Assessment to review with SAC and Planning Commission.
- GIS maps/visuals supporting Housing Needs Assessment, identifying housing needs within City (neighborhoods).

PHASE 3: PRELIMINARY STRATEGIES

ACTION 3.1: DEVELOP INCENTIVES, STRATEGIES AND PROGRAMS INCREASING THE SUPPLY/VARIETY OF HOUSING TYPES IDENTIFIED IN THE HOUSING NEEDS ASSESSMENT

STEP 3.1.1 Identify housing types that are recommended and allowed by zoning.

STEP 3.1.2 Identify the types and densities of housing needed based on demographic and economic segments.

STEP 3.1.3 Identify incentives and regulations to encourage a variety of housing types.

STEP 3.1.4 Review trade-offs in various code requirements as they affect the yield of housing development (i.e. parking requirements, setbacks, and open space).

STEP 3.1.5 Evaluate the Housing Element to determine the effectiveness of development regulations in implementing these policies, whether short/long-term, fiscal impacts.

STEP 3.1.6 Develop financial analysis based on the identified incentives.

STEP 3.1.7 Review with SAC.

Deliverables/Assumptions:

- Complete list of incentives and financial analysis.
- Coordination with staff during strategy development.

PHASE 4: DRAFT HOUSING ACTION PLAN

ACTION 4.1: PRELIMINARY DRAFT HOUSING ACTION PLAN

STEP 4.1.1 Development of draft Housing Action Plan.

STEP 4.1.2 Provide draft to staff/leadership/public for comment and review

4.1.2.1 Implement PIP, as developed in ACTION 1.2.

STEP 4.1.3 Identify schedule of programs and actions to implement the recommendations of the Housing Action Plan.

Deliverables/Assumptions:

- Draft plan for staff/leadership/public review.
- In collaboration with City, provide updated project information to website/storymap.
- LDC to coordinate with staff for public noticing.

PHASE 5: FINAL REVIEW & ADOPTION

ACTION 5.1: FINAL HOUSING ACTION PLAN

STEP 5.1.1 Refine and finalize documents based on staff/public/SAC comments.

STEP 5.1.2 Additional review/comment by PC/CC at public hearings.

Deliverables/Assumptions:

- Provide clean final copy of Housing Action Plan and supporting documents.
- Final website update with complete document.

APPENDIX 9: PUBLIC PARTICIPATION PLAN

CITY OF OAK HARBOR HOUSING ACTION PLAN

PUBLIC INVOLVEMENT PLAN

Goal

The goal of the Public Involvement Plan (PIP) for the Housing Action Plan (HAP) is to achieve valuable public involvement and input during the project. The PIP acts as a guide to:

- ✓ Engage and obtain input from the public, key stakeholders, and various community groups and organizations in Oak Harbor and the surrounding community
- ✓ Convey project information in a clear and meaningful way
- ✓ Provide a transparent and open decision-making process

Project Overview

Washington State Engrossed 2nd Substitute House Bill 1923 (ES2HB 1923) granted the Washington State Department of Commerce (“Commerce”) \$5 million in the 2019 Legislative Session to provide grant funds to local governments for activities to increase residential building capacity, streamline development, or develop a Housing Action Plan. The City of Oak Harbor received an \$80,000 grant from Commerce to complete a HAP, the goal of which will be to assess current and future housing needs and offer strategies and recommendation for policy or development regulations that will allow for a variety of housing types with varying income ranges.

Per RCW 36.70A.600(2), the scope of work for a housing action plan is:

The goal of any such housing plan must be to encourage construction of additional affordable and market rate housing in a greater variety of housing types and at prices that are accessible to a greater variety of incomes, including strategies aimed at the for-profit single-family home market. A housing action plan may utilize data compiled pursuant to RCW [36.70A.610](#). The housing action plan should:

- (a) Quantify existing and projected housing needs for all income levels, including extremely low-income households, with documentation of housing and household characteristics, and cost-burdened households;
- (b) Develop strategies to increase the supply of housing, and variety of housing types, needed to serve the housing needs identified in (a) of this subsection;
- (c) Analyze population and employment trends, with documentation of projections;
- (d) Consider strategies to minimize displacement of low-income residents resulting from redevelopment;
- (e) Review and evaluate the current housing element adopted pursuant to RCW [36.70A.070](#), including an evaluation of success in attaining planned housing types and units, achievement of goals and policies, and implementation of the schedule of programs and actions;
- (f) Provide for participation and input from community members, community groups, local builders, local realtors, nonprofit housing advocates, and local religious groups; and

(g) Include a schedule of programs and actions to implement the recommendations of the housing action plan.

The City of Oak Harbor has chosen to develop a HAP that will focus on encouraging construction of a greater variety of additional affordable and market rate housing types that are accessible to a variety of incomes. Specifically, the HAP project will:

- ✓ Quantify existing and projected housing needs for all income levels
- ✓ Develop strategies to increase the supply of housing needed by those income levels
- ✓ Analyze population and employment trends
- ✓ Consider strategies to minimize displacement of low-income residents resulting from redevelopment
- ✓ Review and evaluate the Comprehensive Plan Housing Element
- ✓ Provide for participation and input from a variety of stakeholders
- ✓ Include a schedule of programs and actions for implementation of the HAP

Housing Action Plan Process

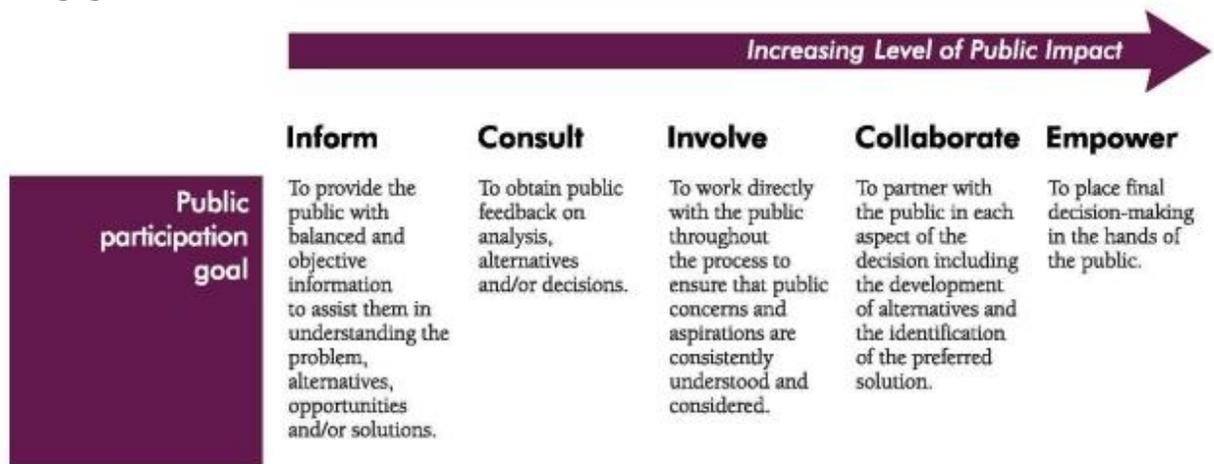
Below is a graphical representation of the process for the HAP project. A detailed scope of work is provided in Appendix B.



Public Involvement

Since the development of the HAP will require public input, and to ensure residents and stakeholders are given opportunity to remain engaged during the development of the HAP, the City has created this PIP that identifies effective strategies and various methods for public engagement. The overarching goal of the PIP is to provide a guide to proactively encourage public participation during the Housing Action Plan project.

Below is a graphic from the International Association of Public Participation (IAP2)'s spectrum of public participation, which shows varying levels of engagement based on the level of public impact. Because the level of public impact of the HAP is high, the public and stakeholders will be engaged at the "inform," "consult," "involve," and "collaborate" levels.



IAP2 Spectrum of Public Participation (source: www.iap2.org)

Project Team Roles

Development Services - City of Oak Harbor

The City of Oak Harbor Development Services Department will be the primary Project Manager for this HAP project. City staff will be responsible for the overall management and distribution of public information regarding the public involvement process. In addition, City staff will also:

- Coordinate with all applicable agencies, including Department of Commerce, who play a role or have direct interest in the development of the HAP
- In partnership with consulting team (LDC), provide frequent updates, as needed, on the City's website and project landing page
- In partnership with consulting team (LDC), develop a stakeholder advisor committee (SAC) made of key community and business stakeholders who have interest in the HAP
- Inform decisionmakers about HAP project requirements
- Inform Planning Commission, City Council, SAC and all interested parties of all key project milestones and deliverables
- Document and keep all public records pertaining to the HAP project

Primary Project Contacts

City of Oak Harbor

Dennis Lefevre

Senior Planner

dlefevre@oakharbor.org

360-279-4513

Dennis Lefevre, Senior Planner, City of Oak Harbor, is the Project Manager and responsible for day to day management of the project. LDC, Inc., is the contracted consulting team assisting the City of Oak Harbor during the project. All communications shall be directed to Mr. Lefevre.

Planning Commission / City Council - City of Oak Harbor

City staff, with assistance by LDC, Inc. will present information and key policy decisions to the Planning Commission and City Council at specific milestones during the HAP project. The Planning Commission will review proposed housing policy recommendations and will provide feedback to City Staff. Staff will then present draft documents, including the Housing Needs Assessment (HNA) and HAP, to the Planning Commission, and then they will forward their recommendation to City Council for their review and consideration. City Council will be periodically updated during the course of the project, with the final documents being presented for their consideration and ultimately final adoption.

Stakeholder Advisory Committee (SAC)

The City's HAP Stakeholder Advisory Committee (SAC) will be a group composed of no more than 12 members who have been identified by the project team as individuals, organizations and interest groups who represent diverse viewpoints of community stakeholders on housing issues in Oak Harbor. The SAC will work in conjunction with the HAP project team to provide feedback and guidance, including:

- Identifying existing challenges and barriers to providing affordable mix of housing types
- Assisting project team in considering various housing issues, various approaches to addressing housing needs and potential policy recommendations
- Review and provide comments on both the draft HNA and HAP

Public Involvement Strategy

A major component of this project is to allow for public participation and opportunities for engagement. The City and consulting team will provide for both online and in-person engagement opportunities throughout the project timeline. Any meetings associated to the project will be posted on the website in a conspicuous location.

A. Interested Groups and Citizens

The City will make every effort to fully engage and encourage involvement of all stakeholders, whether public or private, local tribes, Federal agencies, State agencies, housing and community service providers, and other local governments. A list of anticipated stakeholders is provided below, while a full stakeholder contact list is provided in Attachment A – Stakeholder Contact List.

City of Oak Harbor Decisionmakers/Advisory Bodies

- City Council
- Planning Commission
- HAP Stakeholder Advisory Committee

City of Oak Harbor Staff

- City Administration
- Development Services
- City Attorney

State & Federal

- Washington State Department of Commerce
- Naval Air Station – Whidbey Island

Tribes

- Samish Indian Nation
- Swinomish Indian Tribal Community
- Lummi Nation
- Stillaguamish
- Tulalip Tribes
- Upper Skagit

Other Local Government

- Island County Planning & Community Development
- Oak Harbor Public Schools

Business Stakeholders

- Oak Harbor Chamber of Commerce
- Economic Development Council for Island County

Housing & Community Service Providers

- Island County Human Services
- Senior Services of Island County
- Island County Housing Support Authority
- Habitat for Humanity of Island County
- United Way of Island County
- Opportunity Council

B. Stakeholder Advisory Committee

As noted above, the SAC is made up of key individuals who represent various organization and groups who have a vested interest in housing needs and availability. The SAC will “meet” either in-person or web-conference at periodic intervals throughout the HAP project. It is expected, at a minimum, that the SAC will hold at least 3 meetings:

1. Kick-off meeting – project discussion, goals/objectives, issues/challenges
2. Draft Housing Needs Assessment (HNA) – Review and comment on findings and data
3. Draft Housing Action Plan – Review and comment on policy recommendations

C. Public Outreach Approach

The City of Oak Harbor will provide public outreach methods that ensures the general public and key stakeholders are provided various opportunities to participate and are regularly informed about the project status.

Public Meetings

- Stakeholder Advisory Committee meetings will be held, either in-person (location TBD) or via online
- Planning Commission meetings/hearings will be held at City Hall
- City Council meetings/hearings will be held at City Hall
- Other in-person public engagement events may be held at other local events at City’s discretion

Online Media

- Project Webpage – A project website (landing page) will be added to the City’s website where citizens and interest groups can review draft documents and provide comments, view schedule information, check for meeting notices, and obtain general project information. The project landing page, www.oakharborwaHAP.konveio.com will be the primary website for the most up-to-date project information.
- Facebook – General information, including meeting dates and key dates will be published on the City’s Facebook page, including a link to the project landing page (see link above).
- YouTube – The public may watch Planning Commission, City Council and any other recorded meetings to obtain information about the project as they are available.

Mailing List

A stakeholder email list will be maintained by the City. The list will be used to notify stakeholders about key dates and general progress regarding the project. They will also be informed of various engagement methods and opportunities as they arise.

Surveys

Throughout the project, the project team may administer surveys to gather information and data regarding specific topics. Surveys will be found on the project landing page during various stages. The public will be informed as to when the surveys are available.

Media

The City's official newspaper (Whidbey News-Times) will be regularly informed about the HAP project and receive copies of all official notices. Notices will be sent to local news media to announce public engagement opportunities, key project dates and any general project information.

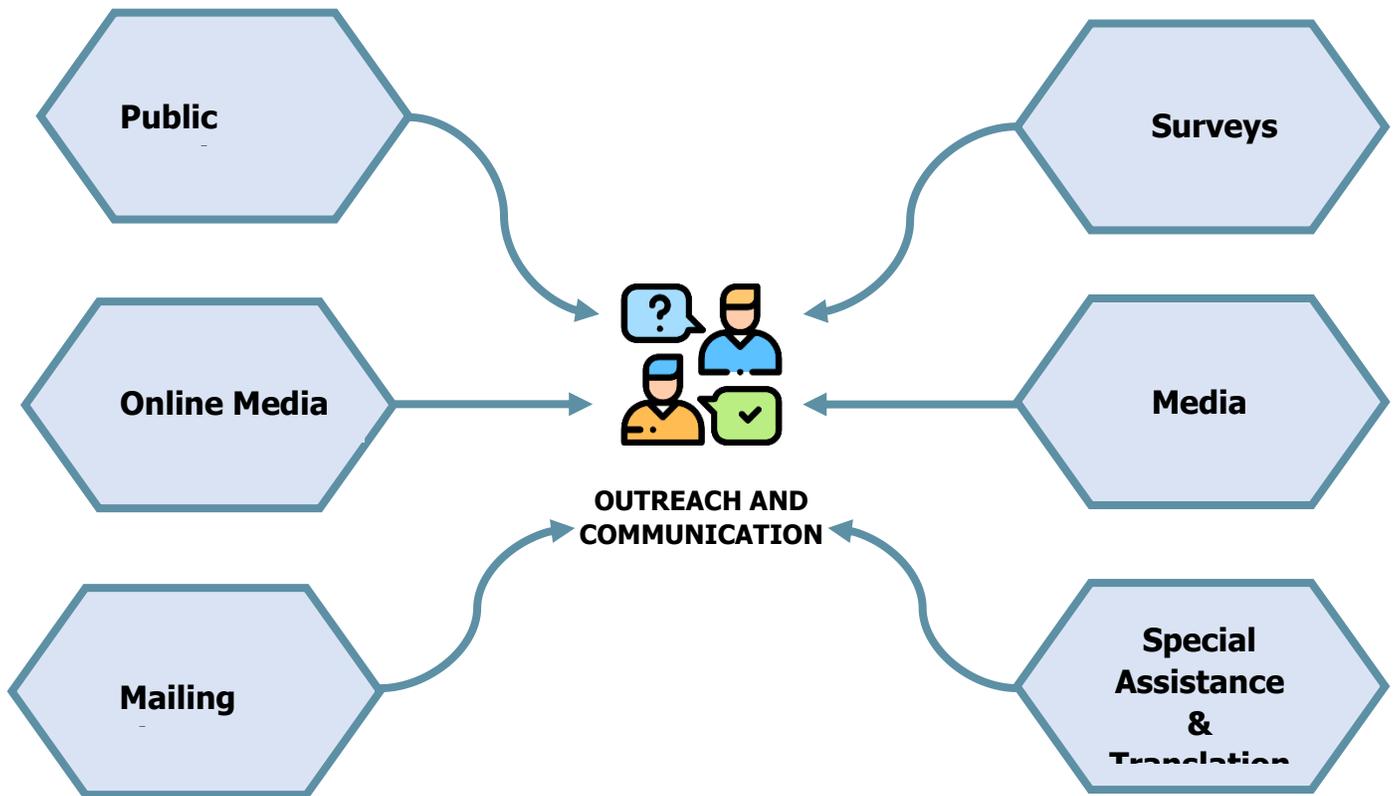
Other Posting Sites

Notices of public meetings, events and other key dates will be posted at all City official noticing locations, including Oak Harbor City Hall, Oak Harbor Library, Oak Harbor Public Works Department and Oak Harbor Chamber of Commerce. Notices may also be posted at other locations at the City's discretion.

Special Assistance/Translation Needs

To the best extent possible, the City should identify the best method to disseminate information to those who require special services or document translation. This includes individuals with Access and Functional Needs (AFN), individuals covered under the Americans with Disabilities Act (ADA) and people with Limited English Proficiency (LEP). This engagement is in conjunction with the participation of local, state and federal government partners. While the City of Oak Harbor currently does not meet the minimum requirements for LEP persons, the City can contact translators should the need arise.

Public Outreach Approach



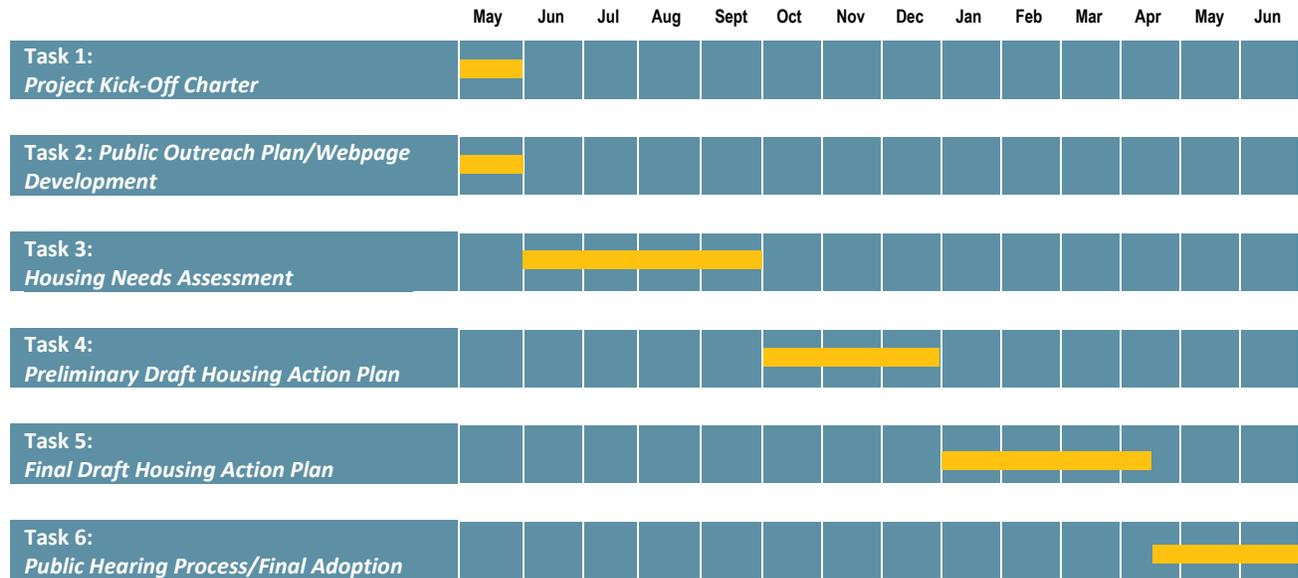
Communications Protocols

Dennis Lefevre, Senior Planner, City of Oak Harbor, is the Project Manager. Any external communications (i.e. project stakeholders, public, media, etc.) will be routed through Mr. Lefevre. No external communication is to be routed to the consulting team.

Dennis Lefevre, Senior Planner, City of Oak Harbor, dlefevre@oakharbor.org, 360-279-4513

Project Timeline

The following is an estimated project timeline, which is subject to change. Refer to Appendix B – Scope of Work and Appendix C – Project Timeline for more details regarding specific project details and schedule.



PIP Risks and Opportunities

As is the case with most long-range plans requiring public involvement, there is always some level of risk depending on the overall success of the engagement process. The following items outline potential issues, threats and risks the HAP project faces with regarding to garnering public participation. Some of these items are repeated from the Project Charter.

5. Lack of understanding of the project – A HNA and HAP are needed to identify both short- and long-term housing needs within the City of Oak Harbor. The overall process and methods of identifying these needs may not understandable to the general public. The project team should collectively work together to ensure that messaging is clear, understandable and accurately represents the issues raised by project stakeholders and participants.
6. Public engagement methods – Due to the recent COVID-19 pandemic, State and Federal government have placed restrictions on public gatherings, severely impacting opportunities for traditional public engagement methods. Even after the pandemic passes, there may be a greater fear of meeting in-person for quite some time. This has a significant effect on those who prefer to engage face-to-face vs. online, either by choice or because of a lack of online resources (Internet). The project team will need to assess current conditions at the time of each phase of the project, adjust participation methods and ensure that whatever the current health directives and social distancing protocols are in place, that the public is engaged to the best extent possible.

7. Difficulty in reaching underserved or transient communities – Similar to item 2 above, there may be some challenges in reaching out to sectors of the community that have limited access or ability to participate. These may include low-socio economic segments, military families who frequently move, or the elderly population which may not have the ability to easily connect and participate.
8. Some community groups may feel underrepresented – The subject of housing availability and affordability is a challenging and, in many ways, sensitive topic of discussion amongst many socio-economic, political and age groups which may lead to debate. As a result, there may be final policy recommendations that may not fully address concerns of particular groups or citizens.
9. Survey may not accurately represent all stakeholder and public interests – Surveys are challenging in many ways. Survey questions may be difficult to understand, or they may be misleading or open-ended. Many times, surveys are too lengthy, which then leads to disinterest in the entire survey. Because of this, there may be a lack of respondents, which then leads to ineffective results. Surveys for this project should be short, easy to understand and used only sparingly where data proves to be very useful for data collection.

Appendix A – Stakeholder Contact List

Federal & State

Organization	Name	Title	Contact Info
Naval Air Station - Whidbey Island (NASWI)	Brian Tyhuis	Community Planning Liaison Officer - NASWI	brian.tyhuis@navy.mil
Washington State Department of Commerce	Valerie Smith	Senior Planner	valerie.smith@commerce.wa.gov

Organization	Name	Title	Contact Info
Samish Indian Nation	Ryan Walters	Planning Director	ryanw@samishtribe.nsn.us
Swinomish Indian Tribal Community	Zam DeShields	Planning Director	zdeshields@samishtribe.nsn.us
Lummi Nation			
Stillaguamish			
Suquamish			
Tulalip Tribes			
Upper Skagit			

Tribes

Other Local Government/Organizations

Organization	Name	Title	Contact Info
Oak Harbor City Council	TBD	Councilmember	TBD
Oak Harbor Planning Commission	TBD	Planning Commissioner	TBD
Island County Planning & Community Development	Jessica Carpenter	Director	j.carpenter@islandcountywa.gov
Oak Harbor Public Schools	Dr. Lance Gibbon	Superintendent	lgibbon@ohsd.net
Whidbey Camano Land Trust	Stephanie Wiegard	Community Engagement Director	stephanie@wclt.org

Business Stakeholders

Organization	Name	Title	Contact Info
Oak Harbor Chamber of Commerce	Miranda Hoppock	Executive Director	miranda@oakharborchamber.com
Economic Development Council for Island County	Sharon Sappington	Executive Director	info@edcislandcounty.org

Housing & Community Service Providers

Organization	Name	Title	Contact Info
Island County Human Services	Jackie Henderson	Director	jackieh@islandcountywa.gov
The Center	Liz Lange	Senior Services Administrator	llange@oakharbor.org
Island County Housing Support Center	Joanne Pelant	Housing Resource Coordinator	jpelant@islandcountywa.gov
Habitat for Humanity of Island County	Orin Kolaitis	Chief Executive Officer	volunteer@islandcountyhabitat.com
Opportunity Council	Greg Winter	Executive Director	Greg_winter@oppco.org

Real Estate Agents/Builders/Lenders

Organization	Name	Title	Contact Info
Sullivan Home Builders LLC	Ray Sullivan	Owner	360-507-2833
Waldron Construction	Steve Waldron	Owner	waldronc@live.com 360-679-1827
Clifton View Homes	Ted Clifton	Owner	360-678-7000
Eagle Building Company	Bill Criswell	Owner	360-331-7813
Lexar Homes	Dave Orth	Owner, Burlington Branch	360-707-2112
Skagit/Island Counties Builders Association	Charles (Wayne) Crider	Executive Officer	Wayne@sicba.org 360-488-4078
Peoples Bank	Catherine Martyn	Sr. Real Estate Loan Officer	Catherine.martyn@peoplesbank-wa.com 360-679-0123
Envoy Mortgage	Scott Fromme	Premier Loan Officer	sfromme@envoymortgage.com 360-639-4781

Appendix B – Scope of Work

PHASE 1: LEARN

ACTION 1.1: INITIAL CITY VISIT/LEADERSHIP/PROJECT MANAGEMENT

STEP 1.1.1 Meet with appropriate City staff. Discuss existing housing conditions, community values/needs/issues and goals and expectations of Housing Action Plan. Discuss schedule, deliverables, communication protocols, public outreach methods/opportunities.

ACTION 1.2: PUBLIC INVOLVEMENT PLAN (PIP)/ESTABLISH WEBSITE – STORY MAP

STEP 1.2.1 Establish stakeholder advisory committee (SAC).

STEP 1.2.2 Identify and involve local and regional developers with interest in developing low- to moderate-income housing.

STEP 1.2.3 Develop PIP outlining: schedule, approaches, methods, goals, activities, stakeholders, team responsibilities, identification of venues & translation needs.

Deliverables/Assumptions:

- Kick-off Meeting
- City Housing Tour
- SAC Membership/Charter
- PIP/Schedule
- Project Website – Story Map

PHASE 2: EXPLORE

ACTION 2.1: HOUSING NEEDS ASSESSMENT (HNA)

STEP 2.1.1 Quantify existing and projected housing needs for all income levels, including extremely low-income households/documentation of housing and household characteristics/cost burdened households (Housing Gap Analysis).

2.1.1.1 Document type and age of housing.

2.1.1.2 Identify how many households in each income segment are paying more than 30% of income for housing.

2.1.1.3 Identify housing and household characteristics.

2.1.1.4 Identify various levels of cost burdened households.

2.1.1.5 Project housing needs based on anticipated population forecast/all income levels.

2.1.1.6 Analyze population trends/forecasts.

2.1.1.7 Develop plan for maintaining existing housing stock within the City.

STEP 2.1.2 Review and evaluate effectiveness of current code provisions related to housing (Land Use Code Audit).

STEP 2.1.3 Identify barriers to accessing and production of housing.

STEP 2.1.4 Consider strategies to minimize displacement of low-income residents resulting from redevelopment.

STEP 2.1.5 Review HNA with SAC.

Deliverables/Assumptions:

- Complete draft HNA to review with SAC and Planning Commission.
- GIS maps/visuals supporting HNA, identifying housing needs within City (neighborhoods).

PHASE 3: PRELIMINARY STRATEGIES

ACTION 3.1: DEVELOP INCENTIVES, STRATEGIES AND PROGRAMS INCREASING THE SUPPLY/VARIETY OF HOUSING TYPES IDENTIFIED IN THE HOUSING NEEDS ASSESSMENT

STEP 3.1.1 Identify housing types that are recommended and allowed by zoning.

STEP 3.1.2 Identify the types and densities of housing needed based on demographic and economic segments.

STEP 3.1.3 Identify incentives and regulations to encourage a variety of housing types.

STEP 3.1.4 Review trade-offs in various code requirements as they affect the yield of housing development (i.e. parking requirements, setbacks, and open space).

STEP 3.1.5 Evaluate the Housing Element to determine the effectiveness of development regulations in implementing these policies, whether short/long-term, fiscal impacts.

STEP 3.1.6 Develop financial analysis based on the identified incentives.

STEP 3.1.7 Review with SAC.

Deliverables/Assumptions:

- Complete list of incentives and financial analysis.
- Coordination with staff during strategy development.

PHASE 4: DRAFT HOUSING ACTION PLAN

ACTION 4.1: PRELIMINARY DRAFT HOUSING ACTION PLAN

STEP 4.1.1 Development of draft Housing Action Plan.

STEP 4.1.2 Provide draft to staff/leadership/public for comment and review

4.1.2.1 Implement PIP, as developed in ACTION 1.2.

STEP 4.1.3 Identify schedule of programs and actions to implement the recommendations of the Housing Action Plan.

Deliverables/Assumptions:

- Draft plan for staff/leadership/public review.
- In collaboration with City, provide updated project information to website/storymap.
- LDC to coordinate with staff for public noticing.

PHASE 5: FINAL REVIEW & ADOPTION

ACTION 5.1: FINAL HOUSING ACTION PLAN

STEP 5.1.1 Refine and finalize documents based on staff/public/SAC comments.

STEP 5.1.2 Additional review/comment by PC/CC at public hearings.

Deliverables/Assumptions:

- Provide clean final copy of Housing Action Plan and supporting documents.
- Final website update with complete document.

Appendix C– Project Timeline

Below is an estimated project timeline. All dates are subject to change, with the expectation that the Housing Action Plan must be adopted by early June 2021 in order to be completed by the June 30, 2021 Department of Commerce deadline.

2020		
April 22 – May 31	Project Kick-Off	April 22
	Project Schedule Finalized	May 1
	Project Charter Completed	May 15
May 1 – May 31	Public Involvement Plan Review/Approval	May 22
	Project Landing Page	May 22
	Stakeholder Advisory Committee Formed	May 29
June 1 – September 30	Begin Housing Needs Assessment Research	Jun 1
	Open HNA Survey	Jun 8
	Meeting/conference call with SAC	Jun 11
	Close HNA Survey	Jul 6
	Public Meeting (TBD)	Jul 21
	Planning Commission HNA Review	Aug 25
	City Council Workshop HNA Review	Sept 23
October 1 – December 31	Begin Preliminary Draft HAP	Oct 1
	City Staff Review Draft HAP	Nov 1
	SAC meeting/conference call	Nov 10
	Planning Commission Review HAP Draft	Nov 19*
	City Council Review HAP Draft	Dec 16#
2021		
January 1 – April 15, 2021	Begin Final Draft HAP	Jan 4
	SEPA Determination Issued/Published	Feb 5
	SEPA Comment Period Ends	Feb 19
	SEPA Appeal Period Ends	Mar 5
	City Staff Review Final Draft HAP	Mar 8
	SAC meeting/conference call	Mar 16
	Final Draft HAP sent to Commerce	Apr 5
April 15 – May 31	Planning Commission Public Hearing	Apr 28
	City Council Public Hearing/Adoption	Jun 1
	Final Plan/Ordinance sent to Commerce	Jun 14
June 30, 2021	HAP Plan Adoption Deadline	

* Special Planning Commission Meeting due to Thanksgiving Holiday on Nov 26

Special City Council Workshop Meeting due to Christmas Holiday week of Dec 21