

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

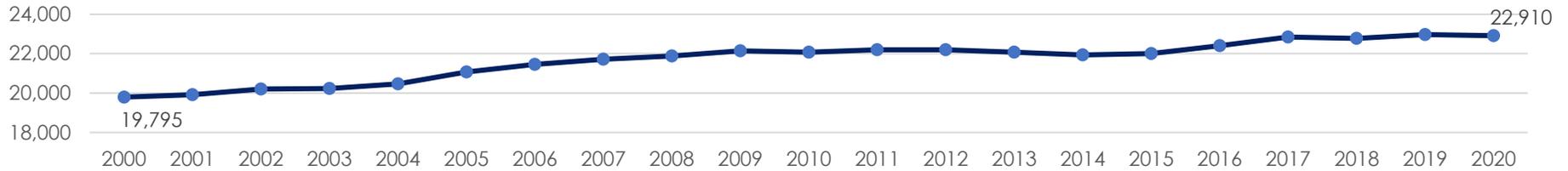


Population and Community Characteristics

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

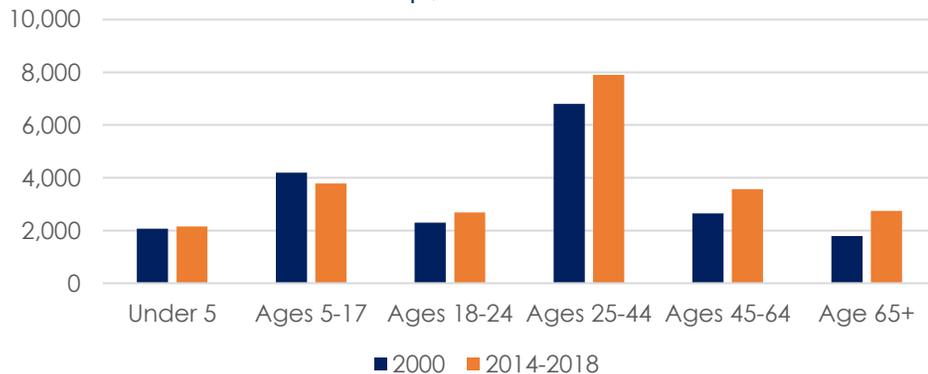


Source: WA OFM April 1 Population Estimates

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

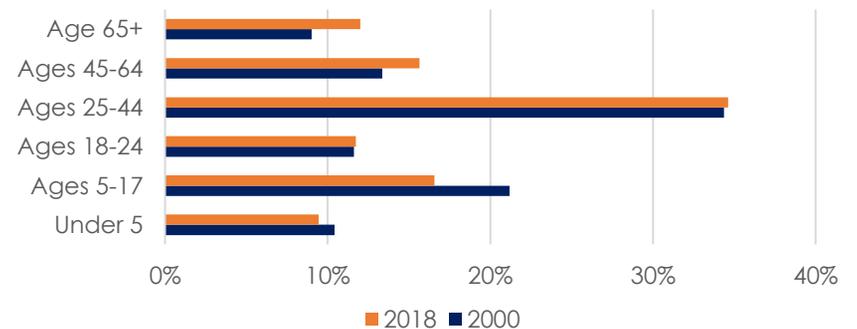
In 2000, the median age of Oak Harbor's residents was 28.3. In 2018, it had risen to 29.6. The percentage of residents aged 65 and over grew from 9 percent in 2000 to 12 percent in 2018, while the percentage of residents aged 45 to 64 (who will be of retirement age or older in 20 years) grew from 13.4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



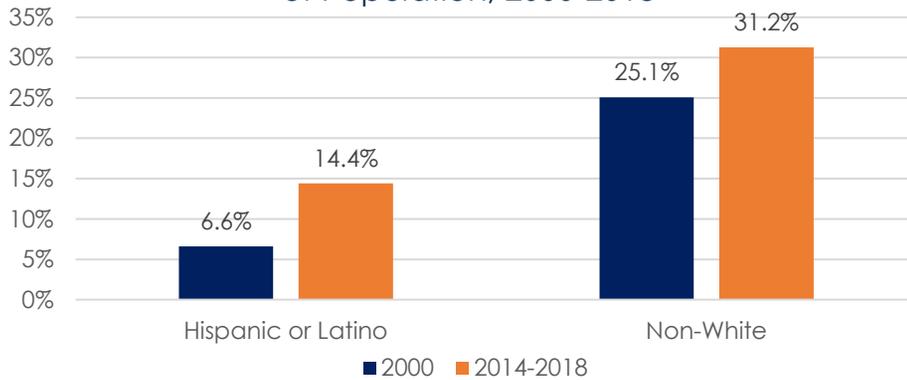
Sources: US Census Bureau, ACS 2014-2018 5-Year Estimates, Table DP05; and 2000 Decennial Census, Table P012

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



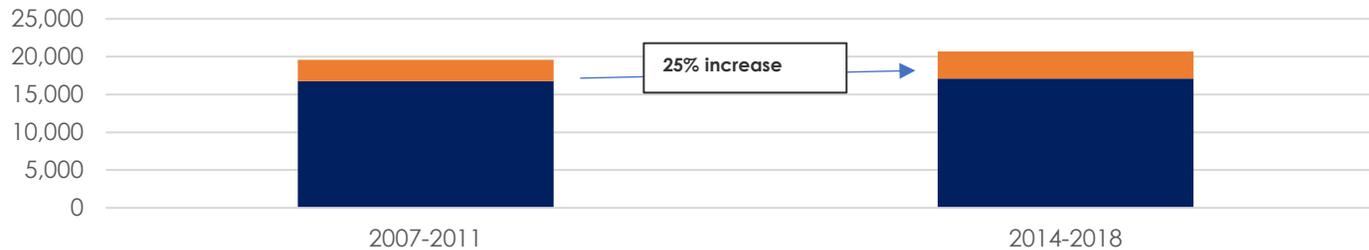
Sources: ACS 2014-2018 5-Year Estimates, Tables B02001 and B03003; 2000 Decennial Census, Tables P007 and P011

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.

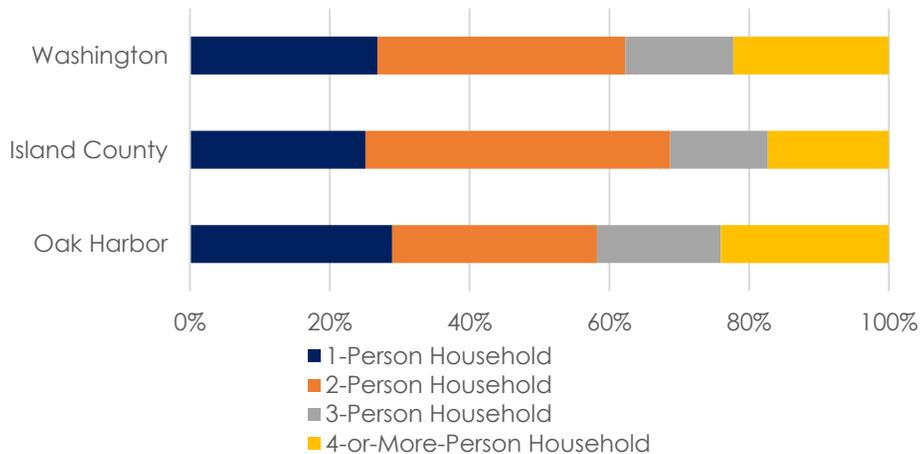
In 2000, the average household size in Oak Harbor was nearly 2.7 people per household. As of 2018, that average household size had declined to 2.43. Smaller household sizes require more housing units to accommodate the same population. Overall, Oak Harbor had 9,380 households in the 2018 American Community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

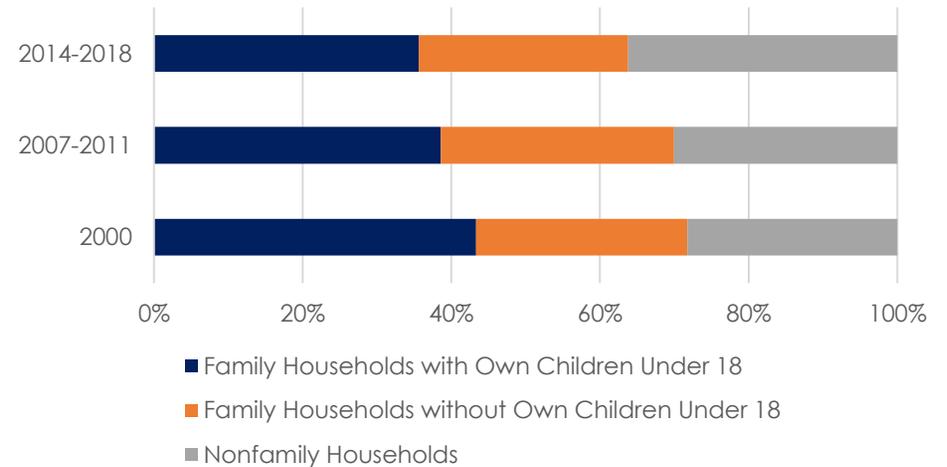
Compared to Island County and Washington state as a whole, Oak Harbor has more 1-, 3-, and 4+ person households and fewer 2-person households. More than 40 percent of Oak Harbor households are composed of three or more people, roughly 5 percentage points greater than the statewide figure and more than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

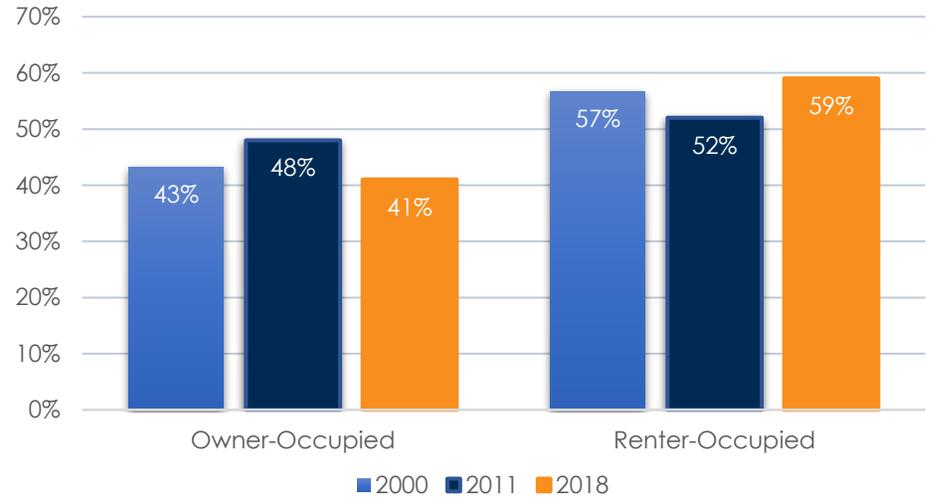
OAK HARBOR'S HOUSEHOLDS EARN PREDOMINATELY MIDDLE-TO UPPER-MIDDLE INCOMES AND ARE MAJORITY RENTERS

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.

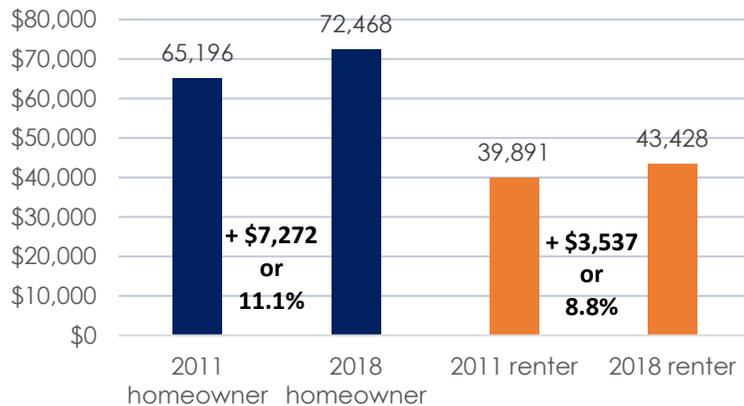
Households that own their dwelling units saw their median income grow more than 11 percent, to around \$72,500, between the 2011 and 2018 estimates. Renter households, meanwhile, saw their median income grow less (less than 9 percent) to around \$43,500 over that time.

Exhibit IX. Housing Tenure, 2000-2018



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

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



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

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

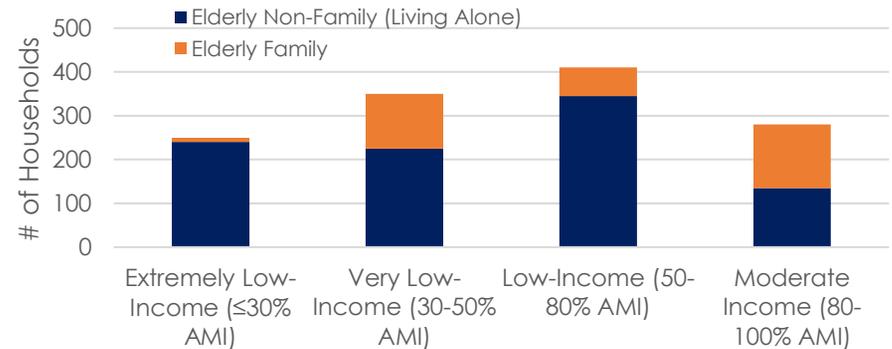
NEARLY 1,300 OLDER ADULT HOUSEHOLDS ARE LOW TO MODERATE INCOME

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

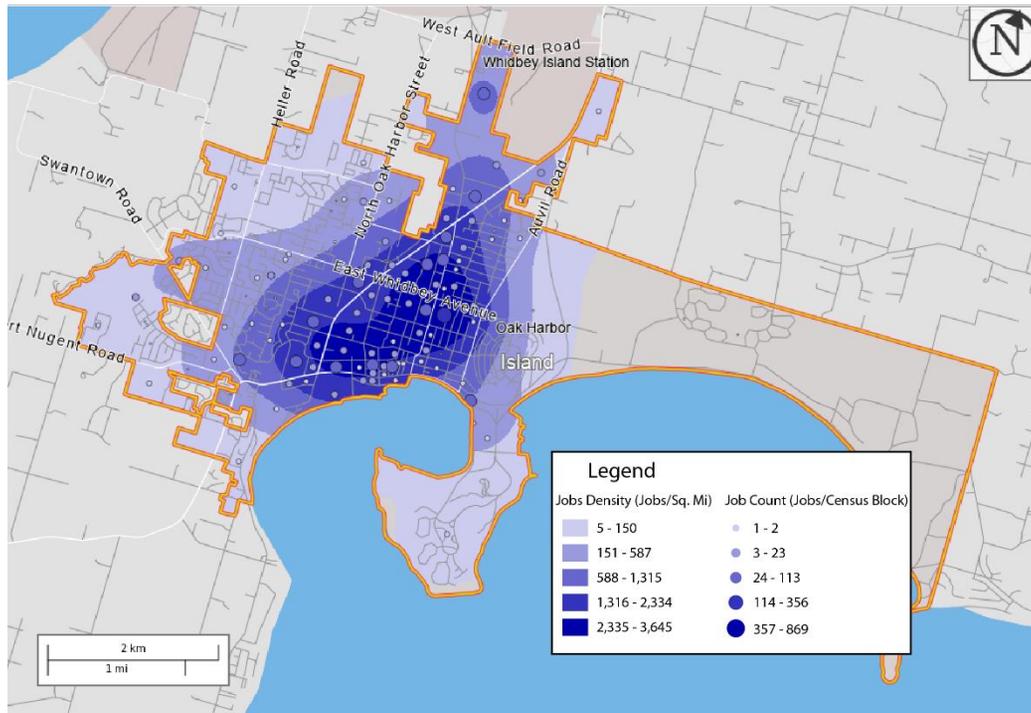


WORKFORCE

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

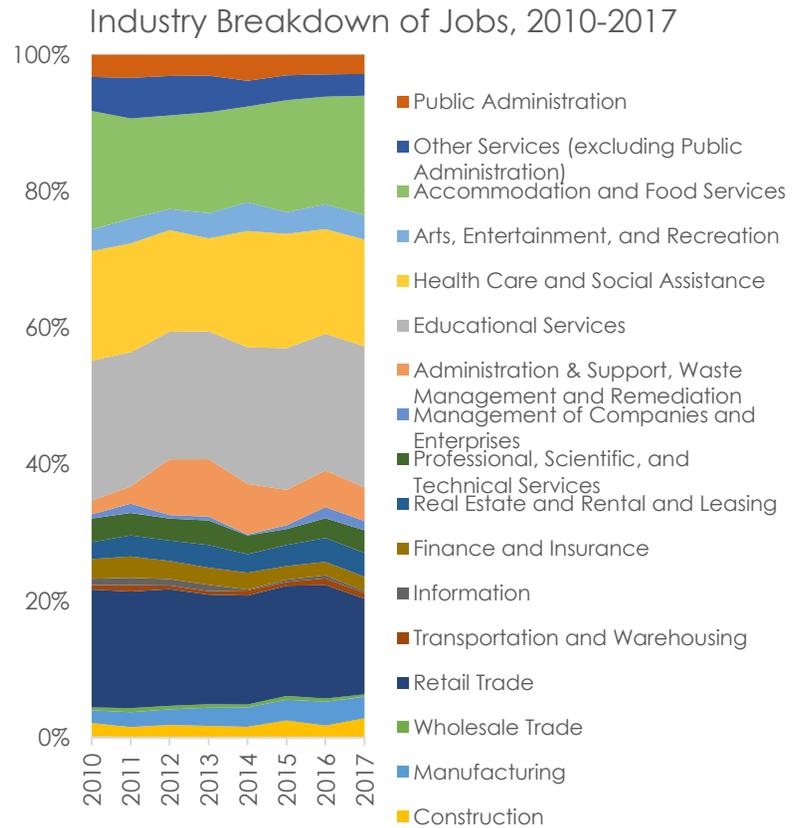
As of 2017, the most recent year for which detailed Census data are available, Oak Harbor was home to 7,748 workers (a quarter of whom also work in the city) and 5,425 jobs. These jobs are clustered along Pioneer Way and Midway Boulevard as well as SR 20. More than two-thirds of Oak Harbor's jobs are 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

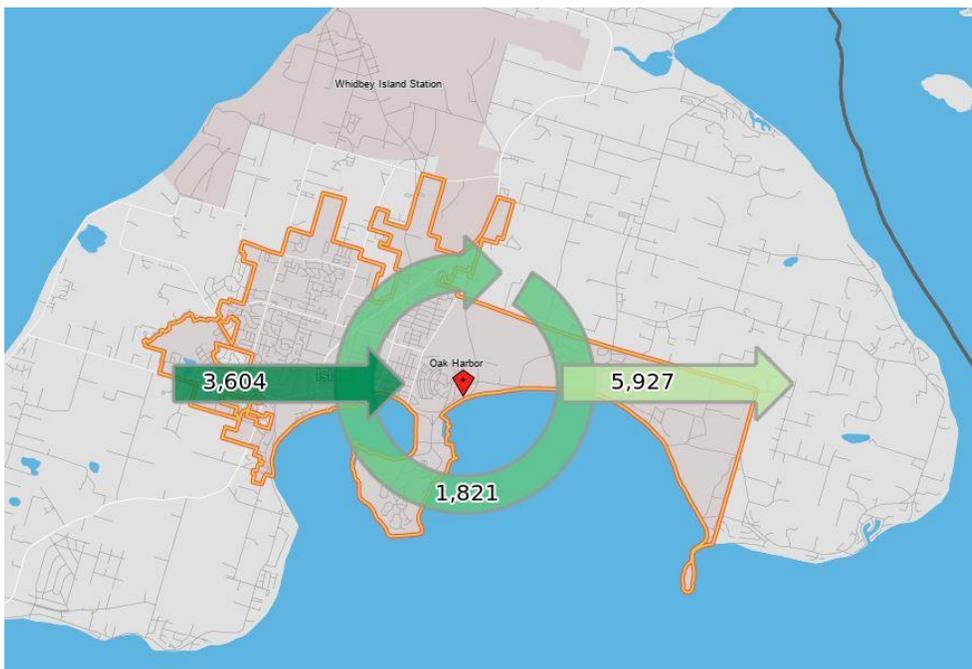
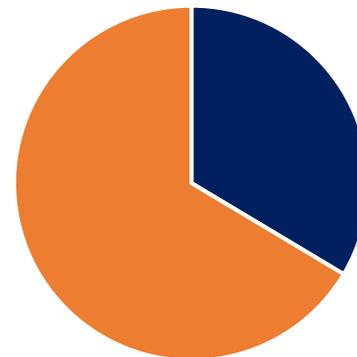


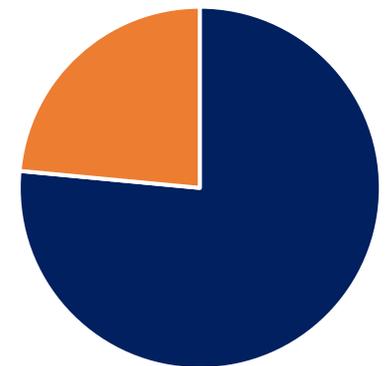
Exhibit XIX. Inflow/Outflow Analysis

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

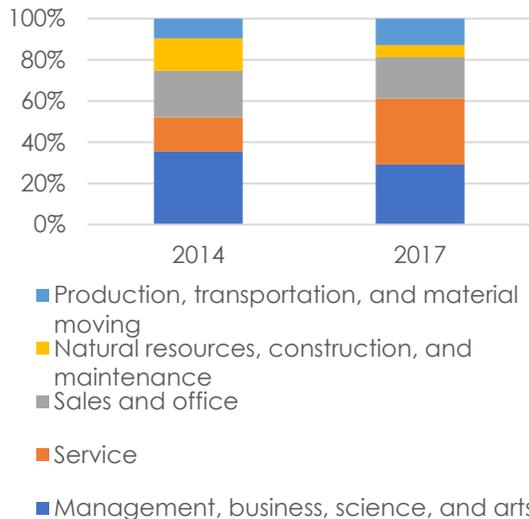
source for both exhibits XII & XIII: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2017).

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

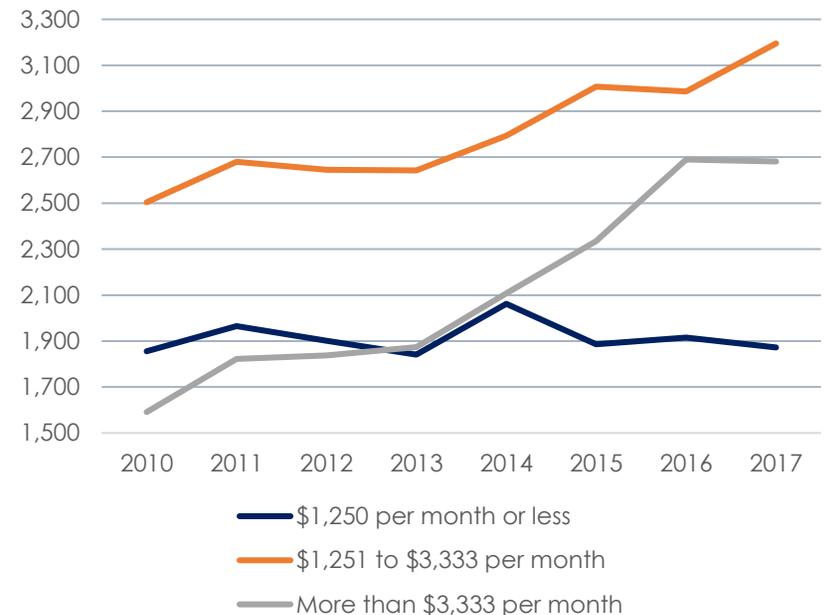
Exhibit XXI. Hourly Wage by Occupation

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.

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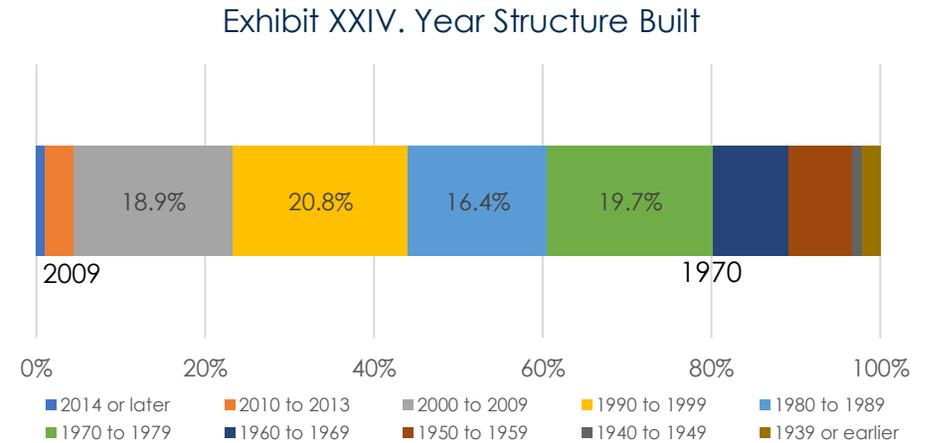


3. HOUSING MARKET

Housing Supply

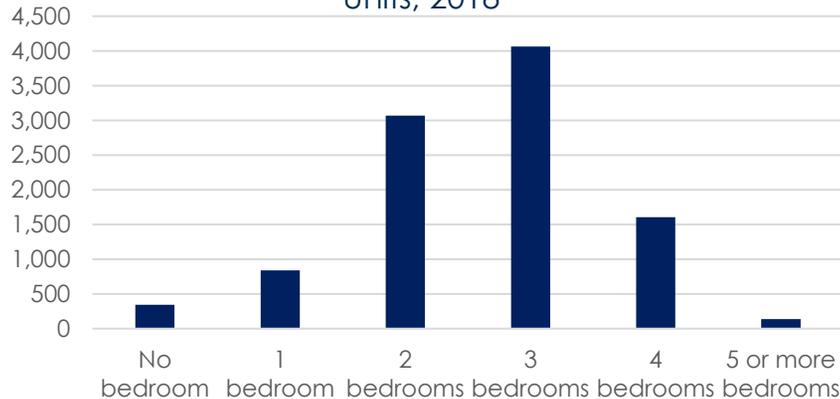
OAK HARBOR'S HOUSING STOCK IS PREDOMINATELY SINGLE-FAMILY HOMES BUILT BETWEEN 1970 AND 2010

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.



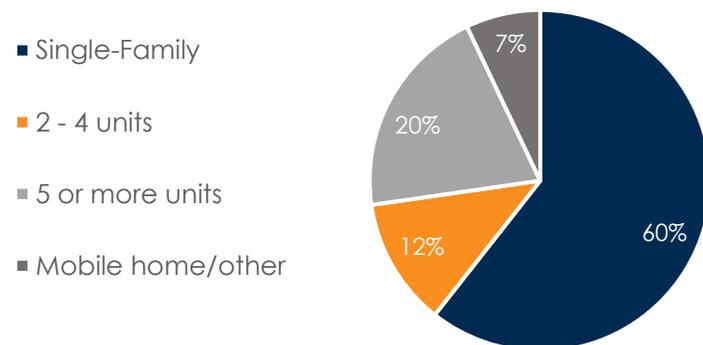
US Census Bureau, ACS 2014-2018 5-Year Estimates, Table DP04

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



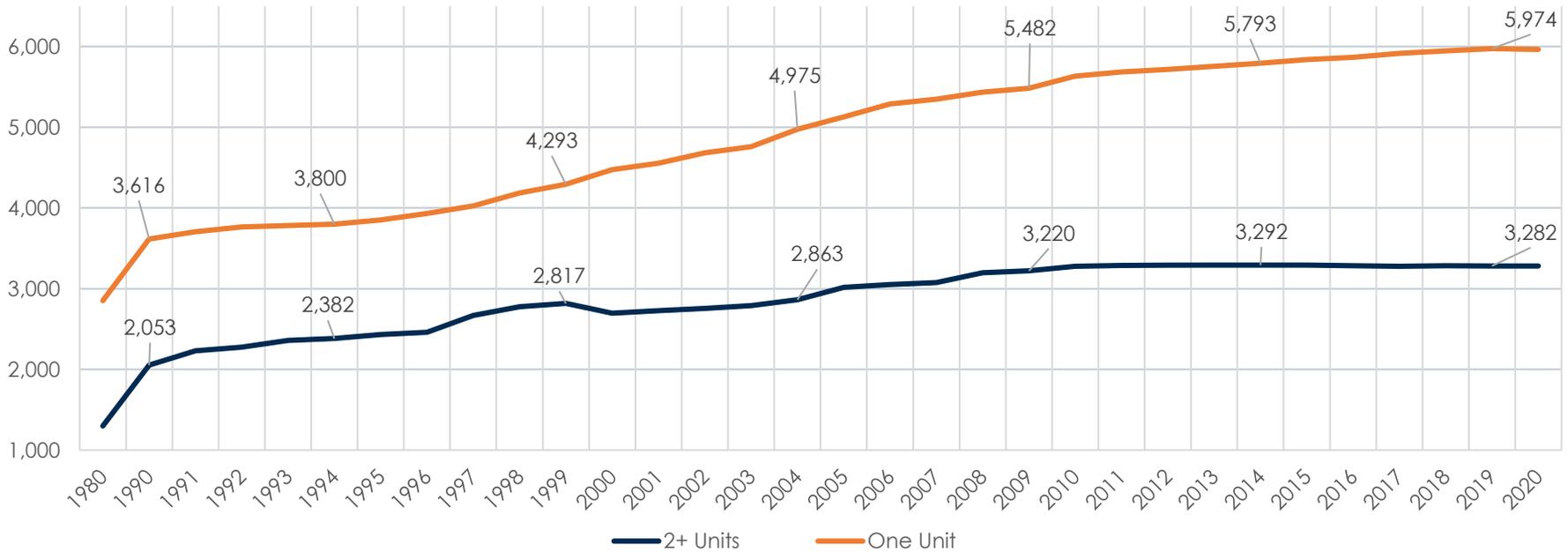
US Census Bureau, ACS 2014-2018 5-Year Estimates, Table DP04

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

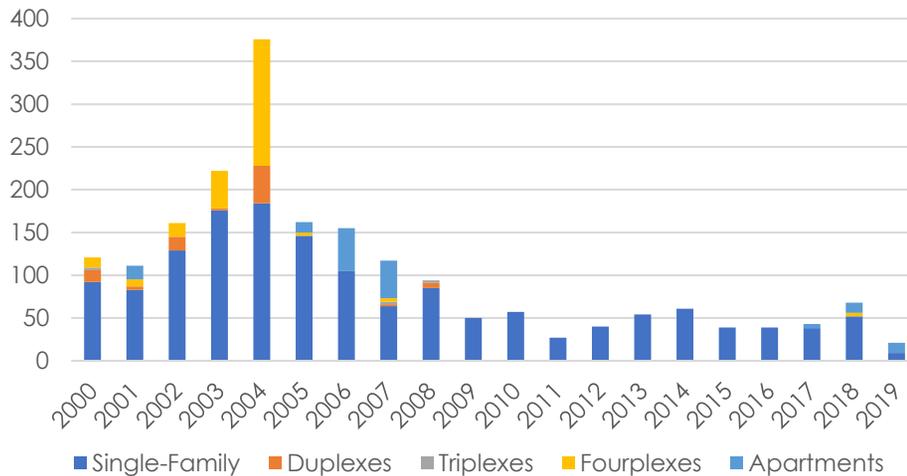
FEW RESIDENTIAL UNITS HAVE BEEN BUILT SINCE 2008/09 RECESSION, PARTICULARLY NON-SINGLE-FAMILY

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

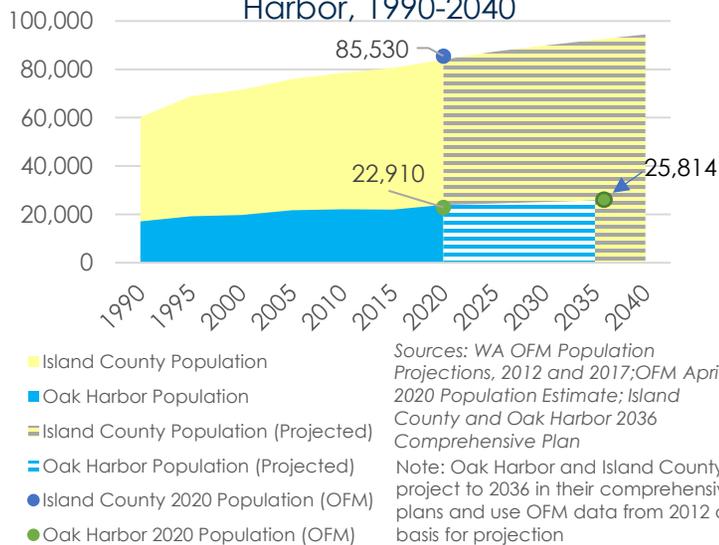
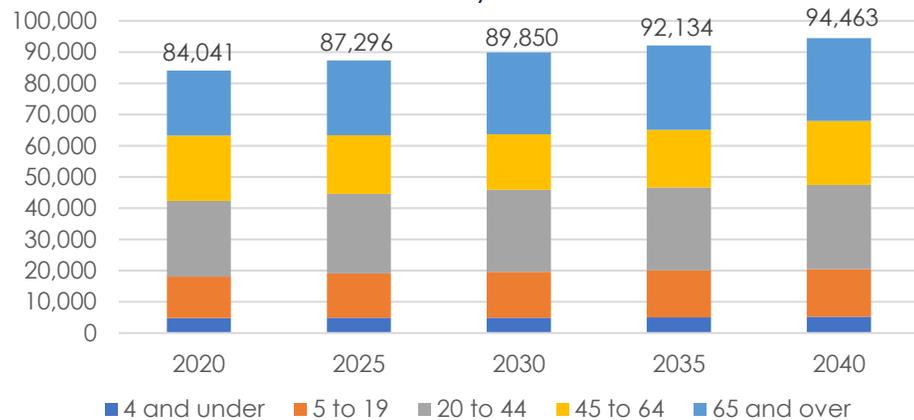


Exhibit XXX. Population Projection by Age for Island County, 2020-2040



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

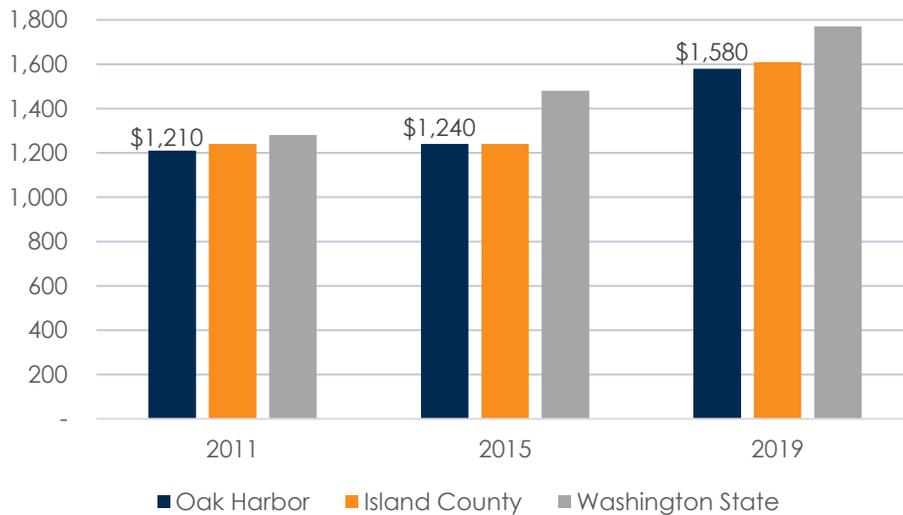


4. HOUSING AFFORDABILITY

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

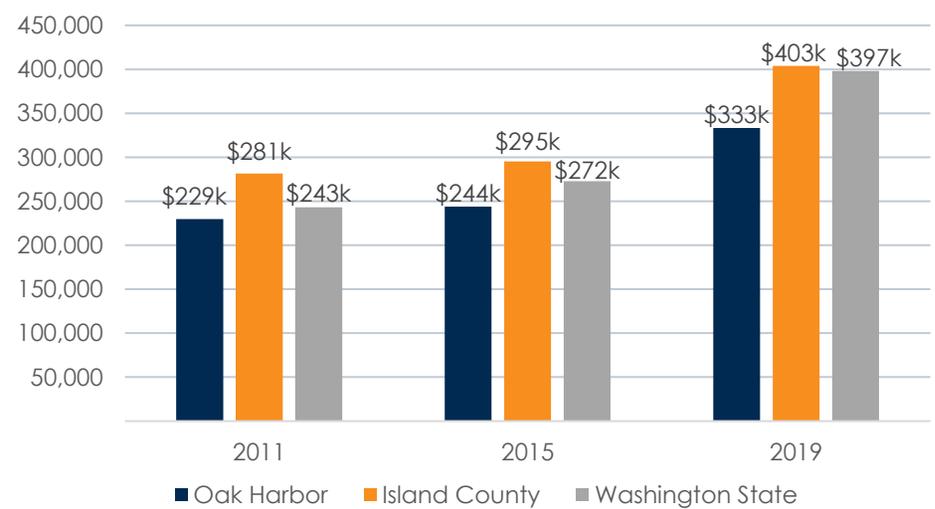
The average home in Oak Harbor was worth around \$229,000 in 2011 (monthly mortgage payment of \$1,083 for a 30-year fixed rate of 3.9%) and had risen to \$333,000 by 2019 (monthly mortgage payment of \$1,574 at the same rate), an increase of roughly the same magnitude as in Island County as a whole, 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

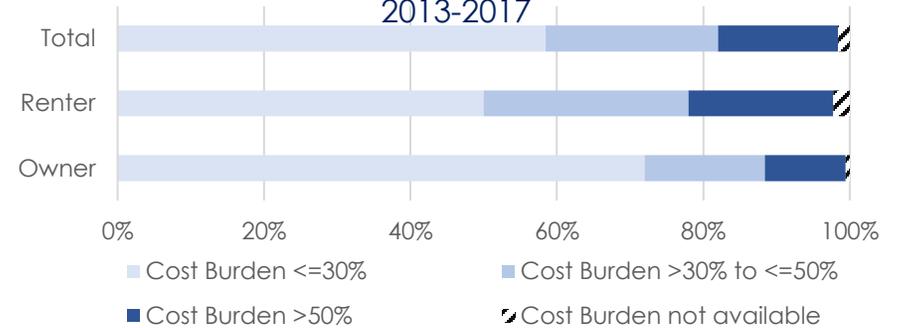
MORE THAN TWO IN FIVE HOUSEHOLDS IN OAK HARBOR PAY TOO MUCH FOR HOUSING, ESPECIALLY RENTERS

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

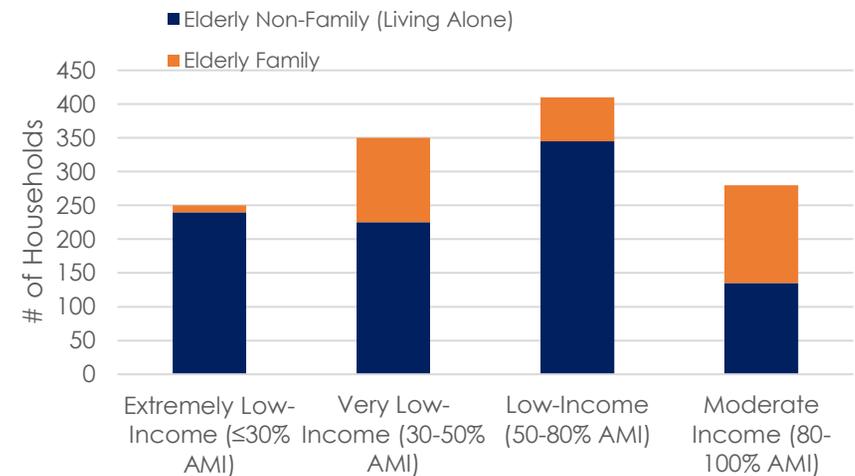
Of the 1,290 households with one or more people over aged 62 making less than the median household income, most (78 percent) make less than 80 percent of the median. More than 400 make between 50 and 80 percent, 350 make between 30 and 50 percent, and 250 make 30 percent or less of the median income. 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



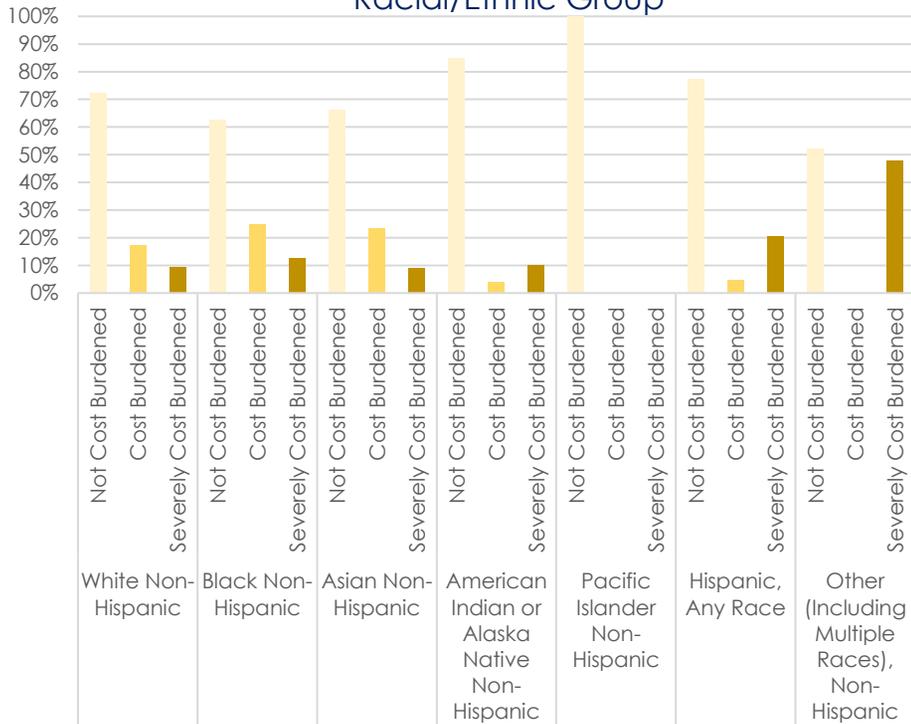
Source: HUD-CHAS Tabulations of 2013-2017 ACS Estimates, Table 7

Housing Affordability

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

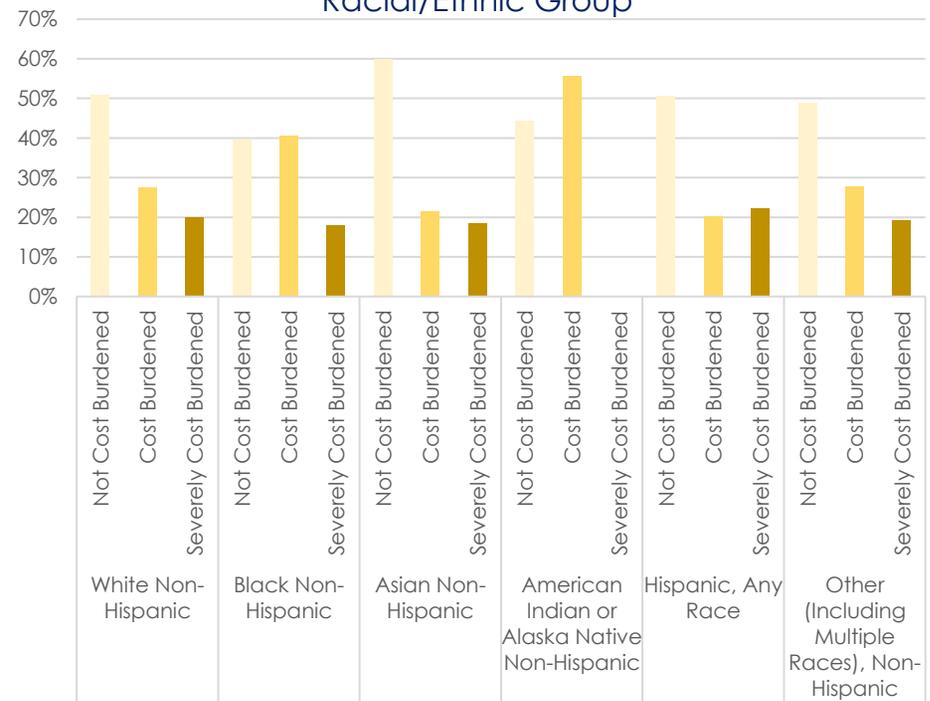
Among households who own their housing units, more than 20 percent of both Black and Asian households pay between 30 and 50 percent of their incomes toward housing, with 17 percent of white households doing so. While rates of severe cost burden are mostly low in owner households, 20 percent of Hispanic 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
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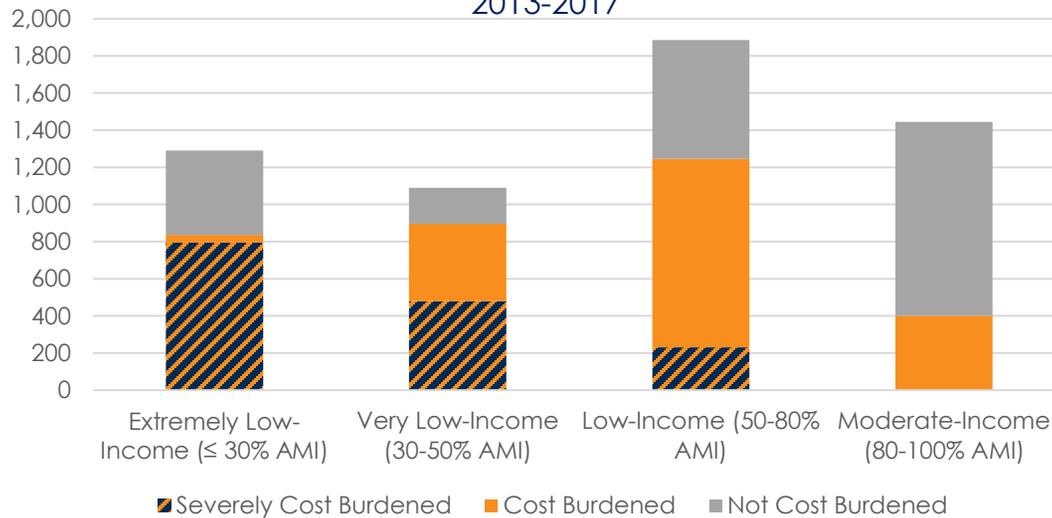
5. HOUSING GAPS

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



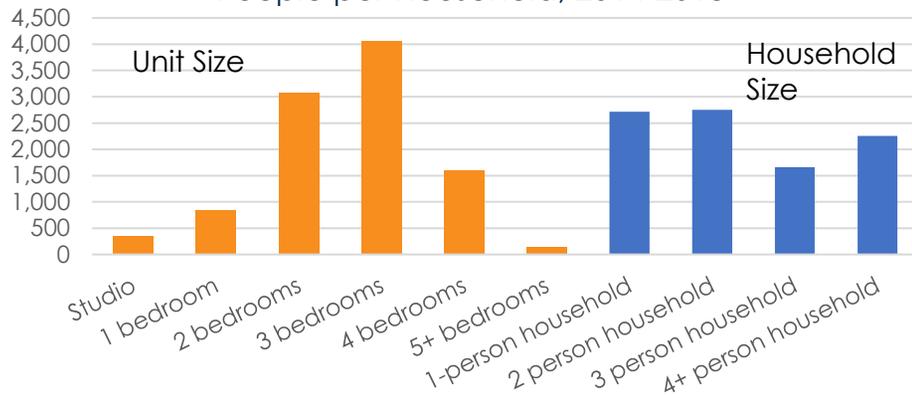
Source: HUD-CHAS Tabulations of ACS 2013-2017 Estimates

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

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.

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

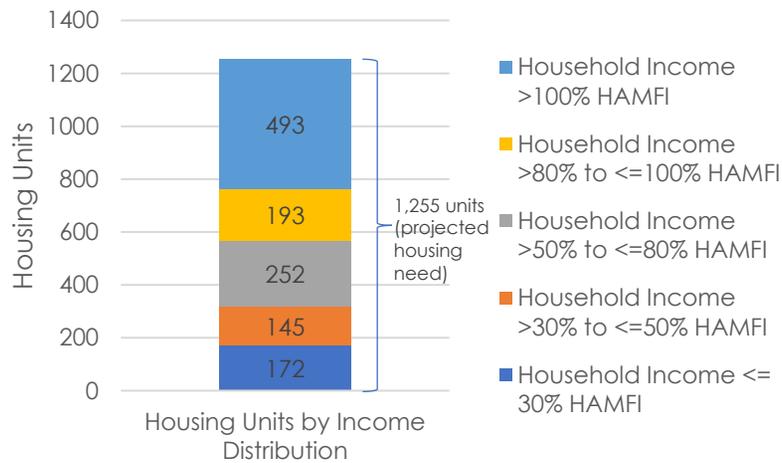
Number of housing units needed to meet projected growth in households, 2020-2036: **1,255 units** (5 percent vacancy rate)

Number of new housing units needed per year, on average, 2020-2036: **78 units**

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.

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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

