

MEMORANDUM

DATE: September 30, 2024

TO: Skagit County Planning and Development Services

FROM: Ferdouse Oneza, AICP and Kevin Gifford, BERK Consulting

RE: Rural Skagit County Housing Land Capacity Analysis

Purpose

The purpose of this document is to provide a summary of the land capacity for new housing production in rural Skagit County under current Comprehensive Plan land use designations and zoning, and to identify which housing types are likely to be produced. This analysis addresses recent Growth Management Act (GMA) requirements (HB 1220) for jurisdictions to demonstrate sufficient capacity to accommodate housing needs at all income levels (see: RCW 36.70A.070(2)(c), and WAC 365-196-410(e) and (f)). Consistent with guidance from the Washington State Department of Commerce, this analysis compares potential zoned capacity allowing for housing to Skagit County's rural allocation of countywide projected housing needs. Results of the land capacity analysis will support the development of the Comprehensive Plan periodic update due in 2025.

Overall Approach

Skagit County's initial 2045 allocation of Population, Housing and Employment was adopted by the Growth Management Act Steering Committee (GMASC) composed of cities, towns, and Skagit County in December 2023. Exhibit 1 indicates 2045 housing allocation within the county's UGAs that are not associated with cities, and rural areas. These include Bayview Ridge, Swinomish and rural county. Bayview Ridge was not allocated additional housing. Additional housing on unincorporated land is also not feasible in Swinomish due to tribal trust lands. Therefore, it is expected that allocated housing units from Swinomish will be reallocated within the cities and to other locations under land use management by Skagit County. In Skagit County's letter to the cities dated July 25, 2024, the County indicated the allocation to Swinomish will need to be reallocated. In addition, housing targets for those under 50% of the area median income (AMI) would need to be reallocated since it relies on multifamily housing to achieve the affordability at that level, a housing type not allowed in rural areas. However, the County indicated it can assume allocations of 51% AMI to over 120% in the rural areas.

Exhibit 1. Initial Housing Allocation in Unincorporated Skagit County Net Growth 2020-2045

	0-30%	31-50%	51-80%	81 - 100%	101 – 120%	Above 120%	Total	51-120% Share
Bayview Ridge	0	0	0	0	0	0	0	0
Swinomish	37	24	17	9	8	23	118	57
Rural (outside UGAs)	89	57	501	268	238	2,337	3,490	3,344

Source: Skagit County Council of Government (SCOG) Resolution 2023-01

The cities and towns in Skagit County have decided to conduct their own Land Capacity Analyses (LCA), inclusive of their associated unincorporated UGAs. Therefore, instead of a countywide LCA, the County is conducting land capacity only for limited areas of more intensive rural development (LAMIRDs) where compact growth seems feasible with utilities and public services.¹ This memo also identifies the feasibility of accommodating housing allocated within rural areas outside of LAMIRDs.

Based on the December 2023 countywide growth allocations, and discussion with jurisdictions, the County identifies land available and suitable to:

- Accommodate growth within the following LAMIRDs:
 - Alger
 - Bay View
 - Clear Lake
 - Similk Beach
- Accommodate growth within rural areas

Land Capacity Analysis Methodology for LAMIRDS

This memo considers the following steps in determining capacity within LAMIRDs:

- Evaluate the suitability of land in the four LAMIRDs indicated above for future development at densities allowed by current County zoning.
 - Identify and deprioritize areas in public uses (parks, schools, public facilities, capital infrastructure, etc.).
 - Identify regulated environmentally critical areas, protected natural resource areas, and environmental hazards (geologic hazard areas, flood-prone areas, etc.) that could make these lands unsuitable for future development.

¹ Skagit County does not have any unincorporated UGAs except for Bayview Ridge and Swinomish that are not associated with a city.

- Evaluate the remaining areas of the LAMIRDs for development suitability, including but not limited to the following characteristics:
 - Proximity to existing development and services.
 - Prevailing land use patterns and current level of development.
- Determine assumed density and calculate capacity
 - Select suitable land areas throughout the LAMIRDs based on the county’s review of growth to accommodate
 - Determine zoning and allowed density for suitable land areas
 - Calculate estimated land capacity within suitable land areas in each zone.

Estimating Capacity for Rural Growth Excluding LAMIRDs

GMA does not require a land capacity analysis for rural lands; however, the GMA requirements to show capacity for housing at different income levels mean that the County should consider the range of housing types and locations in the rural areas. The following method informs land availability in the rural area in various zoning districts.

- Identify acreage by County zoning for all lands outside UGAs and not included in a LAMIRD.
 - Review all rural area zoning where single family residential is permitted as a primary use.
 - Identify vacant lands that are outside of the above mentioned LAMIRDs, that are within the Group A water system or within a system that has potential to be served by water (no instream flow restrictions), and lots that are one acre or larger to include development.
- Calculate potential residential capacity by zone.

Capacity by Zone

Exhibit 2 identifies residential development capacity by zone within LAMIRDs. Results show capacity for about 242 dwelling units.

Exhibit 2. Residential Development Capacity by Zone in LAMIRDs

LAMIRDs	Zoning	Net Acres Vacant	Net Acres Partially Developed	Net Buildable Acres	Units on Developable Parcels	Assumed Density	Residential Capacity (housing units)
Alger							
Rural Village Residential	RVR	3.27	8.24	7.91	4	1	3
Rural Intermediate	RI	23.28	66.60	61.71	6	0.4	18
Bay View							
Rural Intermediate	RI	77.99	102.08	125.06	2	0.4	48
Rural Village Residential	RVR	22.99	55.88	54.28	10	1	44

LAMIRDs	Zoning	Net Acres Vacant	Net Acres Partially Developed	Net Buildable Acres	Units on Developable Parcels	Assumed Density	Residential Capacity (housing units)
Clear Lake							
Rural Village Residential	RVR	103.60	95.62	139.14	13	1	126
Similk Beach							
Rural Intermediate	RI	11.45	7.30	13.17	2	0.4	3
Total		247.11	348.46	408.33	38		242

Source: Skagit County GIS, 2024, BERK 2024

Vacant acres in the rural zones allowing housing as a principal use are identified in Exhibit 3. These lands also are considered vacant (classified by the Assessor as undeveloped land OR an assessed improvement value less than \$10,000). These lands also have access to Group A water. This is because The State of Washington has prohibited new wells in most of the Skagit Basin through the Skagit Instream Flow Rule.² Most resource zones allow housing as an accessory to a primary use of resource production; therefore, resource lands with this zoning limitation are excluded from the capacity estimate. Permit information appears to show the greatest number of permits are found in RRv, RI, and RVR zones. See Attachment A.

Land capacity analyses often exclude properties with an assessed land value of zero because this can indicate the property is unbuildable (public right-of-way, tidelands, etc.) or the record represents property that is not tied to land (such as a condominium unit or a mobile home on leased land). In Exhibit 3, two calculations of potentially vacant land are provided: Option A excludes such zero-value properties from the land supply and Option B that includes them.

Exhibit 3. Housing Capacity by Zoning in Vacant Acreage with Group A Water (excluding LAMIRDs)

Zoning	Vacant acres (A – excludes zero land value)	Vacant acres (B - does not exclude zero land value)	Density (acres / unit)	Capacity by housing units A	Capacity by housing units B
[RI] Rural Intermediate	1,178	1,716	2.5	471	686
[RRc-NRL] Rural Resource - NRL	1,802	5,541	40	45	139
[RRv] Rural Reserve	6,121	17,715	10	612	1,771
[RVR] Rural Village Residential	82	279	1	82	279
[SF-NRL] Secondary Forest - NRL	1,260	3,050	20	63	152
Total	10,469	28,384		1,273	3,028

Source: Skagit County Parcel Data 2024, BERK 2024

Note: Excludes zones where single family residential is accessory to the primary use.

According to the December 2023 countywide growth allocations, the county's rural areas outside UGAs need to accommodate 3,344 additional housing units for households of 51% AMI and above. These

² See: <https://www.skagitcounty.net/Departments/PlanningAndPermit/watermain.htm> and <https://www.skagitcounty.net/Maps/iMap/?mapid=983c6d3f176f4818a3fc1e519b16054c>.

housing units need to be allocated in the unincorporated county. Exhibit 4 indicates the total capacity in the rural (including LAMIRD) areas. This indicates a deficit of 1,822 housing units under lands included with Option A that excludes zero-value properties from the land supply. Option B that includes zero-value properties indicates a surplus of 21 housing units.

Exhibit 4. Housing Deficits or Surplus by Options (including LAMIRDs)

	Capacity by housing units Option A	Capacity by housing units Option B
Rural area capacity	1,273	3,028
LAMIRDs	242	242
Assume 5% of dwellings as ADUs	64	151
Total Capacity	1,579	3,422
Surplus/ Deficit	-1,822	21

Source: Skagit County Parcel Data 2024, BERK 2024

Note: Excludes zones where single family residential is accessory to the primary use.

Due to the deficit in Exhibit 4, we include additional analysis to identify potential capacity on vacant acreages in the county that are without Group A water but are not in well restriction areas. See Exhibit 5. This indicates surplus capacity in the rural area. The county code allows additional density in Rural Resource - NRL and Rural Reserve zones under Conservation and Reserve Developments (CaRDs). Exhibit 5 indicates additional capacity while using CaRD density. However, these capacities are not readily available to meet the housing needs.

Exhibit 5. Vacant Acreage without Group A Water and not in Well Restriction Area (Excluding LAMIRDs)

Zoning	Vacant acres (A – excludes zero land value)	Vacant acres (B - does not exclude zero land value)	Density (acres / unit)	Capacity by housing units A	Capacity by housing units B
[RI] Rural Intermediate	139	226	2.5	56	90
[RRc-NRL] Rural Resource - NRL	1,260	6,033	40/10 ¹	32/126 ²	151/603 ²
[RRv] Rural Reserve	3,040	7,612	10/5 ¹	304/608 ²	761/1522 ²
[RVR] Rural Village Residential	76	153	1	76	153
[SF-NRL] Secondary Forest - NRL	4,300	6,955	20	215	348
Total	8,814	20,979		682/1080²	1,503/2,716²

1: Density under CaRD subdivision SCC 14.18.310

2. Capacity under CaRD subdivision

Source: Skagit County Parcel Data 2024, BERK 2024

Due to the lack of available land with water availability found in the data analysis (Exhibit 4), the County may consider the following approaches:

- There are limitations in the analysis due to the county’s lack of parcel data accuracy. The two options have two different outcomes of land capacity, one with a significant deficit of 1,822 housing units in the method that excludes zero-value properties. A closer look at the parcel data for accuracy might reveal additional capacity.
- If a capacity deficit continues to be identified, the County can address this deficit in multiple ways. The County could reallocate rural growth to LAMIRDs or UGAs. This would require rezoning of lands for higher density and planning for infrastructure capacity. Additional water system infrastructure could be considered in the areas that are without Group A water. The County can evaluate the feasibility of providing rural water service in these areas through partnerships with water purveyors or municipal latecomers agreements ([chapter 35.91 RCW](#) and [chapter 57.22 RCW](#)) or other tools.³

Capacity by Income Level

Not all housing types are appropriate for meeting all housing needs. Due to differences in land and construction costs per unit, the affordability of new housing depends in part on housing type. For instance, a new single-family home on a large lot is the most expensive type of home to produce per unit. As detailed in the housing needs assessment, new single family homes in Skagit County typically require an income of well over 120% median family income (MFI) to afford. Other housing types can be produced at a lower cost per unit. Exhibit 6 presents a framework for relating zones and housing types to assumed affordability level. These housing types and affordability assumptions are consistent with Commerce guidance for updating housing elements as well as BERK’s analysis of housing market conditions in rural Skagit County.

Exhibit 6. Housing Types and Potential Income Levels Served in Rural Skagit County

Housing Type	Definition	New Market Rate Housing	Subsidized Affordable Housing	Assumed Affordability Level for Capacity Analysis
Low-Rise Multifamily	Walk up apartment buildings or condominiums (up to 3 floors).	>80%-120 MFI	0-80% MFI	Low-Income (0-80% MFI)
Moderate Density	Also known as “middle housing”. Includes townhomes, duplex, triplex, quadplex. May also include new manufactured homes on smaller lots.	>80%-120 MFI & >120% MFI	<i>Not typically feasible at scale</i>	Moderate-Income (80-120% MF)
Low Density: Single Family	Detached single family homes.	>120% MFI	<i>Not typically feasible at scale</i>	Higher Income (>120% MFI)
Low Density: Manufactured Homes	Newly placed manufactured homes in low density zones	>80%-120 MFI	<i>Not typically feasible at scale</i>	Moderate-Income (80-120% MF)

³ See: <https://mrsc.org/explore-topics/planning/subdivisions/latecomer-agreements>.

Housing Type	Definition	New Market Rate Housing	Subsidized Affordable Housing	Assumed Affordability Level for Capacity Analysis
ADUs	Accessory dwelling units associated with a detached home.	>50-80% MFI & 80-120% MFI	Not typically feasible at scale	Low-Income (50-80% MFI) Group with Low-Rise Multifamily

Sources: Washington Department of Commerce [Guidance for Updating Your Housing Element, 2023](#); BERK, 2024.

Current zoning in LAMIRDs and other rural areas only allow for low density housing development, including detached single family homes, manufactured homes or ADUs.⁴ Therefore this analysis focuses on estimating potential capacity for these housing types. Rather than evaluate total housing capacity in rural areas, this analysis evaluates how many new homes the market is already providing each year and estimates how many new homes could be provided over the entire planning period (2020-2045) if the historic trends continue.⁵ Exhibit 7 shows the results of this analysis. Note that changes to development regulations or incentives to encourage the production of a housing type, such as ADUs, could impact the future rate of production.⁶

Exhibit 7. Manufactured Home and ADU Production Trends in Rural Skagit County (including LAMIRDs)

Housing Type	Estimated Net New Housing (2020-2023)*	Average Annual Production of Housing Type (2020-2023)	Expected Production if Trend Continues (2020-2045)
ADUs	39	13	324
Manufactured Homes	44	15	363
Single Family	145	48	1,208

Source: OFM, 2024; BERK, 2024

Next, we use this estimate of Expected Production if Trend Continues as a proxy for total capacity for new development of each housing type. We also compare this assumed capacity to the aggregate housing need at each corresponding income level. This analysis is shown in Exhibit 8. It reveals a shortage of capacity at every income level. However, the county is not required to demonstrate capacity meeting housing needs above 120% MFI.

⁴ Recent changes to GMA under SB 5275 allow options for development and redevelopment inside the boundary of a LAMIRD, subject to confirmation from all existing providers of public facilities and public services of sufficient capacity to serve any new or additional demand from the new development or redevelopment. With adequate public facilities, LAMIRDs can potentially accommodate homes for moderate density housing that could serve moderate income households (80-120% MFI). However, this would require rezoning to increase allowed density.

⁵ This proposed methodology is currently (August 2, 2024) under review by Commerce staff and BERK will refine it based on their feedback.

⁶ If the County is seeking to encourage ADUs to support housing for households with incomes from 50-80% AMI, consider limitations on the size of ADUs or incentives to convert portions of existing buildings to ADUs. Large new homes built as ADUs would not likely be affordable to these lower-income households.

Capacity to meet housing targets in rural Skagit County

Skagit County’s housing target is broken down by income levels in Exhibit 8 and compared against the expected production trend identified in Exhibit 7. This identifies housing surplus or deficits by income levels.

Exhibit 8. Assumed Capacity in Rural Areas (Including LAMIRDs) Compared to Need

Income Level (% MFI)	Initial Housing Need Allocation (2020-2045)	Aggregated Housing Needs Allocation	Housing Types with Potential to Serve These Needs	Aggregated Housing Needs Allocation	Expected Production if Trend Continues (Assumed Capacity)	Capacity Surplus or Deficit
0-30%	89	146	Low-Rise Multifamily	146	0	-146
>30-50%	57					
>50-80%	501	501	ADUs	501	324	-177
>80-100%	268	506	Manufactured Homes	506	363	-143
>100-120%	238					
>120%	2,337	2,337	Single-Family	2,337	1,208	-1,129

Sources: BERK, 2024.

The County’s permit data by housing type is shared in Exhibit 9. It includes the number of single-family, multi-family, and ADU permits issued by the county from 2018 through mid-2024 in the rural areas. The observed permits are multiplied to compare the condition if past trends are projected forward to the next 20 years. See Attachment A for more details.

Exhibit 9. Unincorporated Skagit County – Permit by Housing Type (2018 – 2024)

Housing Type	Net Number of Permits (2018 – 2024)	Permits if Trend is Projected forward to 20 years
Multi-family	0	
ADUs	195	600
Manufactured Homes	39	120
Single Family	586	1803
Total	820	2,523

Sources: Skagit County permit data 2024, BERK, 2024.

It is to be noted that this is an exercise of permit trends only. There are many other variables that would impact the housing production trends such as availability of infrastructure and market conditions.

Next Steps

The County needs to take steps to show adequate capacity for meeting housing needs at each income level. As a first step, the County should consider reallocating housing for 0-50% MFI to the cities and UGAs where urban services are available. LAMIRDs have the potential to provide housing capacity for 51-80% MFI and 81-120% MFI with appropriate changes to zoning where adequate public facilities are available. However, the zoning is not yet in place to support these housing types, with the exception of new ADUs and manufactured housing.

GMA requires an adequate provisions analysis for housing element, which will provide more guidance on how to address deficits and barriers to providing affordable housing. Per this guidance, the County is required to study whether there are barriers in place to developing housing that will meet the 2045 housing and to document actions needed to overcome barriers in unincorporated rural and LAMIRDs.

Attachment A: Permit Data

BERK received permit data from Skagit County and attached it to parcel data to further identify unit types and production by zone. BERK filtered the permit data to reflect permit summary for just the rural areas. Data for 2024 are year to date collected as of July 2024.

Exhibit 10. Permits 2018-2024 (Partial Year) by Unit Type

By Housing Type	Units Built	Units Demolished
Single-Family	586	0
ADU	195	0
Multifamily	0	0
Manufactured/Mobile Home	39	39
Total	820	39

Exhibit 11. Permits 2018-2024 (Partial Year) by Zone

By Zone	Units Built	Units Demolished
Ag-NRL	63	4
RB	0	3
RC	1	0
RI	187	10
RRC-NRL	36	1
RRv	430	18
RVR	112	3
SF-NRL	30	0
Total	859	39

Exhibit 12. Permits 2018-2024 (Partial Year) by Zone and Type

Zone	Single-family	ADU	Multi-family	Manufactured
Ag-NRL	24	28	0	7
RB	0	0	0	-3
RC	1	0	0	0
RI	130	42	0	5
RRC-NRL	26	7	0	2
RRv	299	97	0	16
RVR	80	20	0	9
SF-NRL	26	1	0	3
Total	586	195	0	39

Exhibit 13. Permits by Year

By Year	Units Built	Units Demolished
2018	159	0
2019	140	0
2020	99	5
2021	156	6
2022	149	11
2023	96	12
2024 (partial)	60	5
Total	859	39

Attachment B: Land Capacity Maps

Exhibit 14. Rural Land Capacity Parcels – East County

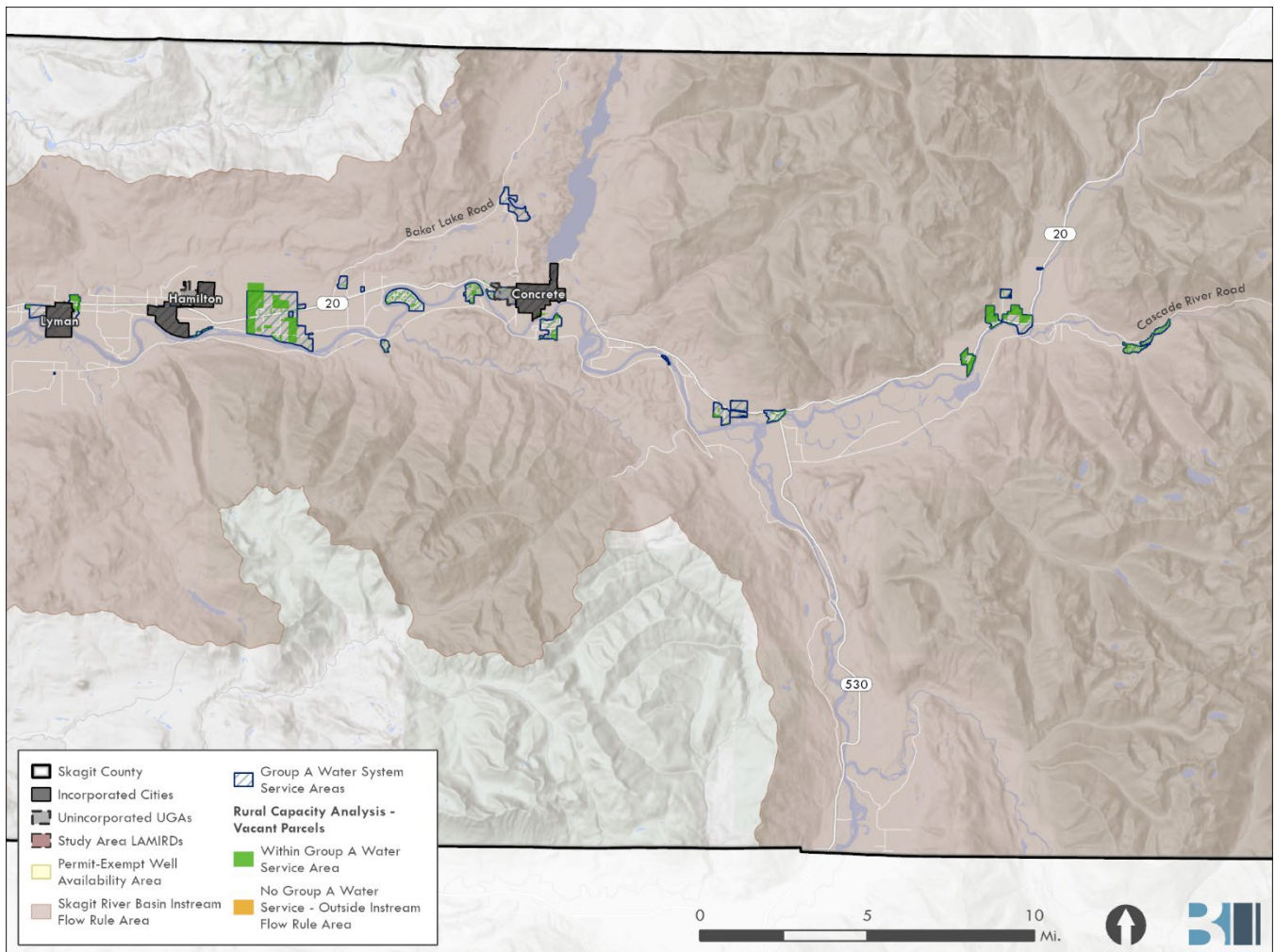


Exhibit 15. Rural Land Capacity Parcels – West County

