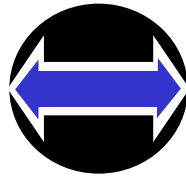




BENCHMARK	23. HOUSING AFFORDABILITY WILL INCREASE.
INDICATOR	<p><i>Indicators include:</i></p> <ul style="list-style-type: none"> ▪ <i>Affordability index</i> ▪ <i>First time home buyer affordability index</i> ▪ <i>Housing costs as a percentage of income</i>



Providing for safe and affordable housing is one of the overriding goals of the Skagit County Comprehensive Plan (Goal A of the Housing Element). In fast growing areas like the County, land and housing prices often increase faster than the rate of inflation—reflecting the relationship between the supply of buildable land and the demand for it. This means that ensuring housing that is affordable to local residents becomes an even greater challenge. Adequately sizing urban growth areas—so that they can accommodate the projected growth without unduly restricting the demand—is a key strategy to maintaining an affordable housing stock.

Housing affordability is tied closely to local household incomes. Generally, housing is considered affordable if a household or family spends no more than 30% of its monthly income on housing costs (i.e., mortgage or rent payments). Several indicators measure this relationship, including calculation of an affordable housing “index” for the County by the Washington State University (WSU), Center for Real Estate Research, and by examining housing costs in the County as a percent of household incomes based on data reported by the U.S. Census.

The WSU Housing Affordability Index for both Skagit County and the state of Washington from 1995-2002 is shown in **Figure 23.1**. The index measures the ability of a typical middle-income family to carry the mortgage payments on a median price home. When the index equals 100 there is a balance between the family’s ability to pay and the cost. Higher indexes indicate housing is more affordable. The data indicates that the County affordable housing index has exceeded 100 every year since 1995 although it trails the statewide averages slightly. The WSU Real Estate Research Center also tracks a similar index for first-time home buyers. The First Time Housing Affordability Index is shown in **Figure 23.2**. It indicates the significant challenge for first-time home buyers to find affordable housing. In the case of both the County and the state overall, the first time housing affordability index—although increasing annually—is well below 100 for each of the past seven years.

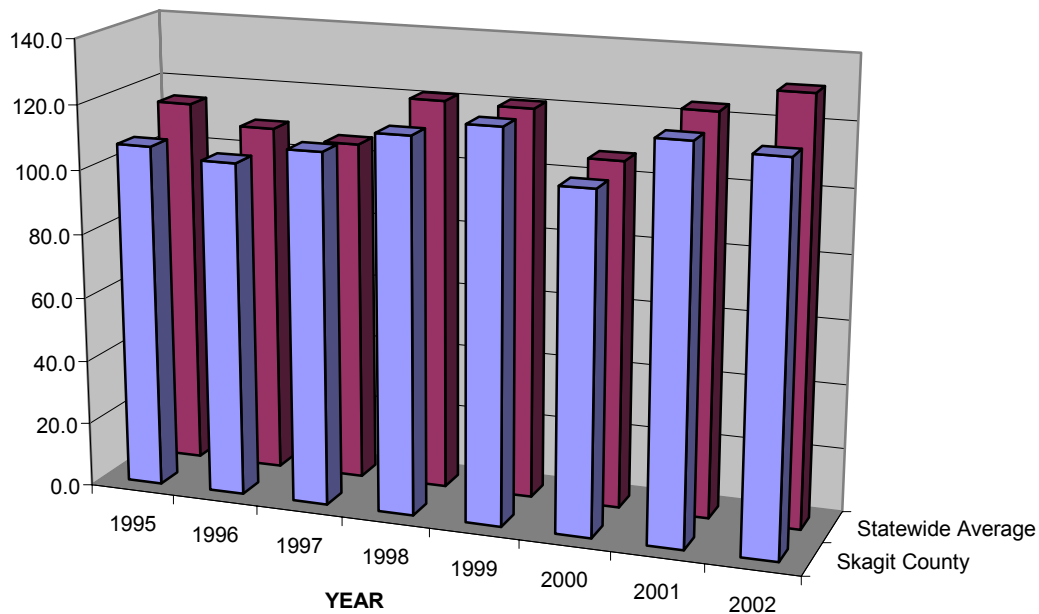
Census data reported in **Figure 23.3** indicate that the share of total owner-occupied unit households who spent more than 30% of their monthly income on housing increased from 15% in 1990 to 27% in 2000. The share of renter-occupied households who spent more than 30% of their monthly income on housing increased from 36% to 41% during the same time period. These trends highlight the fact that housing costs increased significantly faster than wage levels and household incomes in the County during the fast-growing 1990s. As a result, more than one-quarter of owner-occupied households and more than one-third of renter-occupied households experience difficulty finding affordable housing in the County.



The data suggest that, based on median incomes and home prices in the County, most residents can find affordable housing. However, there is a significant and growing population of folks who cannot. This is especially troubling given that the fastest growing sectors of the local economy are also those with the relatively lowest wages.

Skagit County and its cities and towns should continue to ensure that UGAs contain enough buildable land and adequate capital facilities to accommodate the projected population and employment growth without unduly contributing to market-driven increased housing and land prices.

Figure 23.1
Skagit County
Housing Affordability Index
(1995-2002)

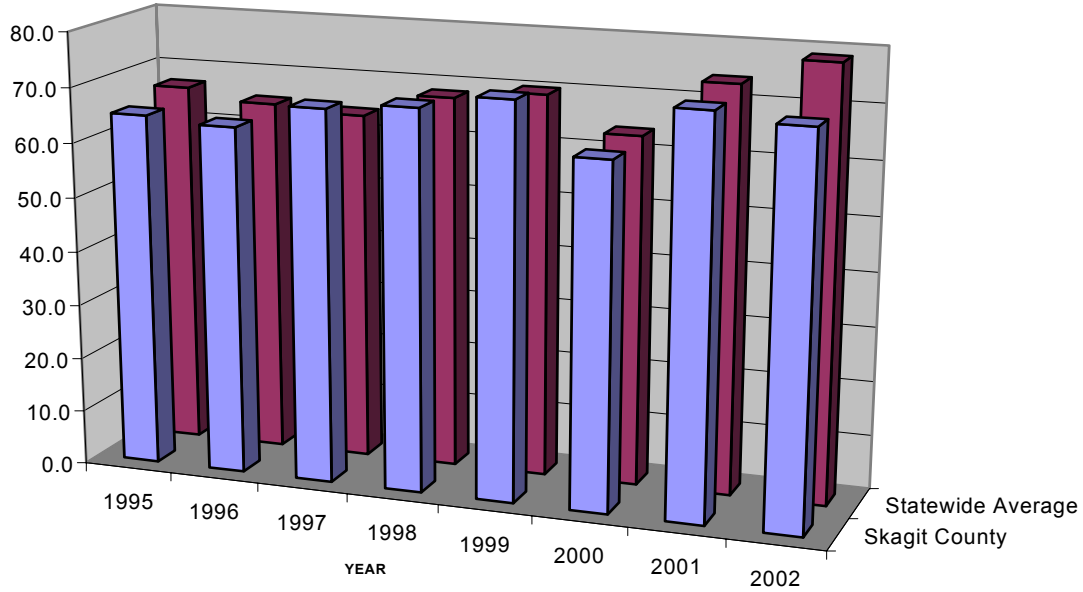


Source: WSU Center for Real Estate Research

Note: Housing affordability index assumes the purchaser's income is the County median household income and the home price is the County median home price. Mortgage loans are assumed to be 30 year loans. Assumes 20% down payment. Index assumes that 25% of household income can be used for principal and interest payments.



Figure 23.2
 Skagit County
 First Time Housing Affordability Index
 (1995-2002)

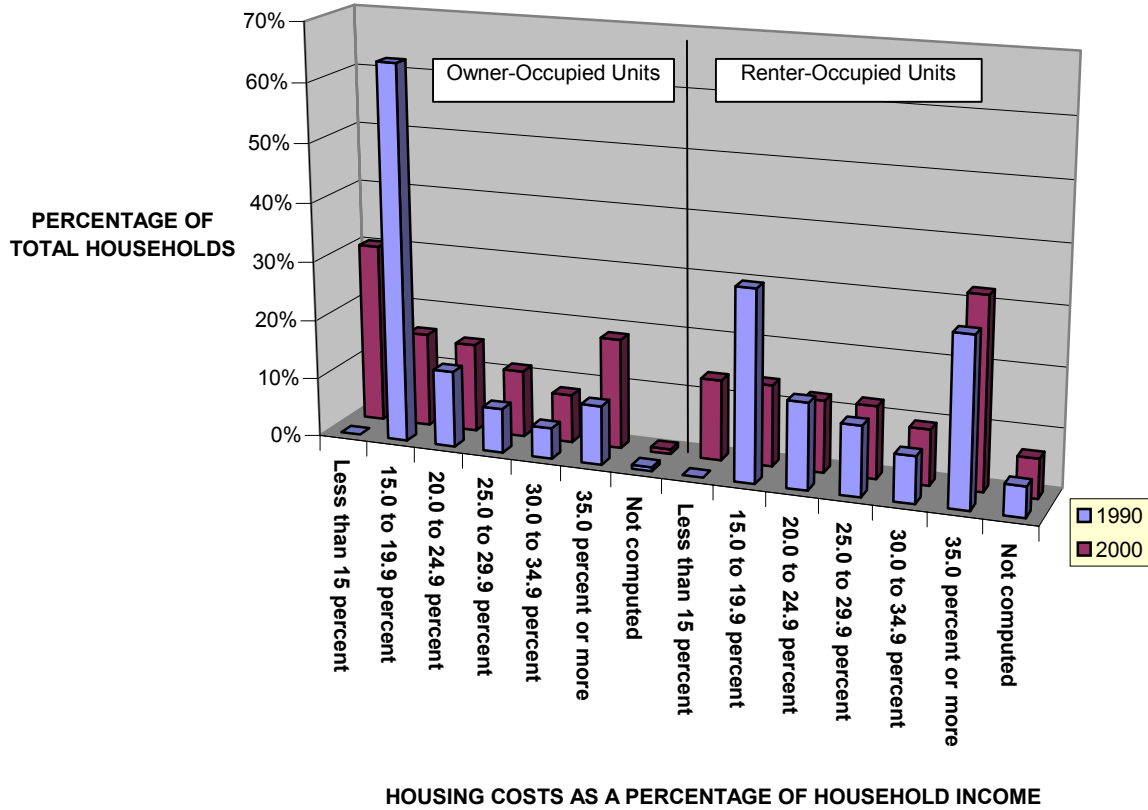


Source: WSU Center for Real Estate Research

Note: First time buyer housing affordability index assumes the purchaser's income is 70% of the County median household income and the home price is 85% of the County median home price. Mortgage loans are assumed to be 30 year loans. Assumes 10% down payment. Index assumes that 25% of household income can be used for principal and interest payments.



Figure 23.3
Skagit County
Housing Costs as Percent of Household Income
(1990-2000)



Source: US Census



**SUBJECT:
HOUSING VARIETY**

BENCHMARK	24. A VARIETY OF HOUSING OPTIONS WILL BE MAINTAINED.
INDICATOR	<p><i>Indicators include:</i></p> <ul style="list-style-type: none"> ▪ <i>Housing inventory</i> ▪ <i>Housing values</i>



Housing options refers to the availability and accessibility of different types and values of houses that fit the lifestyle choices of local residents. Promoting a diverse housing stock means that all economic segments of the population should have access to safe and decent housing. These values are reflected in Goal D and Objective 4 of the Housing Element of the Skagit County Comprehensive Plan.

Measures or indicators for housing options are most often associated with the housing inventory and housing value trends in the County.

Growth in the total housing inventory from 1995-2001 for the County is shown in **Figure 24.1**. The data indicate that single-family dwelling units comprise about three-quarters of the total housing stock and multi-family units account for the remaining one-quarter. The share of these types of units as components of the overall housing market remained stable over the past six years. The total County housing stock grew by almost 4,000 new units from 1995-2001. During the same time, the turnover, or sales of existing homes, increased from 4% to 6% of the total housing inventory. Both of these factors indicate a healthy level of demand in the local housing market. The clear preference in the market remains for single-family detached homes. Although based on the growing needs for more affordable housing, the market is likely to become more sensitive to smaller single-family detached homes and attached single-family and multi-family units.

**Figure 24.1
Skagit County
Housing Inventory & Sales Activity
(1995-2001)**

	1995	1996	1997	1998	1999	2000	2001
Total Housing Inventory	39,012	39,611	40,135	40,777	41,429	42,106	42,825
Single-Family Units	28,502	29,027	29,517	30,002	30,530	31,094	31,599
Percent of Total	73%	73%	74%	74%	74%	74%	74%
Multi-Family Units	10,510	10,584	10,618	10,775	10,899	11,012	11,226
Percent of Total	27%	27%	26%	26%	26%	26%	26%
Existing Home Sales	1,630	1,480	1,850	2,060	2,700	2,650	2,680
Percent of Total Units	4%	4%	5%	5%	7%	6%	6%

Source: WSU Center for Real Estate Research

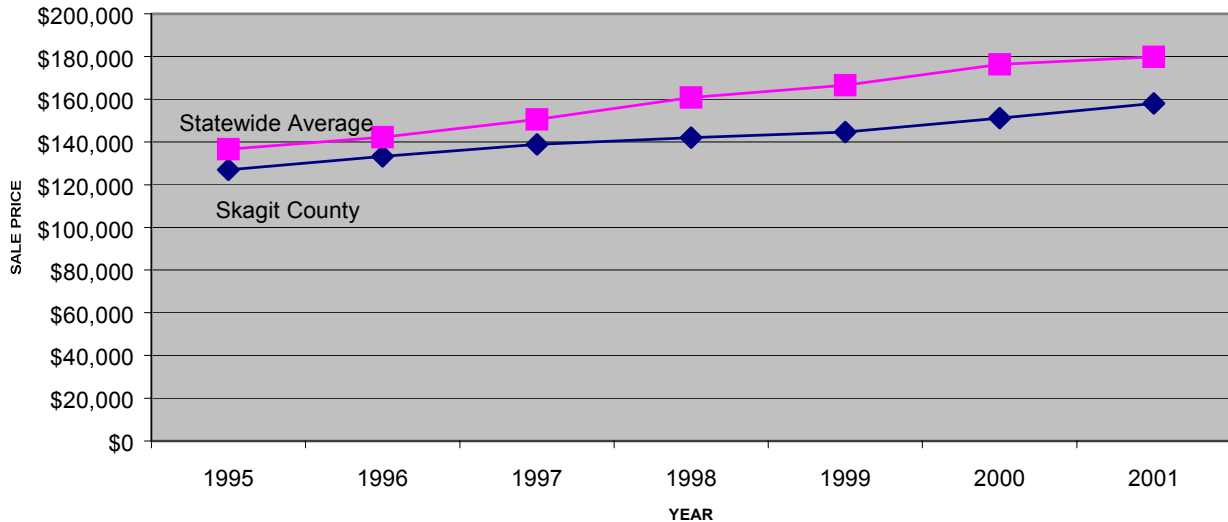
Median home prices experienced significant gains from 1995-2001 as illustrated in **Figure 24.2**. The median home price increased from \$127,000 in 1995 to \$158,000 in 2001. This amounts to an average increase of more than 4% annually over the last six years albeit at a pace slower than the increase in median home prices statewide.





Looked at over an even longer time period, the increase in housing values is more startling. **Figure 24.3** indicates the changes in owner-occupied housing values from 1990-2000 based on the U.S. Census. The data indicate the significant increase in housing values during the 1990s. The share of owner-occupied units valued at \$100,000 or more grew from 31% in 1990 to 87% of the total owner-occupied housing stock in 2000—an almost three-fold increase in one decade.

Figure 24.2
Skagit County
Median Home Prices
(1995-2001)



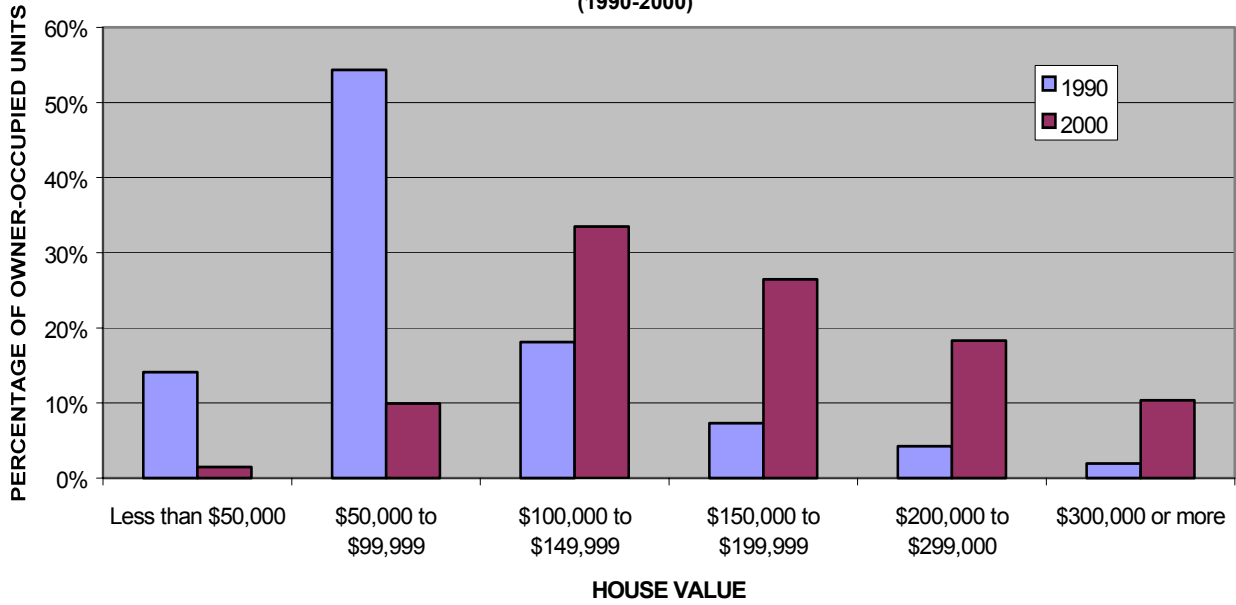
Source: WSU Center for Real Estate Research

The data suggest that significant housing options are present in the County to accommodate a wide range of lifestyle choices—from manufactured homes and large lot rural acreages to single-family homes, duplexes, townhouses and apartments in urban growth areas. Nevertheless the increase in housing prices and lagging wage levels suggest a looming need to target households earning less than the County median income with housing such as cottages, mixed use development, and smaller attached and detached owner-occupied housing products.

Skagit County and its cities and towns should continue to promote diversity in the housing stock by ensuring that a range of housing choices and densities are provided in the appropriate development regulations. Flexibility and incentives in local development regulations should be provided in order to encourage developers to efficiently respond to market changes and housing preferences—especially among the growing segments of the population most in need of affordable housing.



Figure 24.3
Skagit County
Owner Occupied Housing Values
(1990-2000)



Source: US Census



**SUBJECT:
HOUSING QUALITY**

BENCHMARK	25. THE QUALITY OF THE HOUSING STOCK WILL BE MAINTAINED AND ENHANCED.
INDICATOR	<i>Skagit County Assessor evaluation of condition of housing stock</i>



Goal B of the Comprehensive Plan’s Housing Element speaks to conserving and enhancing the existing housing stock. The objective is to maintain safe and sanitary housing—consistent with local standards—by encouraging housing maintenance, redevelopment and neighborhood vitality.

The Skagit County Assessor’s Office conducts an annual revaluation of property and improvements. Due to the scope and nature of the revaluation effort, the Assessor typically completes a full revaluation Countywide every four years. Part of the evaluation examines the appearance and maintenance of the property and assesses an estimated measurement of appreciation or depreciation in market value. Based on this revaluation, the Assessor’s Office determines whether some properties meet the criteria for significant depreciation based on lack of maintenance or significant structural damage or other loss in value. The Assessor suggests a threshold of less than 25 percent depreciation is an indicator that the overall housing stock in the County is in generally good condition. Average depreciation levels in excess of 25 percent indicate that the overall housing stock may suffer from disinvestment and lack of maintenance.

The Assessor’s 25 percent depreciation threshold can be a useful tool to track how well the County’s housing stock is being maintained. It is important to note that the depreciation level measures average housing condition—not the quality of construction or the current market value of homes. It is intended to assess standard housing conditions measured against a newly constructed home. For example, a depreciation level of zero percent represents a newly constructed home; a 20 percent depreciation level represents an older home in need of minor work; and a 40 percent depreciation level means a home with major repair needs.

The latest revaluation survey conducted by the Assessor to measure depreciation levels is shown in **Figure 25.1** The survey indicates that the average depreciation of the Countywide housing stock is 21 percent in rural areas and more than 16 percent in urban areas. Both levels are less than the 25 percent depreciation threshold. This indicates that the County maintains a quality housing stock.

**Figure 25.1
Skagit County
Housing Revaluation Depreciation**

	All Cities/Towns	Rural County	Burlington	Mount Vernon	Anacortes	Sedro-Woolley
Total Homes	19,254	21,779	1,871	7,596	6,017	2,896
Average Year Built	1976	1977	1969	1978	1980	1976
Average Depreciation	16.76%	21.06%	17.29%	15.25%	15.84%	19.22%

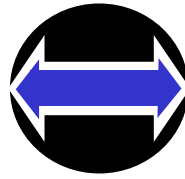
Data not currently available for Concrete, Hamilton, Lyman and LaConner – these communities represent less than 10% of the total homes in the County. Source: Skagit County Assessors Office





**SUBJECT:
LOW INCOME HOUSING**

BENCHMARK	26. LOW INCOME HOUSING NEEDS WILL BE ADDRESSED (I.E., THE GAP BETWEEN HOUSING NEEDS AND AVAILABILITY SHOULD DIMINISH).
INDICATOR	<p><i>Indicators include:</i></p> <ul style="list-style-type: none"> • <i>Low income housing demand</i> • <i>Affordable housing wage requirements</i>



The housing needs of the low and very low-income residents of the County are important indicators of how well the County provides for its most needy residents. These are residents who typically provide important and significant roles in the County’s economy, such as permanent and migrant farm workers, or require special services, such as the elderly or disabled. In many cases these residents are the working poor who occupy the lowest-paying job scales in the local economy, but whose jobs provide the underpinning for other economic sectors and businesses in the County.

The Growth Management Act (GMA) requires that local governments examine meaningful ways to provide housing to *all* economic segments of the population. In most communities, this means federal, state and local government programs that help subsidize some or all of the housing costs for very low-income residents. In Skagit County, the Housing Authority of Skagit County (HASC) provides assistance to elderly, disabled, and other very low-income residents by administering federal government “pass-through” housing subsidies and grants. The HASC operates and manages a number of subsidized low-income housing projects. As shown in **Figure 26.1**, the number of affordable housing units provided by the HASC increased from 728 in 1996 to 898 units in 2002. These units are provided to house “very low-income” residents (i.e., those who make less than 50% of the County median income). However, the supply of subsidized very low-income units cannot meet all of the demand for such units in the County. The HASC maintains a list of “families awaiting assistance” (including the homeless) for whom housing capacity is not currently available. As indicated in Figure 26.1, more than 1,000 very low-income families in the County cannot find affordable housing and are on the “waiting list” for public housing assistance.

**Figure 26.1
Skagit County
HUD Section 8 Housing Choice Vouchers
Waiting List
(1994-2001)**

Measure	1994	1995	1996	1997	1998	1999	2000	2001
Total Number of Families Awaiting Assistance	991	1,209	1,761	1,465	1,200	1,000	1,000	1,050
HASC Owned/Managed Affordable Housing Units			728	728	653	653	898	898

Source: Housing Authority of Skagit County (HASC)
Families on the waiting list all comprise very low-income households (earning less than 50% of the median County income) and include elderly, disabled and homeless individuals and families





For the working poor, affordable housing can be an elusive goal. The National Low Income Housing Coalition (NLIHC) measures what it terms “minimum affordable housing wages” for communities across the country based on local fair market rents and the generally accepted standard that not more than 30% of income should be spent on housing costs. **Figure 26.2** indicates that the minimum hourly wage needed to afford two bedroom fair market rent in Skagit County in 2002 is \$12.69. This figure is 184% greater than the current minimum wage in the state. **Figure 26.3** translates the minimum hourly wages needed to pay for affordable housing to monthly wages and compares that figure against the median monthly wage levels in the County for the past several years. The data indicate that the minimum monthly wage needed to afford two bedroom rent in Skagit County amounts to slightly less than 90% of the overall County median monthly wage. In all likelihood this means that as many as one-third of the wage earners in the County may make less than the “minimum affordable housing monthly wage” needed to afford a two bedroom fair market rent as measured by the NLIHC.

Figure 26.2
Skagit County
Minimum Hourly Affordable Housing Wages
(1999-2002)

Location	Hourly Wage Needed to Afford Two Bedroom FMR (@40 hrs./week)			
	1999	2000	2001	2002
Skagit County	\$11.88	\$12.06	\$12.37	\$12.69
As % of Minimum Wage	231%	186%	184%	184%
Washington State	\$12.47	\$12.62	\$14.00	\$14.77
As % of Minimum Wage	242%	194%	208%	214%

Note: FMR=Fair Market Rent
 "Affordable" rents represent the generally accepted standard of spending not more than 30% of income on housing costs
 Source: National Low Income Housing Coalition

Figure 26.3
Skagit County
Monthly Affordable Housing Wage

Location	Minimum Monthly Wage Needed to Afford Two Bedroom FMR (assumes 40 hrs./week for four weeks)			
	1999	2000	2001	2002
Skagit County	\$1,900.80	\$1,929.60	\$1,979.20	\$2,030.40
As % of County Median Monthly Wage	90%	88%	88%	
County Median Monthly Wage	\$2,109.67	\$2,193.56	\$2,256.22	

Note: FMR=Fair Market Rent
 "Affordable" rents represent the generally accepted standard of spending not more than 30% of income on housing costs
 Sources: National Low Income Housing Coalition, Washington State Employment Security Department



The Washington State Employment Security Department (ESD) conducts periodic wage surveys for the region encompassing Island, San Juan, Whatcom and Skagit counties. The last survey was conducted in year 2000 and ranks occupations by the number employed and reports their average wages. This is an excellent indicator to assess how the wage levels of the most predominant occupations in the region compare to the County median wage levels and the minimum affordable housing wage levels. The ESD survey data indicate that the occupations with the ten largest number of employees in the region comprise:

1. Cashiers
2. Retail Salespersons
3. Waiters and Waitresses
4. Food Preparation and Service Workers
5. Bookkeeping and Accounting Clerks
6. Teaching Assistants
7. Carpenters
8. Office Clerks
9. Truck Drivers
10. Cafeteria and Food Concession Attendants

Figure 26.4 graphically portrays the average wage levels of the top ten occupations in the region and compares them against the median Skagit County monthly income and the minimum affordable housing wage levels. The data indicate that the average wage levels of seven of the top ten occupations in the region fall below the minimum affordable housing wage levels reported for Skagit County in 2000. The data suggest that providing affordable housing for the growing number of retail trade and service sector workers in the County may be one of the greatest challenges facing the County.

Figure 26.4
Skagit County
Top Ten Occupations Wage Comparison (2000)

