



# COMPREHENSIVE PLAN 2016 - 2036

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## CITY COUNCIL HOUSING ELEMENT

This presentation was originally given on April 20, 2016. Additions have been made to these slides in response to a typographical error, questions received, and to cite data, where applicable

COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT

APRIL 20, 2016

# OVERVIEW

1. What is the Housing Element?
2. Existing Housing Conditions
3. Projected Housing Needs
4. Focus on Subsidized Housing
5. Other Factors to Focus on for Success

# WHAT IS THE HOUSING ELEMENT?

Housing Element is a chapter within the City's Comprehensive Plan.

## ...AND WHY ARE WE DISCUSSING IT?

- RCW 36.70A – City's Comprehensive Plan is required to be updated every 8 years – deadline **JUNE 2016**
- 20 year horizon - **2016 to 2036**

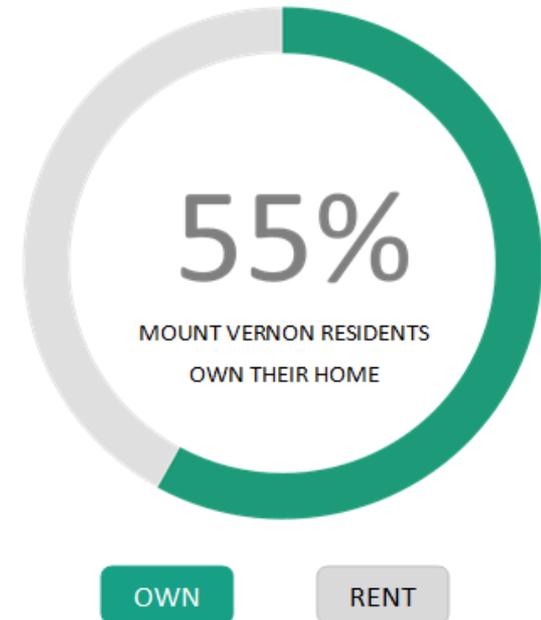
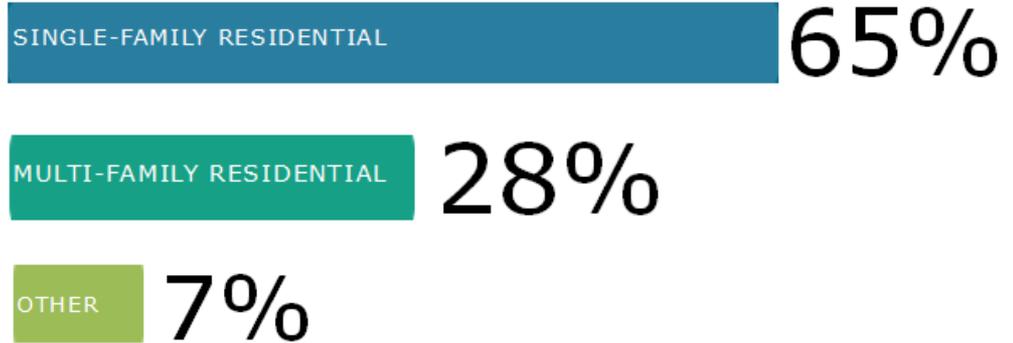


# WHAT IS THE HOUSING ELEMENT?

RCW 36.70A.070 (Required Element):

- Ensure the vitality and character of established neighborhoods
- Analysis of existing and needed housing units
- Sufficient land for housing and ways to meet the needs of all economic segments
- Single-family housing, multi-family housing, govt. assisted housing, low income, manufactured, group homes, foster care, all must be taken into consideration

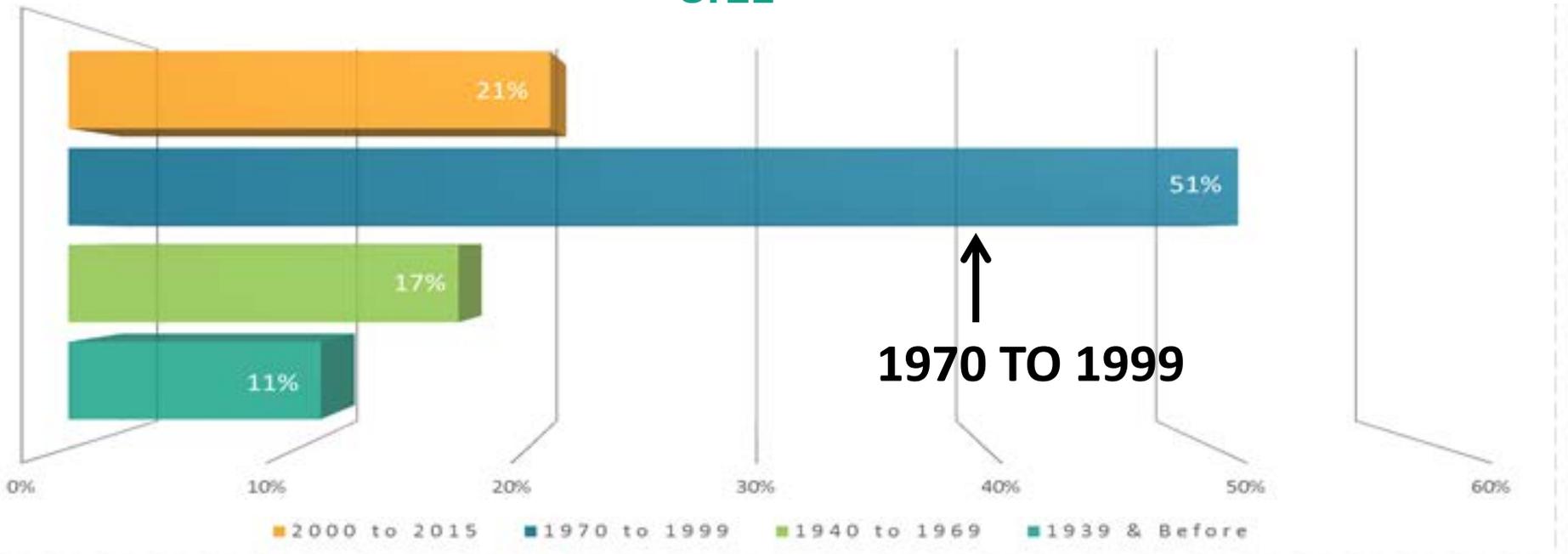
# EXISTING HOUSING CONDITIONS



# EXISTING HOUSING CONDITIONS

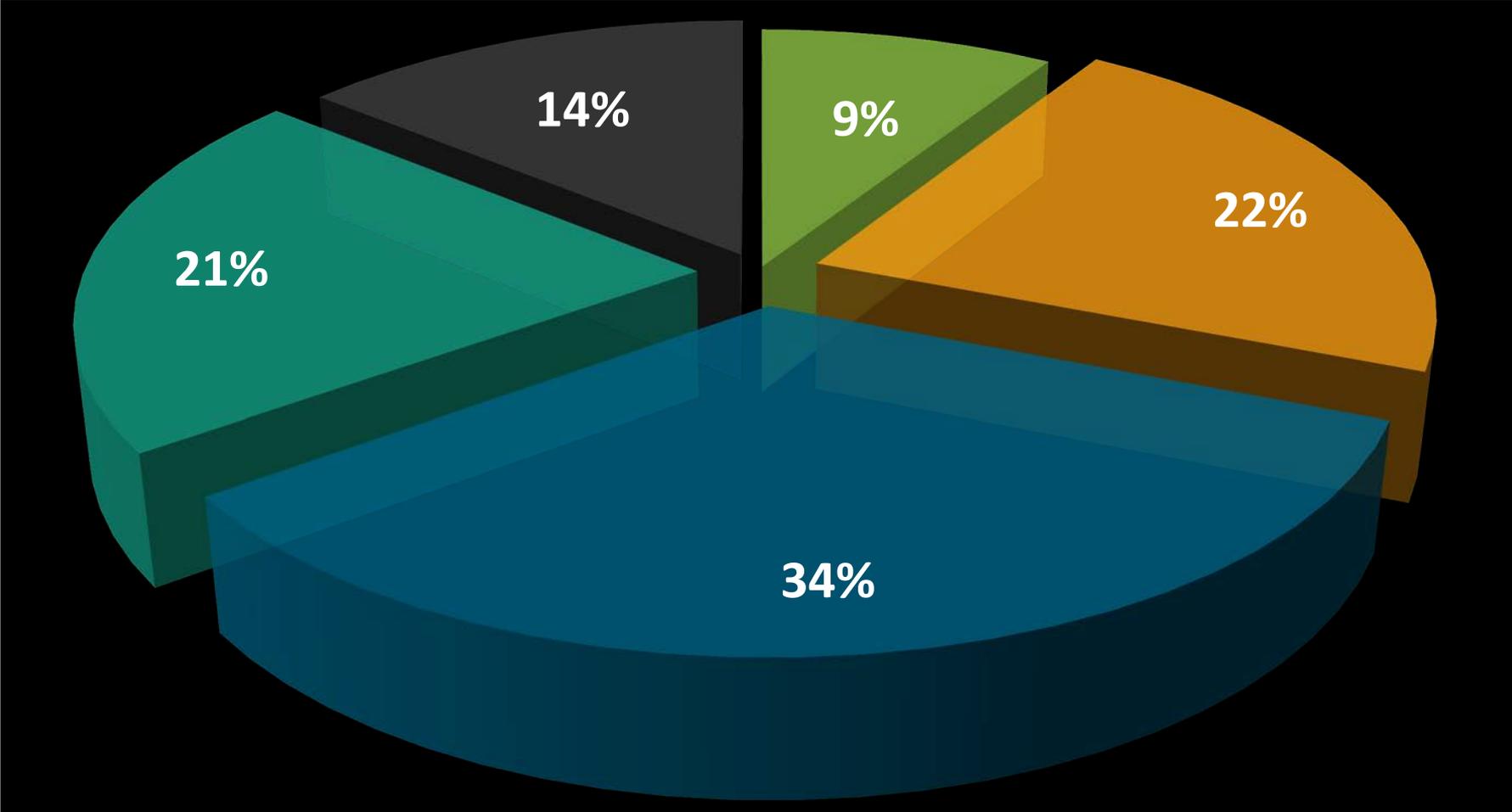
2.76

AVERAGE  
HOUSEHOLD  
SIZE



TIMEFRAMES WITHIN WHICH MOUNT VERNON'S EXISTING HOMES WERE CONSTRUCTED

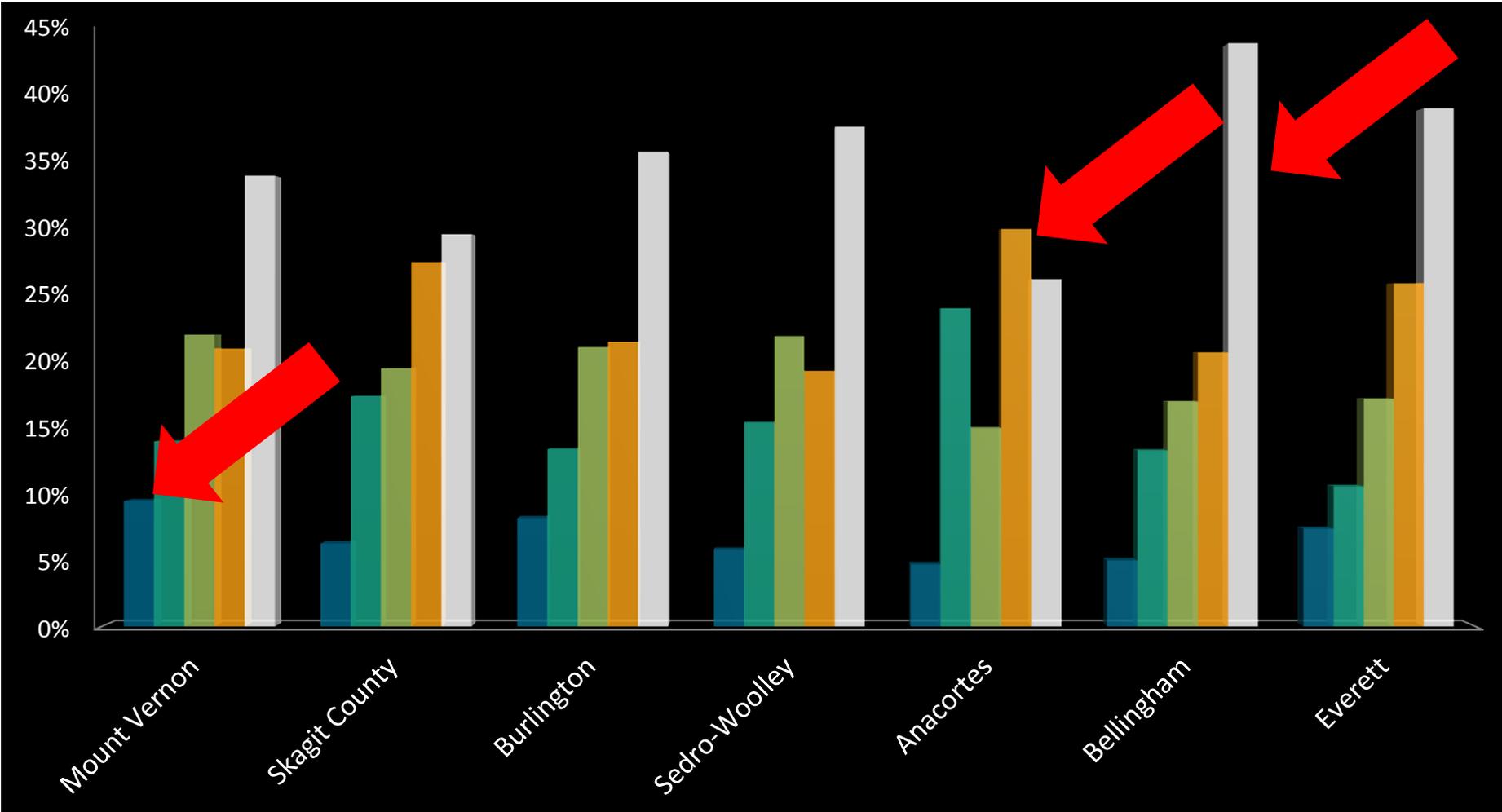
# OTHER HOUSING METRICS - AGE



■ 5 & Under    ■ 6 to 19    ■ 20 to 44    ■ 45 to 64    ■ 65+

Source: U.S. Census

# OTHER HOUSING METRICS - AGE

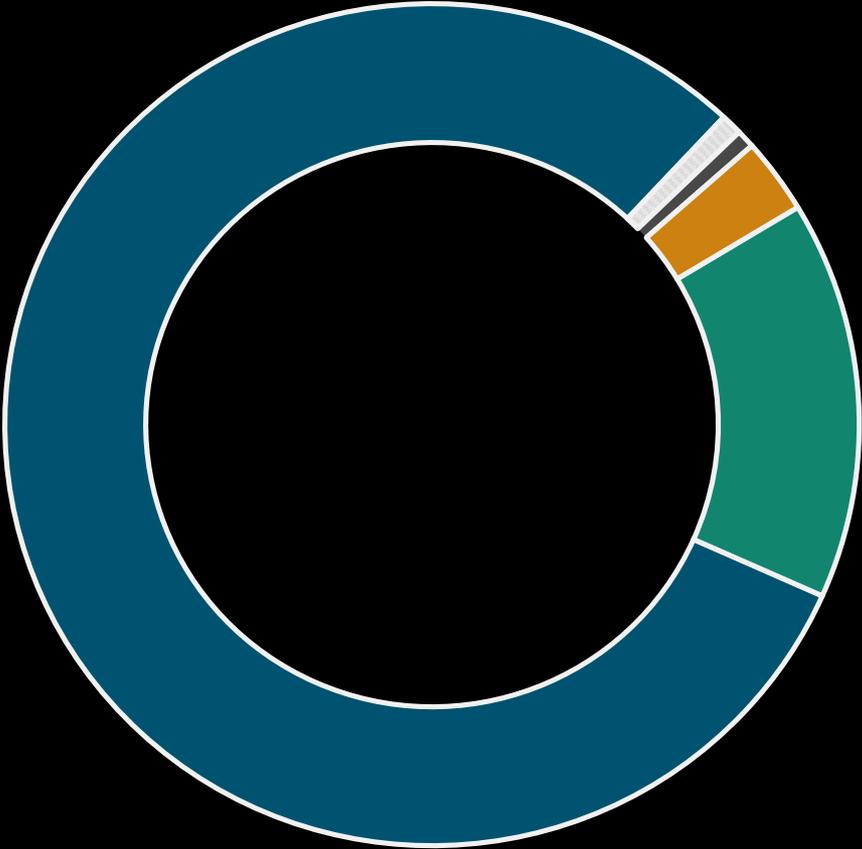


■ Under 5   ■ 65 and Older   ■ 5 to 19   ■ 45 to 64   ■ 20 to 44

Source: U.S. Census

# OTHER HOUSING METRICS - RACE

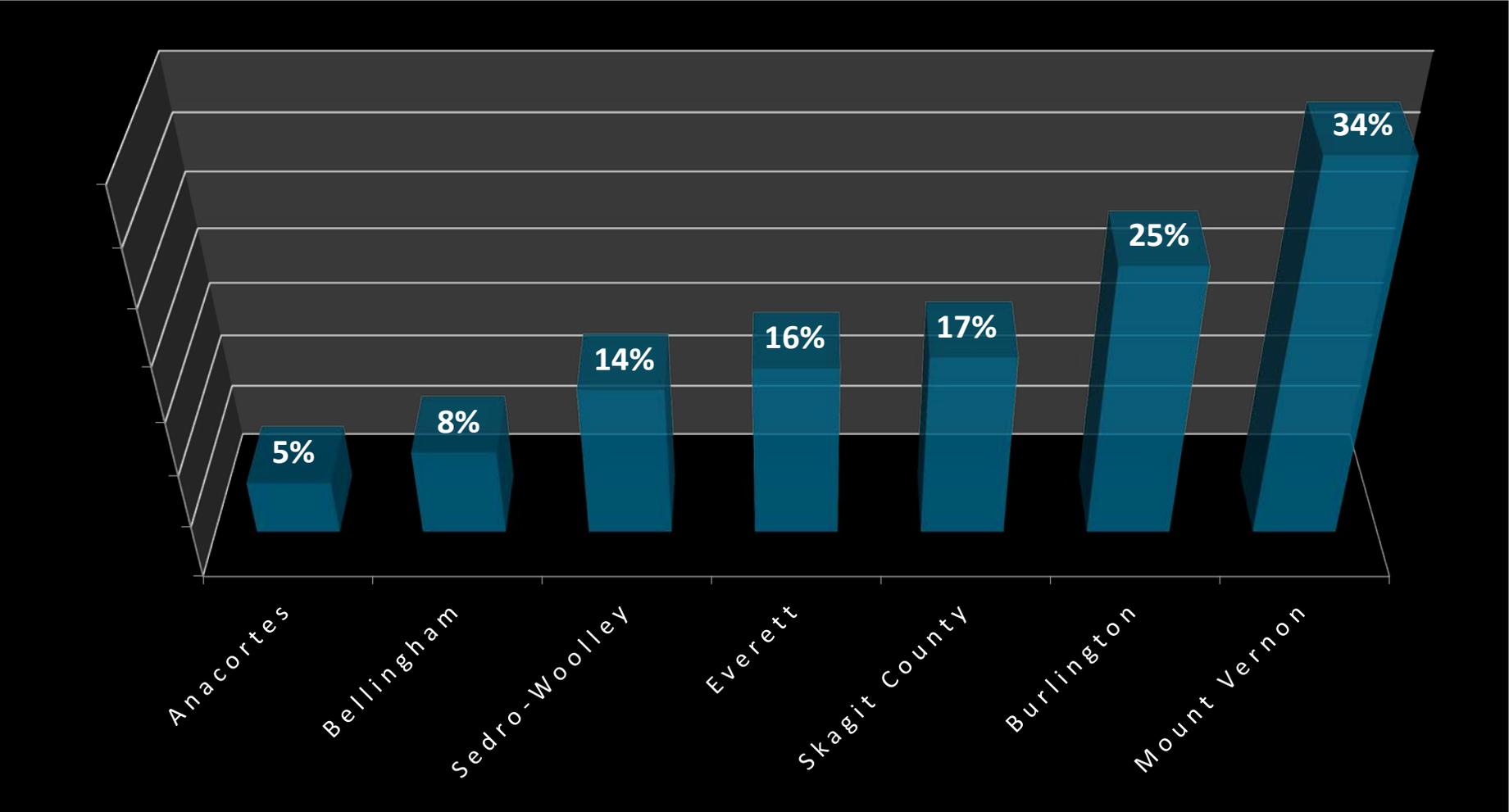
80%  
"WHITE"



- White
- Black
- American Indian
- Asian or Pacific Islander
- Other

Source: U.S. Census

# OTHER HOUSING METRICS - ORIGIN



US Census: “Hispanic or Latino” refers to a person of Cuban, Mexican, Puerto Rican, South or Central American or other Spanish culture or origin regardless of race

# NEW HOUSING TO PLAN FOR



**GROWTH MANAGEMENT ACT (GMA) REQUIREMENT FOR 20-YEAR GROWTH PROJECTION**



# HOUSING & INCOME

Most housing choices are based on income

## HOW MUCH MONEY CAN I SPEND A MONTH ON HOUSING?

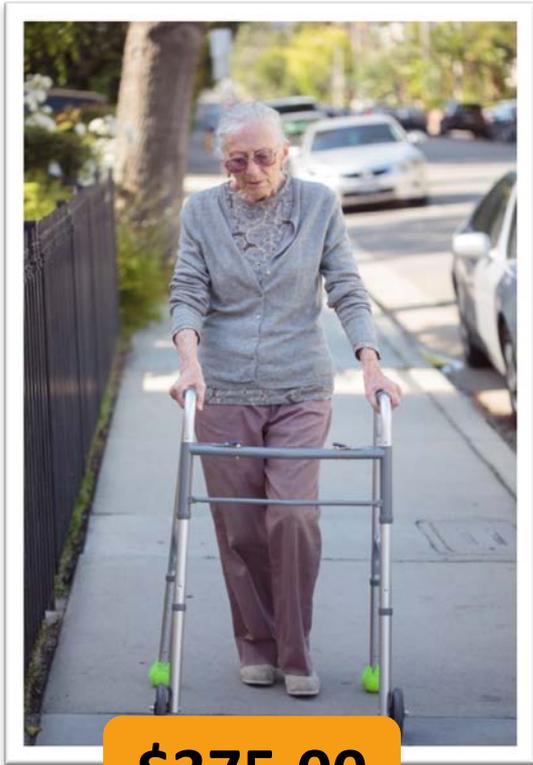
Most common bench mark for this question (used by banks & Federal/State Agencies) is:

**NO MORE THAN 30% OF GROSS INCOME  
ON HOUSING**

# HOUSING AND INCOME

FOR EXAMPLE...

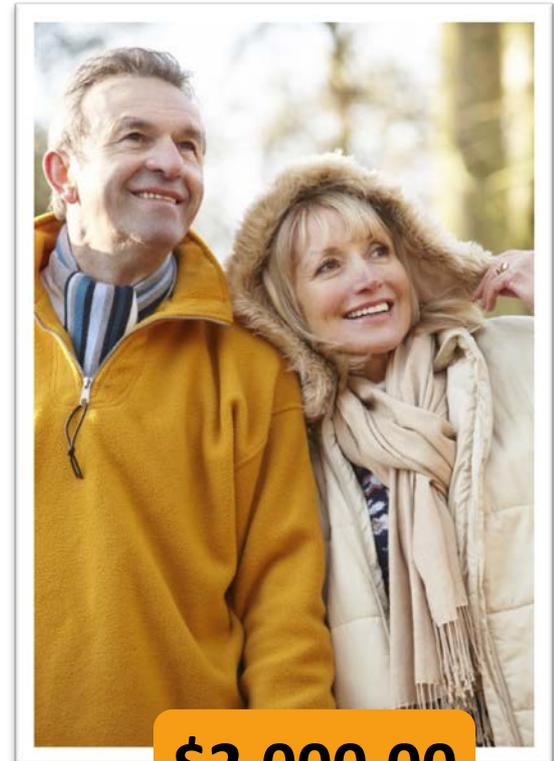
Spending more than **30%** of your **GROSS** income on housing – your housing is ‘unaffordable’.



**\$375.00**



**\$1,700.00**



**\$2,000.00**

# HOUSING & INCOME

## % OF AREA MEDIAN INCOME

SKAGIT COUNTY – 2015 – AMI = **\$68,200.00** (FAMILY OF 4)



**\$600.00/month**



# HOUSING AND INCOME

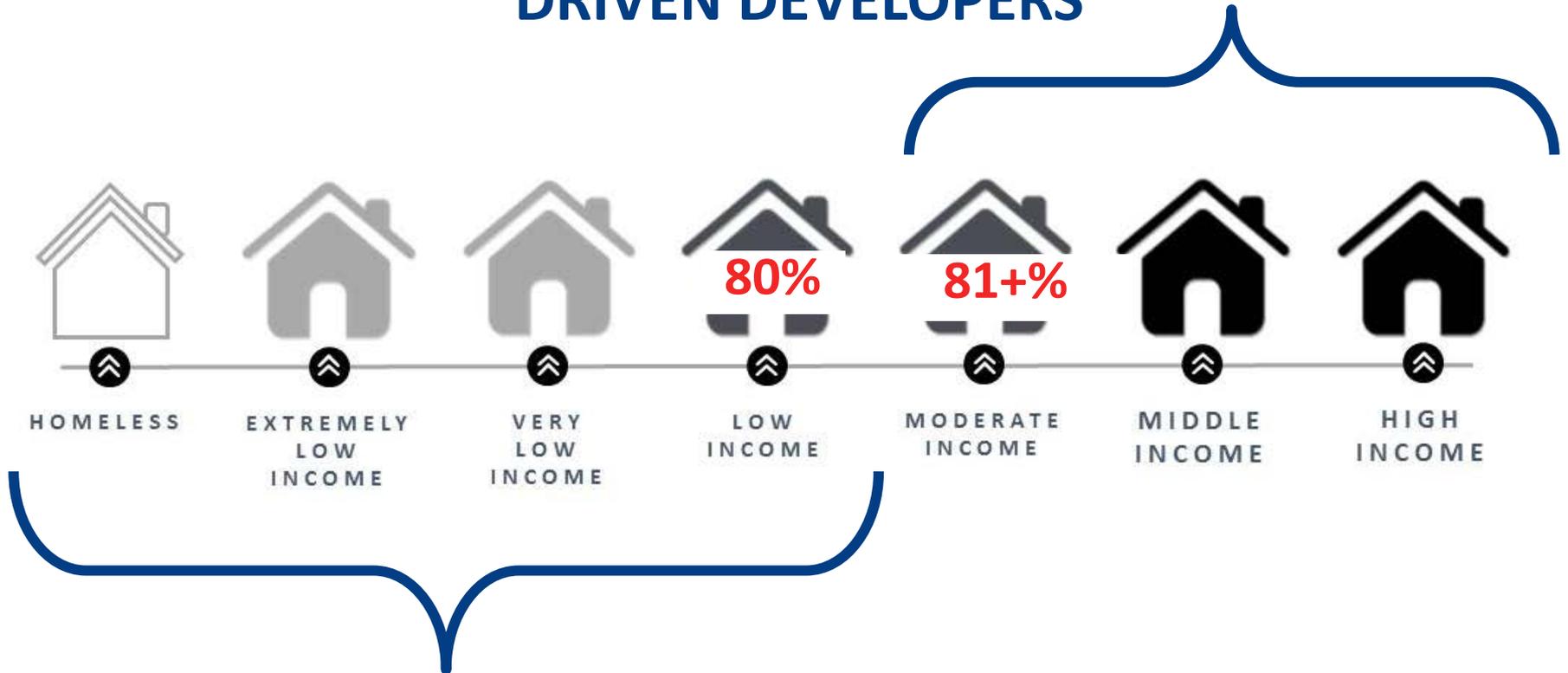
## MARKET RATE HOUSING



## SUBSIDIZED HOUSING

# HOUSING AND INCOME

**MARKET RATE HOUSING : DEVELOPED BY PROFIT  
DRIVEN DEVELOPERS**



**SUBSIDIZED HOUSING : DEVELOPED BY MISSION  
DRIVEN AGENCIES/ORGANIZATIONS**

# SUBSIDIZED HOUSING



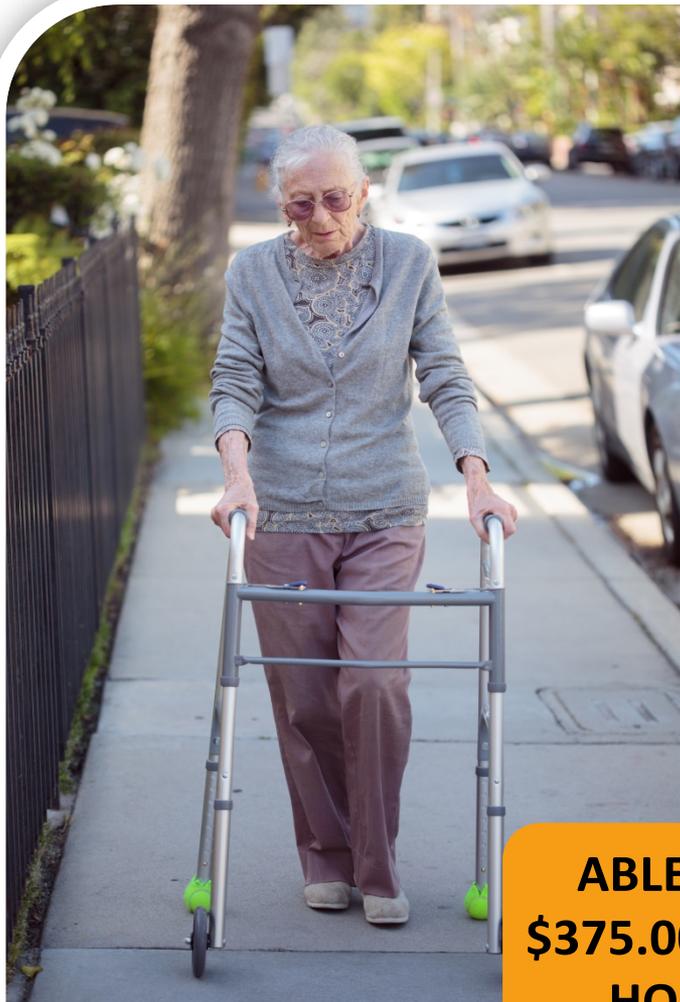
**SUBSIDIZED HOUSING : DEVELOPED BY MISSION DRIVEN AGENCIES & ORGANIZATIONS**

**WHO IS SUBSIDIZING THIS HOUSING ?**

**PRIMARILY THE FEDERAL GOVERNMENT**



# SUBSIDIZED HOUSING (an example)



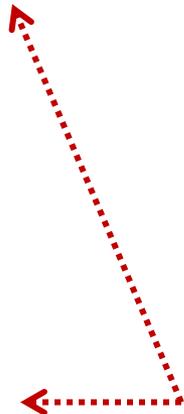
**ABLE TO PAY  
\$375.00/MONTH  
HOUSING**

**\$\$ from HUD  
to PHA to pay  
remaining  
housing costs**



U.S. Department of Housing and  
Urban Development  
**HUD**

**PUBLIC HOUSING AUTHORITIES:**  
*Section 8 (tenant or project  
based), VASH (veterans), 202 for  
Seniors, and many others*



# SUBSIDIZED HOUSING



WASHINGTON STATE  
HOUSING FINANCE  
COMMISSION



Housing developer (usually a non-profit) applies for Federal Tax Credits from the WA Housing Finance Commission.

The amount of tax credits is based on eligible construction costs multiplied by the number of low-income units being provided multiplied by the tax credit basis (4% or 9%). Housing developer is required to rent/lease to low-income residents over a specified timeframe.

**U.S. TAX REFORM ACT OF 1986** - U.S. Department of Treasury issues Federal Tax Credits to U.S. States based on the State's population and a multiplier (2016 =  $7,170,351 \times 2.35 = \$16,850,325.00$ )

The LIHTC is an indirect federal subsidy that finances low-income housing.

In 2014 this program cost the Federal Government **6.7 BILLION** dollars  
(Congressional Budget Office, 2016)

In addition to reducing Federal taxes banks can also improve their CRA rating by "investing" in these projects

The housing developer sells (at a discounted rate) the Federal Tax Credits to a business, fund, or investor(s) that pay Federal taxes. The \$\$ made by selling these credits pays for construction costs of project

The housing developer then has funds to construct their project and the business, fund or investor(s) that purchased the tax credits are able to – over a 10 year period – reduce dollar for dollar their Federal tax bill

1

2

3

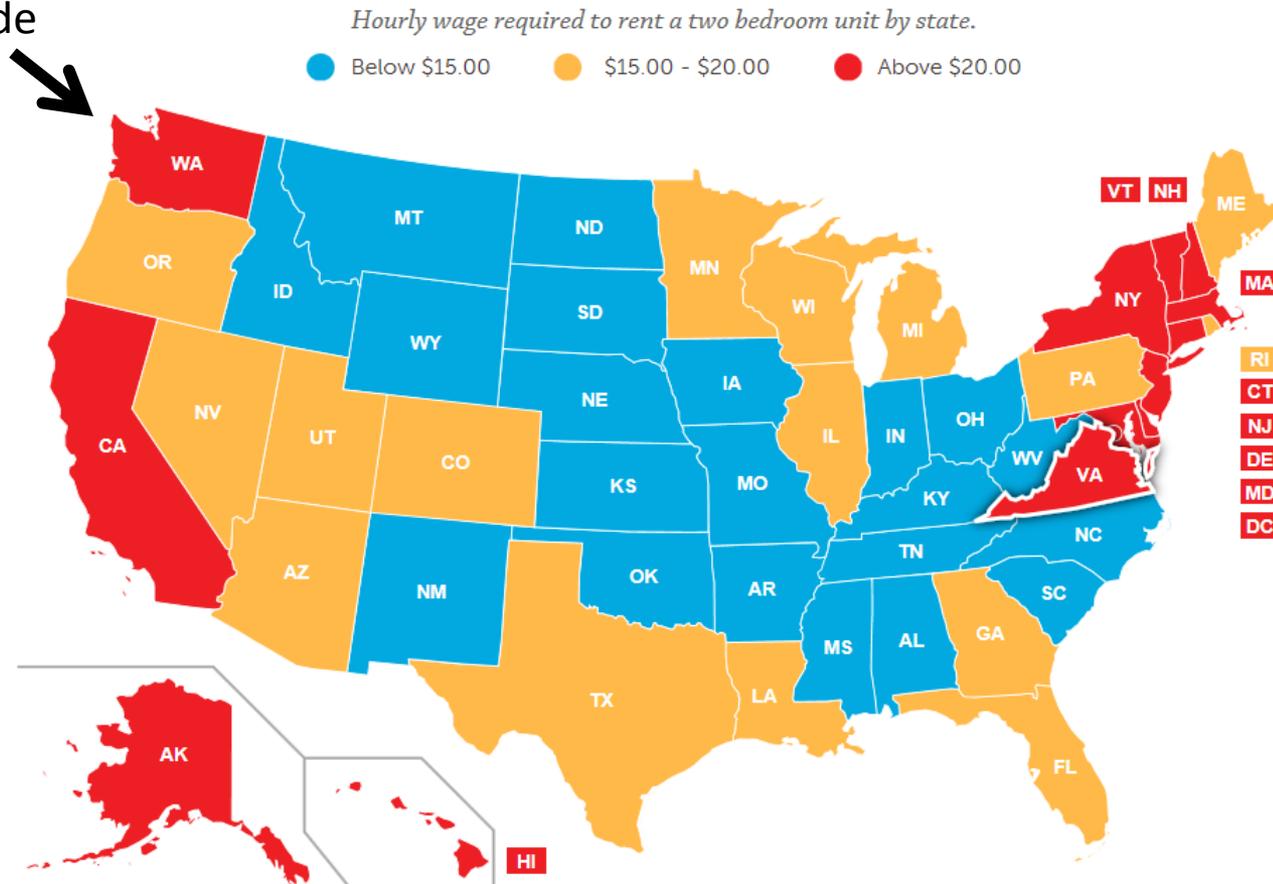
# HOUSING CRISIS

- In Skagit County 1 in 4 residents is paying more than 50% of their income for housing leaving them extremely cost-burdened
- 16,900 Skagit County Households cannot afford their housing
- 1,833 families on Housing Authority waitlist
- Residents would need to earn \$19.00/hour to afford a two-bedroom apartment
- 200+ homeless households in Housing Interest Pool

# HOUSING CRISIS (LOCAL TO NATIONAL)

In no state can a person working full-time at minimum wage afford a one-bedroom apartment at the Fair Market Rent

10<sup>th</sup>  
Nationwide

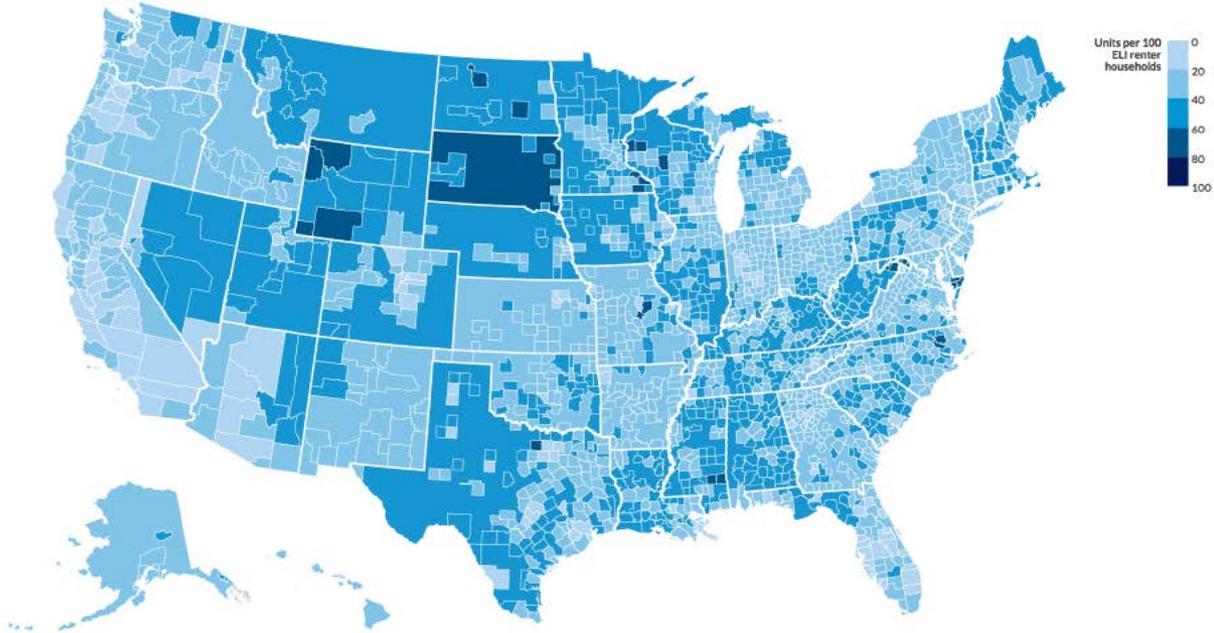


# HOUSING CRISIS (LOCAL TO NATIONAL)

**“WITHOUT EXCEPTION, THERE’S NO COUNTY IN THE U.S. THAT HAS ENOUGH AFFORDABLE HOUSING”**

*- Urban Institute (President Lyndon Johnson founded in 1968)*

Number of Adequate, Affordable, and Available Housing Units for Extremely Low-Income Renters by County, 2013



Sources: 2011, 2012, and 2013 ACS 1-year sample data from the Integrated Public Use Microdata Series merged with data from HUD on income limits and households receiving rental assistance.

# HOUSING CRISIS

These national comparisons are provided not as a way to suggest that there's nothing that the City can do to help this crisis.

## RATHER....

To put these issues into perspective and to underscore the City's role in mitigating some of these issues

## FOR EXAMPLE...

SAY THAT 1,833 HOUSING UNITS  
APPEARED IN THE CITY FOR ALL OF  
THOSE ON THE HOUSING  
AUTHORITY'S WAITING LIST

THERE ARE FEW HOUSING  
VOUCHERS (OR OTHER SUBSIDIES)  
AVAILABLE TO SUBSIDIZE THIS  
HOUSING – WHO IS GOING TO PAY  
THE RENT FOR THESE UNITS?

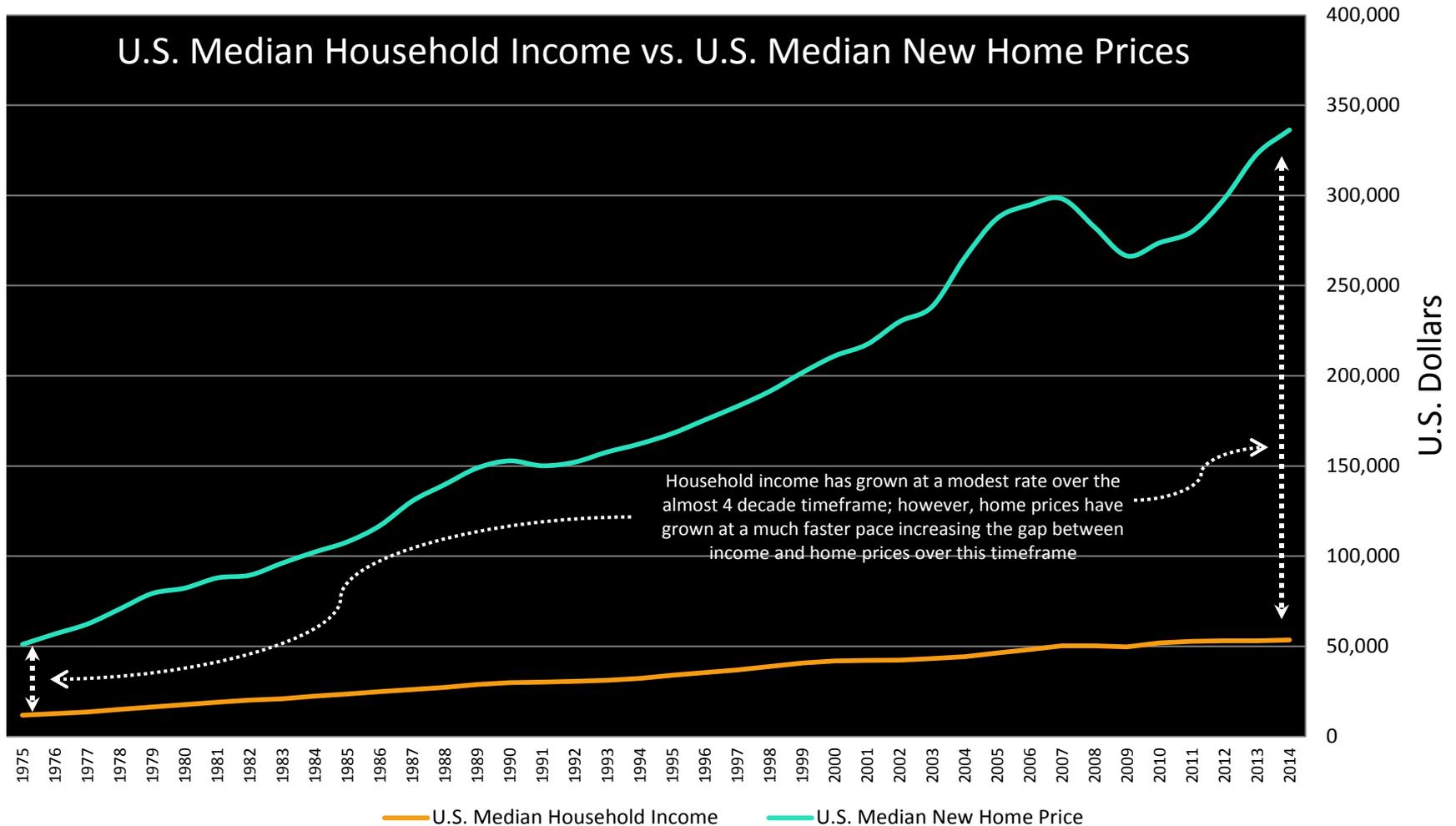
# HOUSING CRISIS

## SO...WHAT IS THE ANSWER?

Since this is a national issue the City's is not alone is seeking ways to mitigate. National experts from HUD, NLIHC, and Urban Institute) all point to the following:

1. Correlation between home prices and income
2. “Perfect Storm” of events with lingering effects:
  - Sub-prime mortgage crisis, many American's lost their homes, home ownership is now out of reach for many of these causing an increased demand for rentals
  - Federal budget cuts in FY 2013 (Sequestration) meant that HUD wasn't able to provide housing vouchers for 74,000 families – many other Federal programs also deeply impacted.

# HOME PRICES AND INCOME



# HOME PRICES AND INCOME

PERCENT CHANGE IN MOUNT VERNON MEDIAN HOUSEHOLD <b>INCOME</b> OVER THE TIMEFRAMES LISTED	
2010 to 2014	<b>-3%</b>
2000 to 2010	<b>21%</b>
1990 to 2000	<b>41%</b>

VS

PERCENT CHANGE IN MOUNT VERNON MEDIAN HOUSEHOLD <b>RENT</b> OVER THE TIMEFRAMES LISTED	
2010 to 2014	<b>8%</b>
2000 to 2010	<b>28%</b>
1990 to 2000	<b>54%</b>

# OTHER FACTORS TO FOCUS ON

**INCREASE  
INCOME**

**TARGET HIGH PAYING  
INDUSTRIES FOR JOB  
GROWTH**

**FIBER, VALUED ADDED  
AG, FOCUS ON  
DOWNTOWN**



- Baby Boomer Retirement Surge
- More Stringent Lending Policies
- NAS Whidbey Surge
- Fewer Contractors/Developers
- Easy Land is Gone

# SOLUTIONS??



1. There Is more than one Problem
2. Incredibly complex problems need complex solutions to be effective
3. City plays a very small, but still important, role in potential solutions
4. Follow the money, Federal Govt. is largest subsidizer of affordable housing

# SOLUTIONS??

If increasing density in the City is the #1 SOLUTION every City in the Nation would be doing this and this national crisis would be mitigated.

## So...why isn't this being done?

Four (4) most dense cities in the U.S.:

NEW YORK

SAN FRANCISCO

LOS ANGELES

HONOLULU

**ALL ARE WITHIN  
THE TOP 10 MOST  
UNAFFORDABLE  
CITIES –**

*NLICH*

# SOLUTIONS??

## What does the City currently do:

1. Currently have over 1,300 housing units that are subsidized (vouchers, project based, Habitat for Humanity, Housing Trust of Skagit, tax incentives, etc)
2. Zoning allows a variety of housing types and densities
3. Unlimited density in our C-1 zone – and Master Plan is done
4. Accessory Dwelling Units (ADUs) – no impact fees
5. Federal CDBG funds from HUD that the City applies for:
  - Home Trust of Skagit (\$50,000.00, down payment assistance for 2 low income households)
  - SC Community Action Agency: \$45,000.00 (housing and case management for homeless families serving 140 persons and financial assistance for low-income serving 3,000)
  - Catholic Housing Services: \$41,000.00 (used to rehabilitate low-income rental housing – 10 households)

# SOLUTIONS??

## HOMELESS:

Focus on securing funding for supported housing – FEDERAL & STATE FUNDS

Housing First and Rapid Re-Housing

Ensure adequate long term funding in terms of live in staff and wrap around services

Do not need located via density requirements

## LOW INCOME:

Require a % of new homes to be affordable housing

Currently no requirement that new units be affordable

Smaller scale infill sites could be identified to have their density increased to duplex or townhouse development more similar to nearby density

Provide assistance with rehabs of existing housing

# NEXT STEPS...

RELEASING NEW MEETING/HEARING SCHEDULE SOON

MORE INFORMATION:

[WWW.MOUNTVERNONWA.GOV](http://WWW.MOUNTVERNONWA.GOV)