

Table of Contents

.....

Introduction	1
Overall Conclusions and Data Summary	1
Skagit County Housing Market	5
Population Characteristics.....	5
Rate of Increase	5
Population Distribution.....	6
Household Size	7
Cause of Population Increase	7
Age Profile.....	7
Ethnic Composition.....	8
Housing Characteristics and Costs	8
Housing Stock	8
Condition.....	12
Age of Housing	13
Tenure	13
Rental Housing	15
Stock	15
Rents and Vacancy.....	15
Ownership Housing	18
Economic Conditions	21
Housing Needs, 1990-2010	23
Condition.....	23
Units Lacking Plumbing and Overcrowding.....	23
Affordability	23
Income.....	23

Housing Costs as a Percentage of Income.....	26
Relationship of Jobs Formation to Income and Housing Costs	27
Homeownership Affordability, 1992	29
Rental Affordability	30
Homelessness and Special Needs.....	32
Homelessness.....	32
Special Needs	33
Housing Needs of Selected Skagit County Special Needs Populations	34
.....	
Housing Needs of Farmworkers.....	42
Current and Potential Resources	46
Current Housing Resources.....	46
Subsidized Rental Housing.....	46
Privately-Owned, Federally-Subsidized Rental Housing	47
Publicly-Owned Housing	49
Section 8 Certificates/Vouchers	50
Tribal Housing Resources	52
Emergency Shelter for the Homeless.....	53
Special Needs	54
Homeowner Assistance	56
Farmer's Home Administration	56
Washington State Housing Finance Commission.....	57
Weatherization and Related Home Repair Services	57
Other Housing Resources	58
Land Use and Regulatory Resources.....	58
Resources and Developers for Low- and Moderate-Income Housing	58
Housing Development Costs and For-Profit Developer Capacity.....	60
Single Family Market.....	64

Multi-family Market	65
Policy Issues	66
Selected Bibliography and Source List	69

List of Tables

Tables	
1990 Population of Skagit County Cities.....	5
New Units by Jurisdiction between 1980 and 1992.....	9
Housing Units By Type and Jurisdiction, 1992.....	11
Construction Quality of Single Family Housing by Jurisdiction	12
Skagit County Average Rents by Housing Type.....	16
Comparison, Skagit 1992 Average Single Family Home Prices	19
Origin of Skagit Property Buyers, 1992.....	20
Housing Affordability to Fastest Growing Occupations, 1990-1995	28
Housing Affordability, Fastest Growing Occupations	29
Income Needed to Buy Average Single Family Home By Market Area, 1992.....	30
Household Status as a Percentage of Total Homeless Households, 1992	32
Persons in Group Quarters, by Type of Group Quarters, 1990.....	34
Estimates of Peak Presence of Migrant and Seasonal Farmworkers and Dependents in Skagit County, 1989.....	42
Distribution of Permanent Subsidized Rental Housing.....	46
Distribution of Section 8 Certificates by Zip Code Area	46
Privately-Owned, Federally-Subsidized Rental Housing in Skagit County	48
Publicly-Owned Housing in Skagit County.....	49
Emergency Shelters for the Homeless in Skagit County, 1993.....	54
Summary of Special Needs Housing, Skagit County	55
FmHA Activity in Skagit County, 1989 - 1992	56

Typical New Construction Single Family Development Costs--First-Time Homeowner, 1993.....	61
Typical New Construction Single Family Development Costs--1993.....	62
Typical New Construction Multi-Family Development Cost and Operation, 1993.....	63
Projected Income Profiles and Need for Affordable Housing	67

List of Charts

Charts	Page
Percentage Population Growth By City, 1980 -1990.....	6
Skagit County Population Distribution, Unincorporated and Incorporated Areas.....	6
Skagit County Population Distribution by Jurisdiction, 1990.....	7
Skagit County Age Distribution, 1990.....	8
Housing Types, Incorporated Areas of Skagit County, 1992.....	10
Housing Types, Unincorporated Skagit County, 1992.....	10
Comparison of the Distribution of Housing Types by Jurisdiction, 1992.....	11
Percentage of Housing Units Built Before 1970 by Jurisdiction.....	13
Renter Households as a Percentage of Total Households, 1980 and 1990.....	14
Skagit Tenure.....	14
Owners and Renters as a Percentage of Total Households by Jurisdiction, 1990.....	15
Skagit County Cities 1990 Median Home Values.....	19
Comparison, 1992 Used Single Family Average Prices.....	20
Skagit County Job Growth, 1980 to 1990.....	22
Skagit County Household Income Distribution by Percentage of Median Income.....	24
Household Status by Percentage of Median Income.....	24
Percentage of Households with Incomes Less than 50% of County Median Income by Jurisdiction, 1990.....	25
Percentage of Renters Paying More than 30% of Income for Rent by Jurisdiction, 1990.....	26
Incomes of Fastest Growing Occupations Compared with Median Household Income.....	27
Income Needed to Afford Average House by Market Area.....	30
1993 1 Bedroom Apartment Affordability: 50% and 80% Incomes.....	31
1993 2 Bedroom Apartment Affordability: 50% and 80% Incomes.....	31
Primary Reasons Sheltered Were Homeless.....	33

Growth in Number of Applications for Section 8 Certificates/Vouchers,
1989 - 1992.....50

Composition of the Section 8 Certificate/Voucher Waiting List by Household
Type.....51

Skagit County Distribution of Subsidized Housing by Housing Type.....51

Distribution by Type of Federally-Assisted Housing for Native Americans in
Skagit County.....53

Introduction

In late 1992, Skagit County commissioned this housing needs assessment to provide information for development of the housing element of the County's comprehensive plan required by the Washington State Growth Management Act (GMA) of 1990. The needs assessment summarizes the results of a comprehensive review of demographic, housing, economic, and land use information for the County and the eight incorporated jurisdictions.

The assessment is intended for use by planners, local elected officials, and citizens in formulating policies and appropriate local approaches to address the housing goals of the GMA, including "making adequate provisions for the existing and projected needs of all economic segments of the community."

Overall Conclusions and Data Summary

Housing Affordability

Housing affordability is a problem for 5,567 Skagit County households who pay in excess of 30% of their incomes for housing.

Rental housing affordability is a problem for households earning less than 50% of median income (\$11,050 for one person, \$14,150 for a family of three) in all Skagit County housing markets. Affordability of rental units is also a problem for households earning less than 80% of the County median income (\$17,650 for one person, \$22,700 for a family of three) in all markets except Sedro-Woolley, East Skagit County, and Anacortes (one bedroom units only). In 1990, 39% of Skagit households earned less than 80% of median income.

Rents are highest for single family homes and apartments, many of which were recently built. Rents are lower, on average, for duplex to fourplex units.

Based on current land and construction costs, new multi-family housing units constructed in any Skagit County housing market will not be affordable to households currently earning 80% or less of the median income.

With the exception of the East Skagit County housing market, homebuyers need in excess of 100% of County median income (\$30,900) to afford the average-priced single family home. In 1992, the average used house in the County sold for \$106,626 and the average new house sold for \$141,860.

Many of the new jobs to be created in the next ten years will have modest salaries, resulting in an increasing need for affordable housing. The number of families able to afford homeownership will decline, and the demand for affordable rental housing will increase.

Housing Supply

In 1993, the overall supply of housing is adequate in most markets. The supply of subsidized and affordable rental housing and affordable housing for first-time homebuyers in all markets is not adequate.

While overall supply is currently adequate, the rental market is tightening. With growth, it will be important to maintain an adequate supply of rental housing and homes for purchase by first-time homebuyers or affordability will be further negatively impacted.

In the majority of markets, vacancy rates for most types of rental housing range between 2% and 5%. Two percent (2%) indicates that the rental housing supply is becoming limited. A 5% vacancy indicates a balanced relationship between supply and demand for rental housing. In Burlington, vacancy rates of 10% for apartment units are indicative of a temporary oversupply, created in part by the recent completion of several new large apartment complexes.

Vacancy rates are very low for the rental of single family houses.

New construction of single family homes is providing some starter homes at sales prices of about \$110,000. The demand for starter homes at the current price is strong.

Moderately priced homes (\$110,000 to \$140,000) are affordable to families earning above the County's median income. The moderately-priced homes are marketed to families already owning a home and looking to transfer the equity from their exiting house to a new home and step up in the marketplace. The home is also marketed to a significant number of "commuter" families living in Skagit County and working in neighboring counties.

Builders and developers consider Mount Vernon and Burlington as the strongest areas for future single family residential development.

Subsidized Housing

There are 1,316 units of subsidized rental housing in Skagit County, representing 14% of the rental housing countywide.

The majority of the subsidized housing is provided in Anacortes, Mount Vernon, and Sedro-Woolley. Forty-four percent (44%) of the permanent subsidized rental stock is located in Mount Vernon and 57% of Section 8 certificates and vouchers are utilized in Mount Vernon.

The Section 8 waiting list is often used as a proxy for demand for all types of assisted housing. As of January 1993, there are 991 households on the waiting

list. The majority of households on the Skagit County waiting list, 71%, are families. Disabled households (physically disabled, mentally ill, developmentally disabled) represent 21% of those awaiting assistance and the balance, 8%, are elderly households.

The pattern of production of subsidized housing has resulted in more housing for seniors relative to the demand represented by the Section 8 waiting list and by the relative proportions of elderly households in the County population. While elderly households may still require housing assistance, they are relatively better served by subsidized housing than families.

Those households which are least well served in the current subsidized housing market are families. Small families needing 2 and 3 bedroom units comprise 91% of the families on the Section 8 waiting list.

Special Needs Populations

Populations with special housing needs in Skagit County include the mentally ill, mentally ill with chemical dependency, developmentally disabled, persons with drug and/or alcohol addiction, victims of domestic violence, youth, the elderly, and farmworkers.

An increase in the supply of low-income, permanent rental housing was most frequently cited by housing and service providers as the best way to address the housing needs of the largest number of special needs households. Providers also expressed the need for transitional and emergency housing.

Many individuals with special housing needs could be better served if zoning and building codes were more flexible related to group living and home sharing situations.

Resources

Land costs in Skagit County are expected to increase. However, compared to land costs in the neighboring counties, prices of land in Skagit County are some of the most affordable in the region. Developers, particularly those developing multi-family housing, are willing to pay a premium for property which is properly zoned and adequately serviced.

Developers expressed concerns about the future availability and cost of developable land related to limitations of the flood plain and impact fees which may be imposed.

Financing for the construction of multi-family housing is available. However, lenders now require developers to contribute significant cash equity to the

project. Developers without sufficient cash are being forced to seek equity investors, build smaller projects, or not develop housing.

Existing private developers have the capacity to provide market-rate rental and ownership housing in amounts sufficient to meet expected demand.

Resources are limited for assistance to low-income homeowners and first-time homebuyers. The Farmer's Home Administration and the Washington State Housing Finance Commission programs can assist about 50 households a year with home purchase. Two hundred households are on the waiting lists for FmHA assistance. Weatherization and home repair programs for low-income homeowners can assist between 60 and 70 households per year, while the waiting list is made up of 600 households.

Based on the available funds and program requirements, production of subsidized rental housing in the future will primarily be the responsibility of public and private nonprofit agencies. Production capacity is limited by the amount of available funding and the number of potential developers.

Housing condition is an issue in Skagit County. Older housing units of poor quality construction are likely to require rehabilitation. The Skagit County Assessor's data shows that 18% of the County's existing single family housing stock is of low or poor quality construction. In addition, over 50% of the existing housing was built before 1970.

Current and Projected Housing Needs

Data to be generated by HUD in 1993 will identify the exact number of households earning less than 80% of median and paying more than 30% of income for housing costs. However, many of the 5,567 households paying more than 30% of income for housing are likely to be identified by HUD as households in need of housing assistance.

About 1,000 new housing units will be needed each year for the next 20 years to accommodate the projected population growth. At least 40% of new units will need to be primarily rental housing affordable to households earning less than 80% of median income. Twenty-three percent of new units will need to be primarily homeownership units affordable to households earning between 100% and 120% of median income.

Skagit County Housing Market

Population Characteristics

The size and composition of the population is one of the most important determinants of housing demand. The sizes of housing units needed, location, design desired and required by the residents, and population rate of increase all influence what the housing market should supply.

There were 79,555 persons in Skagit County according to the 1990 Census. Population increased by over 6,000 households since 1980. Households became slightly smaller, and the population got relatively older and increased more in the unincorporated areas than in the incorporated areas.

Rate of Increase

The population of Skagit County grew from 64,138 persons to 79,555 persons and increased by 24%, or 2.49 % per year, between 1980 and 1990. By contrast, the County grew 37.3% in the 1970 to 1980 decade.

Skagit County has eight incorporated cities. The cities and their 1990 populations are shown in the table below.

1990 Population of Skagit County Cities

City	Population
Anacortes	11,451
Burlington	4,349
Concrete	735
Hamilton	228
LaConner	686
Lyman	275
Mount Vernon	17,647
Sedro-Woolley	6,333
Total	41,704

Source: 1992 Population Trends for Washington State

The population of the eight incorporated areas grew by 23% while the unincorporated areas grew by 25%. The cities experienced different rates of population change in the decade between 1980 and 1990. Anacortes (27%) and Mount Vernon (36%) were the two fastest growing communities. Hamilton (-19%) and Lyman (-4%) both experienced overall declines in population. The population decline in both communities is, in part, due to 1) loss of employment opportunities in the timber industry and 2) the impact of the major flood which occurred in November of 1990 and the subsequent purchase of some homes by the Federal Emergency Management Agency (FEMA).

Population Distribution

52% of the population now live in Cities, and 48% live in unincorporated areas.

The cities of Mount Vernon, Anacortes, Sedro-Woolley, and Burlington are the major population centers in the County.

Household Size

Consistent with the nationwide and state trends toward smaller households, the average household size in Skagit County went from 2.58 persons per household in 1980 to 2.55 persons per household in 1990. The Statewide average is 2.49 persons per household in 1990. The household size in unincorporated areas is 2.64 persons per household as compared with 2.47 persons per household in the cities of Skagit County.

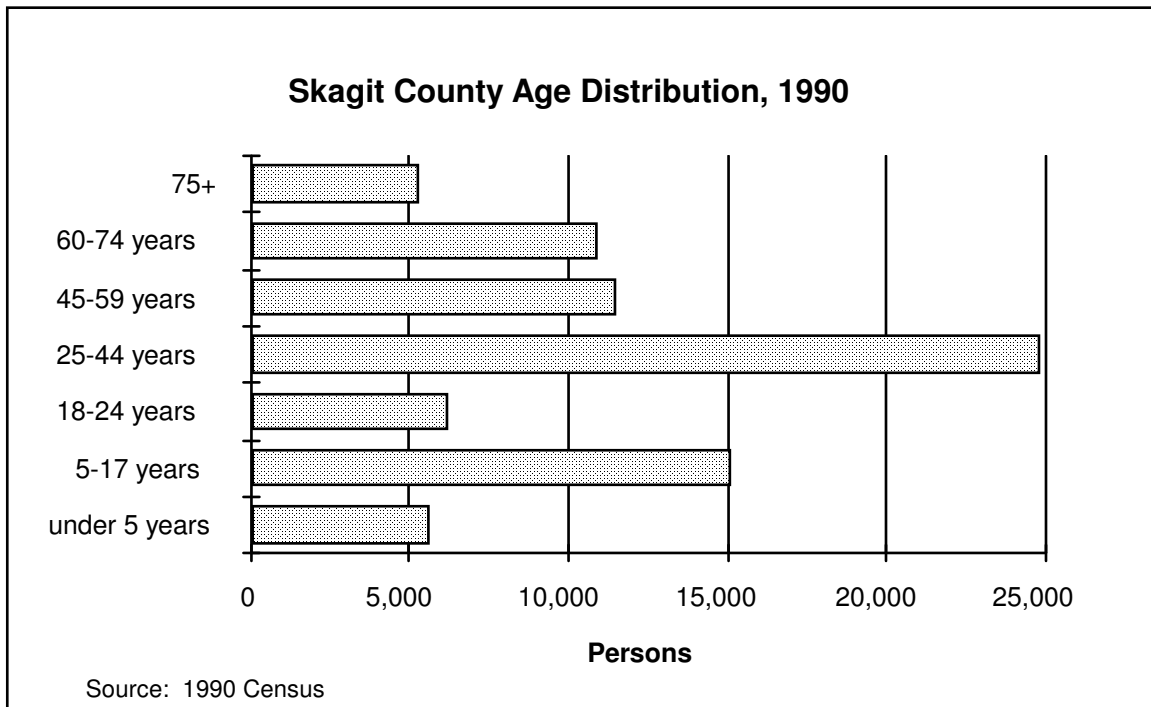
Cause of Population Increase

The 1990 Census shows that 72.7% of Skagit County's growth in the last decade came from migration. Of the 15,417 person increase in population, 11,205 people moved to Skagit County from other areas. Only 27.3% of the population increase came from natural increase. Fifty percent (50%) of the State's growth came from migration in the same period.

The Washington 1990 Population Trends report says: "Migration is the most difficult component of population change to gauge. For the most part, migration reflects population movement induced by economic opportunities."

Age Profile

The largest age group in Skagit County is the 25 to 44 year age group. The percentage of people 65 and over has increased from 12.6% in 1970 to 15.6% in 1990. Skagit County ranks 15th out of the 39 Washington counties in number of people over 65. While the County age distribution shifted slightly older over the decade, the age profile of 1990 is quite similar to 1980.



Anacortes and Lyman have the largest percentages of their populations over 60, 23% and 25% respectively. Anacortes has the largest number of persons over 60 (3,206) followed by Mount Vernon (3,091).

Ethnic Composition

The population of the County is becoming somewhat more ethnically diverse. African Americans, Native Americans, Asian and Pacific Islanders, and people of Hispanic origin all increased in number between 1980 and 1990. The population is still predominantly Caucasian at 88.4% in 1990. The fastest growing ethnic group was Asian and Pacific Islander, which grew by 125%, or 435 persons, over the decade. The largest numeric increase was in persons of Hispanic origin, an increase of 2,327 persons, or 116%.

Housing Characteristics and Costs

Housing Stock

Skagit County has 36,126 housing units, comprised of 25,833 single family units, 5,142 multifamily units, and 5,151 mobile home units.

Housing units increased by 8,351 units between 1980 and 1992. This represents addition of housing units at the rate of 696 per year, on average. Of these, 3,793 units were built in the unincorporated areas of the County and 4,558 units were built in the Cities.

New Units by Jurisdiction between 1980 and 1992

	# New Units	% Total New Units
Anacortes	1,377	16.49%
Burlington	335	4.01%
LaConner	31	.37%
Lyman/Hamilton/Concrete	54	.65%
Mount Vernon	2,481	29.71%
Sedro-Woolley	280	3.35%
Unincorporated	3,793	45.42%
Total	8,351	

Source: 1992 Population Trends for Washington State

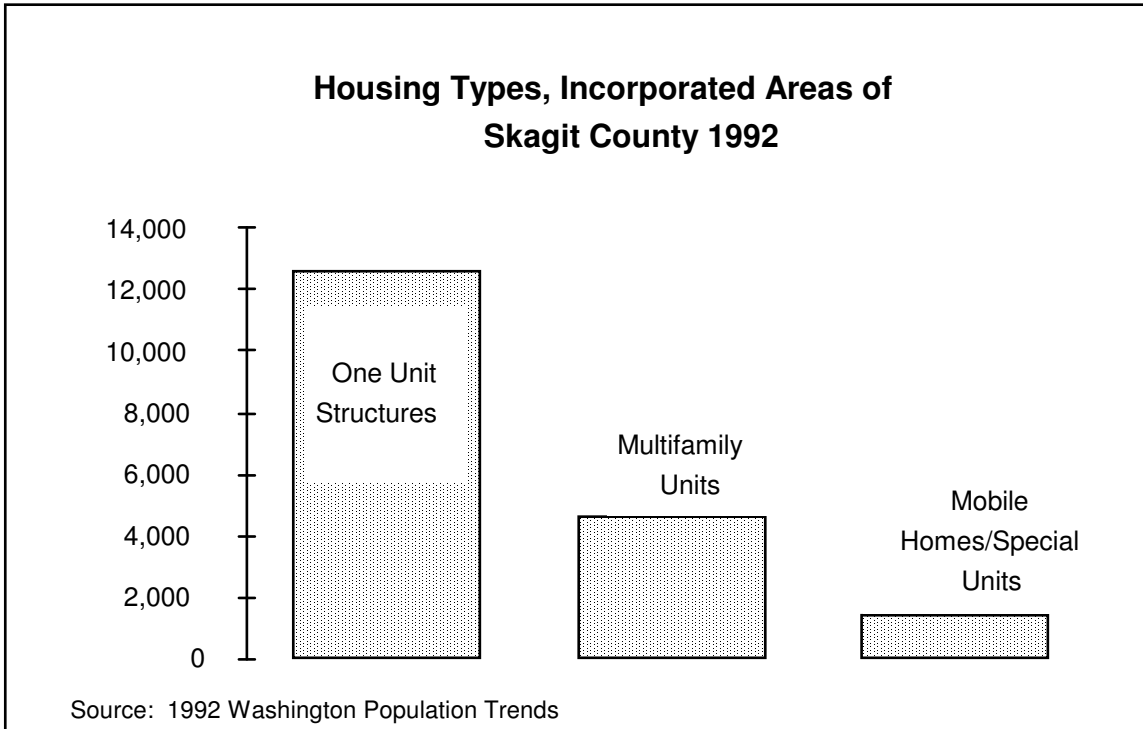
The cities of Anacortes and Mount Vernon experienced the largest growth in number of housing units during the period.

Mobile home units increased by 139% (2,997 units) between 1980 and 1992, compared with a 20% (4,379 units) change in single family units and a 23% (975 units) change in multifamily units.

More mobile home and single family housing growth occurred in the unincorporated areas between 1980 and 1992. The number of mobile homes increased by 1,592 units in unincorporated areas and 727 units in incorporated areas. According to a State of Washington report, Mobile/Manufactured Housing Data in Washington State, Skagit County has 29 mobile home parks. Parks contain approximately 11% of the mobile homes. Most mobile homes are located on individual lots.

Construction of 1,662 multifamily units occurred primarily in Skagit cities. According to State data and Census data, the unincorporated area actually lost 687 multifamily units between 1980 and 1992.

In both the cities and County, one unit structures are the predominant housing structure type.



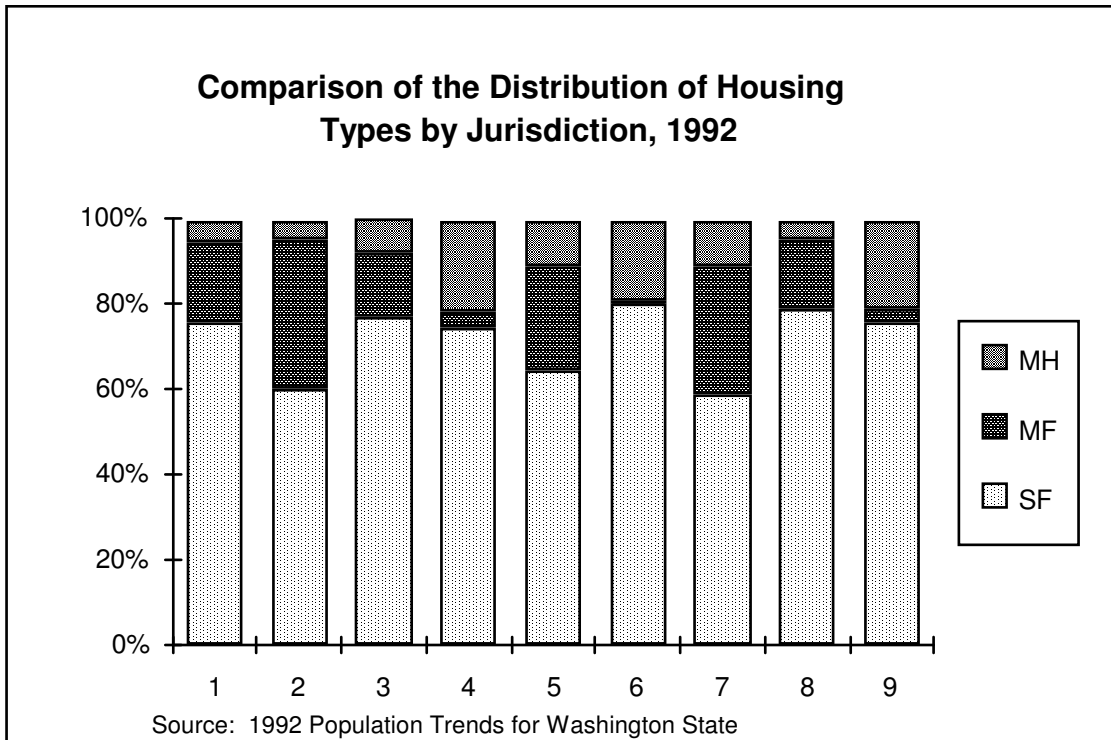
Housing Units By Type and Jurisdiction, 1992

Jurisdiction	Single Family	Multi-Family	Mobile Homes	Total
Anacortes	4,003	993	298	5,294
Burlington	1,212	695	96	2,003
Concrete	240	47	25	312
Hamilton	80	4	23	107
LaConner	224	83	38	345
Lyman	106	1	25	132
Mount Vernon	4,697	2,420	858	7,975
Sedro-Woolley	2,118	432	127	2,677
Unincorporated	13,153	467	3,661	17,281
Countywide	25,833	5,142	5,151	36,126

Source: 1992 Population Trends for Washington State

Nearly half (47%) of all multi-family housing units in the County are located in Mount Vernon. Nineteen percent (19%) are located in Anacortes, 14% in Burlington, 8% in Sedro-Woolley, and 9% in the unincorporated areas of the County.

Seventy-one percent (71%) of all mobile home units are located in unincorporated areas of the County. Seventeen percent (17%) are located in Mount Vernon and 6% in Anacortes.



The chart above compares the distribution of housing type by jurisdiction in 1992. Mount Vernon and Burlington have the highest percentages of multi-family housing units and Hamilton, LaConner, Lyman, and the unincorporated areas have the highest percentages of mobile homes.

Condition

Information available from the Skagit County Assessor categorizes structures based on the quality of the construction. Construction quality is categorized from low to high as 1) cabin, 2) substandard, 3) low, 4) fair, 5) average, 6) good, 7) very good, 8) special, and 9) excellent. All categories below "average" represent units which do not meet current building code requirements.

The Assessor's information is available for 30,044 structures which are predominately single family structures, but also include some duplex and triplex structures and mobile homes. This information can serve as a proxy for an assessment of housing conditions. The table below summarizes current information from the Assessor's records on construction quality by jurisdiction.

Construction Quality of Single Family Housing by Jurisdiction

**Cabin,
Substandard and
Low**

Fair

Average

**Good, Very Good,
Special, &
Excellent**

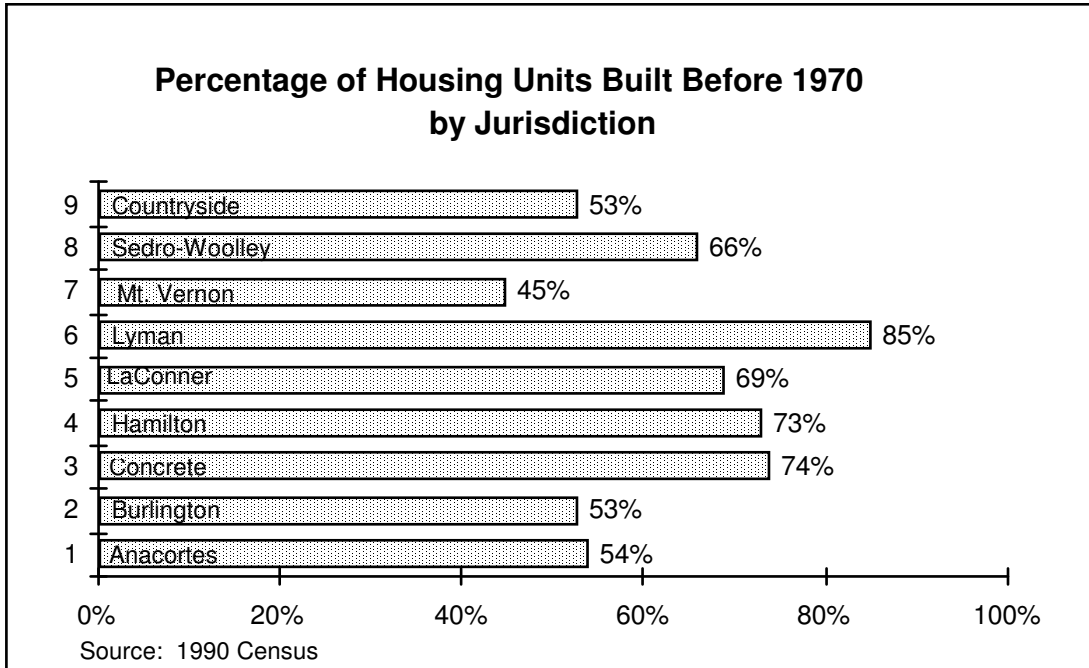
Jurisdictions	# Units	% Total	# Units	% Total	# Units	% Total	# Units	% Total
Anacortes	222	5%	1,072	26%	2,235	53%	652	16%
Burlington	131	10%	465	37%	620	49%	43	3%
Concrete	68	29%	125	53%	43	18%	1	0%
Hamilton	25	29%	44	51%	17	20%	0	
LaConner	24	10%	82	33%	114	44%	31	12%
Lyman	27	21%	63	49%	35	27%	3	2%
Mount Vernon	272	5%	1,673	31%	3,167	58%	350	6%
Sedro-Woolley	286	13%	965	46%	814	38%	54	3%
Unincorporated	3,012	18%	4,037	25%	7,215	44%	2,057	13%
Countywide	4,067	14%	8,526	28%	14,260	47%	3,191	11%

Source: Skagit County Assessor, January 1993

In six of the eight Skagit County cities (Burlington, Concrete, Hamilton, LaConner, Lyman, and Sedro-Woolley) 10% or more of the single family housing stock is ranked as low quality construction or below. In Concrete, Hamilton, and Lyman in excess of 20% of the single family housing stock falls into the three lowest quality categories for construction. In the unincorporated areas of the County, 18% of the single family stock is of low quality construction or below.

Age of Housing

The chart below shows the percentage of housing units in each Skagit County jurisdiction built before 1970.



The communities of Concrete, Hamilton, LaConner, Lyman, and Sedro-Woolley all have significantly more than half of the housing stock which was built prior to 1970. In the East County communities of Concrete, Hamilton, and Lyman nearly three quarters or more of the stock predates 1970.

Tenure

Whether people own, or rent, is one measure of what they prefer, and what they can afford. These patterns of tenure indicate where housing demand is occurring and what the trends are. As in many other growing communities in Washington, Skagit County renters increased at a rate faster than homeowners.

Renter households in the County increased by 31% over ten years while owners increased at a rate of 22%. The percentage of renter households in 1980 and 1990 for each County jurisdiction is illustrated in the chart below.

All jurisdictions but Hamilton, LaConner, and the unincorporated area experienced an increase in the percentage of renter households between 1980 and 1990. The greatest increases occurred in Burlington (40% to 47%) and Concrete (33% to 40%).

The 1990 mix of owners and renters is shown below for the County as a whole and for the individual jurisdictions.

While the number of renters increased faster than owners, owners still outnumber renters in all Skagit County communities. Anacortes (68%), Hamilton (68%), LaConner (69%), and Lyman (79%) have high rates of homeownership similar to the Countywide rate.

Rental Housing

Stock

According to the 1990 U.S. Census, the rental housing stock in 1990 is comprised of 4,297 single family houses, 4,289 multifamily units, 518 mobile home units, and 111 other units.

Rents and Vacancy

The table entitled Skagit County Average Rents by Housing Types on the next page was derived from a 1993 market survey conducted by Aiken Appraisal Service of Mount Vernon. The table shows rents by six market areas, and by the types of housing offered for rent. The vacancy rate and the number of units available for rent by housing type is also shown.

The table shows a variation in rents by market area. For more discussion of these differences, refer to the section on rent affordability. Rents are highest for single family homes and apartments, many of which were recently built. Rents are lower, on average, for duplexes to fourplexes.

In most markets, there is a low to healthy vacancy rate. Five percent is considered a vacancy rate which indicates an ideal relationship between supply and demand. (There is an adequate supply of units from which to choose.) Two percent is a tight vacancy rate, and ten percent indicates at least a temporary oversupply of a given size or type of unit.

In Skagit County, vacancy rates are generally very low for the rental of single family houses, and low to normal for duplexes to fourplexes. Vacancy rates are higher in apartment projects, except in Sedro Woolley and LaConner. Burlington is experiencing high vacancy rates in some new apartment complexes.

The appraiser made an overall assessment of each rental market as summarized below.

Anacortes

A significant number of rentals have been built in this area in the last few years. Demand and supply are well balanced. There are no mobile home park rental spaces available after the one park in Anacortes closes soon because of redevelopment.

Burlington

Several new large apartment complexes have been built in Burlington in the past several years so demand and supply are about equal for apartments. There may be some temporary oversupply of apartments in this area. There is more demand than supply for single family residences and leased lots for manufactured homes.

Concrete, Hamilton, Lyman, and East Skagit County

There is more demand than supply in this market. Only a few apartments and duplexes exist in the upper river area. There are a limited number of rentals

available and the market is especially price sensitive. Some single family properties that were rentals have been sold as owner-occupied single family residences. There is only one mobile home park in this area and they are adding 15 new spaces this spring, most of which are already filled. There is lots of demand for mobile home sites and no spaces are available.

LaConner

There are a very small number of apartments and duplexes with the majority of apartments aimed at the lower end of the market. Single family residences for rent are in good supply because of the number of homes in Shelter Bay, a planned community. These homes have been purchased for retirement and are rented until owners retire and move to Shelter Bay. There is no supply of leased mobile home spaces in the market .

Sedro Woolley

There is a high demand for leased spaces for manufactured homes. There is great difficulty getting zoning approval for new parks. Sedro Woolley rents are usually lower than Mount Vernon and Burlington, but are catching up because of increased consumer desire to live in Sedro Woolley area. Some single family rentals are changing to owner-occupied units.

Mount Vernon

There is a higher demand for single family residences to rent and leased mobile home spaces than supply. Apartments and duplexes seem to have fairly even supply and demand. There were quite a few new duplexes built in 1992 with some more forecasted for 1993.

Ownership Housing

In 1990, the median home value in Skagit County was \$81,500 according to the U.S. Census. Home values changed 58% over the 10 year period of 1980 to 1990. Median home value varies widely in Skagit County, illustrating, as other variables do, the wide differences in East and West Skagit County. Median home value in 1990 was \$85,300 in Anacortes and \$48,600 in Concrete.

The following 1992 data from the DIGEST Publishing Company show that the average Skagit used house sold for \$106, 626 and the average new house sold for \$141,860. The data also illustrate the variation in average prices of homes sold in 1992 by market area. The most expensive single family market is Anacortes and the offshore area, while the eastern portion of the County is the least expensive.

Comparison, Skagit 1992 Average Single Family Home Prices

Skagit County	Anacortes Offshore	Mount Vernon South	Burlington Sedro Woolley North	Concrete Hamilton East
Average				

Used Single Family	\$106,626	\$133,319	\$105,597	\$93,707	\$71,788
Average New Single Family	\$141,860	\$177,348	\$134,313	\$132,524	\$105,750

Source: The Digest, 1993, Pacific Development Concepts

Source: The Digest, 1993, Pacific Development Concepts

One way Skagit families achieved homeownership in the 1980's was purchase of land in unincorporated areas and placement of mobile homes on the land. Overall, the number of mobile homes increased by 139% between 1980 and 1992, and most of these units are owner-occupied.

In 1992, there were 3,288 sales of property in Skagit County, according to the DIGEST Publishing Company. Over a third of the sales were residential properties. Of all sales, 3,108 were to Washington State buyers, and 180 were to out-of-state buyers. The list below shows the communities of origin of Skagit buyers in 1992.

Origin of Skagit Property Buyers, 1992

Seattle Suburbs	206
Seattle	121
North of Everett	2,741
Kitsap/Olympic Penn.	3
Tacoma	7
Shelton/Olympia	14
So of Chehalis	2
Other Washington	14
Out of State	180

These data show, that at least in 1992, most property buyers are coming from nearby counties or from within the Skagit County area.

Economic Conditions

Skagit County's labor force increased 27% between 1980 and 1990 and, by 1992, had grown another 4.9%. There are now estimated to be 42,030 Skagit County workers. The 1992 unemployment rate was 9.1%.

According to Annual Demographic Information, 1991, provided by Washington State Employment Security Department, Skagit County had the following economic performance in the 1980's:

Skagit County was hit hard by the 1980-82 recession, expanded moderately in the mid-80s, and then experienced a boom at the end of the decade. The county's economic base includes agriculture and food processing, marine-related industries such as fishing, fish processing, and boat building and repair, lumber and wood products, oil refining, and tourism.

During the decade, total manufacturing employment increased by 20 percent, but with quite different results depending upon the industry. Seafood processing, transportation equipment, printing and miscellaneous manufacturing were all net job creators, while lumber and wood products and machinery suffered employment declines. In 1990, local shake mills were decimated when lawsuits tied up federal timber sales, effectively blocking the main supply of cedar. Sedro Woolley Lumber, owned by troubled WTD, had only intermittent production during the latter half of the year due to poor markets and supply problems.

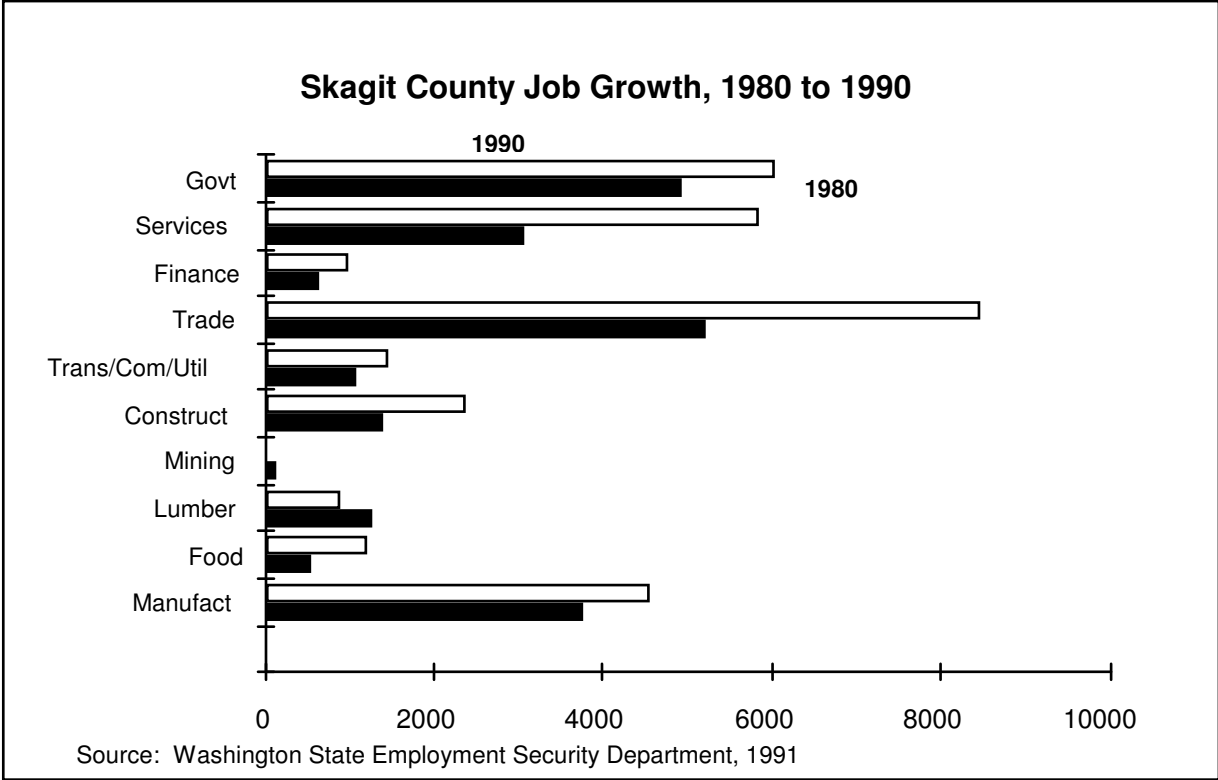
Non-manufacturing employment grew by 50 percent. Construction payrolls (+960) were boosted by a home-building boom, new commercial outlets, and maintenance work at the county's two oil refineries. The retail sector (+2,940) accelerated with mall construction in the Burlington area. Inflation-adjusted retail sales increased by 10 percent in 1988, 15 percent in 1989, and 17 percent in 1990. The miscellaneous service sector was the other major generator of jobs. Social services, lodging, and business and professional services also contributed to the 2,770 jobs created in services.

While Skagit County is classified as a distressed county because its unemployment rate has experienced a three-year average unemployment rate that is 20 percent above the state's average rate, the State's prognosis of Skagit County prospects is positive.

Skagit County's location on Interstate 5 and proximity to the rapidly growing Seattle-Everett area should continue to be attractive to commuters and new investment alike. Population growth will likely remain faster than the state average, particularly with Boeing's expansion

at Everett. Low land costs should continue to draw manufacturing spin-offs from the densely-developed areas to the south.

The following chart contrasts the 1980 and 1990 mix of jobs by employment sector and the changes over ten years.



Housing Needs, 1990-2010

Condition

Older housing units of poor quality construction are likely to require rehabilitation. The Assessor's data shows that 14% of the County's existing single family housing stock is of low or poor quality construction. In addition, over 50% of the existing housing was built before 1970.

Another indicator of housing condition is the Skagit County Housing Authority's waiting list for weatherization. There are currently about 600 households on the weatherization waiting list. Program administrators estimate that 95% of homes need some repairs before weatherization can be done and 25% need moderate to substantial repairs.

Units Lacking Plumbing and Overcrowding

Indicators of housing need related to supply are units which lack complete plumbing, and overcrowded housing units. Between 1980 and 1990 Skagit County experienced a decline of units which lacked complete plumbing from 657 units to 610 units, a percentage change of -7%. Overcrowded housing units, defined as more than 1 person per room, have increased by 39% from 723 units to 1,004 units. Overcrowding increases when households are having difficulty affording or finding housing.

Affordability

Income

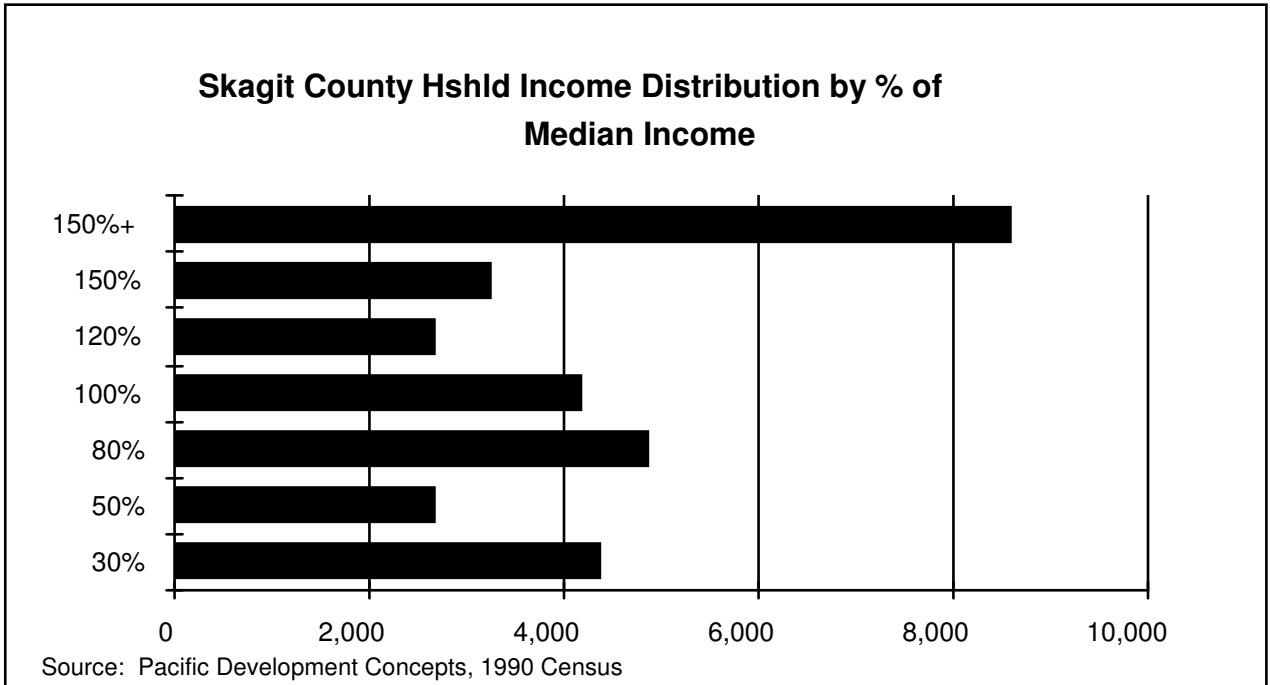
The chart below shows what the distribution of incomes was in Skagit County as reported by the 1990 Census. In 1990, the median household income was \$28,389 as compared with a median household income for families of \$32,831 and a nonfamily median income of \$15,826.

HUD defines low-income households as those earning 80% or less of the area median income and very-low-income households as those earning less than 50% of the median income.

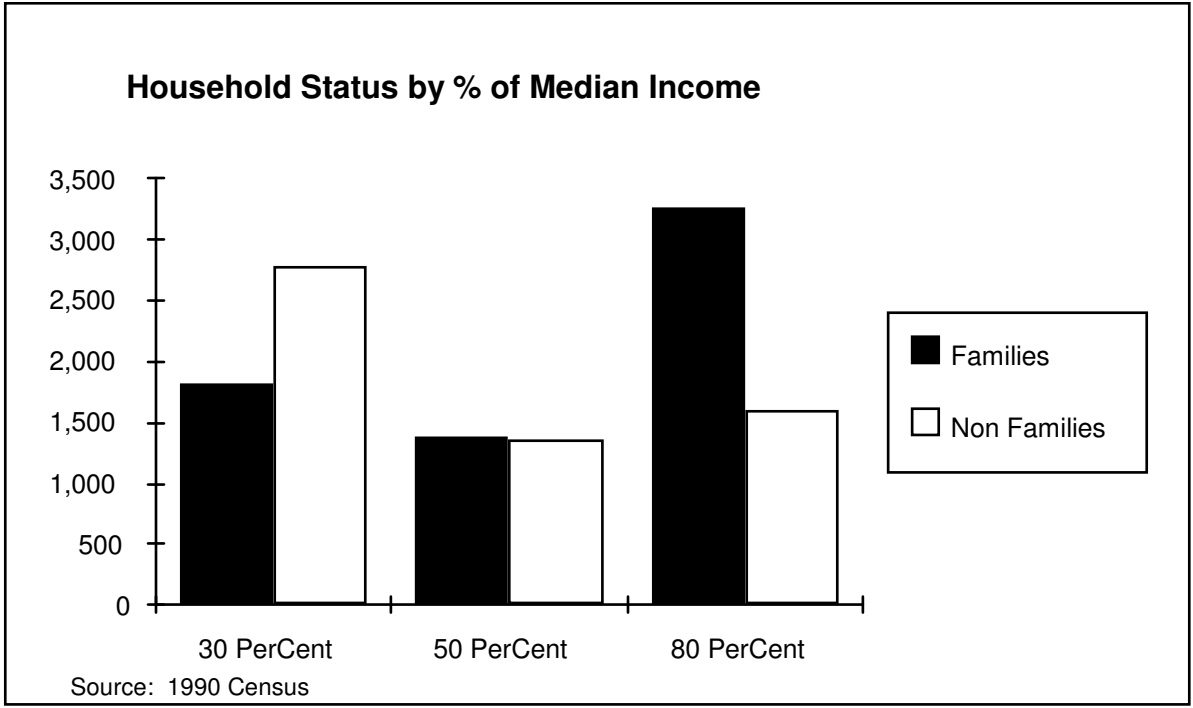
As the chart on the following page shows, a significant number of households in Skagit County earn less than 80% of the County's median income. A total of 11,935 households, or 39% of all households, are below 80% of median income.

Households earning less than 80% of median income usually have more difficulty affording and sustaining housing and may live in housing which is in poor condition or overcrowded. There were over 6,000 households in Skagit County

in 1990 earning less than 50% of the household median. (\$14,194). Of those, over 4,000 households earned less than 30% of median income.



The table and chart below show the types of households which are low-income or very low-income in Skagit County. Fifty-three percent (53%) of low-income households are families and 47% are nonfamilies. Nonfamily households are the largest group of the extremely low-income.



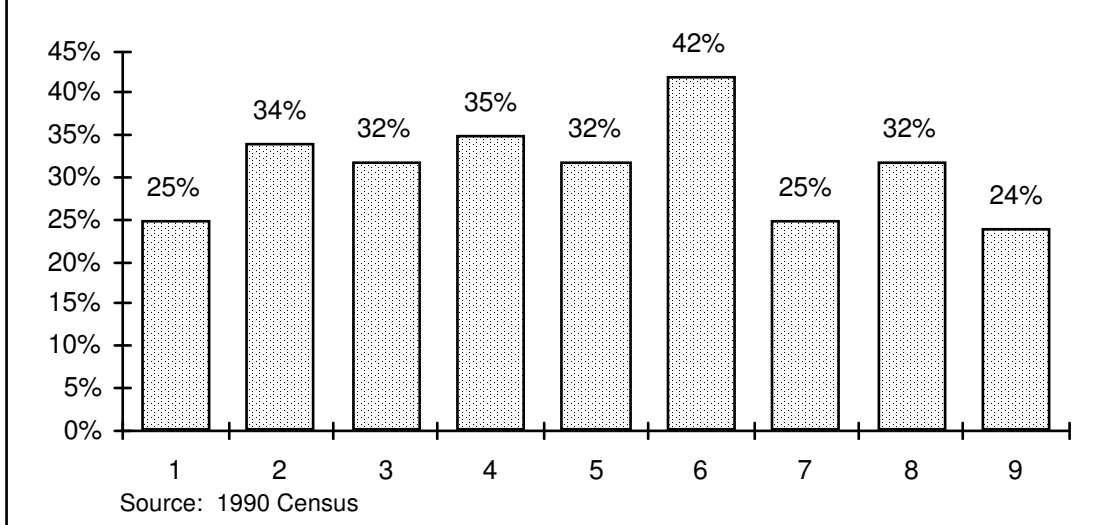
Household Status by % of Median Income

	30 %	50 %	80 %	Total	% Whole
Families	1,832	1,380	3,257	6,469	53.0%
Non Families	2,773	1,370	1,597	5,740	47.0%
Total	4,605	2,750	4,854	12,209	

Source: 1990 Census, Pacific Development Concepts

In all Skagit County jurisdictions, at least one quarter of the households had incomes less than 50% of the countywide median income in 1990. In Burlington, Concrete, Hamilton, LaConner, Lyman, and Sedro-Woolley approximately a third or more of households had incomes below 50% of countywide median income.

Percentage of Households with Incomes Less than 50% of County Median Income by Jurisdiction, 1990

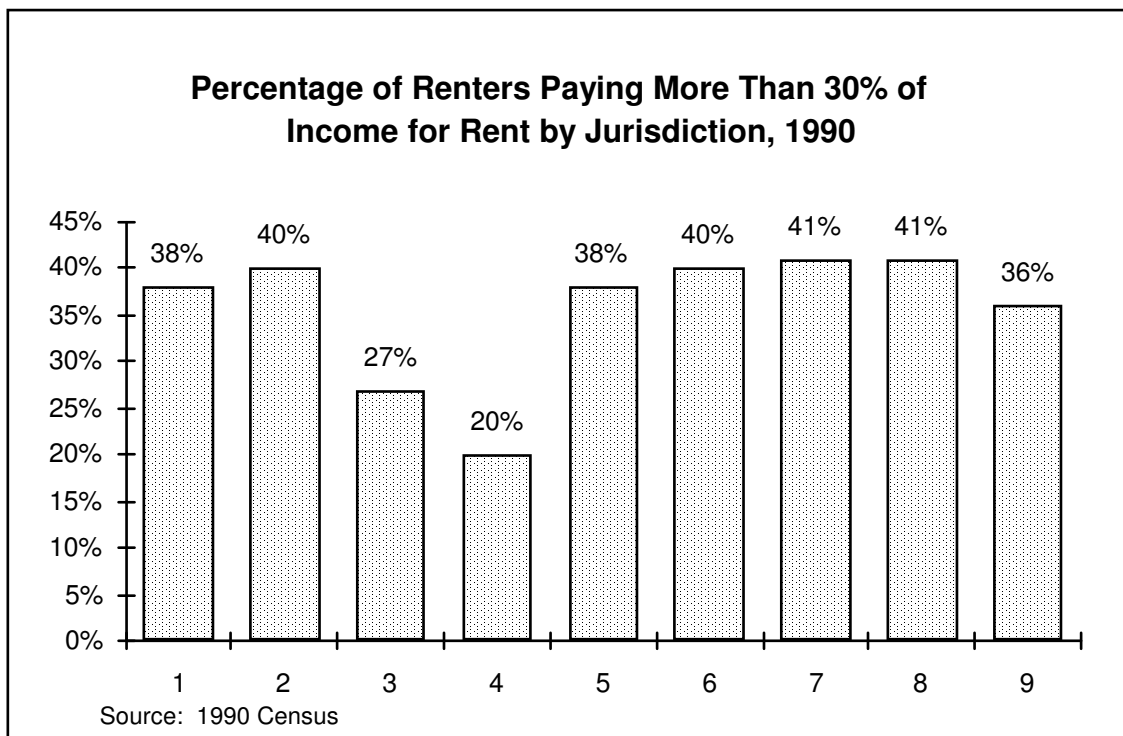


The households which have the most difficulty affording housing are those earning less than poverty level. Poverty level for a family of two in 1990 was \$8,420. In Skagit County, 10.8% of all households live at the poverty level or below. The three groups with the highest percentages of poverty are female householders (34.1% of all female-headed households), nonfamily households (17.3% of all nonfamily households) and female householders with children (49.7% of all female-headed households). 15.9% of Skagit County children live at the poverty level or below.

Housing Costs as a Percentage of Income

The most widely used measure of housing need is the percent of income paid for all housing costs. HUD defines households paying more than 30% of income for all housing costs and earning less than 80% of median income as households in need of housing assistance.

The percentage of renters paying more than 30% of their income for rent and utilities is high in the majority of Skagit County jurisdictions as illustrated by the chart below.



The 1990 Census surveyed 91% of renters and 72% of homeowners in the County about the relationship between income and housing cost. There were 3,214, or 36.3% of all renters surveyed, paying more than 30% of their income for gross rent (includes utilities). Eighty percent (80%) of these renters, or 2,566 households, live in Skagit County cities. Fifteen percent (15%) of owners surveyed, or 2,353 households, pay more than 35% of income for homeownership costs. Of these owners, 836 or 36% live in cities.

Data to be generated by HUD in 1993 will identify the exact number of households earning less than 80% of median and paying more than 30% of income for housing costs. However, many of the 5,567 households paying more than 30% of income for housing are likely to be identified by HUD as households in need of housing assistance.

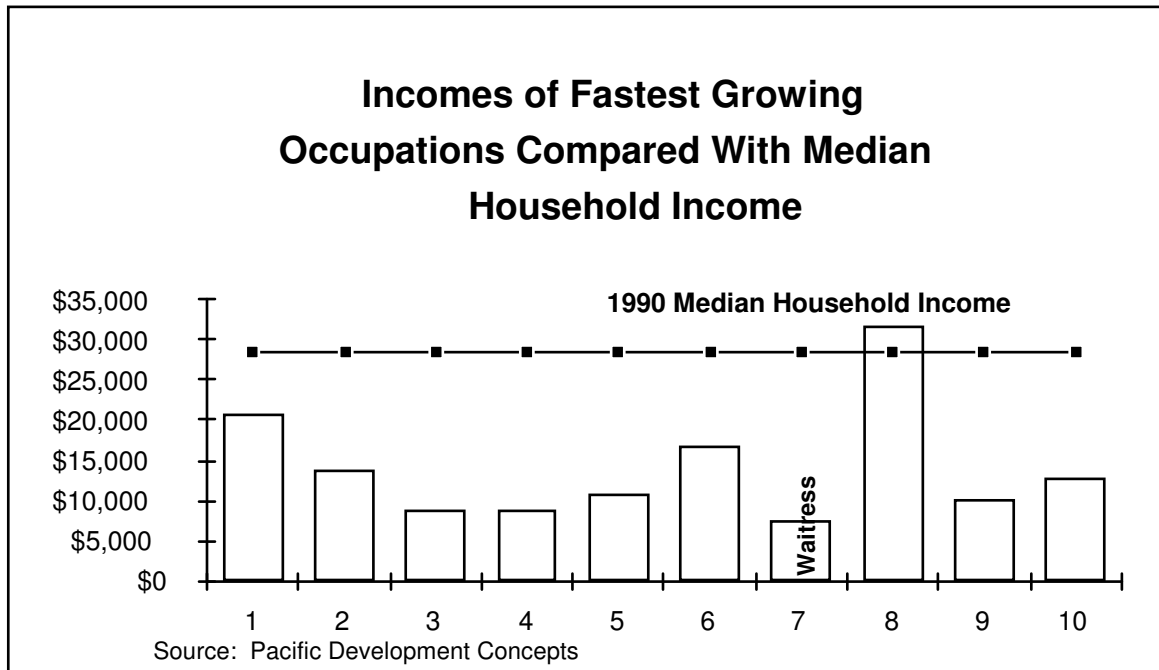
Relationship of Jobs Formation to Income and Housing Costs

A significant number of Skagit County residents experience an affordability problem now. The question related to projections of future housing affordability is whether job growth is going to contribute to higher incomes and improved housing affordability or lower incomes and deteriorating housing affordability.

In Skagit County, as in many other areas of the state, much of job growth will be in the service sector which tends to have lower paying jobs. For the three County area of Skagit, Island and San Juan counties, the State predicts that the services sector will grow by 21% or 2,600 workers; finance, insurance, and real estate by 19%; and retail trade employment by 15% or 1,700 jobs.

The table on the following page illustrates Washington State Employment Security prediction of the 10 fastest growing jobs in 1990-1995 period. Only one of the occupations pays over the area's median household income, and many pay substantially less.

As the chart below illustrates, many of the faster growing occupations do not pay close to the 1990 Median Household Income in Skagit County.



Housing Affordability to Fastest Growing Occupations, 1990-1995

Fastest Growing Occupations	% Growth Employment 1990-1995	Mean Hourly or Monthly Wage	Annualized Salary	% of Family Median, 1990	Housing Cost Can Afford
Island, San Juan and Skagit Counties (# of each in 1990)					
Food Service and Lodging Managers (199)	27.1%	\$1,738.00	\$20,856	73.5%	\$521
Receptionists and Information Clerks (420)	26.0%	\$1,168.00	\$14,016	49.4%	\$350
Maids and Housekeeping Cleaners (391)	23.8%	\$5.21	\$8,940	31.5%	\$224
Dining Room and Cafeteria Attendants (180)	22.8%	\$4.43	\$8,984	31.6%	\$225
Nursing Aides, Orderlies, and Attendants (479)	22.1%	\$5.55	\$10,967	38.6%	\$274
Gardeners and Groundskeepers (214)	22.0%	\$8.37	\$16,974	59.8%	\$424
Waiters and Waitresses (1457)	21.1%	\$4.38	\$7,516	26.5%	\$188
Accountants and Auditors (163)	20.9%	\$2,631.00	\$31,572	111.2%	\$789
Bartenders (493)	20.9%	\$5.52	\$10,333	36.4%	\$258
Cooks, Restaurant (574)	20.4%	\$6.66	\$12,814	45.1%	\$320

The two fastest growing occupation categories between 1980 and 1990 were service and food industries. Since that trend is expected to continue, many households will not be able to afford homeownership and many will not be able to afford market rate rental housing.

A key variable related to ability to afford housing is whether a household has one or two workers. In 1990, 33% of Skagit households with workers had one wage-earner, and 67% had two wage-earners. As the table below illustrates, a one-worker household earning the average wage of the fastest growing jobs can only afford \$288 a month for housing and utility costs. A two-worker household with the same source of income can afford \$575 in monthly housing costs.

Housing Affordability, Fastest Growing Occupations

	1 Wage Earner	2 Wage Earners
Average Salary, Fastest Growing	\$11,506	\$23,012
% of Family Median	40.5%	81.1%
Housing Average Can Afford	\$288	\$575

Source: Pacific Development Concepts

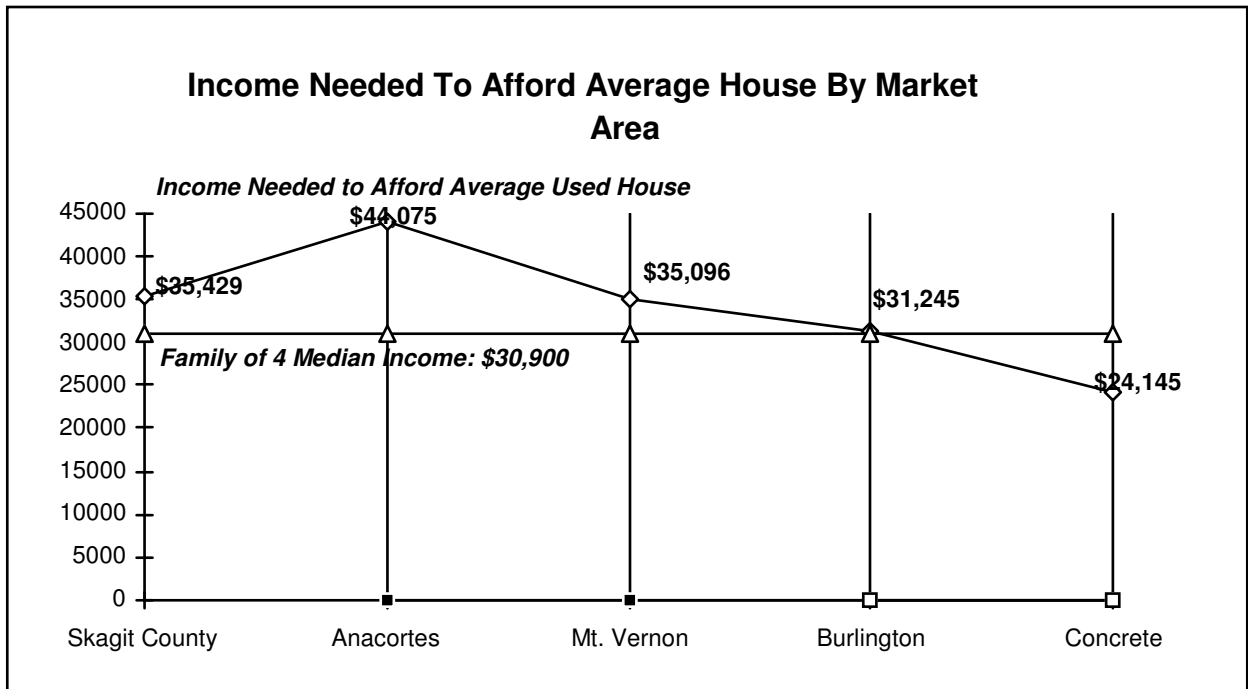
Homeownership Affordability, 1992

The income needed to afford the average single family home in Skagit County varies by market area. Only in the Concrete, Hamilton, and East market area can families earning less than median income afford an average-priced single family house. In three markets, a family must make at least median income, and up to 143% of median income, to afford the average-priced used single family house. The table and chart on the following page contrast the incomes needed to afford housing in the four major housing markets of Skagit County.

Income Needed to Buy Average Single Family Home By Market Area, 1992

	Skagit County	Anacortes Offshore	Mount Vernon South	Burlington Sedro Woolley North	Concrete Hamilton & East
Annual Income	\$35,429	\$44,075	\$35,096	\$31,245	\$24,145
% of Median	115%	143%	114%	101%	78%
1992 Median	\$30,900	\$30,900	\$30,900	\$30,900	\$30,900

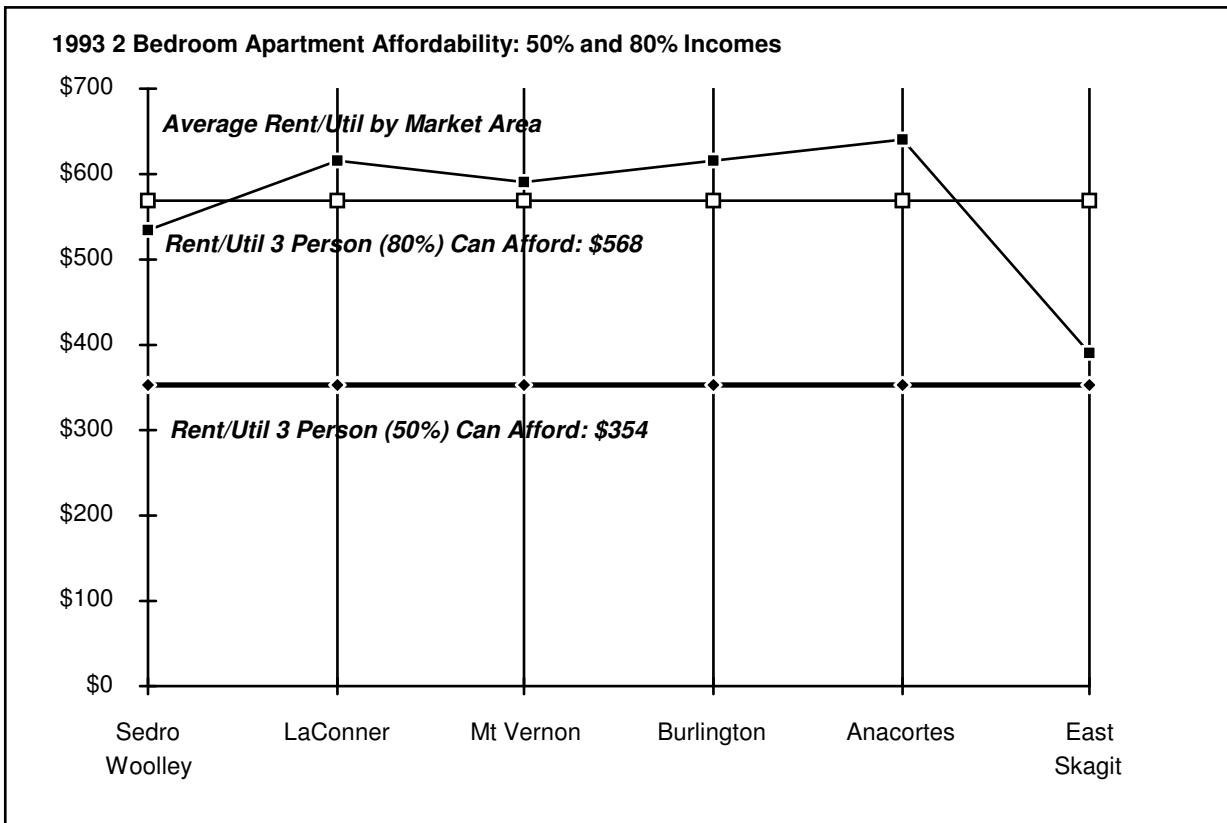
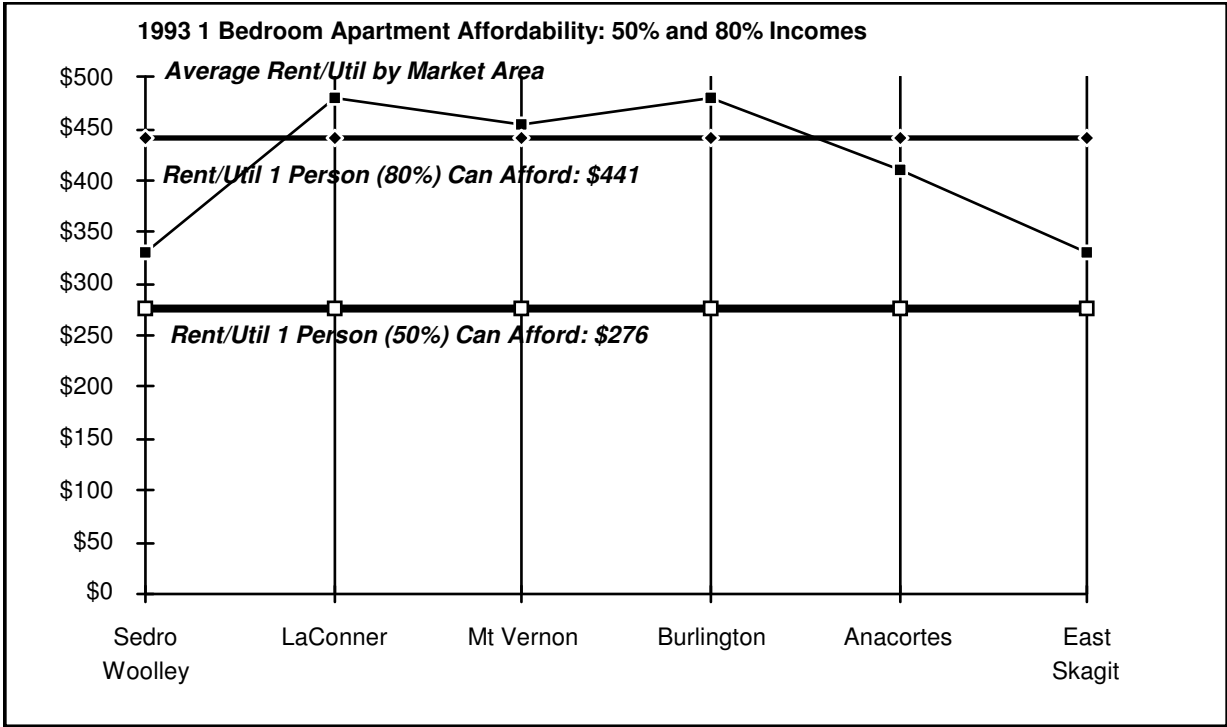
Source: The Digest, 1993 and Pacific Development Concepts (Calculations assume typical 1993 mortgage qualifying conditions)



Source: The Digest, 1993 and Pacific Development Concepts

Rental Affordability

Rental housing is considered affordable when a household pays no more than 30% of gross income for rent and utilities. In all Skagit rental markets, households earning less than 50% of median income, adjusted for household size, will have difficulty affording the average-priced rental unit in 1993. In most Skagit markets, households which earn 80% of median income or above can afford average-priced rental housing. The most affordable rental markets are Anacortes, Sedro Woolley, and East Skagit County. The least affordable are LaConner, Mount Vernon, and Burlington.



Conclusion

In summary, housing affordability is a problem for many rental households earning under 80% of median income. In 1990, 39% of Skagit households earned less than 80% of median income. Because many of the new jobs to be created in the next ten years will have modest salaries, the need for affordable housing will grow. The number of families which can afford homeownership will decline, and the demand for affordable rental housing will increase.

Homelessness and Special Needs

Some households need housing and services in combination, either temporarily, to reestablish themselves in the job and housing market, or permanently, because of a particular special need that requires supportive services to sustain a permanent residence.

Homelessness

In Skagit County, the demand for shelter increased between 1990 and 1992. According to the State's 1990 and 1992 Emergency Shelter statistics for Skagit County, 1001 persons were turned away from Skagit shelters in 1990 and 1,207 were turned away in 1992.

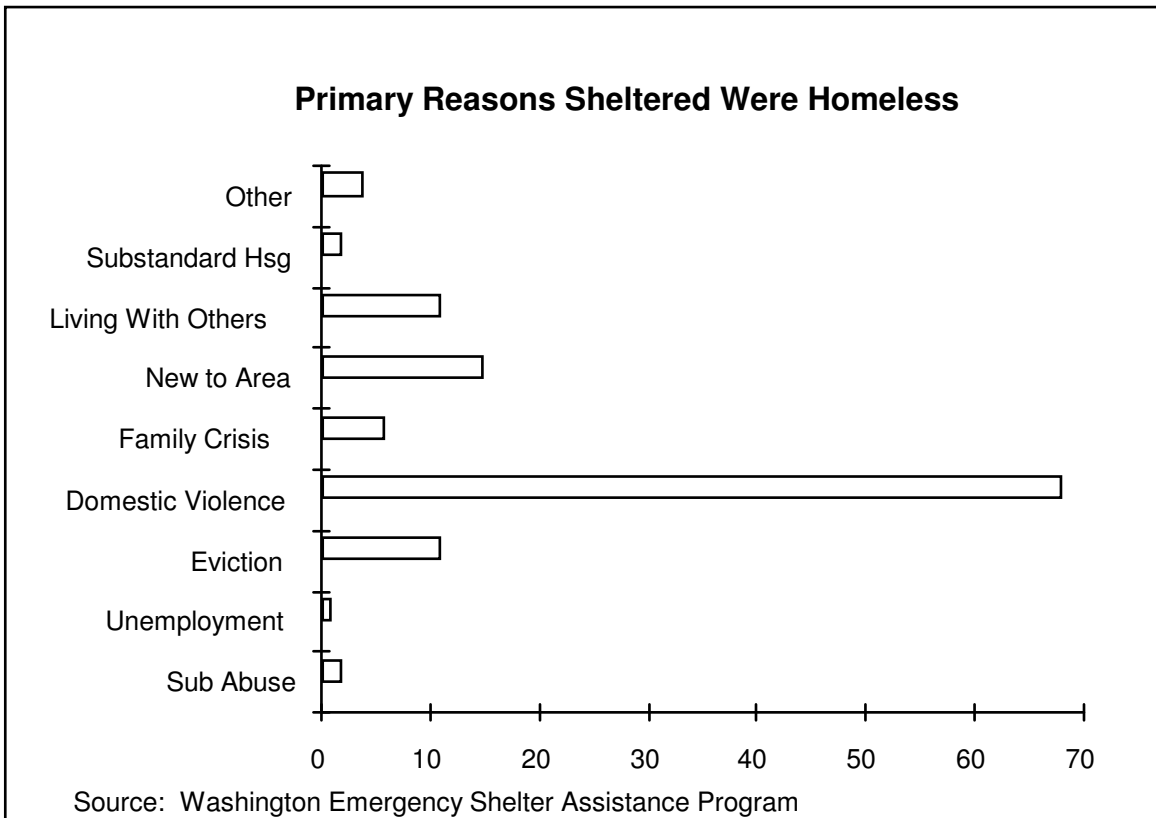
The characteristics of clients served by Skagit County state-funded shelters in 1992 are illustrated in the table below. Single females with children and couples with children were the client group most frequently served.

Household Status as a Percentage of Total Homeless Households, 1992

Household Status	Total Number Individuals	% Total Hshlds
Single male	1	0.3%
Single female	19	5.4%
Single Female with Children	214	60.3%
Single Male With Children	3	0.8%
Couple with Children	116	32.7%
Couple/ no children	2	0.6%
Single Youth		
Total	355	

Source: Emergency Shelter Assistance Program Characteristics, State DCD, July 1, 1991 to June 30, 1992

The most common reason for homelessness for clients served by Skagit state-funded shelters was domestic violence.



The Friendship House, in Mount Vernon, is a privately operated, non-profit facility which provides the majority of the shelter services in Skagit County. In 1992, the two shelters operated by Friendship House served 700 people and turned away 579 people. The group provides 18 beds for men and 25 beds for women and children.

Barbara Cram, of Friendship House feels emergency shelter is badly needed for couples and families. She would like to see the establishment of 50 additional beds for families, and 25 beds for mothers with substance abuse problems. Cram also notes the need for more permanent, affordable rental housing and more housing for single low-income persons.

Special Needs

The number of persons with disabilities of a severely limiting nature has been reported for the first time in the 1990 Census. In 1990, there were 9,811 persons over 16 out (16% of all persons over 16) who required some assistance with self care, had mobility limitations, or were characterized by both need for assistance with self care and mobility. Of those with mobility disabilities, 2,149 were employed in 1990.

Another measure of the number of people having special needs for services with housing is the number of people in group quarters. Persons in group quarters in Skagit County increased 53%, from 1,051 to 1,610, between 1980 and 1990 according to the Census.

Persons in Group Quarters, by Type of Group Quarters, 1990

Institutionalized	1,100	
Correctional Institutions		136
Nursing Homes		665
Mental hospitals		145
Juvenile Institutions		65
Non-institutionalized	567	
College dormitories		4
Military quarters		0
Homeless shelters		72
Other group quarters		491
Total	1,610	

Source: 1990 Census

According to the Need Assessment Data Project Report prepared by the Washington State Department of Social and Health Services in 1990, State and federal programs served 1,851 persons in Skagit County who are classified by them as aged, blind or disabled. Over 50% of this group is over age 64. These groups are made up primarily of women who represent over 63% of the total.

Housing Needs of Selected Skagit County Special Needs Populations

Many Skagit County residents need some form of ongoing support in order to live in housing. Some, for example, rent apartments in the community, but need help preparing meals or bathing. Others live in group settings, with on-site managers providing daily living assistance. Some need medical care.

In Skagit County, as other communities, there are a range of groups which are being provided housing or housing and services tailored to their set of needs. The groups identified in Skagit County include: mentally ill, mentally ill with chemical addictions, developmentally disabled, individuals recovering from drug and alcohol addiction, victims of domestic violence, youth, and elderly persons.

There is an overall lack of written documentation on the housing needs of special populations. Therefore, the sources of information for the following discussion were interviews with staff members of service agencies which work with each special needs group in Skagit County. The interviews were conducted in March of 1993 by Pacific Development Concepts.

While agencies working with special needs populations have an excellent feel for the immediate needs of the populations they serve, they are unwilling to predict

their long-term housing needs. In many cases, it may be necessary to conduct in-depth housing needs assessments for each group in order to develop workable strategies that best address needs. Skagit County may wish to consider a special needs housing task force and comprehensive special housing needs study which further elaborates special housing needs.

The primary consensus of those interviewed was the need for more permanent rental housing affordable to very low-income single persons and family households. Many individuals and families with special needs have incomes less than 30% of median income and cannot afford housing unless it is subsidized or is offered at low rents by public or nonprofit agencies.

Service providers wanted both more new construction of rental housing, and as much flexibility as possible in zoning and building codes to allow for people to share housing.

The second most frequently mentioned need was the need for transitional housing. Transitional housing is made available for up to 24 months to people who are homeless or are leaving emergency shelters. People need time and services support to reestablish themselves in permanent housing. Service providers to the mentally ill, drug addicted, domestically abused, and youth mentioned the need for more transitional housing.

Those serving victims of domestic violence, youth, families and homeless men and women all reported needing more emergency housing.

Most of the groups offer both in-home and in-agency services which can support their clients in private housing. The social service groups do not normally seek to segregate their clients from the general population, nor do they wish to operate special housing facilities, for the most part.

The summary below shows the housing resources currently available to each group according to service providers which are serving each of the populations described. These housing resources are either provided in facilities, such as a shelter or group home, or are provided as services to individuals who occupy privately-owned housing. For each group, the types of housing needed in the near future are described.

Mentally Ill Population

According to JoAnn Angevine, Skagit County Human Services Coordinator, the Skagit Community Mental Health Center reported 661 unduplicated clients served in 1992. The Center had 1,334 clients with open cases.

There are three levels of residential care for the mentally ill provided through state funding:

- Congregate Care with supervision available for medical needs: 15 beds
- Supported housing, with on-site supervision from trained staff: 35 beds
- Crisis respite living (2 week stay in home, alternative to institutionalization): 5 beds

Other facilities available for mentally ill in Skagit County are listed below:

The Skagit Community Mental Health Center has established two cooperative houses where individuals with mental illness live independently and are provided weekly staff support. Homeless and other low-income people also live in these cooperatives which function both as transitional and permanent housing. The houses can accommodate up to 21 people.

In addition, the Portal program at the campus of Northern State Hospital has 138 beds which are available for up to 2 years of in-patient treatment and vocational and life skills training for mentally ill individuals. Two cottages nearby provide 16 beds for transitional housing for clients of the Portal Program.

About 30 clients a year from the Portal Program wish to stay in Skagit County. They are referred to the Skagit Community Mental Health Center for assistance in finding housing.

According to JoAnn Angevine, the greatest need is for permanent affordable rental housing. Angevine estimates the 10 year need for housing with services for mentally ill persons as follows:

- Supervised congregate care (Congregate care with 24 hour supervision): 40 beds total (increase of 25 beds)
- Supported Living (Supervision of on-site staff): 100 beds (increase of 65 beds)
- Crisis Respite Living (Crisis emergency housing alternative to institution): 15 beds (increase of 10 beds)

Linda Petit of Skagit Community Mental Health Center would like to duplicate the success of the cooperative houses established by the Mental Health Center. Petit believes that shared housing is one of the only practical alternatives to achieve permanent affordable housing for Center clients.

Petit would like to see:

- flexibility in the number of unrelated people allowed to live together in single family neighborhoods:
- flexibility in the building codes defining multi-family housing so that shared housing can be achieved; and
- accessory housing allowed in single family neighborhoods so that low income residents can share housing.

Mentally Ill, Chemically Abusing (MICA) Population

The mentally ill, chemically abusing population suffers both from mental illness and is addicted to one or more substances.

According to Barbara Bessire of Skagit Community Mental Health, the agency serves about 65 to 75 persons every month with this condition. She estimates this translates into an unduplicated count of 90 to 100 persons annually who are mentally ill, and chemically abusing and seeking services.

The types of housing problems experienced by this population relate to access to affordable housing, living close enough to treatment, and the need for transitional substance-free housing where treatment is available. Sometimes clients are unable to enter into or sustain treatment because of distance from services or lack of transportation. Some clients need to live close to services temporarily to access intensive outpatient treatment programs.

The Skagit Community Mental Health Center would like to have a facility which operates as a clean and sober house. Individuals would live at the facility, and be involved in treatment. The facility would be transitional, between in- or out-patient treatment and independent living, and would be supported by a case manager. The facility's program would be treatment intensive. The size of the facility would be 5 or 6 beds, with one crisis bed available.

Developmentally Disabled Population

The State defines developmentally disabled individuals as those who suffer a disability before age of 18 which will continue indefinitely. Examples of conditions which can cause persons to become part of this population include, epilepsy, mental retardation, cerebral palsy, and Downs Syndrome. Frequently the adult population subsists on funds from Social Security, public assistance, or Social Security Income.

The federal government estimates that 3 percent of the general population has some degree of developmental disability. It is estimated that one percent has a disability severe enough to qualify for services through the Washington State Division of Developmental Disabilities (WSDDD).

In 1993, there are 304 developmentally disabled persons in Skagit who are known to the State. The age characteristics of this group are as follows: 37 persons, 0-3 years, 106 persons, 4-18 years, 20 persons, 19-21 years, 126 persons, 21-64 years, and 15 persons, over 65 years. The population of developmentally disabled persons receiving state services has increased nearly 50% in 4 and 1/2 years.

Most people with developmental disabilities require some level of support to live in the community. The support may take a variety of forms, and may be offered in such arrangements as a private living situation, group home, or an individual's family home.

The following resources exist to support Skagit County developmentally disabled persons in housing:

- Tenant Support: 17 Beds. A residential vendor helps clients living in the community with roommates, finance management, and home management.
- Intensive Tenant Support: 15 Beds. Residents are provided 24-hour supervision in an apartment setting. A manager lives in one apartment unit and assists clients sharing nearby units in groups of 2 to 3.
- Adult Group Home: 4 Beds. Adults live together in a home supported by in-facility services.
- Children's Group Home: 6 Beds. Children live together in a home supported by in-facility services.
- Alternative Living: 12 beds. The adults in this category live independently in private market housing and are supported by some casework services.

The biggest problem developmentally disabled counselors note is the need for more affordable housing. Once a developmentally disabled person is able to live in a permanent affordable rental unit, the individual can be supported by services provided by various agencies.

Alcohol and Drug Addicted Population

Skagit Recovery Center provides outpatient counseling and treatment, Driving While Intoxicated and self-referral evaluation, in-house 60-day recovery, and a 5 day detoxification (detox) unit.

The Recovery Center serves about 1,200 persons per month. Many of the clients of the detoxification unit are homeless before entering detox, and because shelter beds and affordable permanent housing are unavailable, are homeless after they leave detox.

The Skagit Recovery Center operates a 19 bed Recovery House for clients eligible for State Alcohol Drug, Addiction, and Support Act (ADATSA) benefits. The Center provides up to 60 days of housing, board, and services. The Center

operates largely as transitional housing as clients attempt to arrange permanent housing in the community.

The types of housing needed by clients of the Recovery Center are:

- permanent housing affordable to persons living on public assistance, another public source, or low paying jobs, and
- 30 units of drug and alcohol free housing available on a transitional and permanent basis for individuals leaving Recovery House or leaving in-patient treatment. Twenty units of housing would be needed for single men, and 10 units for women.

Victims of Domestic Violence

Women and children who have suffered violence at home sometimes need emergency, transitional, and permanent housing.

Skagit Rape Relief and Battered Women's Services operates a confidential emergency shelter which will accommodate up to 14 women and children.

In 1992, the agency served 138 women and children at their confidential emergency shelter and turned away another 90 persons.

Because affordable housing for families is difficult to locate in Skagit County, many clients of the shelter return to their homes or share housing.

Pamela Crume, Director of Skagit Rape Relief and Battered Women's Services, describes the need for:

- 6 more beds of confidential emergency shelter; and
- a 4 to 6 unit transitional housing facility where families could live for up to 6 months while arranging for permanent living situations.

Youth

Youth need housing and services support when they are removed from the custody of their parents or run away from home.

The short and long term housing needs of youth are handled by Northwest Youth Services and Skagit Youth Services.

Northwest Youth Services has foster care resources available to clients of the Department of Health and Social Services in the following categories:

- Crisis Residential Center: 4 beds. Youth may stay up to 5 days in cases where the chance of reconciliation with family may result from short term mediation.
- Assessment Beds: 12 beds. Youth stay up to 30 days while a diagnostic assessment is conducted by DSHS.
- Specialized Treatment for At-Risk Kids: 6 beds. Youth stay up to 18 months.

Michael Tyers of Northwest Youth Services says there is a distinct need for a Center in Skagit County for runaway and homeless youth. At least 8 beds are needed. Tyers feels emergency beds may be needed in several locations in the County because of its size.

Skagit Youth Services provides residential group care, foster care, secondary alternative school and other youth services.

Skagit Youth Services operates a group home in Mount Vernon which provides 12 beds for adolescents and has 10 foster care homes for children 6 to 18.

Secret Harbor operates a 31 bed residential treatment facility for youth on Cyprus Island and a 5 bed transitional group home in Bellingham. Youth from all over the State live in these facilities and go to school for up to 18 months.

According to providers of youth services, more foster care homes and an emergency shelter facility are needed.

Aged Population

There are 16,238 persons over 60 years of age in Skagit County. This group is 20% of the County's population. There are 5,291 persons over 75 years of age in Skagit County.

With advanced age sometimes individuals experience a decline in their ability to perform routine household tasks and home repair, a situation which can threaten independent living for individual Skagit County residents. Many will require assistance in their homes, while others will need support provided in a more intensive residential setting.

According to Tim Holloran of Skagit County Senior Services, many seniors in Skagit County are being forced to sell their homes because they can no longer afford their taxes. Some seniors are selling in Anacortes and moving to Mount Vernon or Burlington rental units, for example. Other seniors need help with home repair, for which resources are not available.

Holloran believes that the following resources are needed for senior citizens in Skagit County:

- more affordable housing choices;
- an increase in adult family homes where seniors are given assistance with daily living;
- affordable apartments or cottage developments for seniors only;
- housing near part-time employment and public transportation, probably in Mount Vernon and Burlington;
- a home-sharing program where seniors living in single family homes share surplus space with other seniors; and
- accessory housing.

Roy Walker, Northwest Regional Council on Aging, agrees with Holloran on the need for the types of housing listed above and stresses the following additional needs:

- assisted living, where seniors live in studio apartments but are supported by medical staff and meal availability. This is a new concept being tested on a demonstration basis in other parts of the country as an alternative to nursing homes.
- home repair assistance to seniors to make their homes handicapped-accessible when various disabilities make it difficult to maintain independent living. Examples include wheelchair ramps and alterations to bathrooms and kitchens, as well as communication devices such as TDD machines.
- mobile home park preservation. Many seniors live in existing parks, some of which are threatened with redevelopment for other uses.
- emphasis on flexibility in zoning and building codes so that people can share housing on a relatively small scale and remain in the community. Walker feels now low-income seniors have to choose between independent living which, they may not be able to sustain, and nursing homes, with no choices in between.

Housing Needs of Farmworkers

Migrant and seasonal farmworkers are relied upon for production of a variety of fruit, vegetable, and flower/bulb crops in the County's agriculture industry. Very

little reliable data exists related to the number of migrant and seasonal workers in Skagit County, their incomes, or their housing needs. However, there is a general acknowledgment that the numbers of migrant and seasonal farmworkers have been increasing in the Northwest. The State Employment Security Department's publication, Agriculture, Forestry and Fishing Employment in Washington State concludes:

Many former migrants settled in this state in response to the Immigration Reform and Control Act, adding to the local supply of farmworkers. In addition, floods, drought and pest infestations in California, Texas, and other labor supply states during 1991 and 1992 will increase the number of migrant workers coming to Washington State.

Since the Immigration Reform and Control Act of 1986 many former migrant workers have "settled out" and become permanent residents of the areas to which they formerly migrated for work. Recent statewide data from the migrant student education program indicates that up to 60% of school-aged children are from settled out families where formally 100% of children were from migrant families.

The Washington Human Development Program is a federally-funded employment and training program which assists agricultural workers in the areas of education, employment, training, and social service needs. A program representative said recent trends among agricultural workers are for less migration and more families settling out, and for more intrastate migration than interstate migration of workers. For example, many Skagit County agricultural workers are attempting to find off-season employment in the local fishing industry. These trends result from workers now being legally employable.

Employment Security defines migrant and seasonal workers as follows:

migrant workers - those who travel outside of their home base and stay overnight to work in agriculture, and

seasonal workers - those who work at least 25 days in agriculture, derive 50% or more of their income from agriculture, and live in the same area in which they work.

The Office of Migrant Health estimates the numbers of migrant and seasonal workers and their dependents by county for Idaho, Oregon, and Washington. Estimates were last published in the 1989 Interagency Profiling Project Annual Review. Estimates are for the peak presence of migrant and seasonal farmworkers plus their dependents. The 1989 estimates for Skagit County are summarized in the table below.

Estimates of Peak Presence of Migrant and Seasonal Farmworkers and Dependents in Skagit County, 1989

Migrant Workforce	3,494
Migrant Population	7,738
Seasonal Workforce	2,936
Seasonal Families	1,982
Seasonal Population	7,849

Source: Region X 1989 Interagency Profiling Project Annual Review

The Mount Vernon Employment Security Office (ESO) also estimates the numbers of migrant and seasonal farmworkers. ESO estimates are somewhat lower than those of the Office of Migrant Health. ESO estimates a peak presence of between 2,500 and 3,000 migrant and seasonal workers.

The majority of migrant and seasonal workers are Hispanic. Employment Security reports that in January 1992, 80% of those agricultural workers who claimed unemployment were Hispanic.

Farmworker households are typically low-income. While no income surveys have been conducted in Skagit County, the Office of Rural and Farmworker Housing has conducted income surveys of farmworker households in other areas of the State. Of 458 households surveyed since 1990, 387 or 84% had incomes below 50% of the area median income. Of the remaining households, the vast majority had incomes less than 80% of the area median income. Median annual household incomes in the various studies ranged from \$7,101 to \$10,000.

The low-incomes of farmworker households result both from relatively low wages and the fact that most workers do not work year around. Employment Security data shows farmworkers employed in crop production of the types which exist in Skagit County earned between \$6.04 and \$6.91 per hour on average in 1990. Employment Security estimates 1990 average annual earnings of \$4,983 for Washington workers working only in agriculture. For those working in agriculture as well as some other area of employment, 1990 annual earnings are estimated at \$7,653.

The housing needs of farmworkers vary depending on whether they are seasonal or migrant workers. Low-income seasonal farmworkers need permanent, subsidized rental housing much like other low-income households. Migrant workers need temporary housing which they occupy only during the period of time in which they are employed in the area.

FmHA, through the 514/516 Program, will provide financing for 33 years at 1% interest to assist farmers build new temporary housing for farmworkers. Such housing is designed for temporary living with more sleeping space and less common/living space. Even with the extremely low interest rate, only the most financially sound farming operations can afford the additional fixed cost of the

FmHA loan. Only three loans have been made through the local FmHA district office and all three farmers have experienced difficulty making payments.

The 514/516 Program also provides for the development of farmworker housing which is operated as permanent housing for local year-around farmworkers. Eligible applicants include farmers, associations of farmers, public or private nonprofit organizations, nonprofit farmworker organizations, and state or local governments. Nonprofit organizations and public entities are eligible for grant as well as loan funds.

Other than the FmHA 514/516 Program, public funds tend to be available only for permanent rental housing which operates year around and depends on at least 90% to 95% occupancy and operating subsidies to meet operating costs. Other public subsidy programs also require that the housing be open and available to all low-income people in the group for which funding is provided. Farmers, on the other hand, tend to seek financial assistance to provide temporary housing which they will own and which will be available primarily to their workers.

There are two farmworker housing projects in the County and multiple temporary camps.

The two housing projects were financed by FmHA. One, the La Paloma is privately-owned and has 40 units. The other, Mt. Baker Meadows, is owned by the Skagit County Housing Authority and has 20 units.

Mt. Baker Meadows is operated much like other subsidized housing projects. To qualify for the housing, tenants must make less than the area median income and earn at least \$3,055 annually from agriculture. Priority is given to the lowest income families with the highest proportion of income from agriculture. Tenants pay up to 30% of their income for rent and those who qualify receive FmHA rental assistance. Households typically live in the units year around. There are currently 85 households on the waiting list for housing in the project.

La Paloma is an apartment project which the owner has operated as temporary housing for migrant workers. The project has periodically experienced both financial and management problems.

There are also 466 temporary worker housing units in the camps which can house up to 1,695 workers. They are licensed by the Skagit County Health Department and are periodically inspected. These units provide minimal shelter by permanent housing standards. They are often older units and, under the law, cannot be expanded or replaced with units of similar construction. Typically, temporary housing is owned by the farmers, is located on the individual farms, and is provided as a function of the worker's employment for a cost which is deducted from wages. It is not permanent rental housing and is not operated in the same way.

Farmers and farmworker advocates agree that both temporary housing for migrant workers and permanent housing for seasonal workers are needed. Low-income seasonal workers, which include the recently "settled out" migrant workers, need permanent, subsidized rental housing such as that provided by federal housing assistance programs. Many Hispanic farmworker families are large, six to ten members, requiring 5 or more bedroom units.

The issues related to providing temporary housing for migrant workers are more complex. There is a misfit between the available resources for creating new temporary housing for migrant workers and the needs of farmers who have traditionally provided temporary housing. Also, as the current temporary housing ages, it becomes less suitable as shelter and less economically feasible to repair. As temporary housing camps close due to deteriorating condition and no new temporary housing is built, there are increasing numbers of migrant workers who are living in overcrowded, substandard housing or are homeless, living in their cars, in tents in the open, or in shelters.

In addition to existing temporary housing, farmers sometimes try to rent privately-owned units for migrant families during their production season. However, as the general rental market tightens and prices increase, rental units are less available. Farmers feel that the problem of inadequate housing for migrant workers is reaching crisis proportions which could result in a shift to more mechanized operations.

Current and Potential Resources

Current Housing Resources

Multiple housing resources exist in Skagit County. Current providers of housing and related services are excellent resources for identifying housing needs. Many have contributed to this summary and evaluation of resources. In all cases, more resources are needed to address current and expanding needs.

Subsidized Rental Housing

Subsidized rental housing is provided through permanent housing complexes which are either privately- or publicly-owned and through the Section 8 Certificate/Voucher Program. There are 1,316 units of subsidized rental housing in the County, representing 14% of the rental housing countywide.

The majority of the subsidized housing is provided in Anacortes, Mount Vernon, and Sedro-Woolley. Forty-four percent (44%) of the subsidized rental stock is located in Mount Vernon and 57% of Section 8 certificates and vouchers are used in Mount Vernon.

Distribution of Permanent Subsidized Rental Housing

	# Units	% Total
Anacortes	275	29%
Burlington	96	10%
Concrete	24	3%
LaConner	16	2%
Mount Vernon	419	44%
Sedro-Woolley	125	13%
Total	955	

Source: Pacific Development Concepts

Distribution of Section 8 Certificates by Zip Code Area

	# Households	% Total
Anacortes	8	2.22%
Burlington	49	13.57%
Concrete	5	1.39%
Hamilton	2	0.55%
LaConner	3	0.83%
Lyman	1	0.28%
Mount Vernon	207	57.34%
Sedro-Woolley	60	16.62%
Subtotal	335	92.80%
Unincorporated Areas	7	1.94%
Out of County	19	5.26%
Total	361	

Privately-Owned, Federally-Subsidized Rental Housing

The bulk of subsidized rental housing has been developed through Farmer's Home Administration (FmHA) and the Department of Housing and Urban Development (HUD) programs which provide below-market rate loans to private for-profit and nonprofit developers. Both FmHA and HUD may also provide rental assistance in the form of operating subsidies to owners of projects for low-income individuals and families. In addition, FmHA will finance the construction of housing for farm laborers.

Fifty-seven percent (57%) of all subsidized rental housing in the County, or 745 units, is in privately-owned, federally-subsidized housing projects. These units make up 8% of all rental housing.

Depending on the housing program which provided assistance to the housing complex, income eligible tenants either pay 30% of their monthly income (with or without rental assistance) for rent and utilities, or are offered a below market rent.

An application is pending with FmHA for an additional 24 units of elderly housing to be developed in Anacortes. However, funding for new projects has become more and more limited in recent years and current application rating criteria favor projects in Island and San Juan Counties over those in Skagit County. It is unlikely that significant new development of housing will occur through these programs in the future.

Many of the existing projects received their federal assistance through programs which provided the option for owners to prepay the mortgage and remove the rent restrictions after a certain period or if refinancing was available.

However, recent federal legislation designed to prevent the loss of subsidized units requires owners to prove the housing is no longer needed in the local market and to offer the units for sale to nonprofit organizations before they can be allowed to prepay the mortgage and remove the rent restrictions. The legislation also provides for incentives, such as the opportunity to refinance and take out equity and additional operating subsidies, to encourage owners to forego prepayment and continue rent restrictions.

There are seven projects in Skagit County, the owners of which are now technically eligible to consider prepayment of their mortgages. The owners of three projects have accepted incentives to continue the rent restrictions on their projects for an additional 20 to 50 years. None of the owners of the remaining four projects have indicated an interest in prepaying their mortgages.

The table on the following page lists all of the privately-owned, federally-subsidized housing projects in the County. An asterisk indicates those which are eligible to prepay their mortgages before the year 2000.

Privately-Owned, Federally-Subsidized Rental Housing in Skagit County

Project	Subsidy Source	Housing Type	Number Units	
<u>Anacortes</u>				
Anacortes Manor*	FmHA	Elderly	35	
Heatherwood	FmHA	Elderly/Family	32	
Bayview Apts.	HUD	Family	46	
Haborview Apts	FmHA	Family	32	
Bayside Apts.*	FmHA	Family	20	
	Total			165
<u>Burlington</u>				
Villa Kathleen	FmHA	Elderly	24	
Woodgate	FmHA	Elderly	40	
Parkwood*	FmHA	Family	32	
	Total			96
<u>Concrete</u>				
Evergreen Manor	FmHA	Elderly	24	
	Total			24
<u>LaConner</u>				
Harbor Villa Apts.	FmHA	Elderly	16	
	Total			16
<u>Mount Vernon</u>				
Alpine Ridge	FmHA	Elderly	60	
Fircrest Apts.	FmHA	Elderly	36	
Mount Vernon Manor	HUD	Elderly	55	
Mount Vernon Manor II	HUD	Elderly	30	
Ridgeview Terrace	FmHA	Elderly	80	
La Paloma	FmHA	Farmworker	40	
Laventure Village	FmHA	Family	30	
Olympic Apts.	FmHA	Family	32	
Skagit Village*	FmHA	Family	36	
	Total			399
<u>Sedro-Woolly</u>				
Sedro Villa	FmHA	Elderly	21	
Murdock Court	FmHA	Family	24	
	Total			45
	Total			745

Source: Farmer's Home Administration and the U.S. Department of Housing and Urban Development

Private developers have also utilized the federal Low-Income Housing Tax Credit Program. In this program, investors provide equity to projects through the

purchase of tax credits. The projects must provide at least 20% of project units at rents affordable to households earning less than 50% of median income or 40% of units for households earning less than 60% of median income. Tax credits are often used in conjunction with other funding sources. Financing for four projects, the Heatherwood Apartments, Laventure Village, Harbor Villa, and Alpine Ridge, have included tax credits. A fifth project, the Hulbush Manor (40 units) has received a tax credit allocation, but is not yet under construction.

Publicly-Owned Housing

There are three public housing authorities in Skagit County. They are the Anacortes Housing Authority, the Sedro-Woolley Housing Authority, and the Skagit County Housing Authority. The Anacortes and Sedro-Woolley housing authorities own the bulk of public housing.

There are 210 units of publicly-owned, subsidized rental housing in the County. Publicly-owned housing is 16% of the subsidized rental housing stock and 2% of all rental housing. Together with the privately-owned, federally-subsidized units, they comprise 21% of all multi-family housing in the County.

The table below lists all of the publicly-owned rental housing projects by jurisdiction and owner.

Publicly-Owned Housing in Skagit County

Project	Subsidy Source	Housing Type	Number Units	
<u>Anacortes</u>				
Anacortes Housing Authority				
Harbor House	HUD	Elderly	50	
508 6th St./511 "T" Ave.	HUD	Family	14	
1311 "N" Ave./1312 "O" Ave.	HUD	Family	14	
903 22nd St./909 22nd St./	HUD	Family	22	
904 23rd St./910 23rd St.				
3415 "Q" Avenue	HUD	Family	2	
1110 34th St.	HUD	Family	4	
1008 24th St.	HUD	Family	4	
	Total			110
<u>Mount Vernon</u>				
Skagit County Housing Authority				
Mount Baker Meadows	FmHA	Farmworker	20	
	Total			20
<u>Sedro-Woolley</u>				
Sedro-Woolley Housing Authority				
Hillsview Apts.	HUD	Elderly	60	
Sedro Grove I, II, & III	HUD	Family	20	
	Total			80
	Total			210

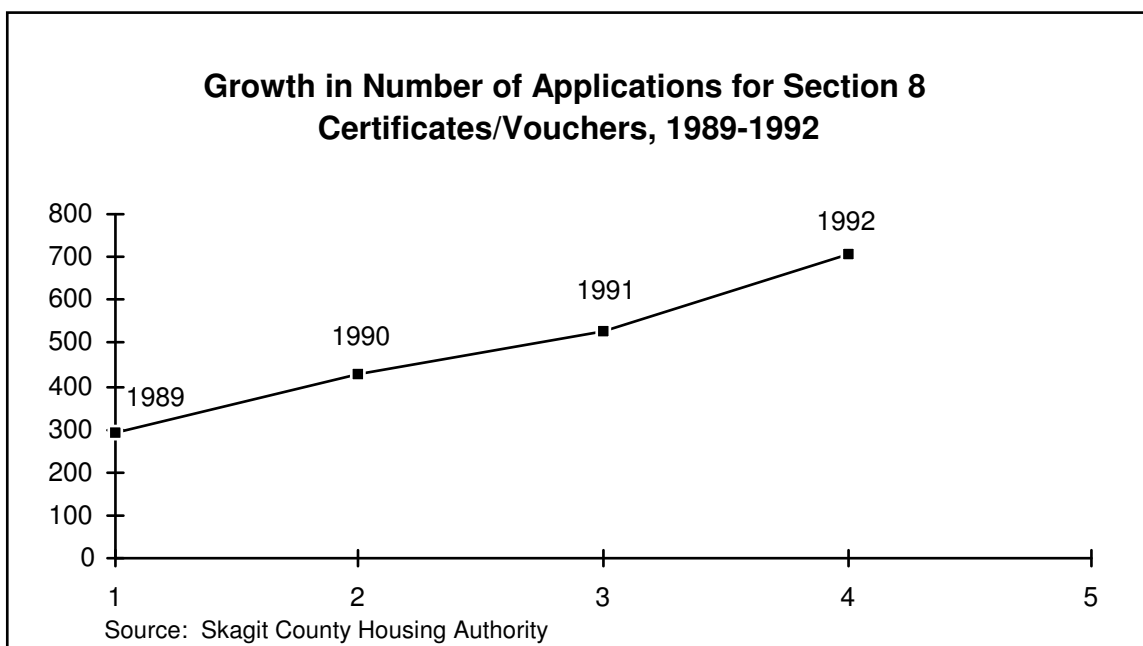
Source: Anacortes Housing Authority, Skagit County Housing Authority, and Sedro-Woolley Housing Authority

Each of the housing authorities have attempted to obtain additional HUD or FmHA financing for new units. Public housing funds have become more and more limited and Skagit County projects compete with projects in other counties and states for funding. The most recent award was to the Anacortes Housing Authority in 1989 for 12 units. It is unlikely that public housing funds will provide for significant new development of subsidized housing in the future.

Section 8 Certificates/Vouchers

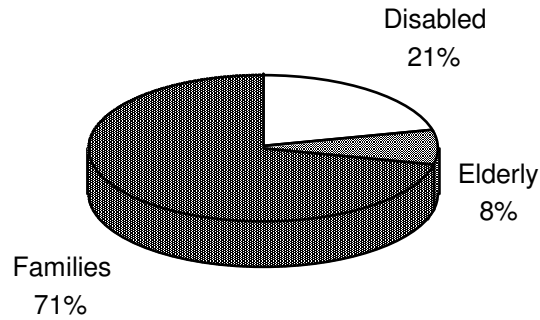
Households with incomes below 50% of the County median are eligible for certificates and/or vouchers to subsidize the cost of renting privately-owned units. The Skagit County Housing Authority administers 361 certificates/vouchers.

The chart below shows the increase in the number of applications for Section 8 assistance since 1989.



As of January 1993, there were 991 households on the housing authority's waiting list for Section 8 assistance.

Composition of the Section 8 Certificate/Voucher Waiting List by Household Type

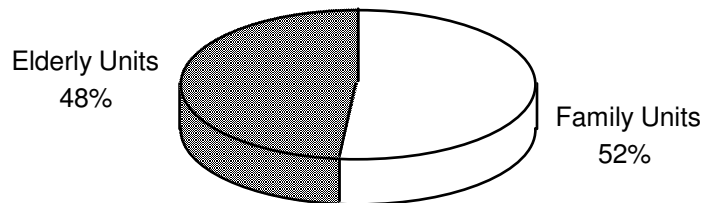


Source: Skagit County Housing Authority, January 1993

The Section 8 waiting list is often used as a proxy for demand for all types of assisted housing in a jurisdiction. In Skagit County, the majority of households waiting for assistance, 71%, are families. Disabled households (physically disabled, mentally ill, developmentally disabled) represent 21% of those awaiting assistance and the balance, 8%, are elderly households.

The chart below illustrates the distribution of available subsidized housing by housing type.

Skagit County Distribution of Subsidized Housing by Housing Type



Source: Pacific Development Concepts

People 65 and over represent 15.6% of the population while 48% of subsidized housing is designated for elderly households. Disabled households are also eligible to live in assisted elderly housing projects. However, elderly and disabled households combined, still represent 29% of the waiting list compared to 48% of the subsidized housing which is designated for their use.

The pattern of production of subsidized housing has resulted in more housing for seniors relative to the demand represented by the Section 8 waiting list and by the relative proportions of elderly households in the County population. While elderly households may still require housing assistance, they are relatively better served by subsidized housing than families.

Those households which are least well served in the current subsidized housing market are families. Small families needing 2 and 3 bedroom units comprise 91% of the families on the Section 8 waiting list.

Tribal Housing Resources

There are 1,687 Native Americans living in Skagit County. This is a 47% increase from the 1980 Native American population of 1,147.

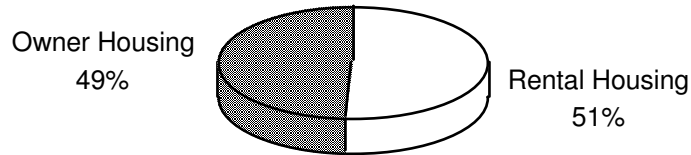
There are three federally-recognized tribes in Skagit County. They are the Saux-Suiattle Tribe, the Swinomish Tribe, and the Upper Skagit Tribe. (The Samish Tribe is currently seeking federal recognition. Without recognition, the tribe is not eligible to receive federal assistance, including federal housing assistance through the Bureau of Indian Affairs or HUD.) Fifty-five percent (55%) of the Native American population lives on the three Skagit County reservations.

The housing assistance programs available to Native Americans are provided by the Bureau of Indian Affairs (BIA) and HUD. The BIA's Home Improvement Program provides funding primarily to help existing homeowners repair their homes. HUD finances the construction of rental housing and housing for homeownership through a lease/purchase program. HUD may also provide Section 8 vouchers and/or certificates to Indian Housing Authorities.

There are two Indian Housing Authorities in Skagit County. The Swinomish Housing Authority owns 69 rental units primarily for families. An additional 10 family rental units are under development. The Swinomish Housing Authority has also developed 20 homeownership units.

The Cascade Intertribal Housing Authority has developed 70 units for homeownership in Skagit County and administers Section 8 vouchers for three tribes in three counties. The number of families using vouchers in Skagit County ranges between 20 and 25 annually.

Distribution by Type of Federally-Assisted Housing for Native Americans in Skagit County



Source: Swinomish Housing Authority, Cascade Intertribal Housing Authority, February 1993

Seventy-four percent (74%) of the federally-assisted housing units for Native Americans are three-bedroom and larger units for families.

Tribal authorities submit bi-annual reports to the BIA on the condition of Native American-owned housing units. Based on the most recent reports which survey 319 units, 56 units (18%) needed renovation and 21 (7%) needed replacement.

Tribal authorities also report on the number of Native American households in need of housing. The most recent reports were completed in 1991 and indicate that 136 households are in need of housing. Housing authority waiting lists are also an indicator of need. The waiting period for a Section 8 voucher from the Cascade Intertribal Housing Authority is about 18 months. The Swinomish Housing Authority has 42 households on the waiting list for its 69 units of rental housing.

Tribal housing administrators cited the need for additional low-income rental housing for families and single, non-elderly individuals. However, federal resources to develop such housing are limited. For example, HUD has an annual regional allocation of between 100 and 130 units for both rental and ownership housing to allocate among 22 tribes. The amount of available tribal land for new construction of housing is also limited.

Emergency Shelter for the Homeless

Emergency shelter for homeless individuals and families is provided by five agencies in Skagit County. A summary listing of shelters is provided in the table below.

Emergency Shelters for the Homeless in Skagit County, 1993

Shelter Operator	Clients	Facility Description/Beds
Anacortes 100	Individuals/Families	12-15 beds
Friendship House	Men	18 beds
Friendship House	Women/children	25 beds
Community Action Agency	Families w/ children	20 beds
Casa Guadeloupe	Families	single family house for 1-3 families
Skagit Rape Relief & Battered Women's Services	Battered women/ children	confidential facility/14 beds

Source: Shelter providers

In addition to the shelter beds listed above, the Skagit County Community Action Agency, the Anacortes Salvation Army, and the Sea Mar Community Health Center all provide vouchers for motel rooms for the homeless. All of the agencies serving the homeless provide a variety of other services including food, clothing, vouchers for medical services, rent assistance and referral to other service providers. Due to the limited shelter resources in the County, shelter providers frequently refer clients to shelters in Bellingham and Everett.

Special Needs

Residential facilities provided for special needs groups are funded primarily by the State Department of Social and Health Services through a variety of programs. Residential settings vary depending on the needs of the client population and the level and type of services needed to support clients in the housing. The types of housing and residential facilities currently operating in Skagit County are summarized in the table on the following page.

Providers cite a variety of needs for additional housing for special needs groups which are discussed in the needs section of this report.

Summary of Special Needs Housing, Skagit County

Type of Housing	Emergency Housing	Transitional Housing	Permanent Housing
Mentally Ill	<i>Crisis Respite Living, 5 Beds</i>	<i>Congregate Care, 15 Beds Supported Housing, 35 Beds Voluntary In-Patient, 138 Beds Transitional, 16 Beds</i>	<i>Cooperative Housing, 21 beds</i>
Mentally Ill, Chemically Addicted	May access facilities available to mentally ill.		
Developmentally Disabled	<i>Tenant Support, 17 beds Intensive Tenant Support, 15 Beds Adult Group Home, 4 Beds Children Group Home, 6 beds Alternative Living, 12 Beds</i>		
Drug/Alcohol Addicted	<i>Detoxification, 7 Beds, 5 Day limit</i>	<i>Recovery House, 19 Beds (60 days)</i>	
Victims of Domestic Violence	<i>Emergency Shelter, 14 Beds (30 day limit)</i>		
Youth	<i>Crisis Residential, 4 Foster Care Beds (5 days) Assessment Beds 12 Foster Care Beds, (30 days)</i>	<i>Specialized Treatment for At Risk Kids, 6 Beds, up to 18 months Secret Harbor Residential Treatment facility, 31 beds Secret Harbor Transitional Housing, 5 beds Adolescent Group Home, 12 Beds</i>	<i>Foster Care, Children 6-18, 10 beds</i>
Elderly		<i>Nursing Homes, 665 Beds* Congregate Care, 40 beds</i>	<i>Subsidized Housing Units or Rent vouchers, 602 Units** Adult Family Homes, 39 beds</i>

Source of Table: Pacific Development Concepts, Telephone Interviews, Service Providers, March, 1993
 * 1990 Census, Beds available to any population needing nursing home care. Nursing homes are utilized for both transitional and permanent living quarters.
 ** PDC Research, 1993. Housing units are available to elderly and disabled persons of 1 or two persons.

Homeowner Assistance

Farmer's Home Administration

In Skagit County resources are available to assist first-time homebuyers with home purchase and to assist existing homeowners with the cost of weatherization and home repair. Funding for all three types of assistance is severely limited and demand is high.

The Farmer's Home Administration (FmHA) provides several types of loan and grant assistance to income eligible households. These include 1) homeownership guaranteed loans made through a private lender and guaranteed by FmHA, 2) homeownership loans made directly by FmHA, 3) self-help loans made to assist borrowers to construct their own homes, and 4) home repair loans and grants. In 1992, the FmHA portfolio included 384 active loan cases in Skagit County.

There are presently 100 households on the waiting list for FmHA assistance. This does not include an additional 100 households waiting to apply for self-help assistance.

The self-help housing program is implemented by a non-profit organization, Skagit Self-Help Housing. Skagit Self-Help Housing negotiates for and purchases land, originates mortgage loans for FmHA approval, and oversees the borrowers' construction of their homes. Since the organization was first formed in 1978 they have assisted the financing and construction of 223 homes.

To be eligible for the majority of FmHA programs, borrowers must be either very low-income (e.g. gross annual income of less than \$15,750 for a family of four) or low-income (e.g. gross annual income of less than \$25,200 for a family of four). For the loan guarantee program gross annual income is limited to 100% of the median income, or \$30,900 for a four-person family. Home purchase loans may provide up to 100% financing for 33 years. Depending on the amount borrowed, home repair loans carry terms of 10, 20, or 30 years. Interest rates vary depending upon the borrowers income. Grants are available for home repair if the borrower is over 62.

The following table summarizes FmHA loan activity in Skagit County between 1989 and 1992. Please note that the Rural Housing Guaranteed Loan Program is a new program which was first available in 1992. The loans and grants included in the table represent a total investment of FmHA funds of \$7,695,770.

FmHA Activity in Skagit County, 1989 - 1992

	1989	1990	1991	1992	Total
Guaranteed Loans	N/A	N/A	N/A	1	1
Home Purchase Loans	16	16	12	22	66
Self-help Loans	17	10	18	24	69
Home Repair Loans/Grants	3	2	5	4	14
Total	36	28	35	51	150

Source: FmHA

Washington State Housing Finance Commission

Home purchase assistance is also provided through the Washington State Housing Finance Commission's Single Family Homeownership Bond program. The program offers below market rate loans to income eligible first-time homebuyers.

Loans are made by local lenders. Skagit County lenders which have participated in the program are Washington Mutual Saving Bank, Cascade Savings Bank, Continental Savings, First Interstate Bank, and U.S. Bank Corporation. Since 1983, 161 loans totaling \$7,926,536 have been made to first-time buyers in Skagit County.

Weatherization and Related Home Repair Services

Weatherization and related home repair are provided as grants to income-eligible owner and renter households by the Skagit County Housing Authority's weatherization program. Households earning less than 125% of poverty level (\$17,940 for a four-person household) are eligible for weatherization assistance. Homeowners earning less than 50% of the area median income (\$15,750 for a four-person household) are eligible for home repair assistance.

The program has an annual budget for weatherization of approximately \$300,000 provided by federal, state, and private utility resources. In addition, the program has about \$130,000 for home repairs which are needed prior to weatherization, such as leaking roofs, dangerous wiring etc. With the available funding the program can provide weatherization assistance to between 60 and 75 households, about half of whom also receive repair assistance.

There is currently a waiting list of 600 households, the majority of which are living in non electrically-heated homes or in mobile homes. Due to the matching requirements of the various fund sources, the bulk of funding is available for electrically-heated homes. Current standards also severely limit the amount which can be spent to weatherize mobile homes. Lack of sufficient home repair funds is one of the major impediments to providing weatherization for a larger number of low-income households. Program administrators estimate that 95% of all homes need some amount of repair prior to weatherization.

Puget Power also provides weatherization services to its customers. Puget Power will conduct an energy audit for both owner-occupied or renter-occupied properties. Owners may then obtain bids for those energy conservation measures which they wish to complete. Bids must be obtained from Puget Power-approved contractors. Based on the amount of energy savings, Puget Power will provide a grant for a portion of the cost of the conservation measures.

Other Housing Resources

There are a variety of agencies in the County providing other housing related services such as energy assistance and information and referral to housing programs and providers. The Skagit County Community Action Agency maintains the Skagit County Community Services Directory which provides a comprehensive description of available community services, including those which relate to housing.

Land Use and Regulatory Resources

Skagit County and each of the cities are considering land use and regulatory changes as part of updating their comprehensive plans. And, in each jurisdiction some land use and/or regulatory approaches which support the development of affordable housing are in place.

For example, in most Skagit County jurisdictions manufactured homes are either allowed outright or by conditional use in single family residential zones. In Mount Vernon, mobile homes are allowed only in parks. In addition, all jurisdictions allow for the development of mobile home parks or manufactured housing subdivisions.

In Anacortes, LaConner, Mount Vernon, Sedro-Woolley and the unincorporated areas of the County, some additional density is allowed in various residential zones by conditional use. Typically the additional density allowed consists of duplexes in single family zones.

In Sedro-Woolley, a second unit defined as a dependent relative cottage, may be placed on a single family lot to house an elderly or ill family member. There is a similar provision for unincorporated areas of the County. Temporary mobile homes may be placed on lots in residential and rural zoning districts for the elderly or disabled parent of the property owner.

Anacortes provides for accessory dwelling units in medium density residential zones, for small lot development in specific areas of the city, and for cluster housing developments. In Mount Vernon and the unincorporated County, small lot development is provided for through the existing Planned Unit Development (PUD) ordinances.

In unincorporated Skagit County, it is also possible, by special use permit, to develop single and multiple unit farmworker housing in the Agricultural and Agricultural Reserve Zoning Districts.

Resources and Developers for Low- and Moderate-Income Housing

There are a large number and variety of housing programs which provide assistance for home purchase, home repair, and acquisition/rehabilitation or new construction of rental housing for income eligible households. Programs are administered by federal agencies, the State, local agencies, and private lenders. Some programs provide assistance directly to individual owners or renters, while others are available to for-profit and/or nonprofit entities. Each program has its own distinct purpose, requirements, and guidelines.

The State of Washington's Department of Community Development (DCD) publishes The Housing Resource Guide, which describes over 50 separate housing programs available to provide assistance, particularly for low- and moderate-income households. But the availability of numerous programs does not equate to adequate funding for locally identified housing needs. For virtually all programs, funds are awarded on a competitive basis and, typically, two to three applications are received for every one which is funded.

Historically, the Federal government has been the primary funder of assisted housing programs. However, within the last 10 to 12 years, federal housing funds have been drastically cut. For example, programs may have as few as 100 units of housing to award for a multi-state region. Given the current federal budget deficit, it is unlikely that significant new funding will become available.

The State has created several new housing programs over the last decade to help fill the gap created by federal program cuts. However, the State's resources are limited and there are many housing needs statewide. The 1992 State Comprehensive Housing Affordability Strategy estimates that there are "more than 190,000 additional Washington households needing housing assistance which they do not now receive."

Skagit County agencies which provide housing assistance are generally aware of the available resources, and have been consistent in their efforts to secure additional housing funding. The Skagit Community Action Agency, the Skagit Mental Health Center, Skagit Self-Help Housing, and the Skagit County Housing Authority have all received state funding awards. For example, two recent awards to the Skagit County Housing Authority from the State's Affordable Housing Program total \$335,000. All of the housing authorities have applied for available federal housing funds.

In addition, private developers have made use of the FmHA, HUD, and tax credit programs and individual borrowers have used FmHA and the Washington State Housing Finance Commission loans.

In general, the housing agencies in the County have consistently attempted to secure additional resources from available programs. However, as the County and local housing provider agencies develop future funding strategies, there are several principals to consider.

- Project funding often requires local match. A locality which is serious about increasing supply or improving housing conditions will need to invest local public resources in carrying out its objectives.

If local government invests funds derived from general or specially generated tax revenues, it can usually attract two to three times its own investment from other sources. It can also control the type of programs or projects which result, and it can accomplish the highest priority local housing goals.

- Project funding often requires the assembly of a number of funding sources to fully fund the cost of a project. It is not uncommon for subsidized rental projects to utilize a debt source, and three to five equity sources, as well as money to subsidize the operating costs of the project sponsor.
- Because the assembly of project funding is so complicated, project financing often requires the services of a qualified housing developer who has specialized in funding sources and procedures necessary to finance affordable housing.
- Many funding administrators require local government support for specific projects and look for local policies which encourage the type of project for which funding is requested.
- Funding is mostly available for very low- or low-income households (those earning less than 30% of median income and those earning between 30% and 50% of median income).
- A majority of public funding sources prioritize rehabilitation of existing housing over new construction on the basis of cost-effectiveness.
- Public funding sources increasingly favor nonprofit ownership to assure that public funds for affordable housing are permanently invested. For the bulk of the existing assisted housing, Skagit County has relied on private developers who use FmHA, HUD, and tax credit programs to build affordable rental and homeownership projects. While private developers will continue to be important participants, existing or new local nonprofit organizations need to play an increasing role in the development and ownership of subsidized housing, if the resources which are available are to be fully utilized.

Housing Development Costs and For-Profit Developer Capacity

The tables on the following three pages illustrate current development costs and affordability in the major sub-markets of the County for three housing types.

Single Family Starter House - a 1,050 square foot ranch style or split-level home with three bedrooms, two baths, and a two-car garage.

Moderate Priced "Step Up" House - a 1,400 square foot split level or two story home with four bedrooms, two baths and a two-car garage.

Rental Unit - a two-bedroom, 800 square foot unit.

The tables and market assessments are based on interviews with builders, developers, appraisers and consultants familiar with the residential market, and on the HUD-published income guidelines for Skagit County.

Single Family Market

For new construction of single family housing, developers are currently building for the two markets represented by the starter and "step up" homes described above, and for the custom home market. Custom homes are for higher income families, or for those with significant equity from the sale of a previously-owned home to invest.

In today's market the typical starter house is highest priced in Anacortes and LaConner. There is approximately a five percent difference in price for the same house built in the Mount Vernon or Burlington. The most affordable areas are Sedro-Woolley and the East Skagit County communities.

The demand for "starter" houses at current prices is strong. Interest rates for buyers are lower than they have been for some time. The low interest rates have the effect of increasing the number of families able to purchase a new home.

Despite the fact that the market for single family "starter" homes appears to be strong, many families simply are unable to afford to purchase a new home. In Skagit County, a family must earn the median income, \$30,900, or higher, to afford a starter home. The exception is in East Skagit County, where the typical

starter house would be affordable to a family earning 80% of the County's median income.

The moderately priced "step-up" homes (\$110,000 to \$140,000) are affordable to families earning above the County's median income. The moderately-priced homes are marketed to families already owning a home and looking to transfer the equity from their exiting house to a new home and step up in the marketplace. The home is also marketed to a significant number of "commuter" families living in Skagit County and working in neighboring counties.

Costs of a buildable single family lot for starter and "step up" houses currently range from \$16,600 in East Skagit to \$40,000 in Anacortes and LaConner. Land as a percentage of the total cost of production ranges between 30% to 36% for starter houses. The exception to this is in the East Skagit market where land represents approximately 20% of the total house cost. For "step up" homes, the cost of land as a percentage of overall production cost is between 28% and 31% for all markets, except East Skagit County where it is 16%.

Land costs in Skagit County are expected to continue to increase. However, compared to the land costs in neighboring counties to the north and south, the prices are some of the most affordable in the region.

Construction costs are basically the same throughout the region. As lumber prices rise, the overall cost of the home will increase regardless of where the house is built.

Builders and developers view Mount Vernon and Burlington as the strongest areas for future single family residential development.

Multi-family Market

The multi-family market appears to be strongest in Burlington and Mount Vernon. Historically, land assembly for development has been easiest to accomplish in these two markets. There are not significant multi-family development opportunities in East Skagit County due to the lack of adequate infrastructure, particularly sewer.

As new units come on-line and are available for rent, overall market rents are likely to climb as rents for new units are typically higher than for existing units.

Historically, the market has been able to absorb new units as they become available. This is illustrated by the relatively low vacancy rates for rental housing in the majority of County markets. (The higher vacancy rates in Burlington are considered the result of a temporary oversupply of units as several new projects come on the market.)

The availability of financing for the construction of multi-family housing does not appear to be a significant factor in the development of new units. More significant to developers are the terms of available financing. In the 1980's, developers were able to finance projects primarily with borrowed funds, investing little, if any, cash. Lenders now require the developer to contribute real cash to the project. Developers without available cash are forced to either seek an equity investor, build smaller projects, or not develop.

Land costs for multi-family development vary throughout the county. The price of land is dependent on the availability of services, zoning, existing permits, if any, and the cost of impact fees. Typically the builder is prepared to pay a premium for property which is already serviced by infrastructure and is properly zoned. The developer is also likely to pay a higher land price per unit for larger projects, 100 units or more. Developers expressed concerns about the future availability and cost of developable land related to limitations of the flood plain and impact fees which may be imposed.

If sufficient land is available and developable, and if financing remains available on acceptable terms, existing private developers have the capacity to provide market-rate rental and ownership housing in amounts sufficient to meet expected demand.

Policy Issues

The Washington State Growth Management Act (GMA) of 1990 establishes the importance of an adequate supply of affordable housing. Housing is one of the thirteen major goals of the Act. The housing goal states:

Housing. Encourage the availability of affordable housing to all economic segments of the population of this state, promote a variety of residential densities, and housing types, and encourage preservation of existing housing stock.

The State Department of Community Development has developed the Procedural Criteria for Adopting Comprehensive Plans and Development Regulations. The Procedural Criteria define affordable housing as:

...a term which applies to the adequacy of housing stocks to fulfill the housing needs of all economic segments of the population. The underlying assumption is that the market place will guarantee adequate housing for those in the upper economic brackets but that some combination of appropriately zoned land, regulatory incentives, financial subsidies, and innovative planning techniques, will be necessary to make adequate provisions for the needs of middle and lower income persons.

The Procedural Criteria define the following ranges for various economic groups as follows:

- Extremely low-income - below 30% of median income
- Very low-income - between 31% and 50% of median income
- Low-income -between 51% and 80% of median income
- Moderate Income - between 81% and 95% of median income
- Middle Income - between 96% and 120% of median income.

The chart below projects the number of housing units which will be needed in Skagit County by income group over the next 20 years. The chart is based upon population growth projections 131,885 persons by 2010. It is assumed that the average household size of 2.55, which is the Countywide average in 1990, will continue to be the household size for purposes of projecting the number of housing units needed. It is also assumed that the income profile of the new population will approximate the 1990 Skagit County income profile.

Projected Income Profiles and Need for Affordable Housing

Percent of Hshld Median Income/ 90 Hshld Income	# Households 1990	% Total Households	# of new Housing Units Needed by 2010	# Needed Each Year From 1990 to 2010	Affordable Housing Cost (1990 \$)
30% \$8,517	4,385	14.3%	2,935	147	\$213 or less
50% \$14,194	2,687	8.8%	1,798	90	\$355 or less
80% \$22,711	4,863	15.9%	3,255	163	\$568 or less
Subtotal Low-income Housing Need Based on Growth	11,935	38.9%	7,988	399	\$568 or less
100% \$28,389	4,179	13.6%	2,797	140	\$710
Subtotal Moderate Income Housing Need Based on Growth	4,179	13.6%	2,797	140	\$710 or less
120% \$34,067	2,683	8.8%	1,796	90	\$852 or less
Subtotal Middle Income Housing Need Based on Growth	2,683	8.8%	1,796	90	\$852 or less
150% \$42,584	3,246	10.6%	2,173	109	\$1,065 or less
150%+ \$42,584 or more	8,618	28.1%	5,768	288	\$1,065 or more
Subtotal, Market Rate Housing	11,864	38.7%	7,941	397	\$1,065
TOTAL HOUSING UNITS NEEDED 20 Yr Projection			20,522	1,026	

Notes: Population forecast of 131,885 persons in 2010, and average household size of 2.55
Source: Pacific Development Concepts, 1993

The current and projected housing needs, projections of population and job growth, and the availability of resources discussed in this needs assessment suggest policy issues which the County and Cities should consider in the development of their housing elements and implementation of the County-wide Regional Comprehensive Plan Policies. Those issues include:

- What are appropriate housing goals for the Cities and the County?
- What combination of city and county policies, funding, and regulations can be developed to address current housing needs, particularly the affordability needs of low- and moderate-income households?
- Are specific policies needed to address the housing needs of special populations?
- What efforts will be made by the Cities and the County to preserve existing, affordable housing?
- What policies and programs can be developed to improve the condition of the existing housing stock?
- What combination of city and county policies, funding, and regulations are needed to provide the housing required to accommodate future growth in all economic segments of the population?
- Is there adequate land capacity to develop the number and types of units which will be needed as a result of projected growth, particularly affordable housing for renters?
- How will new housing units be distributed between geographic areas and by structure type?
- How will the impact of policies on County housing markets be monitored and evaluated?

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