

# Housing Profile

## Introduction

This section provides the background documentation that supports the goals and policies in the Housing Element. It summarizes the current conditions and describes the projected housing needs of the County throughout the 20-year planning period. Unless otherwise specified, this profile describes conditions for all of Skagit County including the cities and towns.

## Population

Housing demand is a function of population growth and the demographic characteristics of the population. Overall, Skagit County's population grew by 20 percent between 1994 and 2004, based on annual estimates produced by the state Office of Financial Management (OFM). This was a numerical increase of 17,800 residents. The official U.S. Census population for 2000 was 102,979. Growth between the 1990 and 2000 censuses was 23,434 or 29 percent. Between 2000 and the 2005 estimate, 7,921 new residents arrived, an increase of 7.7 percent. The increase is due to a 25 percent-75 percent split between natural increase (births) and migration or movement from other locations. The average



annual increase for the 10-year period 1990 to 2000 was 2 percent while for the 2000-2005 period it was 1.5 percent. The estimated 2005 population of unincorporated Skagit County is 47,250 including the population of the Urban Growth Areas. The population of the incorporated cities is 63,650.

A detailed breakdown of the 2000 population is provided by the Census. The median age of the population was 37.2 years. Nearly all of the population (98 percent) resided in "households" with the remaining 2 percent in group quarters, such as group homes or jails. There were 38,852 households, with an average household size of 2.6 persons. Over two-thirds (70 percent) of the households were comprised of families. The remaining 30 percent was comprised of single persons living alone. Thirty percent of the households included children under 18 years of age. Persons over



65 years of age represented 14.5 percent of the county population.

The median household income in 1999 (Census) was \$42,381. The median family income was \$48,347. Families in poverty status numbered 2,161 or just under 8 percent. Incomes include wage and salary earnings, Social Security, Supplemental Security, public assistance, and retirement. Per capita income was \$21,256. OFM projects the 2004 household income at \$48,588.

Three-fourths (79,422) of the total 2000 population was 16 years and older and considered in the workforce. Of this, 4.3 percent was unemployed.

## Housing Supply

The 2000 Census counted a total of 42,681 housing units. Most (91 percent) of these were occupied. About half (1,971) of the remaining 3,829 vacant units were considered “seasonal, recreational or occasional use.” Seventy percent of the occupied units were owner-occupied, and the remainder were renter-occupied. Household sizes of owner- and renter-occupied units were the same. Seventy percent of the units were single-family detached. Of those, 2.5 percent were single-family attached, 2.8 percent were duplexes, and 12.8 percent were in structures of 3 units or more. Nearly 12 percent of the housing stock was in the form of “mobile homes.”

Between 1996 and 2004, the inventory of housing units increased by 6,939 or 17.5 percent, an annual average increase of 2 percent. Single-family housing production averaged just fewer than 530 units per year. In 2001 and 2002, about two-thirds of the units permitted were single-family and one-third were multi-family. According to the Washington Center for Real Estate Research (WCRER), in 2004, median home prices in

**Table 7.1** – Estimated Months of Supply of For-Sale Housing

Price Range	03/2005			
Under \$80,000	7.0	3.6	6.0	6.2
\$80,000 – 159,999	4.9	2.5	2.1	1.9
160,000 – 249,000	8.7	3.2	1.6	1.5
250,000 – 499,999	13.3	6.7	3.4	3.4
\$500,000 and above	53.0	19.5	7.8	8.4

**Table 7.2** – Skagit County Housing Affordability Index

Year	2003				2004				2005
Quarter	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st

Skagit County increased 10.9 percent from \$178,000 to \$197,400. This was under the state increase of 13.4 percent and much less than Whatcom County’s (25.1 percent), San Juan County’s (35 percent), and Snohomish County’s (14.4 percent). It was comparable to Island County’s increase of 9.1 percent.

The WCRER also tracks the inventory of housing for sale by price range in terms of the estimated number of months of supply that is available as shown in Table 1. In 2004 and 2005, the supply of housing on the market was much lower that it was in 2000. The large (relative) inventory of top-priced housing dropped most dramatically, but the drop in moderate priced housing availability is of more concern, considering the greater volume of housing in those price ranges. In March of 2005, 46 percent of all homes for sale were priced below \$250,000 and 21 percent were priced below \$160,000.

By the third quarter of 2005, the median price of single-family housing (resales and new construction) had reached \$240,000.

# Affordability

The WCRER Housing Affordability Index is the ratio of income to the “bare minimum” outlay necessary to qualify for a mortgage on a median price home. Since 2003, Skagit County middle income families’ abilities to pay for housing dropped, although the index was better than in the state and most other neighboring counties. As shown in Table 2, Skagit County middle income families had 42 percent more income than the bare minimum necessary to qualify for a mortgage to purchase homes in their price range in the first quarter of 2003. By the first quarter of 2005, that factor had slipped to 23 percent. The state’s comparable factors were 31 percent and 12 percent respectively.

Since this analysis includes both first-time and “move-up” buyers, the WCRER also provides an analysis of affordable home purchase prices for selected income groups.

Another way of looking at affordability is the “30 percent factor” – that is, households should not have to spend more than 30 percent of their incomes to pay their housing costs. The 2000 Census found that nearly 5,500 of Skagit County home-owning households, and 4,800 of the renter households had housing costs higher than 30 percent of income. This amounts to about one-third of all households.

**Table 7.3** – Skagit County Housing Affordability (2004 \$)

Income	Affordable Housing Expense (P & I)*	Mortgage Amount	Down Payment	Maximum Home Purchase Price
\$25,000	521	89,249	4,697	93,946
\$45,000	1,042	178,498	19,833	198,331
\$70,000	1,563	267,747	66,937	334,684
\$125,000	2,604	446,245	240,286	686,531

\*Principal & interest

Generally, household incomes are characterized as “low,” “moderate,” “middle,” and “upper” where they are respectively 0-50 percent, 50-80 percent, 80-120 percent, and more than 120 percent of the median county income. Using the median household incomes described above, the distribution shown in Table 4 would result.

There is a gap between the recent supply of housing and the ability of many households to pay an appropriate proportion of their incomes to own or rent suitable homes. The OFM projected the 2004 median household income to be \$48,500. This means that most of Skagit County’s households were in the market for housing priced below \$190,000, but less than half of the for-sale homes were available at that price.

The Skagit County Community Action Agency published the Skagit County Low-Income Needs Assessment in August 2005. This report is based on a survey of more than 1,000 low-moderate income households that provides information on a broad range of economic and social needs of this segment of the community. With respect to housing, 26% of the respondents needed emergency housing. Two-thirds of the renters and three-fourths of the homeowners paid more than 30% of their gross incomes for rent or mortgage payments. The median cost burden for renters was 44% and 43% for owners. These figures illustrate the need for a comprehensive housing strategy

**Table 7.4** – Skagit County Household Income Thresholds, 2004

Low Household Income Threshold (0-50%)	\$0 – \$24,295
Moderate Household Income Threshold (50-80%)	\$24,295 – \$38,870
Middle Household Income Threshold (80-120%)	\$38,270 – 58,305
Upper Household Income Threshold (120+%)	\$58,305+



that can lead to solutions to this growing problem.

## Housing Demand

By 2025, the population of Skagit County is expected to grow by 46,100. At the 2000 Census average household size of 2.6, this will create a total demand for 17,700 new occupied dwelling units. With a vacancy rate of 5 percent, the total would be 18,580. At a steady rate this will mean that more than 900 units should come on line each year. This is considerably more than the rate of production in recent years.

The County and the cities have adopted an allocation formula for this growth, assuming that a maximum of 20 percent of the growth will be in the rural area and the remaining 80 percent-plus will be in the cities and Urban Growth Areas. Since urban densities must be at least 4 units per net acre, and there will be some land that will not be available for development, the residential land demand for urban growth may be 4,500 – 5,000 acres. The County’s planned rural densities range considerably; therefore, the projected new rural housing land demand will vary depending upon the location and underlying characteristics of the geographic areas. The variables affecting land demand include density, housing types, critical areas, water availability, septic suitability, and the market. Developing a better estimate of the number of available lots in the rural area is a priority that the County will pursue through a plan implementing various policies of this Comprehensive Plan.

It can also be assumed that some of the new housing demand will be created by households with low and moderate incomes. It will be difficult for these households to be

### Plan Key: Measuring and Tracking Housing Affordability



Housing is a critical issue for comprehensive plans. Housing plays a major economic role in a community and is key to the quality of life enjoyed by residents. Even the design and

placement of housing has a large impact on the type and costs of services offered by communities. But to help achieve plan goals, it’s important to measure housing supply and how affordable housing is for residents.

Two standard measures are used in Skagit County to gauge affordability:

- The Washington Center for Real Estate Research’s (WCRER) Housing Affordability Index, which measures the ratio of income to the “bare minimum” outlay required to qualify for a mortgage on a median price home.
- The “30 percent factor”, based on the common rule-of-thumb maintaining that no more than 30% of household income should be spent on housing. Census figures are used to determine how many residents are above or below this threshold.

Census figures are also used to classify varying income levels as compared to the County’s median income, established by the Washington State Office of Financial Management (OFM):

- “Low income” – defined as households earning between zero and 50% of the median income
- “Moderate income” – households with incomes between 50 and 80% of the median
- “Middle income” – those earning between 80 and 120% of the median
- “Upper income” – defined to include those earning more than 120% of the median income.

accommodated without some level of subsidy or assistance.

*at accommodating growth and providing affordable housing.*

## Affordable Housing Strategy



Over the next twenty years, Skagit County jurisdictions should diversify the housing supply to accommodate all income levels and household demographic conditions. The County and cities should work with the Skagit Council of Governments to amend the Countywide Planning pPn action-oriented program for implementing regulatory, administrative, and financial measures. This will allow all jurisdictions to prioritize actions that will be most effective in addressing short- and mid-term housing needs, and then shape additional strategies for more long-term, sustainable measures.

Examples of potential strategies include incentives such as:

- *Density bonuses for providing affordable housing;*
- *Taking additional action to support development of accessory dwelling units;*
- *Adopting special regulations for senior housing and housing for persons with special needs;*
- *Reviewing regulatory provisions to expedite permitting;*
- *Using surplus land for housing;*
- *Supporting a shared housing program;*
- *Supporting regional efforts to provide affordable housing; and*
- *Establishing annual performance measures to determine how the County is doing.*



