- Meetings may be viewed on the City of Anacortes website, on the City of Anacortes YouTube Channel, or on TV Channel 10.
- The public may also watch or listen to the meeting live by visiting https://us02web.zoom.us/j/84685300609.
- Listen to the meeting by phone (if one number does not work, please try the other number): 1-253-215-8782 and enter Meeting ID 846 8530 0609 or 872-240-3412, Access Code: 261-991-485
- The public is encouraged to comment via email to pced@cityofanacortes.org, via written comment addressed to PCED, P.O. Box 547, Anacortes, WA 98221, or via e-comment (https://www.anacorteswa.gov/700/Watch-Meetings - click on meeting you wish to provide comment and in upper right corner is an option to include Public Comment). Public comments received prior to 3:00 p.m. the day of the meeting will become part of the record for the meeting, just as if presented in person.
- Complete guidelines for virtual participation in Anacortes Planning Commission meetings are available here (page 2). View the quick video example for connecting to the meeting here.

ANACORTES PLANNING COMMISSION

October 26, 2022

Municipal Building Council Chambers
6th Street and "Q" Avenue

AGENDA

6:00 PM

VIEW PACKET MATERIALS HERE

A. Roll Call

B. Minutes

1) Draft Minutes of October 12, 2022

C. Correspondence

D. New Business

1) Draft Anacortes Housing Action Plan Presentation

2) Bonus height provisions in the R4 Use Zone west of the Commercial Use Zone, AMC 19.42.050 C, Concept discussion

E. Old Business

The City of Anacortes encourages people with disabilities to participate in public meetings. For assistance with special needs, please contact the City Clerk at 360-299-1960 in advance of the meeting.

Planning Commission Public Hearing Minutes for October 12, 2022

This is not a verbatim transcript of the meeting and is written to capture the general spirit of the discussion based upon notes and video observation by the author. To view the video recording of this meeting, click here, or go to https://www.anacorteswa.gov/700/Watch-Meetings.

Commission Chair MacKenzie called the Public Meeting of October 12, 2022, to order at 6 p.m.

Roll Call:

Members Present: Commissioners Gary Molyneaux, Jeff Graf, Ward MacKenzie, Linda Martin & Jack Curtis

Members Absent: Frank Jeretzky, Sarah Ruether

Staff Present: Steve Hoglund, Libby Grage

Minutes: The minutes from September 28, 2022, were accepted as presented.

Correspondence: None

New Business: Steve Hoglund, Finance Director, presented an overview of the City of Anacortes Capital Facilities Plan update for the years 2023-2028.

Old Business: Chair MacKenzie asked Ms. Grage if the Commission would receive a schedule of upcoming events as previously discussed. Chair MacKenzie stated the Commission would like to have an idea of what is coming up and when those items will be presented for their review such as the R4 zoning considerations. Ms. Grage responded that the next meeting, October 26, 2022, would include a presentation on the draft Housing Action Plan, and possible discussion of the R4 Bonus Height Concepts. Mr. Grage also provided she would work with Mr. Measamer on a schedule for the Commission when Mr. Measamer returns.

With no further discussion, Commissioner Chair MacKenzie concluded the meeting at 6:37 pm.

Planning Commission Agenda Bill

Meeting Date: October 26, 2022 **Agenda Item:** D.1.

Subject: Draft Anacortes Housing Action Plan Presentation
Staff Contact: DON MEASAMER

Approved for Submittal to Commission by	**Action Type**
DON MEASAMER DON MEASAMER	Discussion

Summary Statement: The Anacortes Housing Action Plan (HAP) defines strategies and implementing actions that promote greater housing diversity, affordability, and access to opportunity for residents of all income levels. The process to develop the HAP included a review of Anacortes's system of policies, programs, and regulations that shape opportunities for housing development.
The purpose of this effort is to identify ways to encourage construction of both affordable and market-rate housing in a greater variety of types, densities, and cost levels. The priorities for the HAP were informed by a housing needs assessment and community and stakeholder engagement.
The HAP is intended to inform updates to the Anacortes Comprehensive Plan (most notably the Land Use and Housing elements) and to guide implementation strategies such as development regulations, housing programs, fee structures, and infrastructure spending priorities.

Background: City staff have been working with Makers Architecture and Urban Design since the beginning of 2022 to develop a draft Housing Action Plan based on numerous interviews and survey questions with the community.

Previous Action: Approval of a grant from the Department of Commerce for developing the grant

Competing Viewpoints Considered: NA

Recommended Motion: NA, Discussion only, staff welcome Planning Commission input

Alternative Actions: Discussion only, Planning Commission input is welcome

Attachments (listed in order presented):

1. Anacortes HAP - Existing Conditions Report_FINAL_22-1019
2. Anacortes HAP Public Engagement Plan_DRAFT_22-1019
3. Anacortes Housing Action Plan_DRAFT_22-1021

Anacortes Housing Action Plan

Existing Conditions and Housing Needs Analysis Report

October 19, 2022

Introduction

The Anacortes Housing Action Plan (HAP) defines strategies and implementing actions that promote greater housing diversity, affordability, and access to opportunity for residents of all income levels. The process to develop the HAP included a review of Anacortes's system of policies, programs, and regulations that shape opportunities for housing development.

The purpose of this effort is to identify ways to encourage construction of both affordable and market-rate housing in a greater variety of types, densities, and cost levels. The priorities for the HAP were informed by a housing needs assessment and community and stakeholder engagement.

The HAP is intended to inform updates to the Anacortes Comprehensive Plan (most notably the Land Use and Housing elements) and to guide implementation strategies such as development regulations, housing programs, fee structures, and infrastructure spending priorities.

Table of Contents

Abbreviations

ACS. American Community Survey, an annual product of the U.S. Census Bureau.

AHA. Anacortes Housing Authority.

AFC. Anacortes Family Center.

AMC. Anacortes Municipal Code (city law).

AMI. Area median income.

CHAS. Comprehensive Housing Affordability Strategy, a product of the U.S. Department of Housing and Urban Development.

GIS. Geographic information system.

HACS. Housing Affordability and Community Services, a committee of the Anacortes City Council.

HAP. Housing Action Plan.

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

LEHD. Longitudinal Employer-Household Dynamics, a product of the U.S. Census Bureau.

MFTE. Multifamily tax exemption program.

MSA. Metropolitan Statistical Area.

OFM. Washington State Office of Financial Management.

RCW. Revised Code of Washington (state law).

Section 1 – Community Profile

The Community Profile discusses Anacortes's current and future population and the age, race, and ethnicity of residents. It also discusses the size, income, and characteristics of the City's households, as well as households with specific needs and risks such as cost-burdened households, older adults, and adults with disabilities. These demographic and household characteristics provide background and context for the types of housing required to better serve all of Anacortes's residents.

Population and Demographics

Historic and Future Population

As of April 2022, Anacortes's estimated population was 17,880, according to data from the Washington Office of Financial Management (OFM). The City's population has generally increased at a steady rate, adding more than 10,000 people since 1970 at an annual growth rate of 1.7 percent.

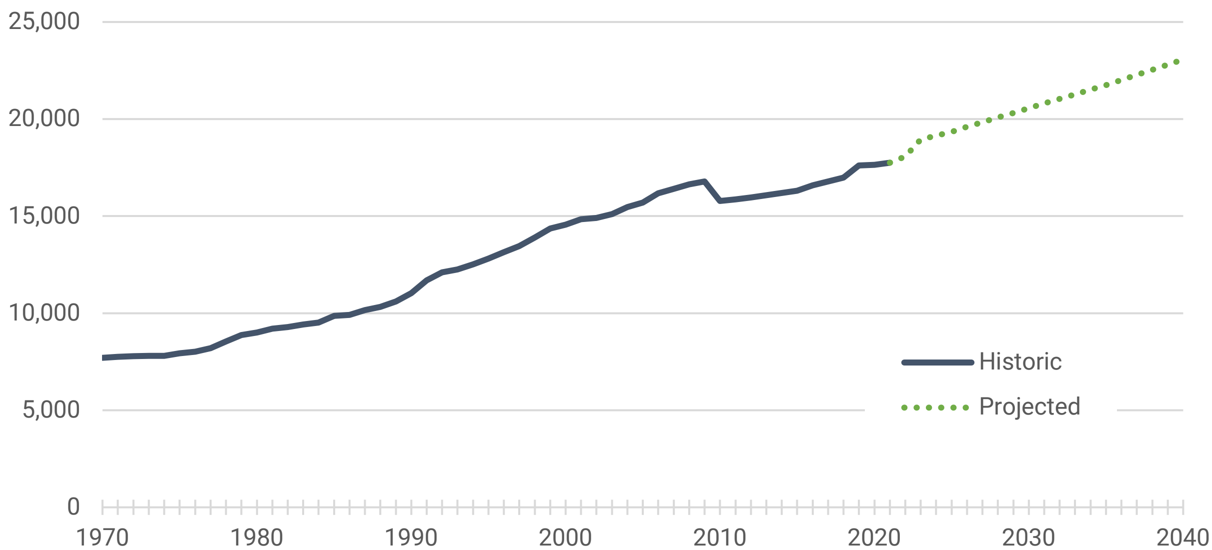


Figure 1. Anacortes Population, Historic Through 2021 and Projected Through 2040. Source: WA OFM (Historic Population and Growth Management Act County Projections)

The 1990s was both the fastest growing decade in Anacortes's history and the decade in which the most residents were added to the City's population. The population growth rate and the number of new residents have both continued to decline in the years since, with less than 1,000 residents added since 2010.

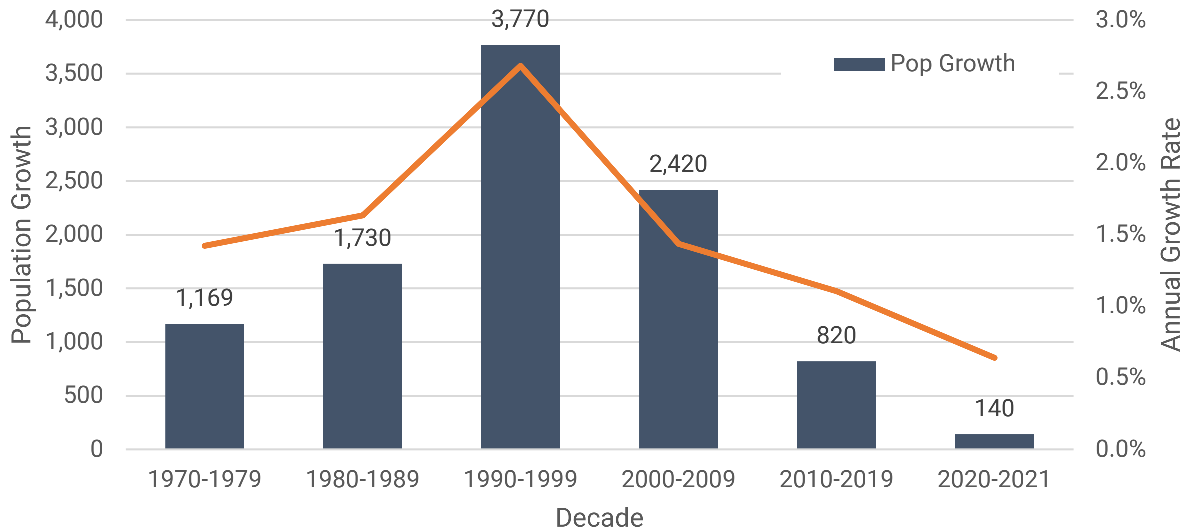


Figure 2. Anacortes Population Growth Per Decade. Source: WA OFM (Historic Population Estimates)

Age, Race/Ethnicity, and Language

The following chart shows the racial makeup of the Anacortes and Skagit County populations. Anacortes is about 11% non-white, compared to 26% in Skagit County (primarily consisting of Hispanic or Latino).

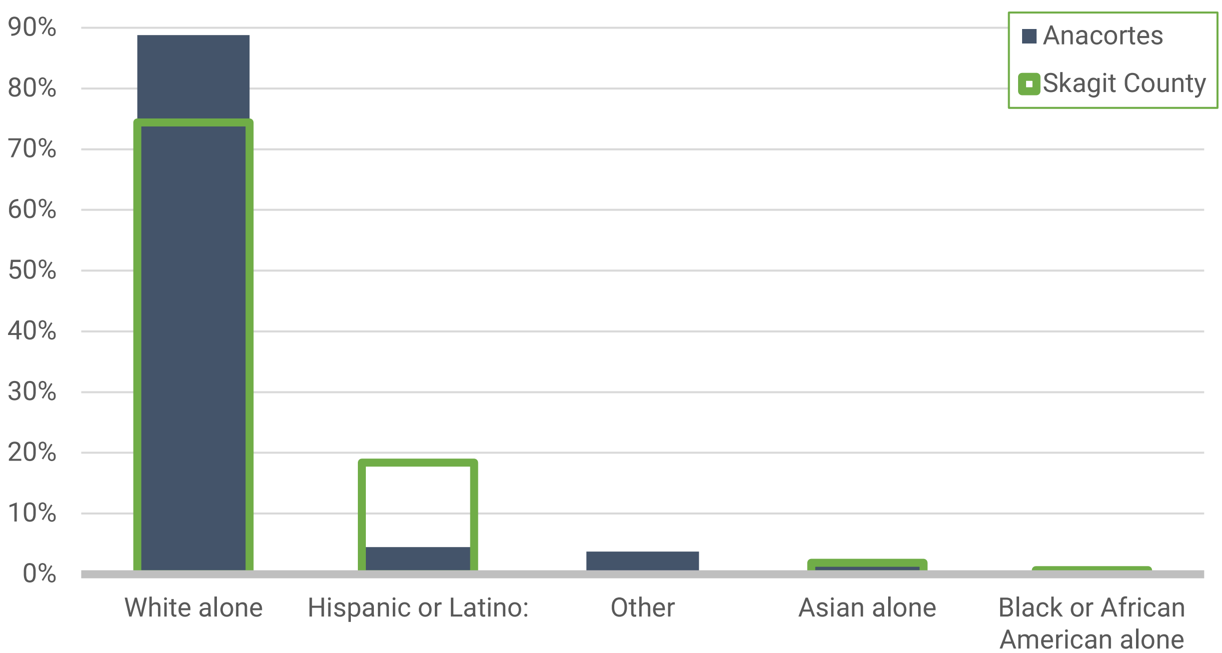


Figure 3. Racial Distribution in Anacortes and Skagit County. Source: ACS

The Anacortes population generally skews older than the Skagit County population, meaning there is a lower proportion of residents aged between 0 and 50 and a greater proportion of older residents aged 50 and above. This difference is particularly striking in senior residents aged above 70, potentially demonstrating the importance of senior-suitable housing in Anacortes.

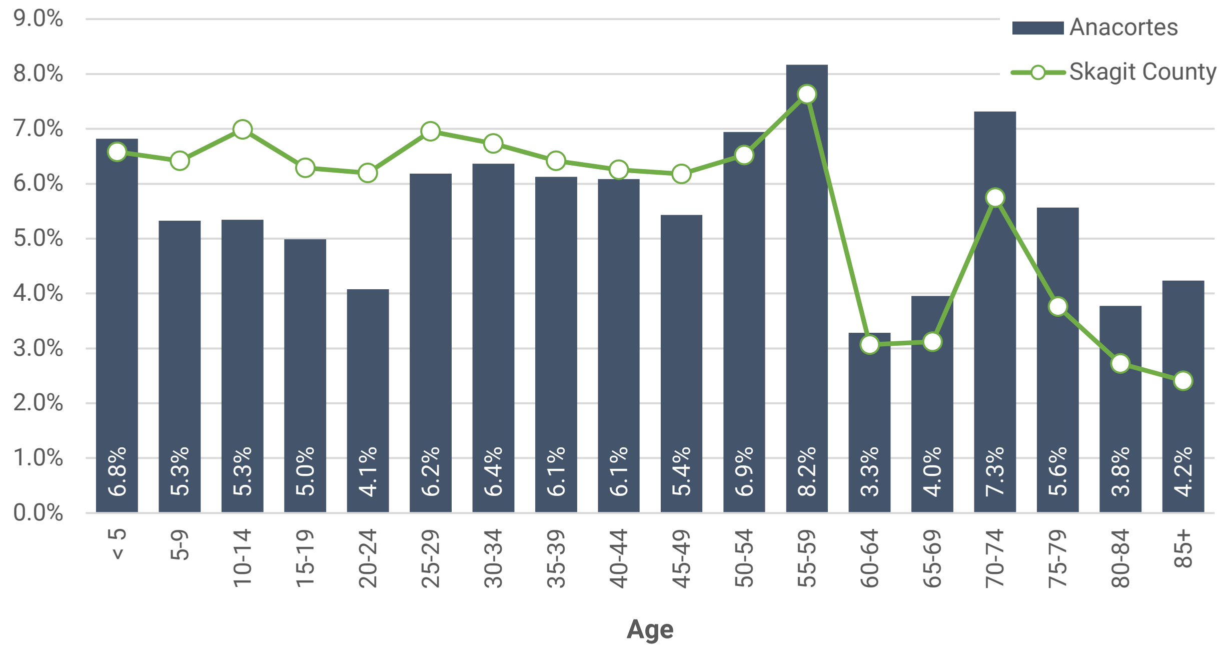


Figure 4. Age Distribution in Anacortes and Skagit County. Source: ACS

The chart below shows the age distribution of Anacortes residents by sex. Generally, there is a greater proportion of females, but especially among most of the age ranges from 40 and up. Males mainly feature heavily in the 30 to 39 age group.

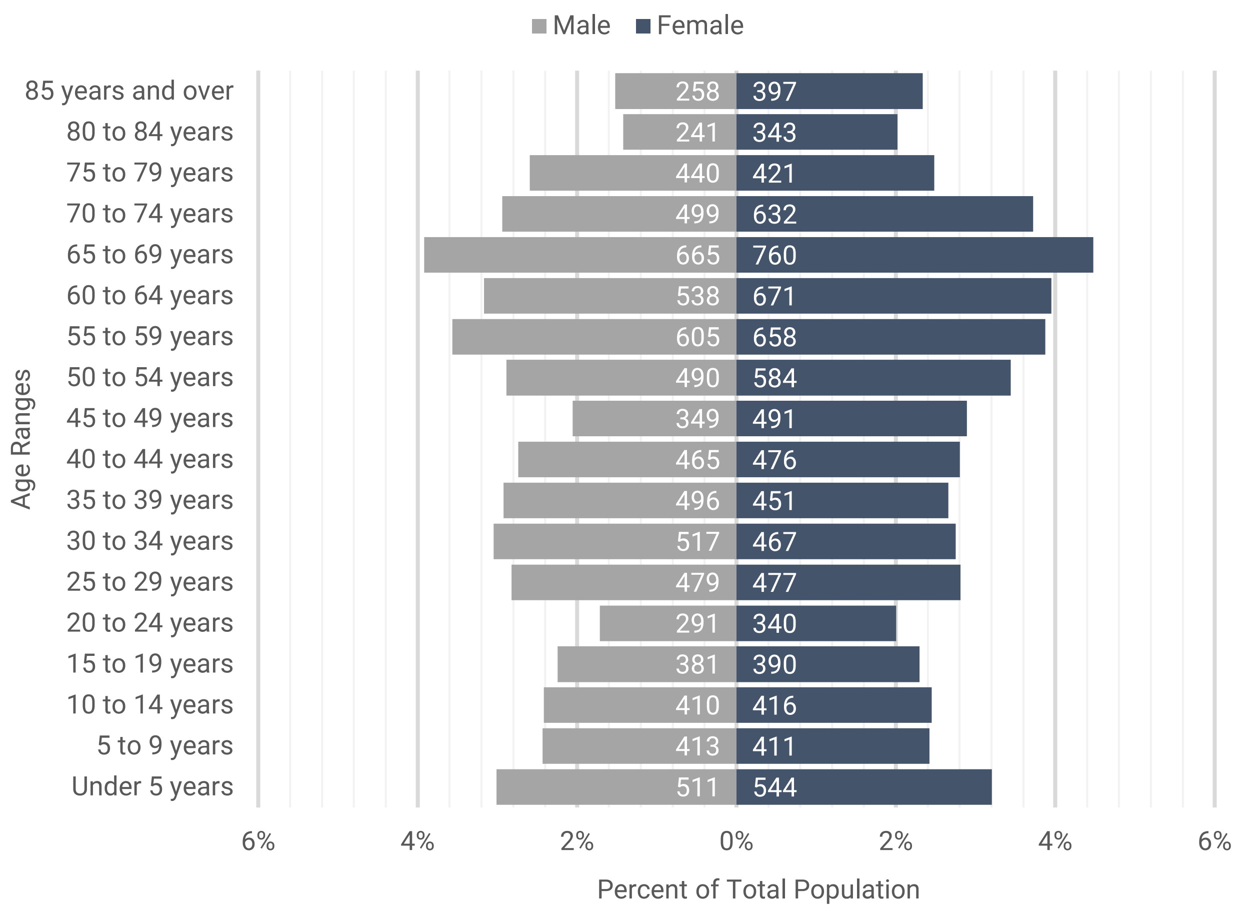


Figure 5. Age Distribution by Sex in Anacortes and Skagit County. Source: ACS

Most Anacortes residents are citizens born in the USA. About two-fifths of Anacortes's residents were born in the state of Washington. About half were born in another state (including U.S. territories). Stakeholders interviewed for this project provided additional anecdotal information that suggested there has recently been significant in-migration to Anacortes from the Seattle metropolitan area.

Place of Birth	Percent	Total
USA (same state)	40.9%	6944
USA (other state)	52.7%	8943
Europe	1.7%	294
Asia	2.0%	337
Africa	0.0%	8
Oceania	0.4%	71
Latin America	1.1%	187
Northern America	1.1%	193

Figure 6. Anacortes Residents Place of Birth. Source: ACS

Most Anacortes households speak English as a first language. About two percent or 298 households speak Spanish, 265 households speak a Pacific Island language, 211 households speak an Indo-European language, and 22 speak another language.

Language	Percent	Total
English	95.0%	15,126
Spanish	1.9%	298
Indo-European languages	1.3%	211
Pacific Island languages	1.7%	265
Other languages	0.1%	22

Figure 7. Language Spoken at Home. Source: ACS

Household Characteristics

Household Size, Type, and Tenure

The U.S. Census Bureau defines a household as "all the people who occupy a housing unit." Households can be comprised of any combination of related family members, unrelated people, or individuals.[1] The 2020 American Community Survey estimated about 8,200 total households in Anacortes up from about 7,500 households in 2010—an annual increase of 0.94%.

The vacancy rate among Anacortes households has remained relatively steady near 8.5% since 2012. The vacancy rate compares the total number of occupied versus unoccupied units. This accounts for all "natural vacancies" due to units on the market being available for sale or rent, second homes and seasonal homes, vacation rentals, and any other type of unoccupied housing. See Section 2 for more information on market-based vacancy rates.

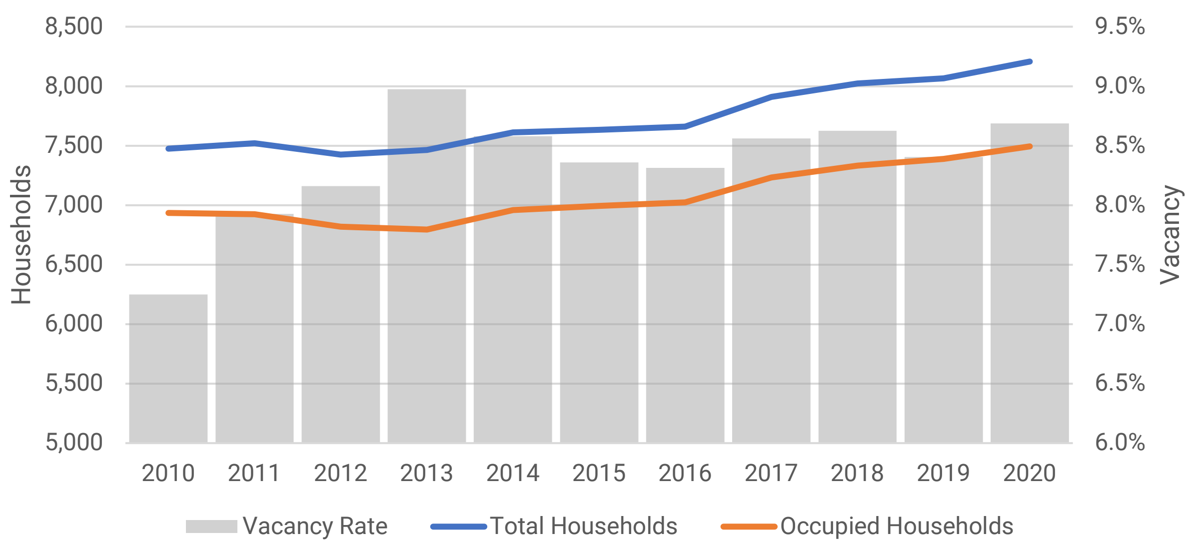


Figure 8. Household Counts. Source: ACS 5-Year Estimates, Table B25002

[1] U.S. Census Bureau: Subject Definitions.

The following table shows household composition in Anacortes and Skagit County. There is a lower proportion of family households in Anacortes compared to the County. The primary differences in non-family households are householders living alone and residents over 65 years old. This reflects a concentration of smaller household types (e.g., apartments) and senior living facilities in Anacortes and likely suggests an ongoing need for additional housing types of this nature.

	Anacortes		Skagit County	
Household Type	Total	Percent	Total	Percent
Total Households	**7,494**	**100%**	**49,263**	**100%**
Family households	4,768	64%	33,252	68%
Married-couple family	3,961	53%	26,261	53%
Other family	807	11%	6,991	14%
Nonfamily households	2,726	36%	16,011	32%
Householder living alone	2,197	29%	12,440	25%
Householder 65 years and over	1,395	19%	7,121	14%

Figure 9. Household Composition in Anacortes (2020). Source: 2020 American Community Survey (ACS) 5-Year Estimates, Table S2501

As the following chart shows, more than 40% of Anacortes households are occupied by two people. Of these two-person households, 78% are owner-occupied. One-person households comprise 29% of total housing units in Anacortes, and 56% of these units are owner-occupied. Households containing three or more people account for less than one-third of all housing units and also tend to be owner-occupied.

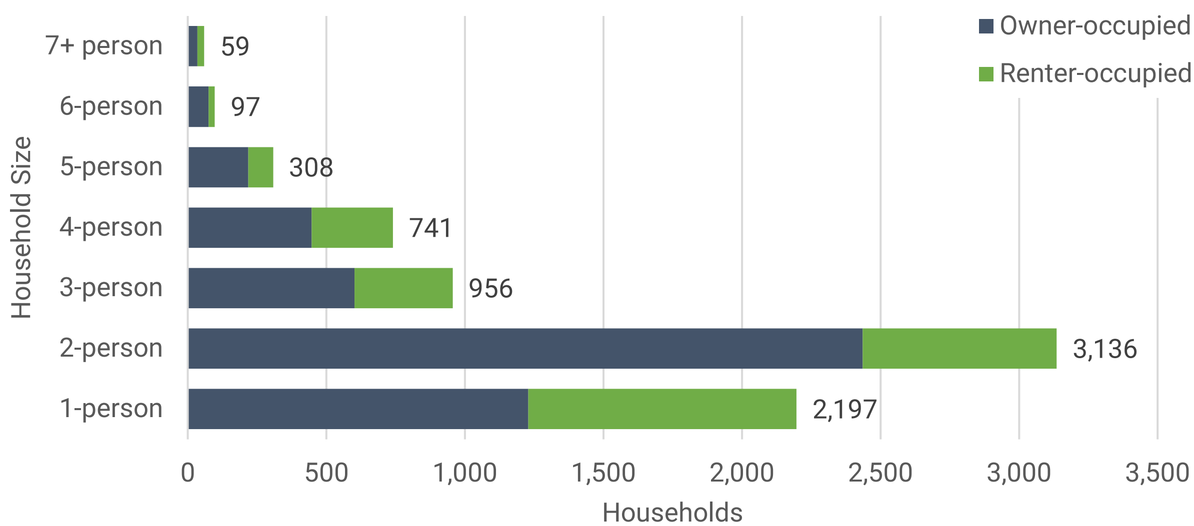


Figure 10. Tenure by Household Size, Anacortes. 2020 American Community Survey (ACS) 5-Year Estimates, Table S2501

Income

The median household income (MHI) in Anacortes was $74,161 in 2020, having increased by 29% since 2010, which was in keeping with the 2010-2020 Skagit County change but five percent lower than the Washington State change. The MHI in Anacortes for families in 2020 was $90,789; $101,867 for married-couple families; and $43,433 for nonfamily households.

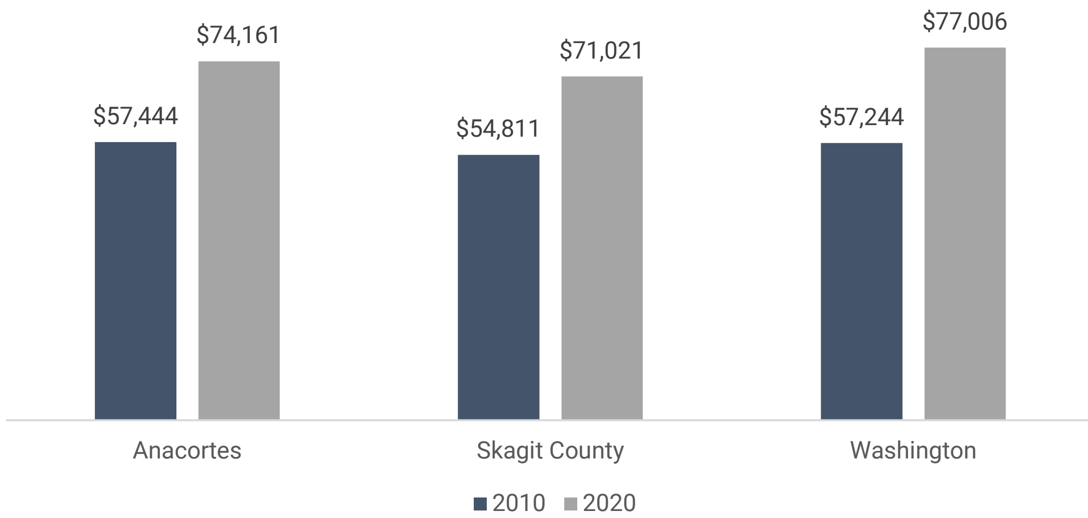


Figure 11. Median Household Income. Source: 2020 American Community Survey (ACS) 5-Year Estimates, Table S2503

Anacortes has a greater share of households earning more than $100,000 per year than Skagit County, a lower share of middle-income households ($60,000 to $100,000), and a similar share of households earning less than $60,000 per year.

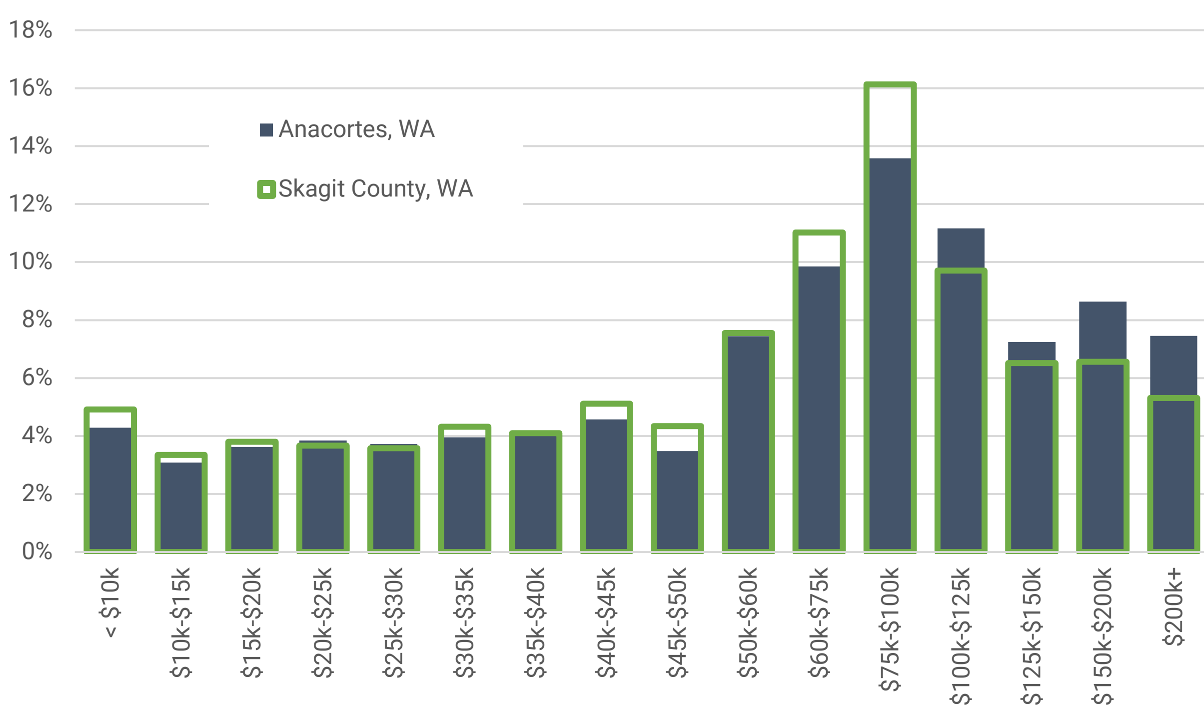


Figure 12. Households by Income. Source: 2020 American Community Survey (ACS) 5-Year Estimates, Table S2503

The figure below is from HUD CHAS data[2] for 2020 and shows a breakdown of Anacortes's households by income level and tenure. Overall, about one-third of Anacortes's households are earning less than 80% area median income (AMI), a common threshold for subsidized housing eligibility. About 54% of renter-occupied households earn less than 80% AMI, while 22% of owner-occupied households earn less than 80% AMI.

Most of the owner-occupied households in the area earn above the median income of $83,200. A significantly greater share of renter occupied households earn less than the median income, with the second largest bracket of renters earning 50-80% of the median income. This demonstrates a need for lower income housing, especially for renters.

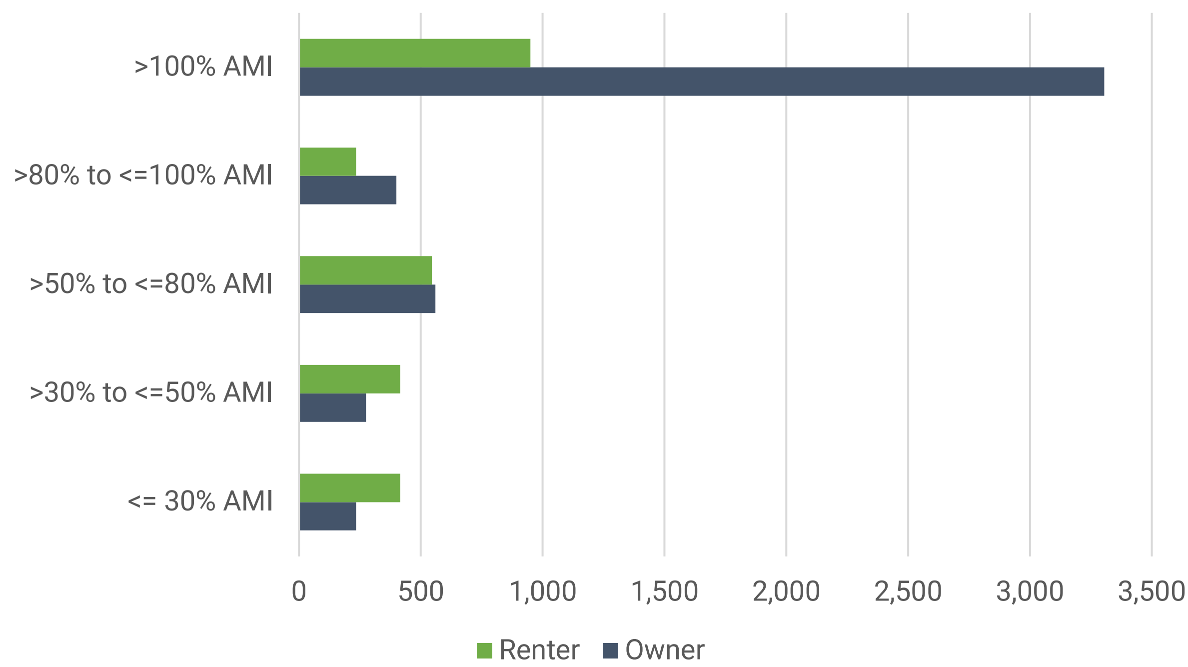


Figure 13. Anacortes MSA Household Income by Tenure, 2020. Source: HUD CHAS

As the following figure shows, Anacortes has a significantly lower share of its population living below the federal poverty level than Skagit County. Regardless, about 10% of people under the age of 35 are under the federal poverty level in Anacortes. The school district also reports at least 25% of students are enrolled in the free-and-reduced cost lunch program, but the need may be higher because of the program's stigma. This generally suggests a need for low-income housing for younger adults and families.

2 HUD releases a dataset known as CHAS data (Comprehensive Housing Affordability Strategy) that provides a series of different tables demonstrating housing problems and needs.

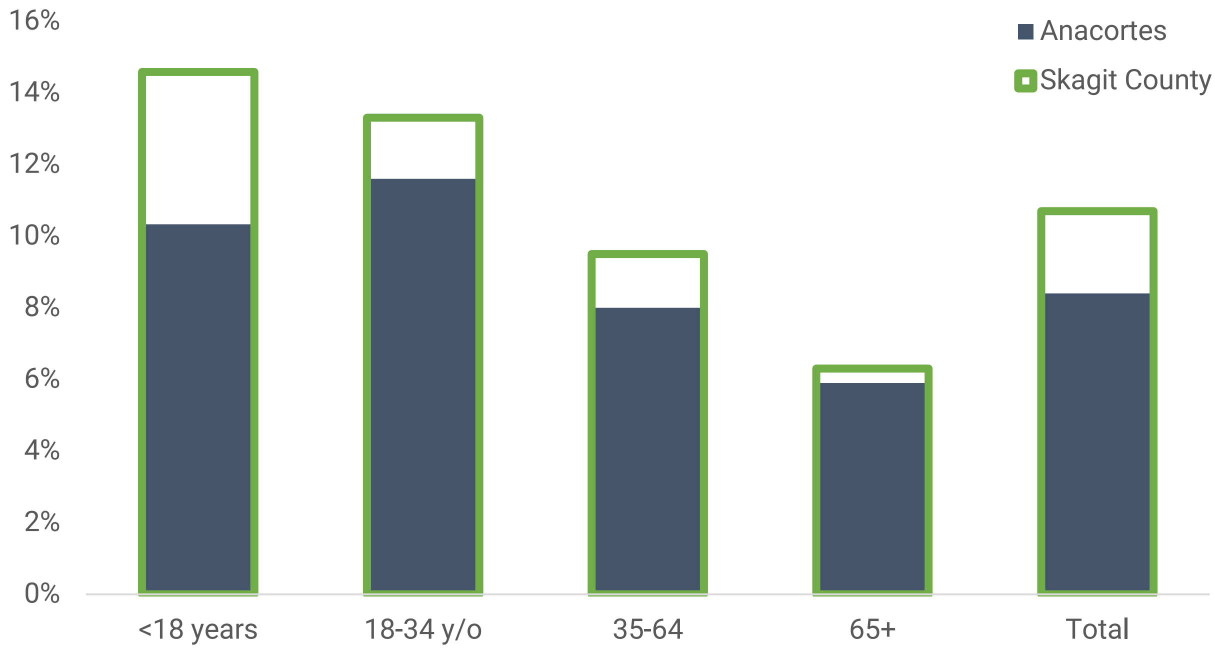


Figure 14. Anacortes Percent of Population by Age Group Below the Federal Poverty Level. Source: ACS

Vehicle Ownership

The following figure shows the number of vehicles available to households by the tenure of unit. Owner-occupied units are more likely to have 2 or 3 vehicles, while renter-occupied units are more likely to have 1 or 2 vehicles. Also of note, 13% of renter households have no access to a vehicle.

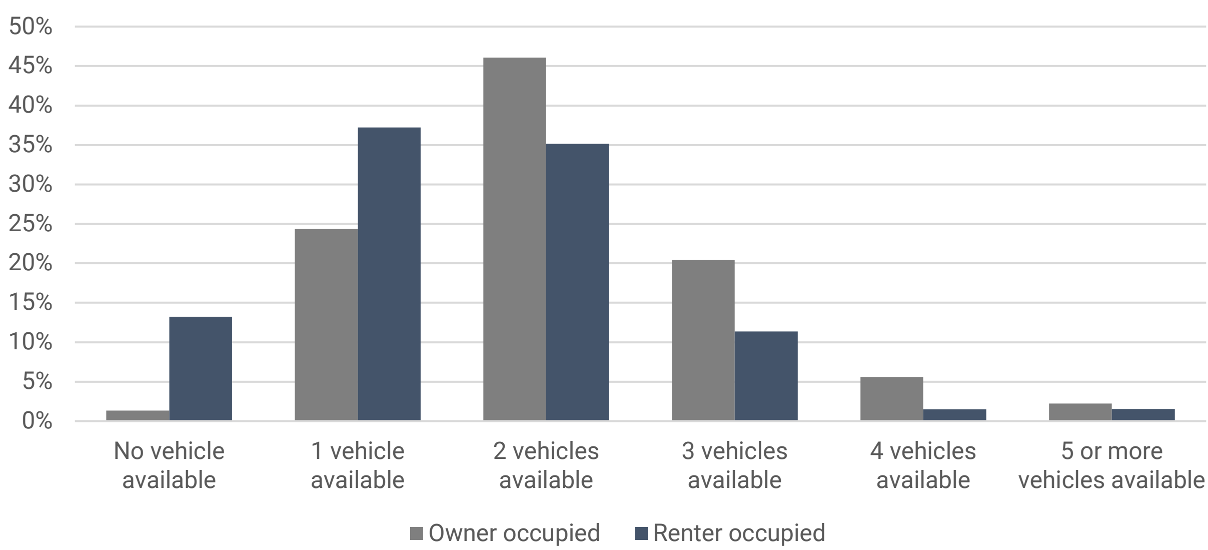


Figure 15. Vehicle Ownership by Tenure of Unit. Source: ACS Table B25044

Employment Trends

Understanding workforce and employment trends is essential for housing planning. A growing, shrinking, or shifting economy can affect residents' ability to afford housing and limit or expand their housing choices. Strong economies in nearby communities can also affect commuting and residential patterns.

The next chart shows changes in Anacortes's top employment sectors from 2009 to 2019, the year of the most recent Census data. Manufacturing jobs in the city have declined, whereas health care and administration jobs have increased. This shift towards more white-collar employment may correlate with increased incomes in the city, or imply shifting housing preferences over time.

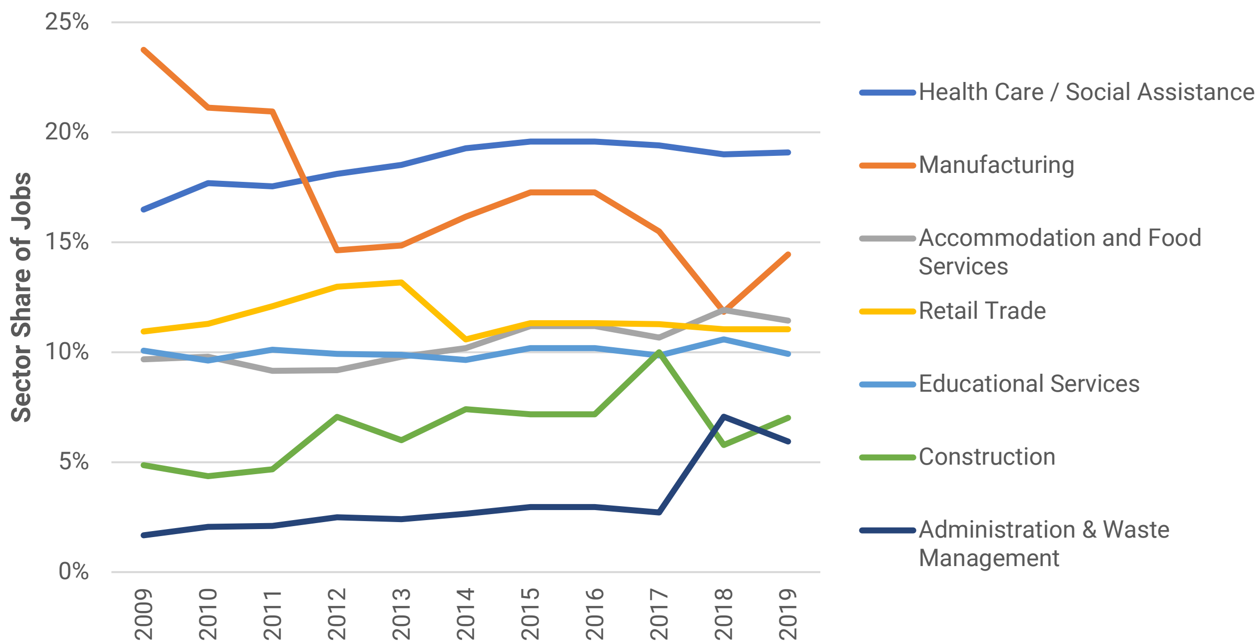


Figure 16. Job Trends by Top Sectors in Anacortes, 2009-2019. Source: Longitudinal Employer-Household Dynamics (LEHD)

Figure 17 shows the top job sectors in the city and the top job sectors worked by Anacortes residents. As discussed above, health care, manufacturing, accommodation/food and retail are the top sectors in the city. Large shares of Anacortes residents are also employed in these sectors, though about five percent of residents are employed in public administration and transportation outside the city itself. This data also shows that about a quarter of the health care and manufacturing employees in Anacortes live outside the city.

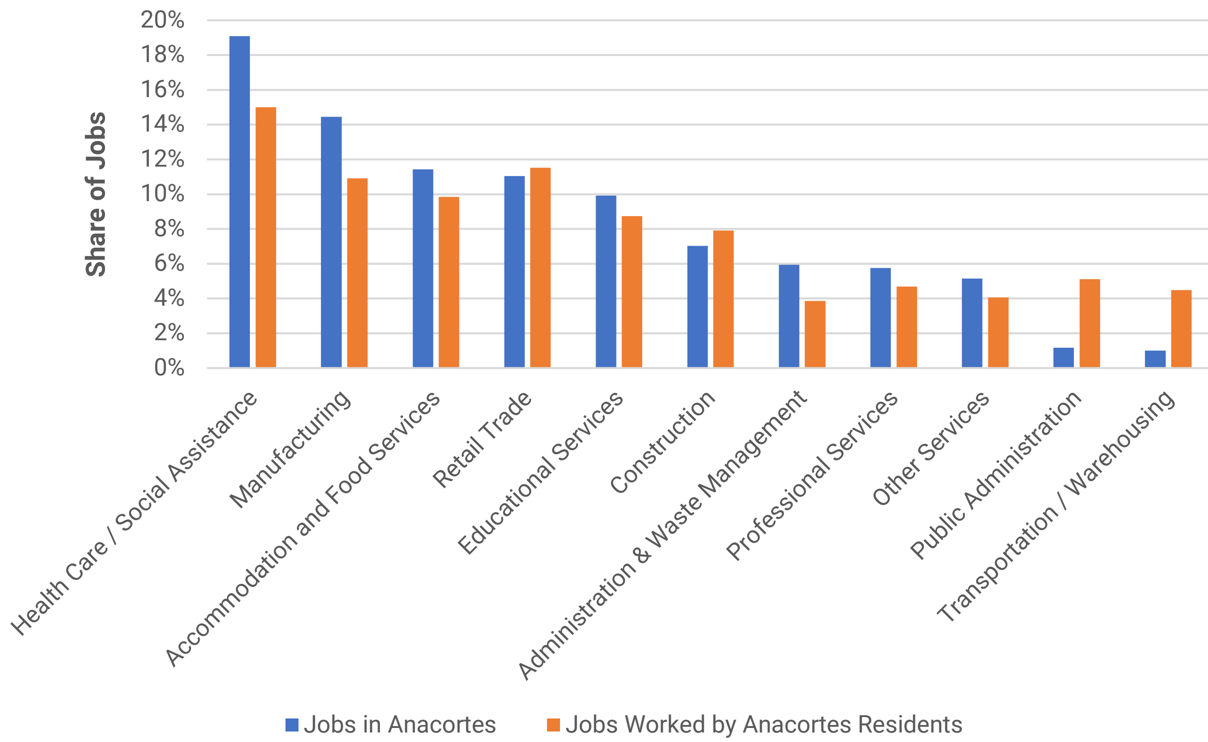


Figure 17. Jobs in Anacortes and Jobs Worked by Anacortes Residents, 2019

Figure 18 shows the work locations of Anacortes residents. Slightly more than a quarter of residents work in the city, and about 10% commute to Seattle. Smaller shares commute to Mount Vernon, Bellingham, and Everett. About 37% of Anacortes residents commute less than 10 miles to work, though another 30% commute more than 50 miles to work.

Work Location	Share
Anacortes	28%
Seattle	9%
Mount Vernon	6%
Bellingham	5%
Everett	3%
Burlington	3%
Bellevue	2%
Oak Harbor	2%
Sedro-Woolley	1%
Kent	1%
All Other Locations	41%

Figure 18. Work Locations of Anacortes Residents, 2019

About seven percent of jobs on the island are connected to the two March Point oil refineries. A 2016 report from Western Washington University estimates the refineries employ about 840 people, a quarter of whom live on Fidalgo Island and in Anacortes, and another 370 full-time contract workers. The average annual income of all refinery workers is $104,000, which is one of the highest wages of any sector in Skagit County. The workers have a very high employment multiplier of 2.0, which means that each of the 217 refinery workers who live on the island support another job on the Island (such as people working at restaurants, banks, retail, etc.).

Other industry sectors have lower wages. One industrial employer interviewed said they would hire 10 or more people in the short-term if they could (expanding their workforce by 20%), but the housing market is a major constraint on recruitment. They estimated 90% of their employees live outside of Anacortes, commuting an hour or more, and most rent.

The HAP community survey asked people if they have concerns with some types of costs of living and service issues in Anacortes. The top three concerns all relate to employment:

- 63% of respondents said they or close family and friends are concerned about businesses struggling to recruit employees who can afford to live in the city.
- 38% are concerned about the availability of medical care in town
- 36% of respondents are concerned that assisted living is either expensive or unavailable in town

The survey also received many comments from workers and businesses about housing prices being a barrier to employee recruitment and retention in a variety of sectors, including medical care, retail, education, and manufacturing. See the separate HAP community engagement report for full results.

Section 2 – Housing Inventory and Production Trends

This section discusses the type and age of Anacortes's existing housing stock, current, and future housing production. It also identifies special housing types in Anacortes, including subsidized affordable units and senior housing. An inventory of the existing housing creates a baseline for future housing planning and identifies important trends.

Total Housing Units

Anacortes accounts for approximately 16% of Skagit County's housing units and the breakdown of housing types in the City closely aligns with the County, per the 2020 American Community Survey (ACS). Anacortes has historically been dominated by single-family homes, with relatively little multifamily inventory. The following table provides an overview of the housing inventory in Anacortes through 2020, the most recent year of ACS data. Housing production since 2020 will be discussed below.

Housing Type	Skagit County 2020		Anacortes 2020	
Single Family	42,754	78.7%	6,681	81.4%
Duplexes	1,087	2.0%	279	3.4%
Multifamily (3-4 units)	1,784	3.3%	279	3.4%
Multifamily (5-19 units)	2,437	4.5%	510	6.2%
Multifamily (20+ units)	2,375	4.4%	284	3.5%
Mobile Homes	3,717	6.8%	164	2.0%

Figure 19. Household Type in Anacortes and Skagit County (2020). Source: 2020 American Community Survey 5-Year Estimates, Table S2501; City of Anacortes

Housing Production

In the 1990s and 2000s, Anacortes generally averaged about 120 to 150 single-family residential units and 20 to 40 multifamily residential units permitted per year. In 2021, there were 121 single-family residential units, 5 duplexes, and 29 multifamily units permitted, a slight increase from recent years. Despite this recent uptick in permitting activity, housing development Anacortes is still below historic levels.

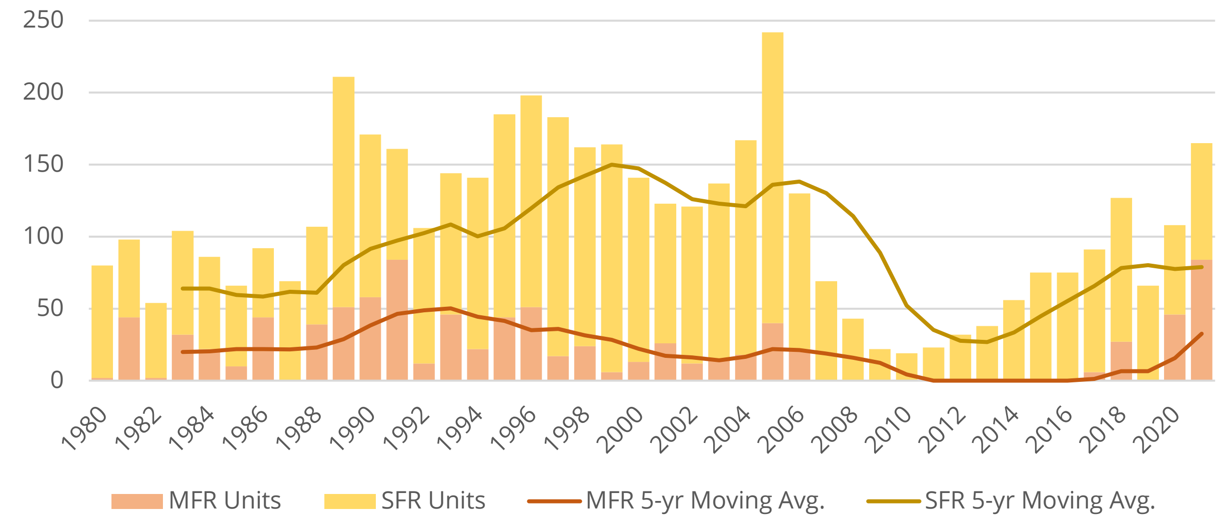


Figure 20. Citywide Permit Trends, 1980-2021. Source: SOCDS (U.S. Census Bureau)

Since 2016, housing production in Anacortes is averaging 101 units per year. This is 29 units below the annual average needed to meet growth targets. Housing production is largely following historic trends and new housing is mostly single-family homes in residential zones. Limited housing activity is occurring in commercial/mixed-use zones.

Starting in 2020, the type of housing being built has diversified slightly, with noticeable increases in production of ADUs and townhomes. The 2022 data is to-date through July (based on new addresses and water meter connections) and does not reflect several projects currently under construction, some of which are discussed in the Project Spotlight section of this report.

When comparing Census data with Anacortes's data, note there are differences in housing type sizes and breakdowns. Anacortes considers cottage housing and townhomes to be distinct from single-family homes, and considers triplexes to be their own housing type separate from multifamily.

Housing Type	2016	2017	2018	2019	2020	2021	2022 to-date
Single Family	82	73	92	44	51	57	23
ADU's	1	0	2	1	10	15	1
Cottage Housing	0	0	0	0	0	4	15
Townhome	0	0	0	0	0	64	18
Duplex/Triplex	18	4	4	0	2	4	0
Multifamily	0	0	20	25	4	29	4
YEARLY TOTAL	**101**	**77**	**118**	**70**	**67**	**173**	**61**
TOTAL 2016-2021	**606**						
AVERAGE 2016-2021	**101**						

Figure 21 - Anacortes housing production by type, 2016-2022. The 2022 data is to-date through July. Source: City of Anacortes GIS

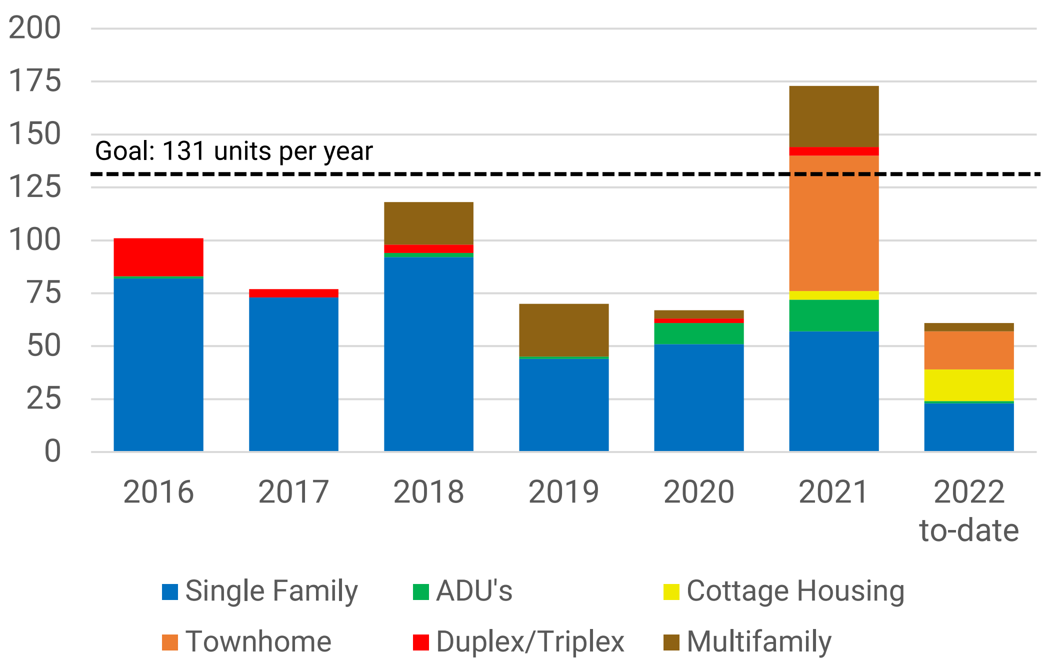


Figure 22 - Anacortes housing production by type, 2016-2022. Source: City of Anacortes GIS

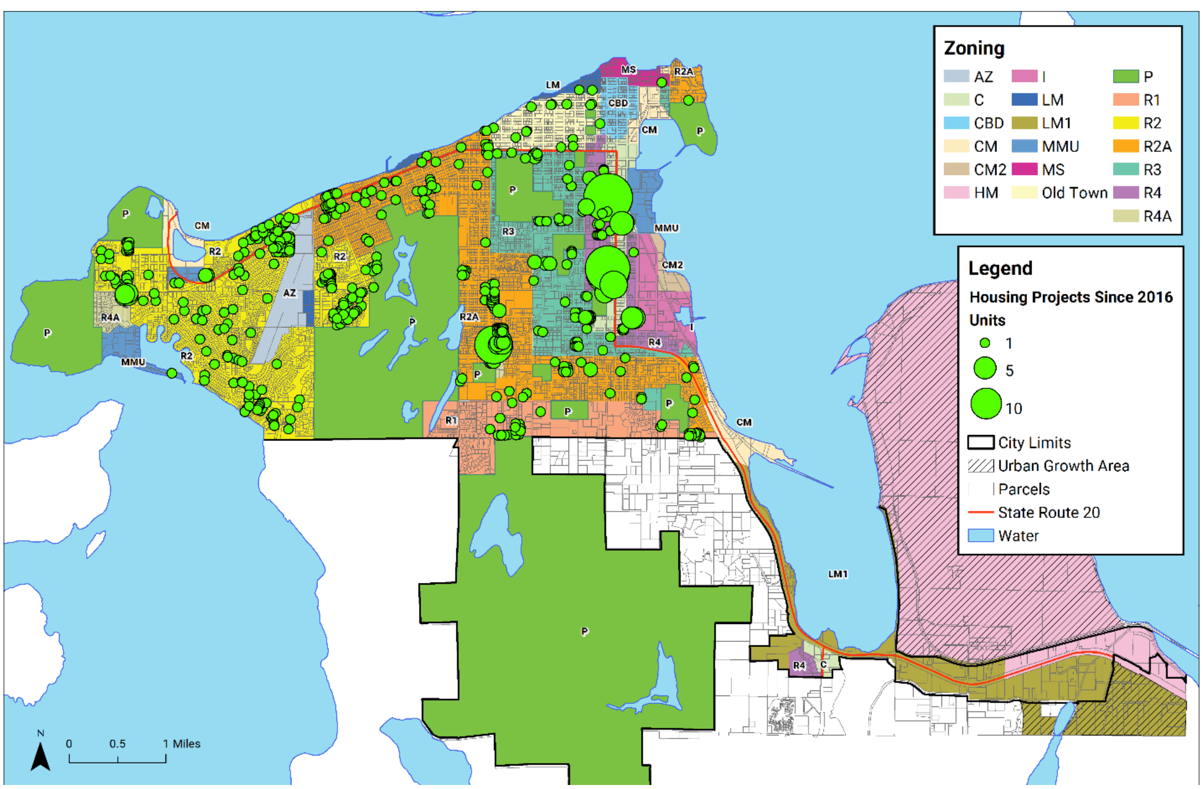


Figure 23 - Permitted Housing Unit Development, 2016-2021. Source: City of Anacortes GIS

Vacancy Rates

Vacancies among Anacortes's housing inventory are very low, indicating a tight market and constrained supply. Pent-up demand likely resulted from many years of lower-than-average permit activity following the 2008 recession, putting upward pressure on housing prices and rents due to strong competition for existing units. Evidence shows that the vacancy rate tracks closely with whether rents are increasing or decreasing. As permit activity continues to trend higher, pent-up demand will likely diminish, and the market (and prices) will likely stabilize.

According to American Community Survey estimates for 2020, the homeowner vacancy rate was 1.1% and the rental vacancy rate was 1.9% (although Costar data shows significant upticks in vacancy since 2021). For rentals, five percent is typically considered the natural vacancy rate, or equilibrium, where supply and demand are relatively equal. For the owner-occupied housing market, the natural vacancy rate tends to be a little higher at seven or eight percent.

Note that this vacancy rate is based only on dwelling units that are available on the market for sale or rent. It is different from the total number of unoccupied units discussed in Section 1.

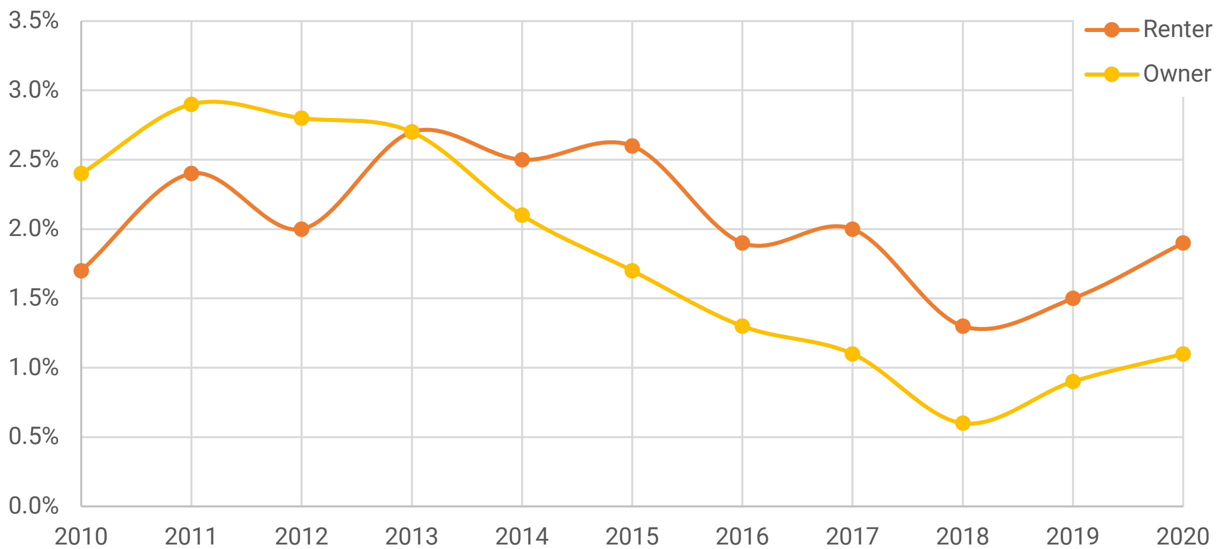


Figure 24. Vacancies in Anacortes (2020). ACS 5-year Estimates, Table DP04

Vacation Housing

The table below shows the number and share of seasonal and recreational housing units in Anacortes with regional comparison cities. These are units which may be second homes or vacation rentals. Anacortes has 334 such units, or 4.1 percent of its housing stock. This is not as high as the share of seasonal units in Port Townsend, but higher than Port Angeles and Mount Vernon. Seasonal or rental homes in more tourist-driven economies can put pressure on the year-round housing market by removing units from the housing inventory for full-time residents.

City	Seasonal / Recreational Housing Units	Share of Total Housing Units
Anacortes	334	4.1%
Mount Vernon	87	0.7%
Port Angeles	281	2.9%
Port Townsend	410	7.2%

Figure 25 - Seasonal / Recreational Housing in Anacortes and Regional Comparisons, 2020. Source: ACS Table B25004

Utility usage can sometimes be used as a proxy for identifying seasonal or recreational housing units. An informal review by City utility staff found that an average of 200 homes per month consumed zero or very little water in the winter (November 2021 to February 2022). Compared to the total share of housing units in Anacortes, this is similar in scale to the Census data fundings above.

Short-Term Rentals

Short-term rentals, also known as vacation rentals, are considered stays of 30 days or less in a residential dwelling. In 2021, City staff research found about 76 short-term rentals operating in Anacortes through the most popular commercial services such as AirBNB and VRBO.

The City code does not specifically define short-term rentals. The code prohibits overnight lodging uses other than bed-and-breakfasts in residential zones, but this is not strictly enforced outside of development permits. Overnight lodging businesses are required to maintain a business license and only 12 percent of the identified short-term rentals have done so. It seems likely that many short-term rentals are operating illegally in residential zones and not paying the lodging tax.

Affordable Housing

"Affordable housing" is housing reserved for people earning below a certain income and who cannot afford market-rate costs (other interrelated terms include low-income housing, subsidized housing, public housing, or rent-restricted housing). Affordable housing properties may be reserved for people meeting other criteria such as families with children, seniors past a certain age, people with physical or intellectual disabilities, or people with substance abuse disorders.

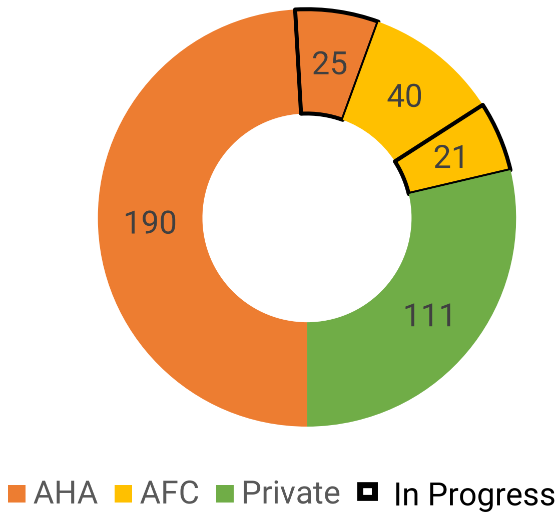


Figure 26. Distribution of affordable housing units. Source: City of Anacortes

Anacortes has 387 affordable housing units existing or in the process of being built. See the affordable housing inventory in Appendix A.

This housing is mostly subsidized and operated by government or non-profit organizations. Anacortes has a few commercial providers as well, typically involving an investment incentive program that restricts rents below a certain amount for ten years. An affordable housing building height bonus incentive that was created in 2019 is being used by the Anacortes Family Center for its Landing Apartments.

Affordable housing is important to support community members who face barriers in the private housing market, especially those who are on the edge of or transitioning out of homelessness. The main affordable housing providers in Anacortes are the Anacortes Housing Authority (AHA) and the Anacortes Family Center (AFC).

AHA is a public nonprofit corporation formed by the City of Anacortes in 1968. It is governed by a board of commissioners appointed by the mayor, but otherwise it operates independently of the City. The authority's first property finished construction in 1970. Today AHA manages 190 units and 350 residents across 11 properties. One property, the Wilson Hotel, operates like a single-room occupancy building (SRO). Two additional developments are planned and the authority occasionally purchases existing housing.

Several hundred people are on the AHA waiting list. Preference is given to applicants who are local and employed or on social security. AHA's most in-demand units are 1-bedrooms and senior apartments which have waits of 1-2 years, and there are shorter waits for 2-bedroom or larger units. The current waiting list numbers are shown below; note that there is some duplication due to different programs running at different properties.

Unit Type	Applications
1 bedroom	336
2 bedrooms	36
3 bedrooms	15
4 bedrooms	1

Figure 27 - Anacortes Housing Authority waiting list, August 2022. Source: AHA

AFC is a non-profit organization founded in 2005. The organization serves families with children and operates an emergency shelter (stays of up to three months) and a transitional shelter (stays of up to two years). For permanent housing, the AFC manages 61 units across three properties, including one project under construction that will include day care. AFC is also building a new administration building that will include space for legal aid and a food bank. There are usually 5 to 35 families on its waitlist, depending on the time of year. AFC reports that a significant majority of its clients have experienced domestic violence or have a mental health challenge.

The organization goes beyond providing housing by using intensive case management to graduate clients to self-sufficiency, including job requirements for adults and educational and art programs for children. About 75% of participants leave the program with a stable home and job.

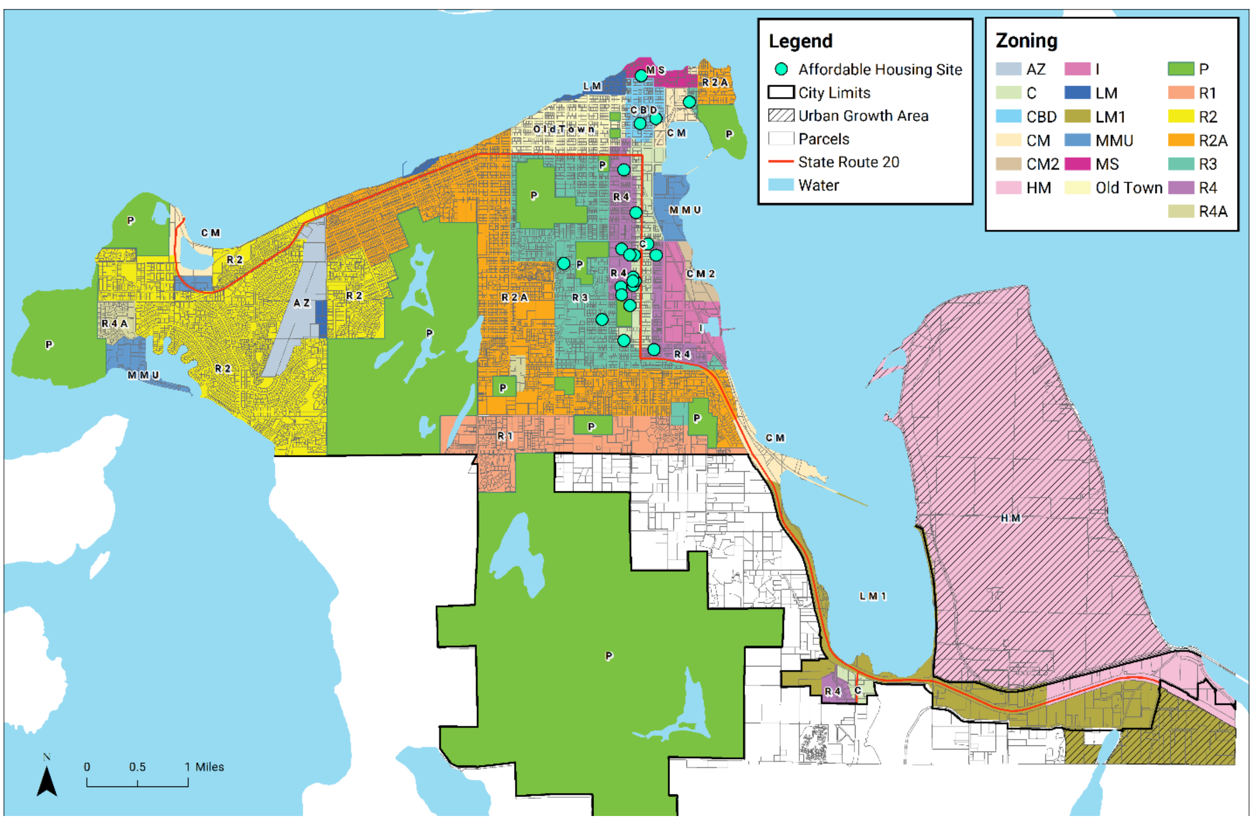


Figure 28 - Anacortes affordable housing locations. Source: City of Anacortes

Anacortes's affordable housing inventory is heavily concentrated in the northeastern part of the city, particularly along the Commercial Avenue corridor and near Island Hospital. This provides good access to commercial and medical services and most of the city's schools, particularly for those who don't have access to a car, but this pattern also provides few opportunities for affordable housing residents to live in less busy environments or to locate near the city's largest parks.

Most of the affordable housing properties are zoned R3, R4, C, or CBD. These zones allow for multifamily buildings, which is what most of the properties are built as. There are a handful of townhouse, duplex, and single-family buildings.

Public Land

Surplus public land is sometimes used for affordable housing. State law enacted in 2018 (RCW 39.33.015) allows local governments to transfer, lease, or dispose of surplus property at low or no cost to developers for affordable housing projects. Locally, Anacortes has recently proposed to lease one property to Habitat for Humanity for a five-unit cottage housing development.

The project team conducted a brief review of public land in Anacortes to identify other potential surplus properties. This review found that public lands encompass a large portion of the city. The vast majority is unsuitable for housing because it is either the Anacortes Community Forest Lands, strips of right-of-way, underwater, wetlands, or currently used for parks, schools, utilities, and other civic facilities.

A handful of vacant sites were found to be candidates for further exploration. The City and Port also own several public parking lots in the downtown and central waterfront areas (not listed here) that could also be considered for longer-term redevelopment opportunities.

Map Key	Site	Owner	Zoning	Area	Considerations
1	Sharpe's Corner surplus land	City of Anacortes	LM1 and R4	43 acres	This is a large site partially encumbered by wetlands and streams. Nonetheless, the R4 zoning offers considerable housing capacity and flexibility. The LM1 zone conditionally allows multifamily and could be considered for a rezone given the vicinity's lack of existing development.
2	Highway 20 tribal land	Samish Indian Nation and Swinomish Indian Tribal Community	LM1	41 acres	Three clusters of parcels along Highway 20 appear vacant, and may be partially encumbered by wetlands. The LM1 zone conditionally allows multifamily. The proximity to the highway and industrial uses could be a compatibility issue addressed through buffers and site design.

Map Key	Site	Owner	Zoning	Area	Considerations
3	Parcel P31678	Port of Anacortes	AZ	2.3 acres	Infill housing opportunity.
4	Parcel P58211	City of Anacortes	R2A	0.37 acres	Infill housing opportunity.
5	Parcel P116633	City of Anacortes	R2A	0.58 acres	Infill housing opportunity.

Figure 29 - Table of vacant public land to consider for housing opportunities

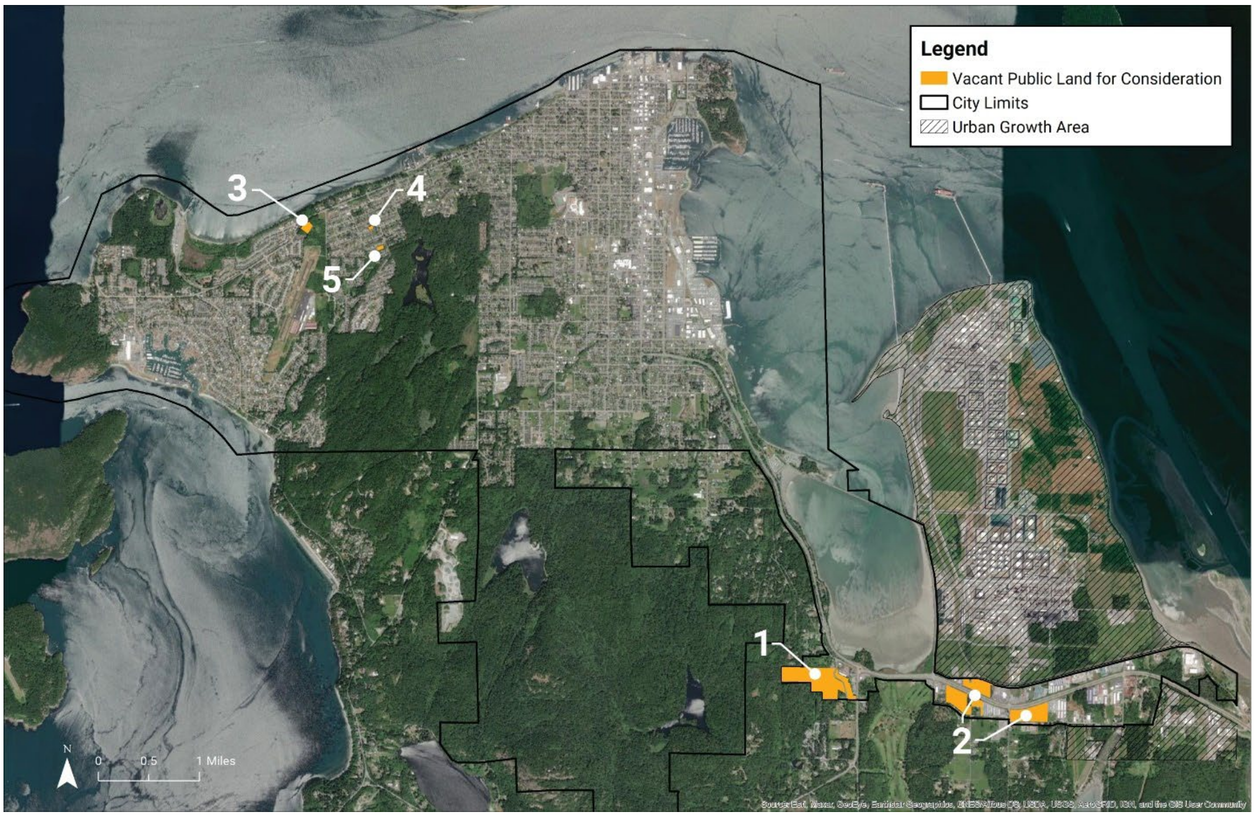


Figure 30 – Map of vacant public to consider for housing opportunities. Reference Figure 29. Source: City of Anacortes GIS

Project Spotlights

This section provides detailed case studies of recent and ongoing housing developments in Anacortes. It includes a cross-section of housing types including multifamily, townhomes, and cottages. The spotlights are intended to provide insights on housing cost and design trends.

Fidalgo Flats

Fidalgo Flats is a 5-story apartment building at the corner of O Avenue and 18th Street in central Anacortes. The project is located in the R4 zone and immediately to the east is a retail development with several restaurants fronting on Commercial Avenue. Neighboring the site to the south, west, and north are single-family homes. The prior use of the site was two single-family houses.

It has 25 units, a mix of sixteen 1-bedroom and nine 2-bedroom units. The project utilized a new zoning bonus (established 2019) allowing for an extra 10 feet of building height (over the normal 40 feet limit) in exchange for 25 percent of the units being less than 600 square feet in floor area. The total project is about 22,500 square feet of floor area on a 0.3 acre site. The density is 82 dwelling units per acre.

The project was the first to utilize the height bonus program. The development and the City faced considerable public scrutiny over the height of the building. In response to the outcry over the development, City Council imposed a moratorium on additional projects utilizing the height bonus, which was extended multiple times (see the City's information page). Since the building was completed in April 2022, City staff report no further complaints have been logged.

The development was reviewed against the new Anacortes commercial and multifamily design standards adopted in 2019. The site and building met applicable standards for private and common open space, façade and window design, landscaping, etc. The building has a 15 feet setback on the side facing O Avenue, which is greater than the 10 feet required by the base zoning and block frontage standards.

The building owner reports strong leasing activity despite the rental rates. In early development the goal was for rents of about $1,250/month, but sustained increases in construction costs over four years led the average starting rent to be around $1,700 to retain the project's financial feasibility.

Compliance with minimum parking requirements was a notable challenge for the project. The code required a minimum of 35 parking spaces. The site only had room for a 17-space parking lot next to the building. The developer owns the adjacent property to the north and used the code's shared parking provisions to count the 15 spaces already existing there. The remaining three spaces were satisfied using on-street parking for guest spaces.

In a stakeholder interview, the developer opined that repeating this development on a similar site would only be feasible with underground parking, and this would require getting in more dwelling units to help offset the cost of structured parking. Another key cost item is elevators, which cost at least $100,000 and are required for buildings four stories and taller, but at four or five stories the economies of scale to pay for an elevator are stretched.

Left: View of the front yard and façade of Fidalgo Flats. Right: View from the building's rooftop deck.

Skagit Cohousing

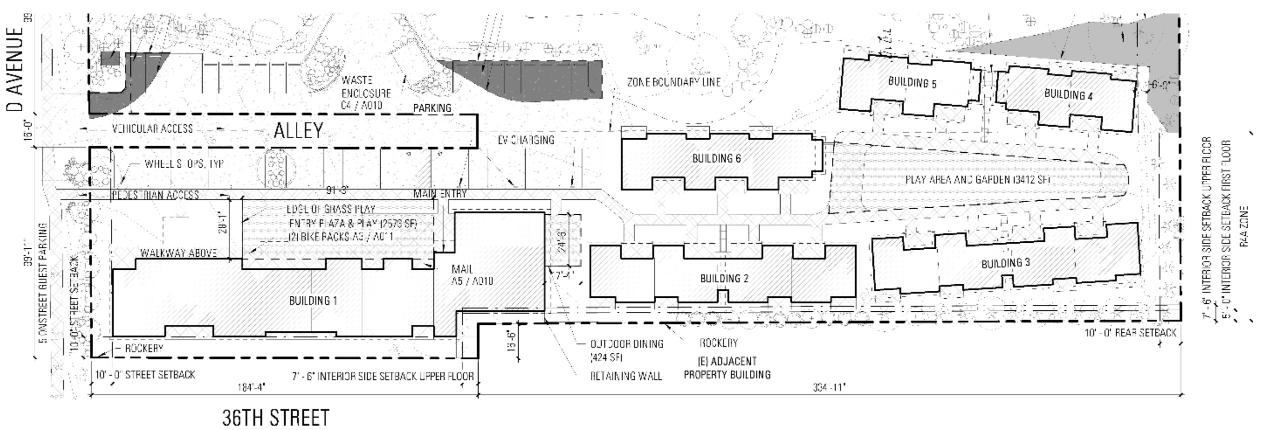
This is a development of apartments and townhomes in central Anacortes. The project is located in the R4A zone off D Avenue. It is neighbored to the south by a garden-style apartment complex, and on all other sides by single-family housing.

Figure 31 – Artist conception courtesy of Skagit Commons

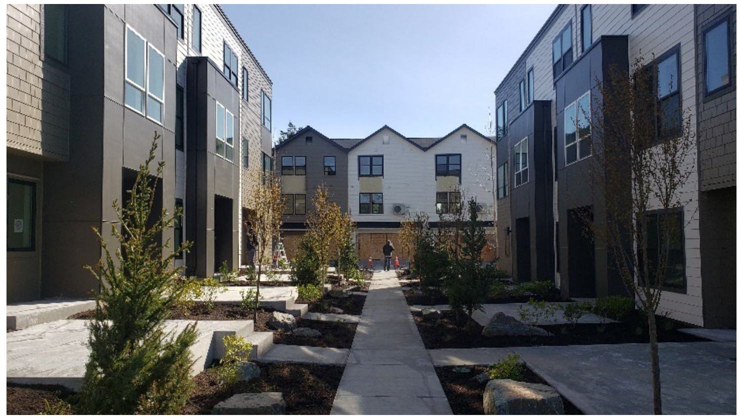
The project has 15 multifamily-style units in one 3-story building and 15 townhouse units in four 2-story townhouse buildings. This equaled a total of 30 units on a 4-acre site (approximately 2.1 acres are developable, so the net density is 14 units per acre). The site also includes a "common house" recreation space which opens to an outdoor dining area.

The project is unique in its mix of housing types and ownership model. According to the project website's description of cohousing, "Households have independent incomes and private lives, but neighbors collaboratively plan and manage community activities and shared spaces." Cohousing is also intended to make it easy to form clubs, and organize child and elder care, and carpools. The initial residents, organized as a group under the name Skagit Commons, spearheaded the development themselves. Collectively, they secured land in 2018 and construction began late 2020.

The 42 parking spaces (including several electric vehicle charging stations) are collected on the west half of the site next to the multifamily building. The townhouses are accessed by footpaths and some townhouses are clustered around a 3,400 square-feet space for play and gardening. The project features ample landscaping and exterior unit access.



Skyline Townhomes



Skyline Townhomes is a development of three-story townhomes at the corner of Skyline Way and Sunset Avenue. The project is located in the R4A zone. The project shares a driveway with an existing multifamily development to the south, and to the west, north, and east are single-family houses.

The project has 20 townhomes on a 1.32 acre site (equal to 15 dwelling units per acre). The units are each about 1,450 square feet with two or three bedrooms.

At project conception the estimated rents were $2,200 per month. The going rents are now $2,700 per month and there is a waiting list. If the property was converted to fee-simple ownership lots (using the unit lot subdivision process), the developer estimates each townhouse could likely sell for at least $600,000.

The project required 37 parking spaces and is providing 56 spaces based on the developer's perception of market demand. Each townhome includes a two-car garage and there are 16 guest parking spaces distributed around the site. No on-street parking was included in the calculations.

The R4A zone is an outpost in western Anacortes, which is mostly zoned R2 and characterized by large-lot single-family houses. R4A is the smallest of the residential zones, yet is seeing significant ongoing development. Skagit Commons is building a 30-unit co-housing project (above) in the other R4A location in central Anacortes.

21st Street Townhomes

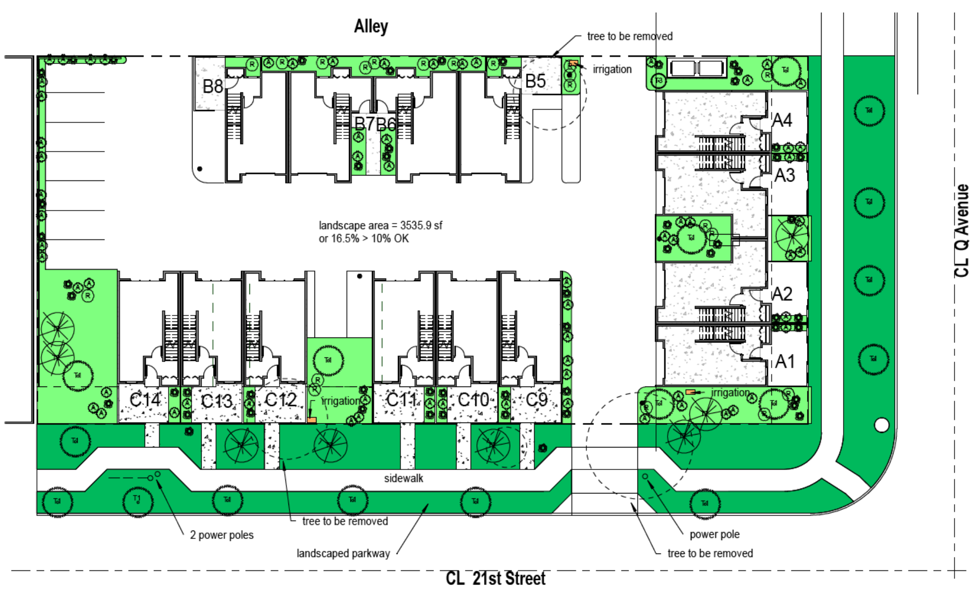
This project is a development of three-story townhomes at the corner of 21st Street and Q Avenue. The project is located in the Commercial zone in central Anacortes. It is neighbor to a variety of uses including two inns to the west and north, townhouses across the street to the east, and a rehabilitation center to the south.

The project has 14 townhomes on a 0.48-acre site (equal to 29 units per acre). Each unit is 1,240 square feet with two-bedrooms.

Development on the site was originally conceived as a mixed-use project with apartments, but was changed to a townhouse design to improve financial viability. The site is being configured as a condominium to avoid the complications of a subdivision and the developer found that buyers do not prioritize land ownership. Homeownership association fees will be approximately $200 per month. Each unit will likely sell for approximately $622,000.

The project was required to provide 23 parking spaces and is providing the same amount. This is met through each townhouse having a one-car garage and surface parking spaces located around the site.

The project provides an example of infill development fitting into the urban grid, making good use of alley access, and meeting the townhouse design standards. Parking is mainly accessed off the alley and the townhome buildings face the street with landscaped setbacks. Most of the townhomes include ground-level private open spaces and balconies. The surface parking at the northwest corner of the site was able to fit because of a reduced perimeter parking lot landscape width.



The Crossings Cottages

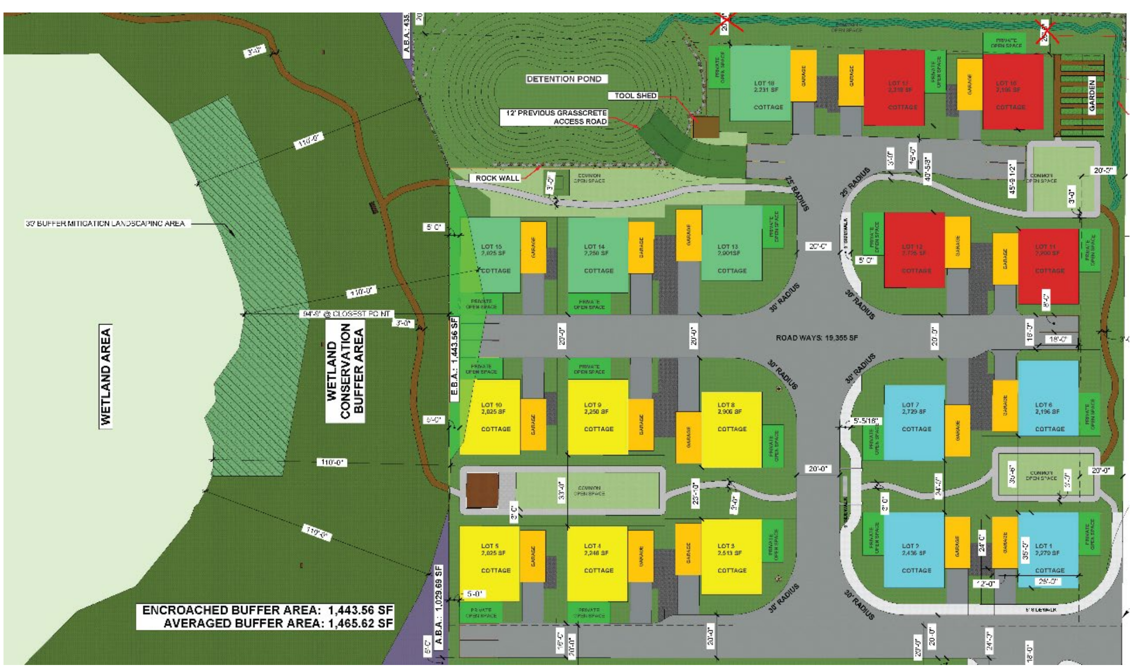
This is a cottage housing development located off Anacopper Mine Road in western Anacortes, currently under construction. It is in an R2 residential zone near the airport. Surrounding uses are traditional single-family subdivisions.

The project has 18 cottages on a 5.2-acre lot. Approximately 2.4 acres are developable, so the net density is 7.5 units per acre. The developer opted to do a cottage development because they liked the concept as described in the code and the double density bonus, but said some of the regulations are too prescriptive to allow creative interpretations.

Each cottage is two bedrooms and has approximately 1,300 square feet of floor area, including a one-car attached garage. The project required 27 parking spaces and 34 are provided.

The average combined cost of construction and land is estimated at $530,000 per unit. The developer was surprised to learn the market may support sales prices of $750,000, which is lower priced than, but still comparable to, the traditional single-family home market (see Section 3 for more information). This demonstrates the tightness of the market and demand for housing of any kind in Anacortes.

This is one of several cottage housing projects currently being developed in Anacortes. Others include the Parkview Cottages on 32nd Street (two projects with eight total units using duplex designs, R3 zone), the Samish Cottages on 34th Street (15 units including a community building ADU, R2A zone), and the Skagit Habitat for Humanity cottage proposal (five units, R2A zone).



Section 3 – Cost Trends

Housing Cost Trends

Overall, home prices have been increasing at much greater rates than both rent and incomes in Anacortes, as demonstrated in the following chart. Home prices in 2020 were 70% greater than in 2012, while rent and incomes were about 25% greater than in 2012. Up until 2018, Anacortes's median income growth lagged behind the rent increase, but has since caught up.

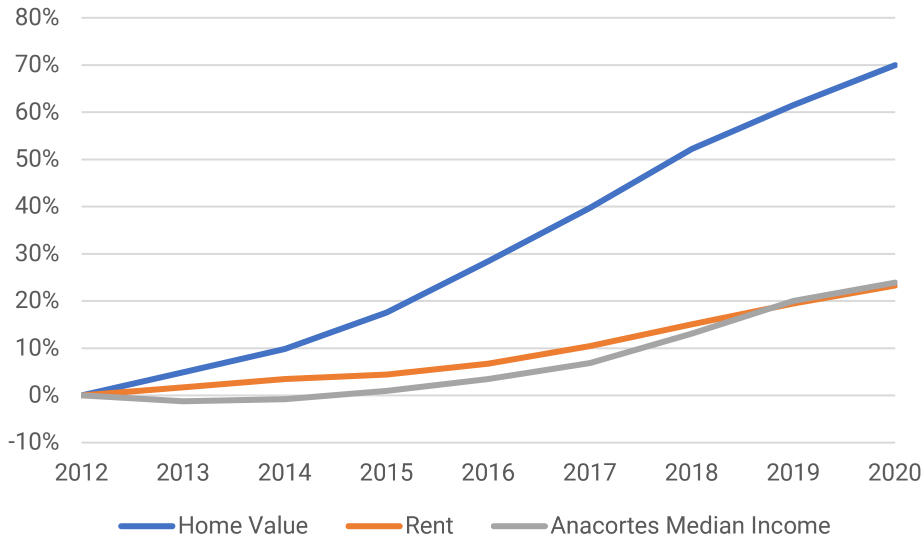


Figure 32. Home Prices, Rents, and Incomes in Anacortes, indexed to 2012. Source: Zillow 2020, ACS 2010-2020 5-Year Estimates

Housing costs have been increasing at an even greater rate over the past two years. Average asking rents for apartments have climbed to more than $3.00 per square foot (per month). This is largely in keeping with the market rate for new construction; Fidalgo Flats, for example, will rent its 580 square foot one-bedroom units for $1,700 per month. Newer single-family homes, townhomes, and duplexes tend to rent for closer to $2.00 per square foot. Stakeholders interviewed for this project highlighted 1,500 square foot townhomes renting for $2,700 per month.

A 2020 report by the U.S. Government Accountability Office finds that every $100 increase in median rent is associated with a nine percent increase in the estimated homelessness population, even after accounting for demographic and economic characteristics. This formula is considered at a national level but may be helpful context for the current trend in local rent increases.

While rents have been steadily increasing, the value of owner-occupied housing units has increased at a much greater rate. The average value of an Anacortes home is now more than $700,000.

The sale price of housing built in the past five years has typically ranged from about $550,000 to $850,000, with a median sale price of about $650,000. In 2021 the prices saw a greater range and a higher median price of $850,000.

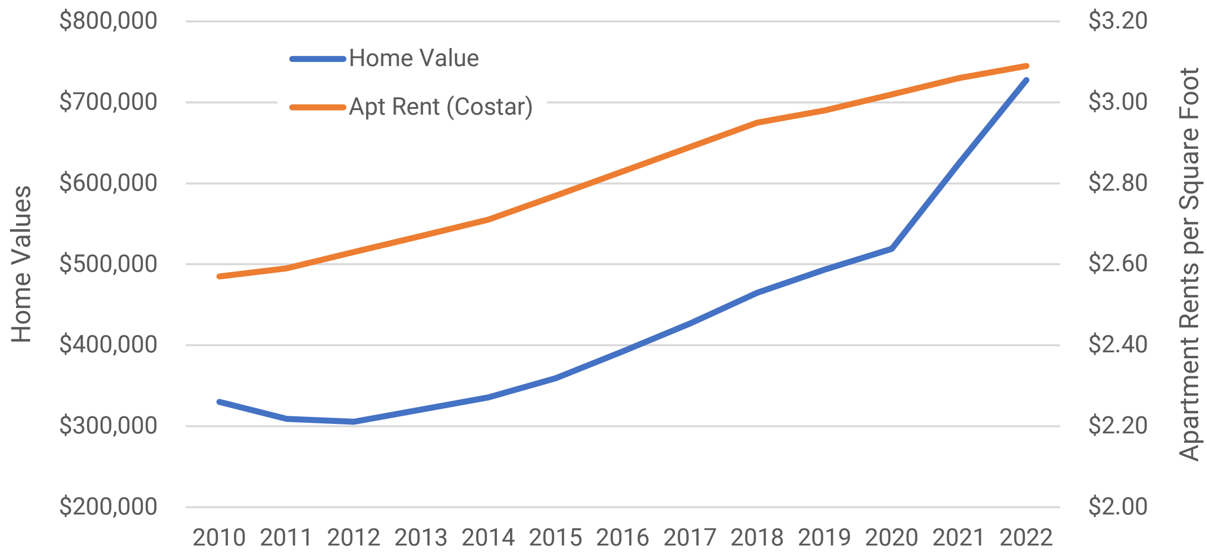


Figure 33. Average Home Value and Apartment Rents in Anacortes, 2010-2022. Source: Costar, Zillow

These values are helping to maintain the for-sale housing construction pipeline, although most of the new builds are out of step with existing income levels in Anacortes.

Some HAP stakeholders interviewed suggested that many homebuyers are middle-aged or older and moving from high-cost urban and out-of-state markets. Stories have also been shared about the prevalence of cash buyers. The chart below illustrates that approximately a third of Anacortes home sales are completed with all-cash purchases, which is a greater share than the rest of Skagit County.

Purchase Instrument	Anacortes	Skagit County less Anacortes
Cash	34%	21%
Conventional mortgage loan	52%	61%
Mortgage loan backed by the U.S. Department of Veterans Affairs (VA)	11%	7%
Mortgage loan backed by the U.S. Federal Housing Administration (FHA)	0%	8%
Other	3%	3%

Figure 34. Types of Home Sale Purchase Instruments in Anacortes and Skagit County. Source: Windermere Real Estate and Multiple Listing Service, 2022

Figure 35 shows the relationship between what the typical Anacortes household earns in a year and the amount they would need to earn to afford the typical Anacortes home, given the most recent home price, interest rate, tax, and income data available (resulting in about a 1:4.2 income-to-price ratio). The income needed to afford the median home in the city is about $83,500 more than the median household currently earns. Or, to put it another way, the typical Anacortes household could afford a home worth about $350,000, but the typical home in the city is worth over twice as much, at $706,000.

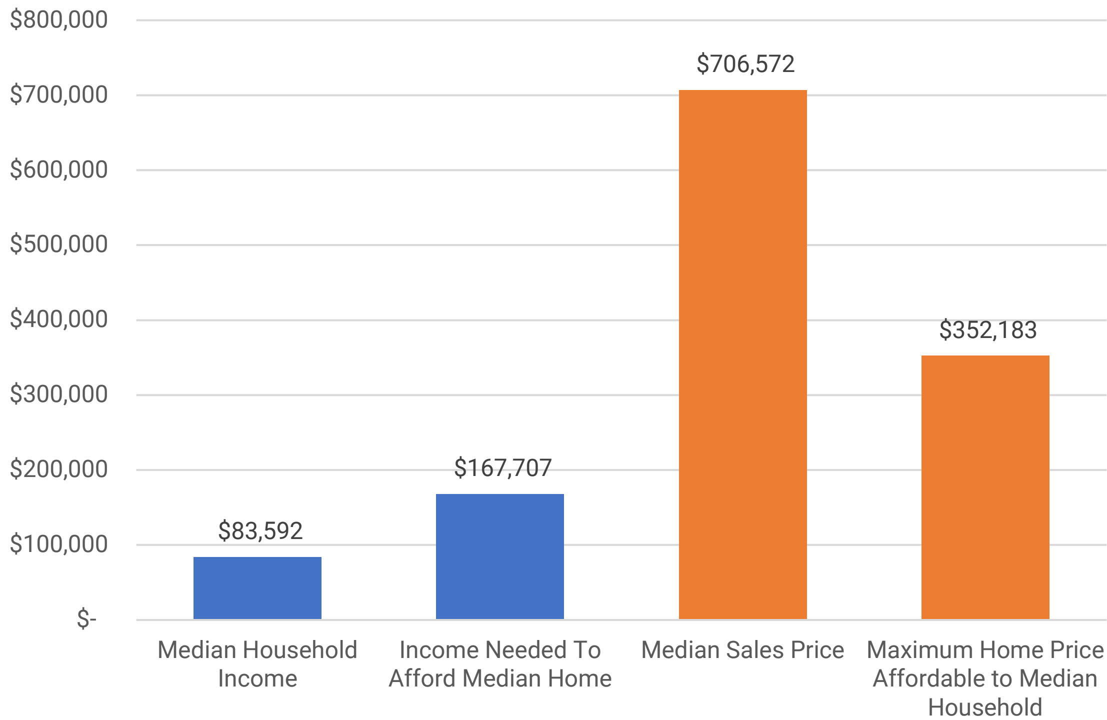


Figure 35. Ownership Housing Affordability in Anacortes. Source: Zillow, Freddie Mac, ESRI, Leland Consulting Group

A housing affordability chart illustrating home prices that would be affordable to a variety of income levels is shown below in Figure 39. Anacortes's median incomes and sales prices are both shown. This data illustrates the degree to which homeownership has become out of reach for the majority of Anacortes residents, even those earning significantly more than the city's median household income.

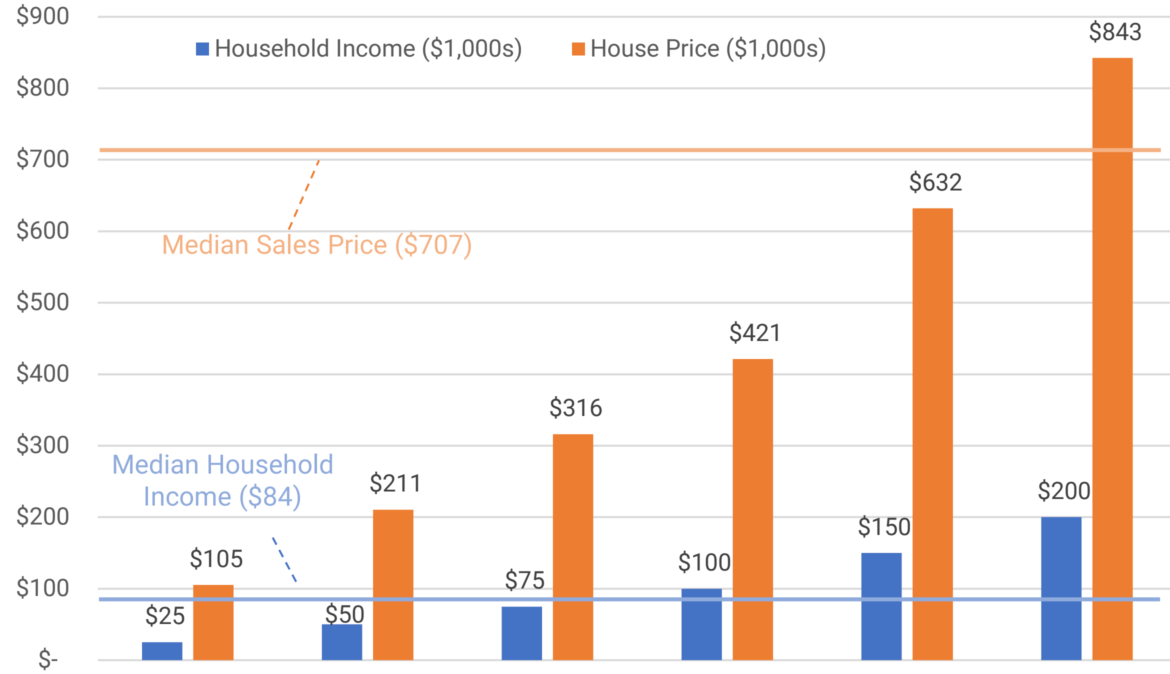


Figure 36. Housing Prices Affordable to Various Incomes with Anacortes Median Income and Sales Price, 2021. Source: Zillow, Freddie Mac, ESRI, Leland Consulting Group

Construction Costs

The costs of construction for all housing types have been increasing for decades, although the past few years has seen unprecedented increases. These costs have a major impact on development feasibility nationwide. In places like Anacortes where development has generally reflected lower density building types, higher construction costs may require developers to build residential products that offer a greater return on their investment.

The following chart provides construction price indexes[3] for multifamily housing units under construction, single-family houses sold, and for single-family houses under construction. The costs of construction are now the highest seen in 50 years. Recent data from the U.S. Census Bureau shows construction costs went up by 17.5% year-over-year from 2020 to 2021, the largest spike in this data from year to year since 1970. 2021’s costs were also more than 23% higher than pre-pandemic 2019. Preliminary data for 2022 indicates an even greater jump in construction costs, largely due to supply chain issues, inflation, labor shortages, and other issues that have dominated headlines in the past year.

[3] The houses sold index incorporates the value of the land and is available quarterly at the national level and annually by region. The indexes for houses under construction are available monthly at the national level. The indexes are based on data from the Survey of Construction (SOC).

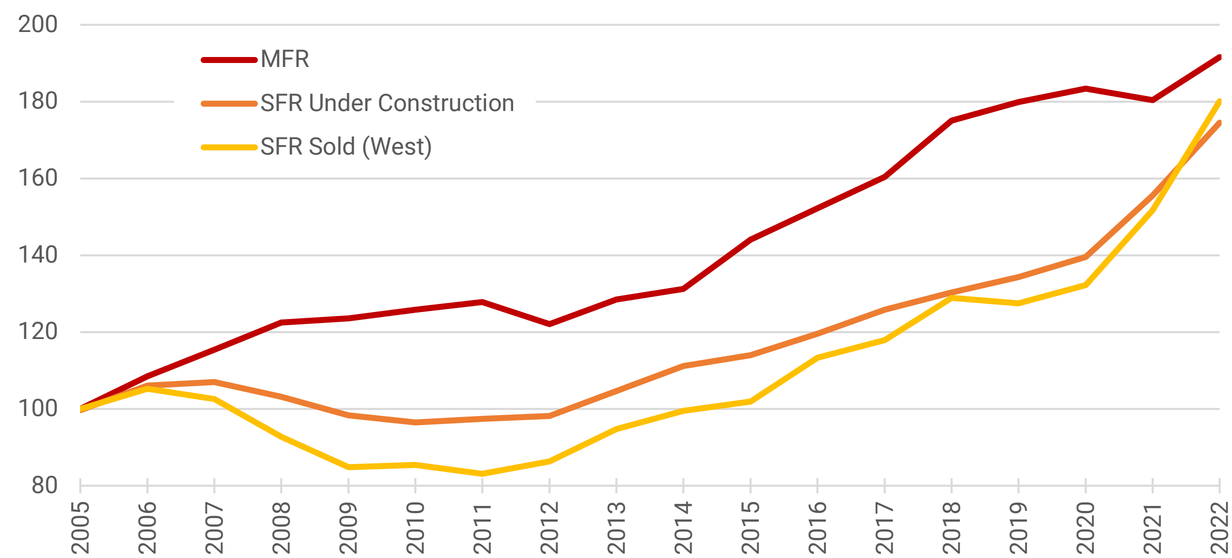


Figure 37. Construction Price Indexes. Source: U.S. Census Bureau Construction Price Indexes

Construction costs were a key topic discussed in the project team's interviews with various stakeholders. Costs were discussed for a range of project types that included townhomes, multiplexes, and apartments. A summary of these conversations is provided below.

Topic	Cost Discussion	Comments and Considerations
Multifamily (apartments)	Construction costs per square foot for buildings between three and six stories are relatively constant, regardless of building height.	Allowing more stories allows more units and allows for more revenue to cover higher costs. Per unit rent may also be more affordable for denser buildings.
Duplexes and triplexes	Some cost savings are realized by sharing walls and parking areas compared to single-family homes.	Duplexes and triplexes are easier products for smaller developers to build. One developer is selling duplexes for $510,000.
Townhomes	The cost of construction for townhomes is generally $200 or more per square foot or $400,000+ per unit.	As a fee simple product (typically), townhomes are a more flexible development type that can be easily scaled to fit a variety of lot sizes and configurations.
Cottage housing	With the double density bonus, cottages can theoretically bring a smaller and cheaper single-family product to market.	One developer stakeholder expects to sell 1,300 square feet cottage homes for $750,000
Parking	Structured parking costs $40,000 to $50,000 per stall. Surface parking stalls tend to cost $4,000 per stall but absorbs more land that could otherwise be used for revenue-producing space.	Market conditions in Anacortes are unlikely to support the added cost of structured parking in the near-term. However, the lack of available land in Anacortes may force developers to build structured parking for site planning. Public subsidy may be necessary to support housing development needs.
Land	As land becomes increasingly scarce and the market improves, land prices will continue to increase. Increasing land costs encourage developers to build products that generate more revenue to cover the higher costs.	If regulations do not support the types of development that can cover the cost of land, land may remain vacant or be underdeveloped.

Section 4 – Housing and Service Needs

This section offers information about the needs and risks facing households in the City of Anacortes.

Market Rate Housing

The following chart highlights approximate demand for new housing units through 2045 in addition to the existing 8,197 units. Based on a projected annual growth rate of 1.4%, there is approximate demand for about 3,019 housing units, including 1,451 rental units and 1,568 ownership units. Most of the ownership units will likely target higher income brackets than the rental units. This is based on the current (2021) distribution of households by income bracket; this is likely to change as new residents move to the area, the business and employment profile changes, and economic conditions change.

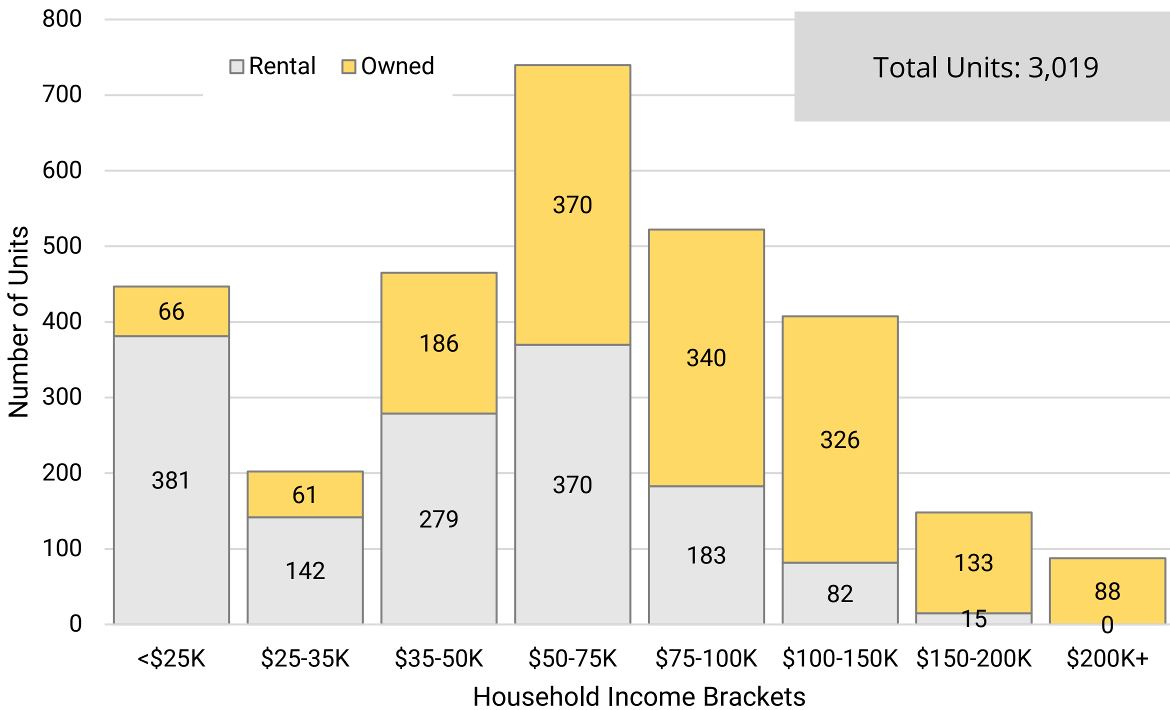


Figure 38. Approximate Demand for New Housing Units, City of Anacortes, 2021-2045. Source: Leland Consulting Group

Low-Income and Cost-Burdened Households

The Department of Housing and Urban Development (HUD) sets income limits that determine eligibility for assisted housing programs.[4] The Area Median Income (AMI) for the Mount Vernon-Anacortes Metropolitan Statistical Area (MSA) in 2021 according to the U.S. Department of

[4] Including the Public Housing, Section 8 project-based, Section 8 Housing Choice Voucher, Section 202 housing for the elderly, and Section 811 housing for persons with disabilities programs HUD develops income limits based on Median Family Income estimates and Fair Market Rent area definitions.

Housing and Urban Development (HUD) was $83,200. The following table outlines the 2022 Mount Vernon-Anacortes MSA HUD income limits for low, very low and extremely low-income households making 80%, 50%, and 30% of the Area Median Income (AMI), respectively. This table also corresponds to the chart that follows.

Household Size	1	2	3	4	5	6	7	8
Extremely Low (30%)	18,100	20,700	23,300	27,750	32,470	37,190	41,910	46,630
Very Low Income (50%)	30,150	34,450	38,750	43,050	46,500	49,950	53,400	56,850
Low Income (80%)	48,250	55,150	62,050	68,900	74,450	79,950	85,450	90,950

Figure 39. HUD FY 2022 Income Limits ($), Mount Vernon-Anacortes, WA MSA. Source: HUD

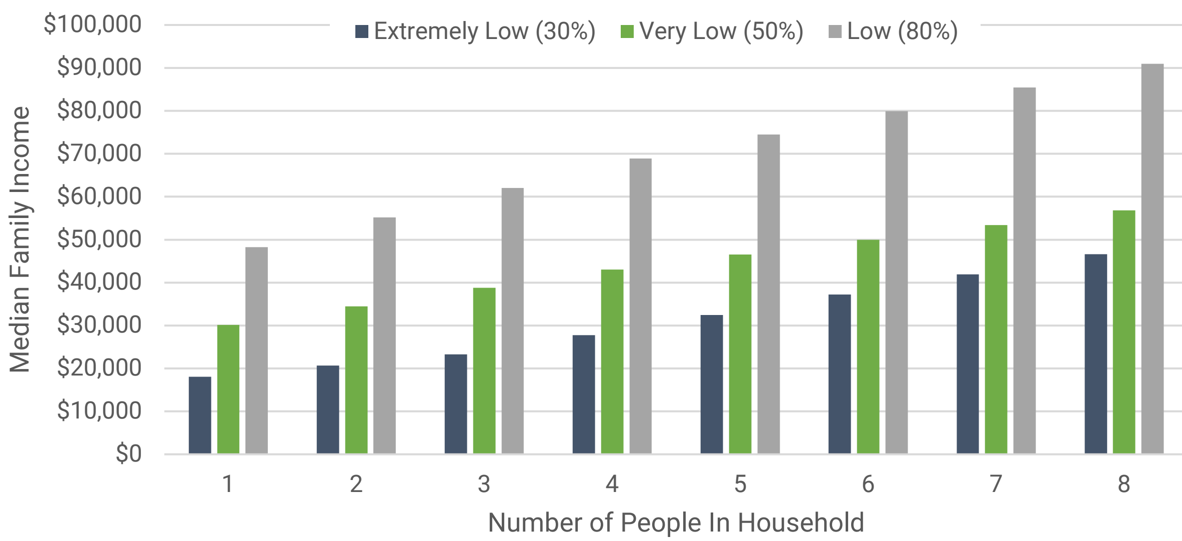


Figure 40. HUD FY 2022 Income Limits, Mount Vernon-Anacortes, WA MSA. Source: HUD CHAS

In addition to income, HUD uses a measurement of "cost burden" to further determine which subset of a community's residents are most in need of housing support or most at risk of displacement or housing hardship.

The following figure shows a breakdown of Anacortes's households by tenure and cost burden status. Overall, about 30 percent of Anacortes's households are considered cost-burdened. Almost half of all renter-occupied households are considered cost-burdened, while just one in 10 owner-occupied households are considered cost-burdened.

A household is considered to be "cost-burdened" if they are spending more than 30% of their monthly income on housing costs (including rent and utilities).

A "severely cost-burdened" household spends more than 50% of their monthly income on housing costs.

As is the case nationwide, renters are significantly more at risk of economic hardship and displacement than homeowners. With rental rates increasing dramatically in recent years and income growth failing to keep up, it appears that renters are suffering the consequences in terms of cost burden. There is a clear need for more rental housing that is affordable to all income levels.

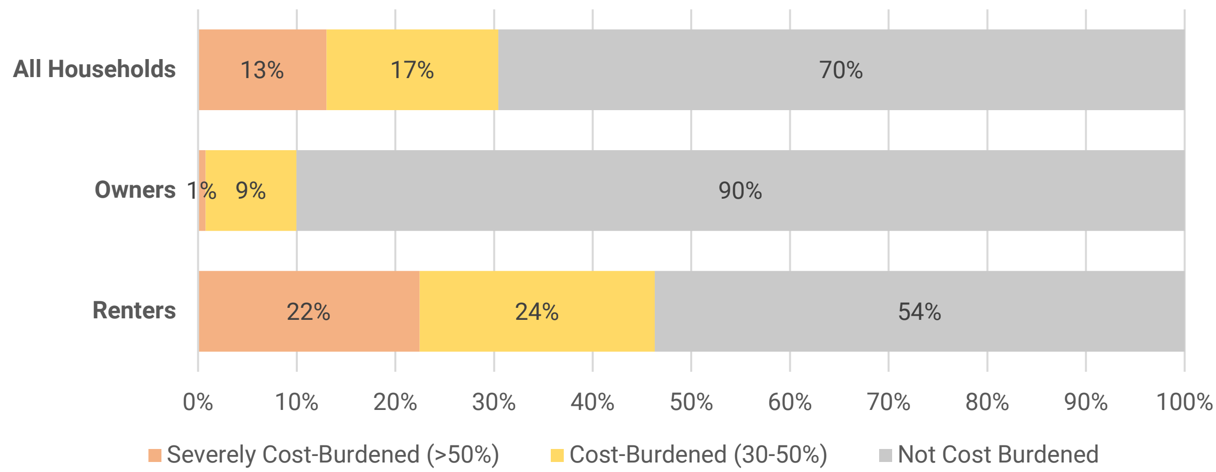


Figure 41. Household Tenure by Cost Burden in the City of Anacortes, 2020. Source: HUD CHAS 2014-2018

The following chart shows cost burden status by household income level. Overall, about 30% of all households are considered cost burdened. More than half of all households earning less than 80% of the area median income (AMI) are considered cost burdened. For very low and extremely low-income households, more than two-thirds are considered cost burdened. This data shows a need for affordable housing at all levels, but primarily for households earning less than 50% AMI.

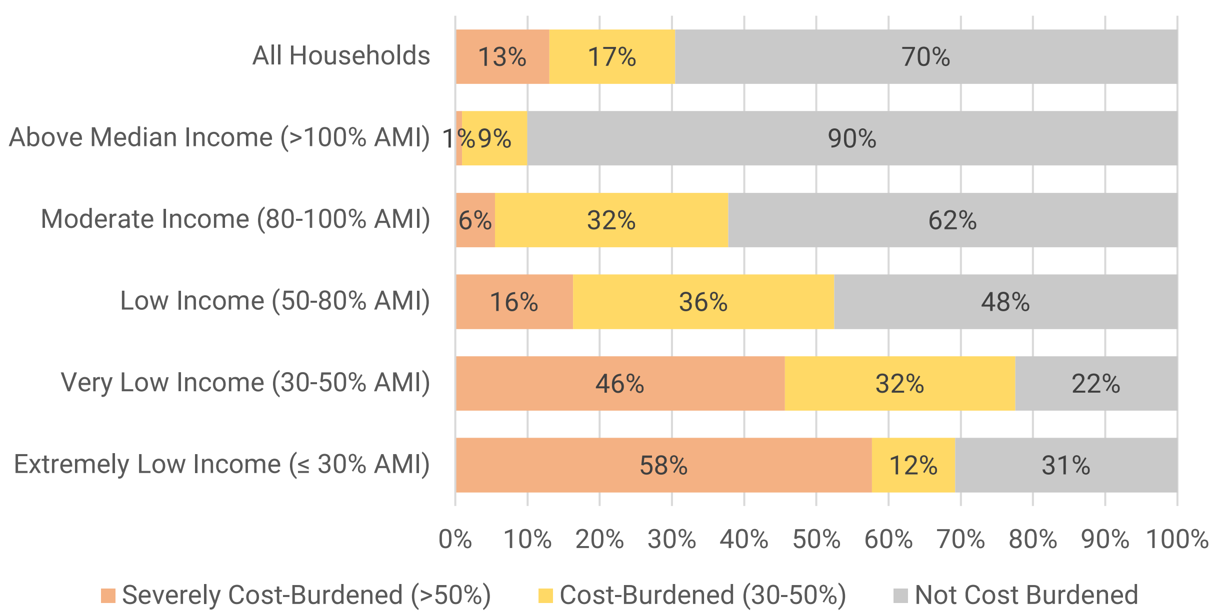


Figure 42. Cost Burden Status by Household Income Level (Percent), 2020. Source: HUD CHAS

The following table shows the same information presented in the figure above in absolute numbers. About 73% of Anacortes's 945 severely cost-burdened households are either extremely low income or very low income. This reflects a significant need for new subsidized housing.

The number of cost burdened households are much more evenly distributed throughout different income levels, with most households earning more than 50% AMI. This reflects a general need for more housing at all affordability levels, both subsidized and market-rate, to ensure that housing costs do not continue to increase beyond a manageable rate.

	Severely Cost-Burdened (>50%)	Cost-Burdened (30-50%)	Not Cost Burdened	Total
Extremely Low Income (≤ 30% AMI)	375	75	200	650
Very Low Income (30-50% AMI)	315	220	155	690
Low Income (50-80% AMI)	180	400	525	1,105
Moderate Income (80-100% AMI)	35	205	395	635
Above Median Income (>100% AMI)	40	385	3,830	4,255
Total	**945**	**1,285**	**5,105**	**7,335**

Figure 43. Cost Burden Status by Household Income Level (Total). Source: HUD CHAS

Senior Housing

The following table shows household type by income. Overall, about 44% of Anacortes's households are occupied by seniors (either a family or living alone), and about 36% of households are occupied by small families (four or fewer people). The remainder are nonfamily households (15%) and large families (5%). More than one-third senior of households earn less than 80% AMI.

It should be noted that Anacortes does not currently have many assisted living or memory care options for senior residents. This data shows a need to focus on senior living and the specific needs of Anacortes's senior residents.

	Extremely Low Income (≤ 30% AMI)	Very Low Income (30-50% AMI)	Low Income (50-80% AMI)	Moderate Income (80-100% AMI)	Above Median Income (>100% AMI)	Total
Senior Family	38	77	260	184	1,225	1,784
Senior Living Alone	215	255	305	138	463	1,376
Large Family	8	8	60	42	245	363
Small Family	164	188	305	144	1,780	2,581
Other	135	144	179	124	543	1,125
Total	560	672	1,109	632	4,256	7,229

Figure 44. Households by Income and Type. Source: HUD CHAS

Special Needs Housing

The following table shows the number of household members in Anacortes by disability status and income. There are about 3,260 household members with a disability. About half of these households have incomes above 80%; the remainder are relatively evenly split between the three lower income brackets. Residents with a disability are more likely to have a hearing or vision impairment or an ambulatory limitation (generally meaning they are unable to walk) than other disabilities.

Disability Status (any household member)	Extremely Low Income (≤ 30% AMI)	Very Low Income (30-50% AMI)	Low Income (50-80% AMI)	Moderate Income or Higher (>80% AMI)	Total Households
Cognitive limitation	110	65	100	350	625
Hearing or vision impairment	100	65	160	570	895
Self-care/ind. living limitation	110	115	155	375	755
Ambulatory limitation	140	165	195	485	985

Figure 45. Households by Disability Status and Income. Source: HUD CHAS

People Facing Homelessness

According to the Washington Department of Commerce, there were approximately 314 people experiencing homelessness in Skagit County in 2020. Of these, the vast majority were adults. More local and updated data would be useful to understand the scale of homelessness in Anacortes.

Human Service Needs

The Anacortes City Council's Housing Affordability and Community Services (HACS) committee reviews the social service needs of city residents. In 2021, it presented a report on "unmet needs" for people who are in financial, emotional, or mental health crisis. The information in the report was provided by city departments, community services providers, and the public.

The top five categories of need are:

- Housing
- Behavioral and physical health
- Childcare, adult day care
- Legal aid, tenant aid, criminal aid, domestic violence
- Vulnerable populations (e.g., seniors, disabled, veterans)

The key problems meeting these needs are housing affordable to all income levels, communication and coordination between fragmented human services agencies, and establishing continuity of care for people experiencing behavioral health disorders (mental health and substance abuse).

The HACS committee made several findings on affordable housing. Identified needs include small studio, one-bedroom, and single-resident-occupancy (SRO) units at market-rate and low-income rates. Additional low-barrier emergency shelter capacity is needed, particularly during cold weather. Unmet needs for the homeless also include sanitation facilities and storage for personal belongings and pets to help people attend appointments.

Communication and coordination is hampered by the lack of a central communication hub for service providers. The City has taken the steps of establishing weekly meetings to facilitate interagency discussions and contracting with Anacortes Family Center to provide support for the police department. Other frontline City staff, such as those working in parks and the library, are also encountering people in need.

Island Health operates a hospital in Anacortes and offers a variety hospital, primary, secondary, and therapy care services. This includes a psychiatry and behavioral health practice which is reported to have limited staff capacity compared to patient needs. As a result, some people must travel outside of Anacortes to access such services. Even then, Skagit County and Washington State also have almost no staff capacity for long-term behavioral health treatment nor identified courses of action to resolve the gap in need. One bright spot is the didg'walic Wellness Center operated by the Swinomish Indian Tribal Community, which has developed an integrated care model.

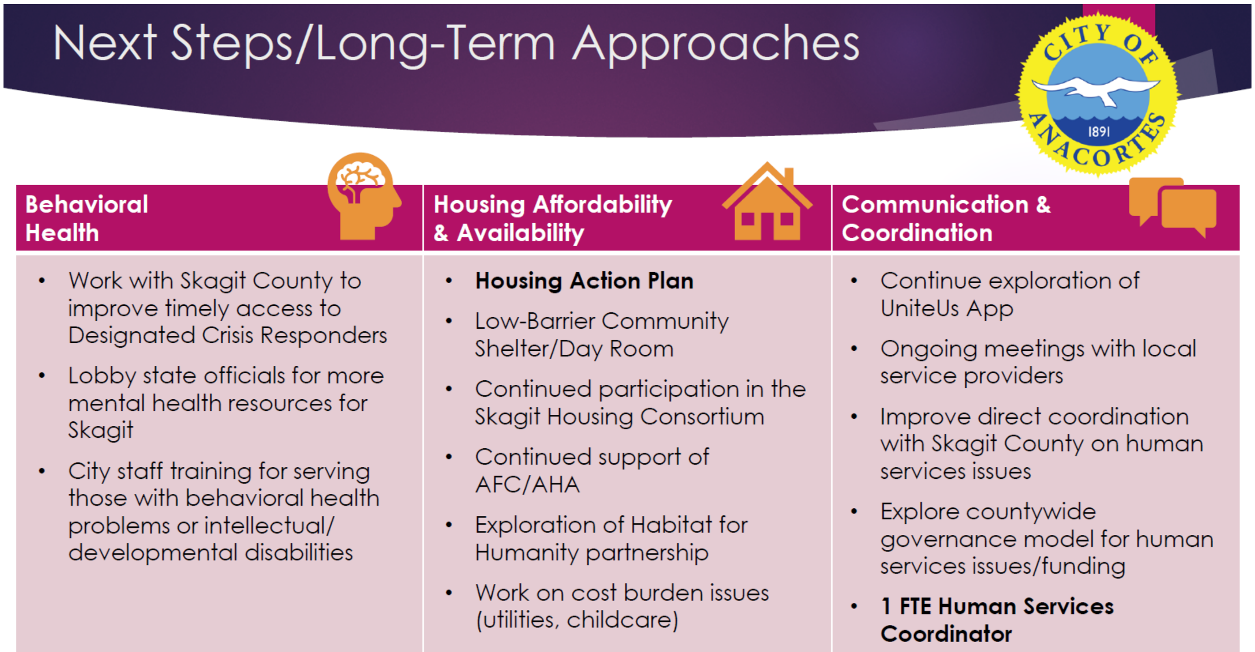


Figure 46. HACS Committee recommended next steps on unmet needs. Source: City of Anacortes

Transit

Skagit Transit operates several bus routes in Anacortes. The 409 is a circulator bus running between Downtown and 32nd Street. The 410 runs between the Skyline neighborhood and the March Point park and ride. The 40X and 513 connect March Point to, respectively, Mount Vernon and Burlington.

All routes generally run at frequencies between one and three hours, with limited evening service, and they do not operate on Sundays. The level of service is unreliable for transit-reliant people, especially those who need to access social and human services which are concentrated in Mount Vernon and Burlington. From Anacortes the trip requires a transfer between two very infrequent buses.

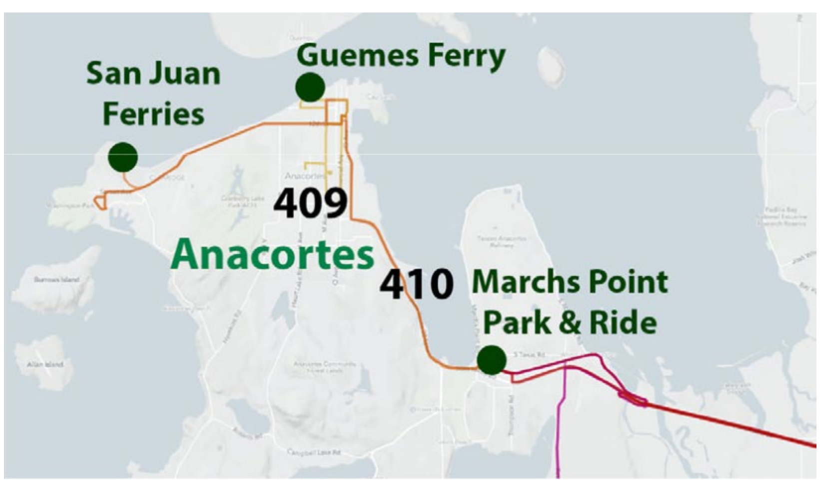


Figure 47 - Public transit routes in Anacortes. Source: Skagit Transit

Section 5 – Housing Funding and Monetary Tools

Existing Funding

In February 2020, Anacortes voters approved a 0.1% sales tax to use for affordable housing. This is authorized by RCW 82.14.530 (effective June 2020, voter approval for such measures is no longer required). Additionally, the City will collect a 0.0146% sales tax credit from the State, as outlined in RCW 82.14.543, that may be used for constructing or maintaining affordable housing.

Combined, the 2021 revenue from the sales tax sources was about $719,000. The funds have been split between the AHA and AFC. The funds are already assisting ongoing projects. These include AFC's Landing Apartments and AHA's Birch Tree Village townhomes and the rehabilitation of the Olson Building.

The City receives federal Community Development Block Grant (CDBG) funding of approximately $100,000 per year that is used for low-income housing maintenance and rehabilitation. This funding also goes to either the AHA or AFC. The U.S. Department of Housing and Urban Development manages a variety of CDBG grants that cities may apply to.

Other Funding Options

The Municipal Research Service Center provides a list of other funding sources for Washington cities and affordable housing developers. These include:

- Property tax levy of up to $0.50 per $1,000 assessed valuation for up to 10 years to fund very low-income housing (RCW 84.52.105)
- Real estate excise tax of up to 0.25% to fund affordable housing through 2026 (RCW 82.46.035)
- Mandatory inclusionary zoning requirements that require residential developments to either provide affordable housing on-site or to pay into a housing fund for city governments to fund housing elsewhere
- Lodging taxes, which may be used to fund a variety of government programs (as noted under the short-term rental discussion, Anacortes already has a lodging tax)
- Loans and grants from the Washington State Housing Trust Fund (administered by the Washington State Department of Commerce)
- State law under RCW 43.185C.080 allows cities to receive grants from the Washington homeless housing account. A prerequisite is adoption of a local homeless housing plan or adopting by reference a county homeless housing plan that has a specific strategy for the city. Grant value is tied to the real estate document recording fees generated within the local jurisdiction.
- Low-income housing tax credits which investors in housing projects can apply to (administered by the Washington State Housing Finance Commission)

Multifamily Tax Exemption

A related option is a multifamily tax exemption (MFTE) program authorized by the state in 1995 (RCW 84.14). Cities can grant an 8-year property tax exemption for any type of multifamily development, or a 12-year exemption for multifamily developments that reserve at least 20 percent of units for low- and moderate-income households. The program can be used for new buildings or existing buildings.

Land, existing site improvements, and non-residential improvements are not exempt and are subject to normal property taxes. At the local government's discretion, the exemption's basis may be limited to the value of affordable units or other criteria. The local government has latitude in many other aspects. It can require certain public benefits, change what types of development apply, and can map specific areas where the exemption is available. Cities can also set lower maximum rent prices than the statute allows.

Anacortes had an MFTE program previously. It started in the late 2000's at the time of the housing recession. No projects applied and the City ended the program in 2015.

MFTE programs require ongoing monitoring, especially for any buildings with affordable units, to ensure that rental rates and resident incomes are meeting the criteria. The Anacortes Housing Authority has indicated openness to assisting with screening and monitoring, as they already have systems in place to administer income-based housing.

A 2019 statewide audit found that local MFTE programs are frequently used to improve the financial performance of private developments but it is unclear if they result in a net increase in housing production. For 2018 the audit found average annual local and state property tax savings of $10,651 per affordable unit and $2,096 per market-rate unit, with wide variations depending on the location, land value, and local property tax rates. Seattle has the most MFTE units in the state and likely skews the average tax savings high. Bellingham, for example, sees average annual property tax savings of $1,390 per market-rate unit.

As noted in Section 3, the past few years have seen unprecedented increases in construction costs which have a major impact on development feasibility. Today there is renewed interest in the program among City officials and stakeholders. It would likely be attractive since no other cities in Skagit County have adopted an MFTE program.

Section 6 – Housing Policies

Comprehensive Plan Goals and Policies

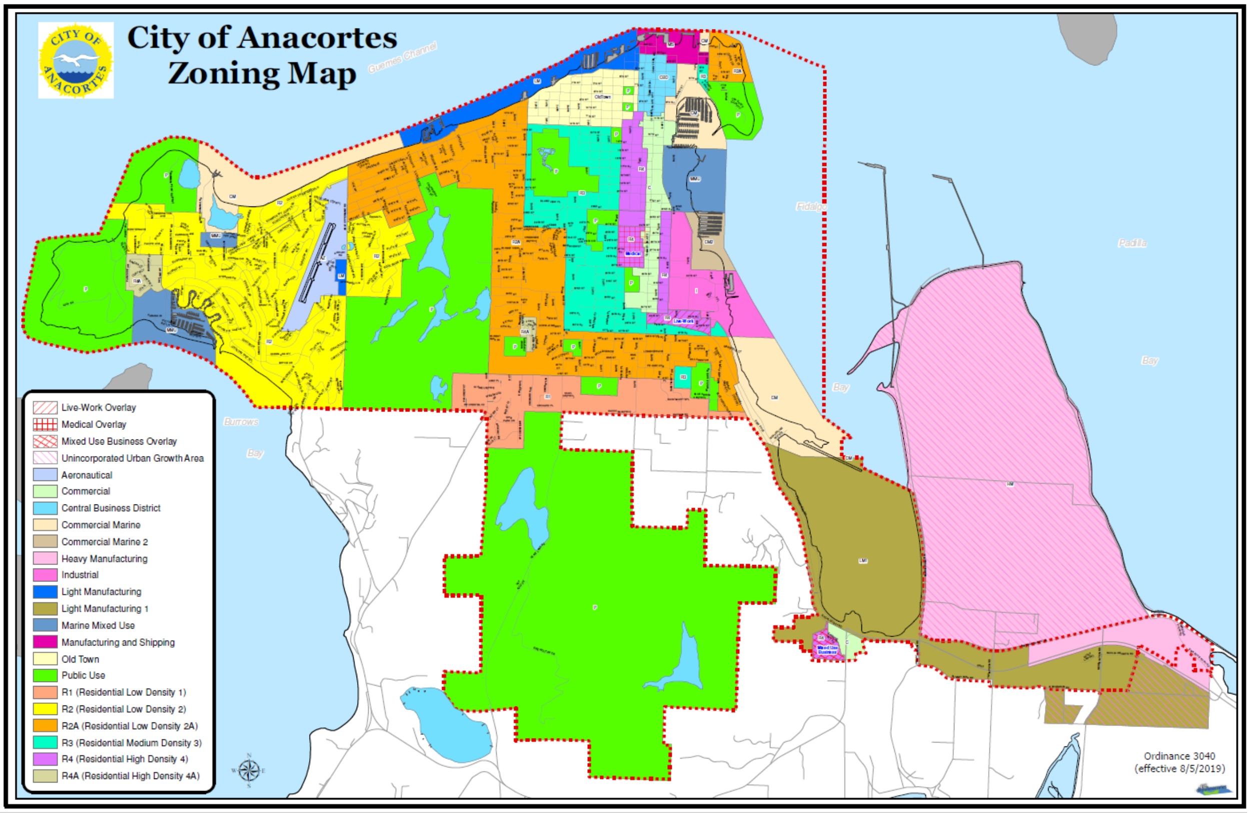
The 2016 Anacortes Comprehensive Plan contains policies that relate to the development and maintenance of housing. This section focuses on a handful of key elements in the Housing Element and the Land Use element; full comments are available in Appendix B.

Policy	Comment
Policy H-1.1 - Provide for an adequate supply of appropriately zoned land to accommodate the city's housing growth targets.	Volume 2 of the Comprehensive Plan identifies a 20-year growth target (2016-2036) of 5,895 new residents and 2,620 new dwelling units. To reach the target an average of 131 new units needs to be built per year. According to 2016-2021 GIS structures data, an average of 101 units per year is being built. **This means Anacortes is on track to fall short of its 20-year housing growth target.**
Policy H-1.3 - Integrate smaller housing types, such as cottages, duplexes, townhouses, and accessory dwelling units, into residential neighborhoods.	The 2019 code update made several changes that encourage more of these "missing middle" housing types. While the data since the 2019 code update (years 2020-2021) reflects a limited span of time, an increase in the share of ADUs, townhouses, and cottages reflects a positive trend.
Policy H-1.6 - Evaluate barriers to achieving increased density in multifamily residential and mixed-use zones and revise regulations if appropriate.	The 2019 code update eliminated density limits in the R4 zone and relaxed ground floor commercial requirements on nearly all side streets, thus enhancing opportunities for multifamily development. In 2020-2021, 33 multifamily units were built including one mixed-use project.

Development Regulations

The primary way the City of Anacortes affects housing production and supply is through its development regulations. This begins with zoning, which are regulations on where and what type of housing is permitted to be constructed. The 2019 code update made several zoning and other regulatory changes to help meet Comprehensive Plan housing goals related to housing diversity, location, and affordability.

Zoning standards start under Chapter 19.41 AMC. This chapter is summarized in the map and permitted use and dimensional tables for the residential zones below.



In the zoning tables, P means permitted, C means conditionally permitted (subject to extra review and public comment), and a blank cell means the housing type is not permitted in the zone.

	Residential Zones							
Residential Uses	**R1**	**R2**	**R2A**	**R3**	**R3A**	**R4**	**R4A**	**OT**
Household living								
Single-family	P	P	P	P	P	P	P	P
Single-family, small lot				P	P	P	P	
Cottage housing		P	P	P	P	P	P	
Duplex		C	P	P	P	P	P	P
Triplex				C	P	P	P	
Townhouse				C	P	P	P	
Multifamily dwellings, 4 units				C	P	P	P	
Multifamily dwellings, 5 or more units						P	P	
Live-work								
Group living								
Adult family home	P	P	P	P	P	P	P	P
Assisted living facility				C	C	P	C	
Nursing homes						C		
Rooming houses				C	C	P	P	C

Figure 48 - Excerpt of Anacortes Municipal Code table 19.41.040

Next, the development regulations govern the form and intensity of housing through [Chapter 19.42 AMC](#).

	Residential Zones							
Measure	**R1**	**R2**	**R2A**	**R3**	**R3A**	**R4**	**R4A**	**OT**
Lot Size & Development Intensity								
Lot size for single-family dwelling, minimum (square-feet)	15,000	7,500	6,000	4,500	3,000	3,000	3,000	6,000
Lot size for duplex, minimum (square-feet)		9,000	9,000	7,500	5,000	4,200	4,200	7,500
Additional lot size needed for additional dwelling unit beyond duplex, minimum (square-feet)				2,500	2,000		1,200	
Density maximum (dwelling units/gross acre)	2	4	6	See lot size min. above		None	18	9
Lot coverage, maximum percentage	35%	35%	40%	50%	50%	50%	50%	35%
Landscaped area, minimum percentage	20%	20%	20%	20%	20%	20%	20%	20%
Height – Principal Structures								
Height, maximum (feet)	35	35	35	35	35	40	35	25
Height, maximum with bonus						50		
SETBACKS (Feet)								
Street setback, minimum	20	20	20	20	20	10	10	20
Street setback - garage, minimum	25	20	20	20	20	20	20	25
Side street setback, minimum	20	10	10	10	10	10	10	10
Interior side setback, minimum	10	5	5	5	5	5	5	5
Interior side setback - upper floors, minimum	10	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Rear setback, minimum	20	20	20	20	20	10	10	20

Figure 49 - Excerpt of Anacortes Municipal Code table 19.42.020

Some housing types are also permitted in mixed-use and industrial zones, but their associated tables are not displayed here for brevity.

In addition, Chapters 19.43 and 19.47 in the updated code provide supplemental residential use and design standards for most housing types. Multifamily design standards are separately located under Chapters 19.61, 19.62, and 19.63 AMC.

Building Code

The City of Anacortes has adopted standard building and trades under Chapter 19.14 AMC with local amendments. Adopted codes include the International Building Code (applies to commercial and mixed-use development, and residential development with three or more units), the International Residential Code (applies to single-family, duplex, and townhouse development), and international codes for mechanical systems, plumbing, energy conservation, fire safety, and property maintenance.

Landlord-Tenant Regulations

People who rent homes are significantly more likely to be cost-burdened, face eviction, and be at risk of homelessness. Recognizing this, the State of Washington sets the baseline for the landlord-tenant relationship through the State Residential Landlord-Tenant Act, RCW 59.18. According to the Attorney General's Office, there is no centralized enforcement mechanism for the RCW, and so it is incumbent upon landlords and tenants to either self-remedy violations, seek counseling or low-cost legal help from non-profit organizations, and/or resolve disputes through the courts.

Over the past few years, the Washington State Legislature has adopted new tenant protections as follows.

Year	RCW	Topic	Effect
2018	59.18.255	Prohibition on source of income discrimination	Prohibits source of income discrimination against a tenant who uses a benefit or subsidy to pay rent
2019	59.18.200	Notice of demolition	Tenants must be provided a 120-day notice to tenants of demolition or substantial rehabilitation of premises
2019	59.18.140	Notice of rent increase	Tenants must be provided a 60-day notice of a rent increase, and increases may not take effect until the completion of the term of the current rental agreement
2020	59.18.610	Initial deposits and fees	Tenants may request paying initial deposits, nonrefundable fees, and last month's rent in installments (may be spread over 2-3 months, depending on lease length)
2021	59.18.650	Just cause evictions	Landlords must specify a reason for refusing to continue a residential tenancy, subject to certain limited exceptions

Figure 50 - Recent state landlord-tenant regulations

Notably, rent control by local jurisdictions was banned at the state level in 1981 (RCW 35.21.830). Otherwise, local jurisdictions are free to adopt additional or more stringent regulations than those provided by the state, and numerous cities and counties have done so.

The City of Anacortes has not adopted any local landlord-tenant regulations. The King County Bar Association provides a model tenant protection ordinance within the framework of Washington State law which could be informative for future discussions and recommendations.

State Land Use Law

In recent years the Washington State Legislature has enacted preemption laws requiring local jurisdictions to ease regulations on certain types of residential land uses. In the 2022 legislative session, several additional bills were proposed with major preemptions regarding missing middle housing, accessory dwelling units, and minimum building heights (respectively, HB 1782, HB 2020, and HB 1660). These recent bills did not pass but can likely be expected to come up again in 2023 and beyond as Washington continues to confront statewide housing challenges.

A non-exhaustive list of recent state preemptions follows.

Year	RCW	Topic	Effect
2018	36.70A.450	Home-based family day care	Cities may not prohibit the use of a residential dwelling, located in an area zoned for residential or commercial

Year	RCW	Topic	Effect
			use, as a family day-care provider's facility serving twelve or fewer children
2019	35.21.684	Tiny homes	Cities may not adopt ordinances that prevent tiny homes with wheels used as a primary residence in a manufactured/mobile home community, with the exception that ordinances may require that tiny houses with wheels contain sanitary plumbing fixtures.
2019	35A.63.300	Religious organization density bonus	Upon request, cities must allow an increased density bonus for development of single-family or multifamily residences affordable to low-income households on property owned by religious organizations.
2019	36.70A.600	Safe harbor from appeals under the State Environmental Policy Act	The adoption of ordinances and other nonproject actions taken by a city to ease regulations on housing development are not subject to administrative or judicial appeal under RCW 43.21C. Similar protection is made for housing elements and implementing regulations that increase housing capacity under RCW 36.70A.070.
2020	36.70A.698	Parking for accessory dwelling units	Cities may not require the provision of off-street parking for accessory dwelling units within one-quarter mile of a major transit stop (likely does not apply to Anacortes due to low transit service today).
2020	36.70A.620	Parking for multifamily housing	Cities may not require more than a certain ratio of parking spaces per unit within one-quarter mile of a frequent transit stop. There are different limits for market-rate units, designated senior and disability homes, and low-income units (likely does not apply to Anacortes due to low transit service today).
2021	35A.21.430	Permanent supportive housing	Cities may not prohibit permanent supportive housing in areas where multifamily housing or hotels are permitted. Reasonable occupancy, spacing, and intensity of use requirements may be imposed. This supersedes a similar law passed in 2019, RCW 35A.21.305.
2021	35A.21.430	Transitional housing	Cities may not prohibit transitional housing in areas where multifamily housing or hotels are permitted. Reasonable occupancy, spacing, and intensity of use requirements may be imposed.
2021	35A.21.430	Indoor emergency shelters and indoor emergency housing	Cities may not prohibit indoor emergency shelters and indoor emergency housing in any zones in which hotels are permitted. Reasonable occupancy, spacing, and intensity of use requirements may be imposed.
2021	35A.21.314	"Family" definition and number of unrelated household occupants	Except for limits on occupant load per square foot or general health and safety provisions, cities may not regulate or limit the number of unrelated persons that may occupy a household or dwelling unit.

Year	RCW	Topic	Effect
2021	[36.70A.070]()	Requirements for Comprehensive Plan Housing Elements	Requires planning and analysis of housing needs for moderate, low, very low, and extremely low-income households; a variety of housing types; zoning that may have a discriminatory effect; and other related issues. This will apply to the next major update of Anacortes's Comprehensive Plan due in 2025.

Figure 51 - Recent state zoning preemptions

Federal Incentives

Created in 2017, Opportunity Zones are intended to assist economically distressed communities with preferential tax treatment for those investing eligible capital gains. Anacortes has been designated with one federal Opportunity Zone located contiguously with Census Tract #53057940500. This is in the South Commercial Avenue area and it overlaps with commercial and residential zones (C, R4, R3, and R2A). City staff report little to no local interest by developers. The program expires at the end of 2026.

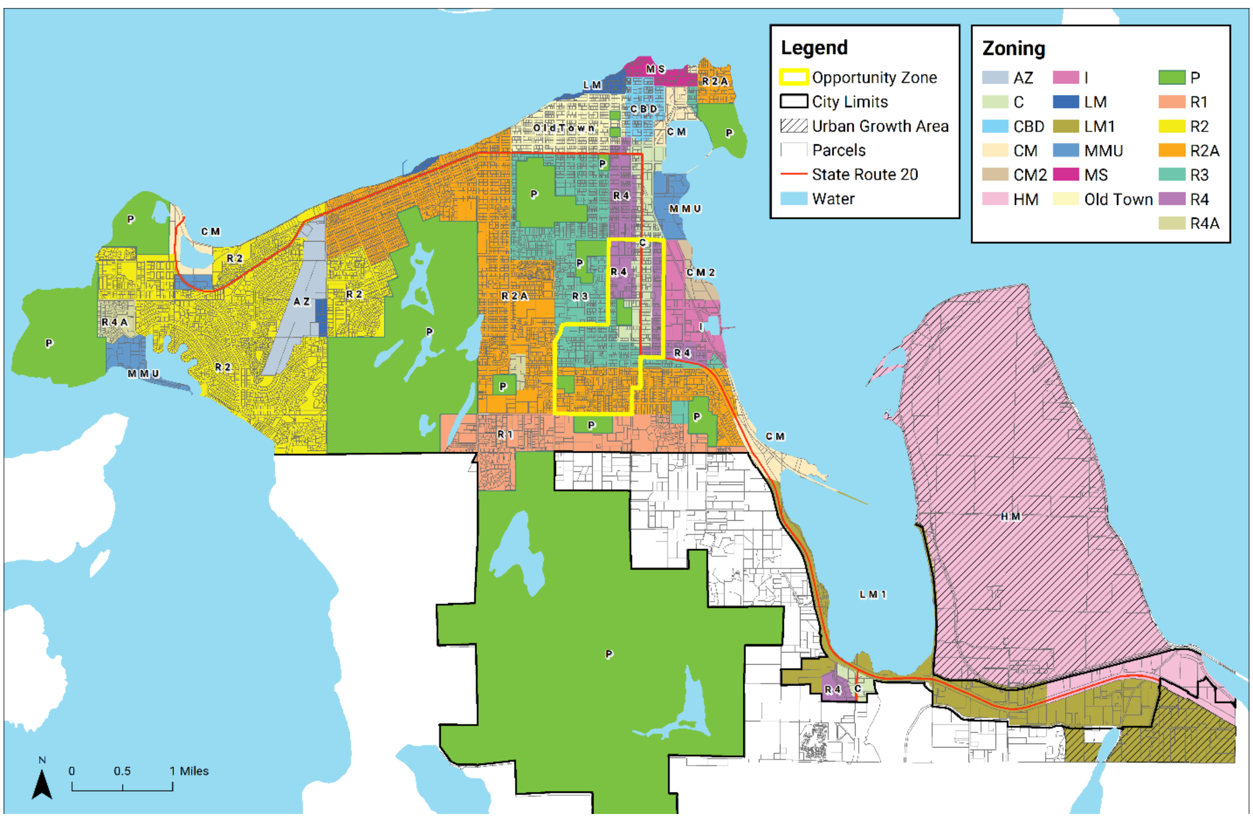


Figure 52 – Zoning and location of the federal Opportunity Zone in Anacortes

Anacortes shares many of its housing challenges with other communities nationwide, and the country's affordable housing problem has caught the attention of the White House. In May 2022, President Biden released a statement saying, in part:

> *"One of the most significant issues constraining housing supply and production is the lack of available and affordable land, which is in large part driven by state and local zoning and*

> *land use laws and regulations that limit housing density. Exclusionary land use and zoning policies constrain land use, artificially inflate prices, perpetuate historical patterns of segregation, keep workers in lower productivity regions, and limit economic growth. Reducing regulatory barriers to housing production has been a bipartisan cause in a number of states throughout the country. It's time for the same to be true in Congress, as well as in more states and local jurisdictions throughout the country."*

The President has directed his administration to leverage existing transportation and economic development funding streams to reward jurisdictions that promote density, main street revitalization, and transit-oriented development. For the near future, the President has also proposed billions of dollars for HUD grant programs to support local jurisdictions in eliminating barriers to affordable housing production, supporting manufactured housing, scaling up ADU production, and other measures.

Section 7 – Land Capacity Analysis

A land capacity analysis is a core element of a housing needs analysis, as required by the Washington Department of Commerce. The Comprehensive Plan, adopted by the City of Anacortes in 2016, includes a buildable lands analysis that serves as the baseline analysis for this section.

2016 Analysis

The following table shows the results of the residential buildable land analysis from the 2016 Comprehensive Plan. The land capacity analysis was conducted using available GIS layers, buildout data from the Skagit County assessor, and growth projections from the Washington Office of Financial Management. The analysis involved using GIS to estimate the amount of land available for development in each city and UGA, and then comparing the available land to future growth projections. Areas where development is unlikely, such as wetlands, steep slopes, and floodplains were removed.

Zone	Net Buildable Acres	Assumed Density	Estimated Additional Dwelling Units	Existing Platted Vacant Lots	Estimated Capacity (Dus)
Residential Low Density (R1)	52.73	2	105	26	131
Residential Low Density (R2)					
West of Anacopper Mine Rd.	49.27	4	197	293	490
East of Anacopper Mine Rd.	85.73	5	429	207	636
Residential Medium Density (R3)	24.68	11	271	26	297
Old Town Overlay	1.28	9	11	0	11
Residential High Density (R4)	8.45	28	237	19	256
Commercial (C)	0.41	28	12	0	12
Central Business District (CBD)	0.17	50	8	0	8
Marine Mixed Use					
MJB	9.87	40	395	0	395
Skyline	1.64	28	46	19	65
Ferry Terminal Rd	1.75	30	53	0	53
Commercial Marine 1 (CM1)	0.53	28	15	0	15

Figure 53. Anacortes 2015 Residential Buildable Lands Analysis Summary. Source: 2016 Comprehensive Plan

2022 Analysis

Six years have now passed since this land capacity analysis was conducted. During this time, the City has updated the density provisions in its zoning code and almost 500 housing units have been built absorbing approximately 64 acres of buildable land. The table below reflects these updated conditions.

The City of Anacortes, as of the start of 2022, has an approximate total capacity of just over 2,000 housing units. Based on development trends over the past five years, this would reflect about 20 years of capacity for new housing development. However, the increased development trends in recent years and the potential for some of these "buildable" lands to remain vacant in perpetuity due to infrastructure or environmental constraints, odd lot sizes, parcelization, or simply owner preference, suggests that this probably reflects a development capacity of closer to 10 to 15 years at current allowed densities.

Zone	Net Buildable Acres (2016)	Updated Density (2022)	Permitted Dev't (Lot Acres) 2016-2021	Estimated Additional Dwelling Units (2022)	Existing Platted Vacant Lots (2021)	Estimated Capacity (Dus) (2022)
R1	52.73	2	4.10	97	13	110
R2	49.27	4	31.37	72	188	260
R2A	85.73	5	18.62	336	163	499
R3	24.68	12	3.18	258	41	299
Old Town	1.28	8	0.62	5	28	33
R4	8.45	60	3.13	319	11	330
C	0.41	40	1.52	0	17	17
CBD	0.17	70	0.07	7	6	13
MMU	13.79	37	1.57	450	28	478
CM	0.53	28	0.03	14	2	16
Total	**237**		**64**	**2,051**	**497**	**2,055**

Figure 54. 2022 Buildable Land Capacity. Source: Leland Consulting Group

Appendix A – Affordable Housing Inventory

Property Name	Zone	Units	Residents	Housing Type	Resident Criteria
Anacortes Housing Authority					
Harbor House	CBD	50	51	Multifamily	Elderly/disabled, income 0-80% AMI
Cypress Homes	R3	14	38	Multifamily	Family, income 0-80% AMI
Cottonwood Place	R4	14	43	Multifamily	Family, income 0-80% AMI
The Willows	C	22	57	Multifamily	Family, income 0-80% AMI
Maple Leaf Apartments	C	4	12	Multifamily	Family, income 0-80% AMI
Evergreen Place	R4	2	6	Duplex	Family, income 0-80% AMI
Hawthorne Place	R4	4	7	Multifamily	Family, income 0-80% AMI
Cedar Estates	R3	2	4	Duplex	Family, income 0-80% AMI
Pear Tree Townhomes	R4	7	13	Townhouses	Income 0-80% AMI
Wilson Hotel	CBD	25	24	Multifamily	Income 30-50% AMI
Bayview Apartments	R4	46	91	Multifamily	Income 0-60% AMI
Birch Tree Village (in construction)	R4	5		Townhouses	Income 0-60% AMI
Olson Building (in planning)	MS	20	n/a	Multifamily	Income 0-60% AMI
Anacortes Family Center					
Emergency Shelter	R4	9	161	Shelter	Stays up to three months
Transitional Shelter	R4	9	37	Shelter	Stays up to two years
The Launch	R4	20	52	Multifamily	Income 30-60% AMI
Affordable Housing	R3	2	n/a	Single-Family	Income 60% AMI
The Landing (in construction)	R4	21	n/a	Multifamily	Income 30-50% AMI
Private Ownership					
Anacortes Manor	R4	35	n/a	Assisted Living	Elderly
Silverwood	C	24	n/a	Assisted Living	Elderly or disabled
Harborview Apartments	R4	32	n/a	Multifamily	Family
Bayside	R4	20	n/a	Multifamily	Family

Appendix B – Comprehensive Plan Policies

The consultant team's comments on select housing policies are listed below.

Housing Element

Goal/ Policy	Text	MAKERS Comments
H-1.1	Provide for an adequate supply of appropriately zoned land to accommodate the city's housing growth targets.	Volume 2 of the Comprehensive Plan identifies a 20-year growth target (2016-2036) of 5,895 new residents and 2,620 new dwelling units. To reach the target an average of 131 units per year should be built. According to 2016-2021 permit data provided by the City, an average 101 units per year have been built.
H-1.3	Integrate smaller housing types, such as cottages, duplexes, townhouses, and accessory dwelling units, into residential neighborhoods.	The 2019 code update made several changes that encourage more of these "missing middle" housing types. While the data since the 2019 code update (years 2020-2021) reflects a limited span of time, an increase in share of ADUs, townhouses, and cottages is encouraging and will be reviewed further in the HAP.
H-1.6	Evaluate barriers to achieving increased density in multifamily residential and mixed use zones and revise regulations if appropriate.	The 2019 code update eliminated density limits in the R-4 zone and relaxed ground floor commercial requirements on nearly all side streets, thus enhancing opportunities for multifamily development. In 2021-2021, 33 multifamily units were built including one mixed-use project.
H-1.7	Provide for development of multifamily housing in areas close to shopping, employment, services and public transportation.	Same as above.
H-1.9	Encourage demonstration projects of innovative housing types or programs, such as co-housing, tiny houses, or others.	The new cottage housing ordinance could be designed as co-housing. Otherwise, the city could pursue other demonstration projects as a public/private partnership, consider opportunities as a part of this HAP.
H-2.3	Encourage rehabilitation and improvement programs to preserve the character and condition of existing housing.	Check in with City staff on whether such programs exist. If not, are they still desirable and what would it take to launch them? If so, what is working well and what needs improvement?
H-3.2	Develop meaningful, measurable goals and strategies that promote the development of affordable workforce housing to meet local needs and monitor progress toward meeting those goals.	It is not clear that measurable affordable housing goals currently exist beyond land use/zoning changes and growth targets noted above. Such measurable goals and strategies could be developed in the HAP.

Goal/ Policy	Text	MAKERS Comments
H-3.3	Support non-profit agencies and public/private partnerships to preserve or develop additional housing for very low, low and moderate income households.	The City's sales tax and CDBG funding are examples of this.
H-3.4	Support both rental and ownership forms of affordable housing in a variety of types and sizes.	The 2019 code update helps to implement this.
H-3.5	Locate affordable housing throughout the city and especially in areas with good access to transit, employment, education, and shopping.	Updated zoning provisions help to implement this. The HAP may also consider current levels and accessibility of transit and services.
H-3.6	Consider a housing levy to provide ongoing funding for affordable housing.	While not a property tax levy, the City has been collecting a voter-approved 0.1% sales tax for affordable housing since July 2020.
H-3.7	Consider developing an inclusionary zoning program as a means of increasing the City's affordable housing supply.	This was considered during the 2019 development regulations update and could be considered again in the HAP, though it would need to be paired with an increase in height and/or density to justify the requirement – and considering many such changes occurred in the recent code update, additional increases are likely to be challenging at best (from a compatibility standpoint and/or market standpoint).
H-3.8	Require that affordable housing achieved through public incentives or assistance remains affordable for the longest possible term.	The R4 zone bonus provision implements this.
H-3.9	Evaluate land owned by the City and other public entities for use for affordable housing utilizing a community land trust,-or similar, -type model.	A high-level surplus land analysis can be performed in the HAP.
H-3.10	Develop and implement a detailed affordable housing program that identifies specific actions to increase the supply of housing that is affordable to low to middle-income individuals and families.	The HAP itself implements this policy.
H-4.1	Provide accommodation throughout the city for housing for people with special needs and avoid concentrations of such housing.	Zoning updates can help implement this.
H-4.3	Promote a range of housing types for seniors; e.g., adult family homes,	The code now allows for this – though the conditional use provision in the R3 could be relaxed.

Goal/ Policy	Text	MAKERS Comments
	skilled nursing facilities, assisted living, and independent living communities.	
H-4.5	Promote the provision of support services, including transportation options, to allow seniors and those with special needs to remain in their own homes or non-institutional settings.	This policy connects with the Transportation Element policies reviewed below.
H-4.6	Support public and private housing and services for people who are homeless.	Will be reviewed in the HAP.
H-5.2	Explore local and regional funding options to support development of housing for low- and moderate-income households.	Will be reviewed in the HAP.
H-6.1	Evaluate and report on how the goals and policies of this Housing Element are being achieved.	Will be reviewed in the HAP.
H-6.2	Monitor housing supply, type and affordability, including progress toward meeting a proportionate share of the countywide need for affordable housing for very low-, low-, and moderate-income households.	Will be reviewed in the HAP.
H-6.3	Monitor local data and routinely reassess and adjust policies, strategies and regulations to improve effectiveness of programs to meet local housing needs	Will be reviewed in the HAP.

Land Use Element

Goal/ Policy	Text	MAKERS Comments
Table LU-1	Residential Medium Density Principal uses & density: Single-family detached dwellings are the predominant dwelling type. Other dwelling types, such as accessory dwellings, cottage housing, and low density multi-family may be allowed under certain circumstances. The permitted density is 7-14 dwelling units per gross acre, depending on the particular housing types used and established development pattern and character of the area.	Townhouses, triplexes, and fourplexes are conditionally permitted in the R3 zone. Consistent with the policy, consider changing this to permitted.
LU-3.2	Craft and maintain zoning regulations to balance the need to accommodate anticipated growth while preserving the City's historic resources and character. Consider techniques to	The continuation/refinement of the Old Town zoning arguably does this. Explore

Goal/ Policy	Text	MAKERS Comments
	integrate incentives and/or site design flexibility for preservation and/or reuse of historic structures.	other incentives as a part of this HAP process.
LU-4.3	Encourage retrofits to existing development and infrastructure to reduce environmental impact. Explore providing incentives to residents and businesses that improve building energy performance and/or incorporate onsite renewable energy.	Building energy use is an affordability issue. The HAP could recommend strategies to improve building energy efficiency and update zoning to easily permit onsite renewable energy.
LU-4.6	Explore the feasibility of an incentive zoning/development credit program. For example, under such program, developers could have an option to purchase additional density credits or other zoning code flexibility. Funds from this purchase could go towards purchasing land or the development rights from property owners in sensitive natural/rural areas or toward some other public benefit.	The proposal for the R1 zone in the 2019 code update went in this direction, but it was ultimately not approved. Explore other incentives as a part of this HAP process.
LU-6.1	Provide for a wide variety of housing types within the city to meet the full range of housing needs for Anacortes'ss evolving population. A.Accessory dwelling units (ADU). Allow for attached and detached ADUs in all residential districts provided size, design, and other provisions are included to promote compatibility with surrounding uses. B.Small lot single family. Allow for small lot single family development (lots smaller than 5,000 square feet) in the R3 zone provided design provisions that emphasize a pedestrian-oriented design and the inclusion of usable open space are included. C.Cottage housing. Encourage the development of cottage housing (a cluster of small homes around a common open space) in single family zones as an increasingly popular housing type, provided special design provisions are included to ensure a pedestrian-oriented design, inclusion of common open space, and strict cottage size limitations. D.Duplexes & triplexes. Encourage these housing types in the R3 and R4 zones provided design provisions that emphasize a pedestrian-oriented design and the inclusion of usable open space are included. E.Townhouses. Encourage the development of townhouses in the R-3, R-4 and on certain side streets in the C and CBD zones as an efficient and popular form of housing for a large demographic of Anacortes'ss population. Design standards emphasizing pedestrian-oriented design, façade articulation, and usable open space are particularly important. F.Senior and assisted housing. Encourage these housing types in the R-4 zone and under certain circumstances in the	These have been largely implemented with the 2019 code update. There are additional opportunities to relax ADU provisions and integrate middle housing in the residential zones that ought to be considered in this HAP process.

Goal/ Policy	Text	MAKERS Comments
	R3, and along certain side streets in the C, and CBD zones. Design standards emphasizing pedestrian-oriented design, façade articulation, and usable open space are particularly important. G.Walk up apartments and stacked flats. Encourage these housing types in the R-4 zone and in the C and CBD zones above shops and on side streets. Design standards emphasizing pedestrian-oriented design, façade articulation, and usable open space are particularly important. H.Live-work units. Promote opportunities to combine live and work spaces in the C and CBD zones and within Live-Work Overlay zones.	
LU-6.5	Allow some compatible nonresidential uses in residential zones, such as appropriately scaled schools, neighborhood-scaled grocery stores, religious facilities, home occupations, parks, open spaces, and other uses that provide places for people to gather, senior centers and day care centers. Maintain standards in the zoning code for locating and designing these uses in a manner that respects the character and scale of the neighborhood.	So far it appears that commercial uses have not been integrated into residential zones, but it's good the code allows this option for the long-term.
LU-6.6	Explore the development of zoning incentives to help meet housing diversity and affordability goals. Examples could include residential density bonuses, variations in allowed housing type, or flexibility in regulations, if a proposal meets community goals for affordable, senior, size-limited or other types of innovative housing. If not permitted outright or through discretionary review processes, consider providing for these incentives through pilot programs or other innovative measures.	All examples will be explored in the HAP.

Transportation Element

Goal/ Policy	Text	MAKERS Comments
T-3.23	Provide adequate parking space in high demand areas by: B.Investigating opportunities to reduce parking requirements, C.Identifying minimum and maximum parking standards, D.Creating an action plan to implement a comprehensive parking plan over time, E.Periodically surveying parking space availability and occupancy to determine any emerging needs for additional space,	The 2019 code update moved in this direction. Additional opportunities remain to streamline or reduce parking standards.

Goal/ Policy	Text	MAKERS Comments
	G.Considering a parking availability study as a means of parking mitigation by businesses and developers to avoid overdesigning parking facilities around town, H.Developing a 'fee-in-lieu-of' parking space fee program for projects which are unable to meet on-site parking requirements and use these funds to provide parking or save for a larger parking project.	
T-4.5	Plan and develop a citywide transportation system that reduces greenhouse gas emissions by shortening trip length and replacing vehicle trips with other modes of transportation by <u>implementing higher density and mixed-use development</u>, and encouraging ride-sharing, public transit, and non-motorized transportation, to decrease vehicle miles traveled.	The 2019 code update moved in this direction.
T-4.6	Develop a transportation system that aims to minimize negative impacts to human health, including exposure to environmental toxins generated by vehicle emissions, noise, or a lack of non-motorized options.	Opportunities for new housing, particularly higher-density housing and affordable housing, should include locations located away from arterial streets and industrial land uses.
T-4.12	Implement transportation programs and projects in ways that aim to prevent or minimize negative impacts to low income, minority, and special needs populations.	Same as above.
T-4.13	Work to improve mobility choices for people with special transportation needs, including persons with disabilities, the elderly, the young, and low income populations.	Updates to permitted uses or zoning boundary changes may help implement this.

Anacortes Housing Action Plan
Public Engagement Plan
Version: October 19, 2022

Project Introduction
The City of Anacortes is embarking on a housing action plan (HAP) to address the increase in housing costs and the relatively limited diversity of housing available in Anacortes. In recent years significant strides have been made to improve the local housing situation, including an updated Comprehensive Plan, major development regulations update, and a voter-approved sales tax to fund affordable housing. As a result, production of some housing types has increased in the last several years.

Despite this progress, homeownership remains out of reach for many, rents are high and rental choices are limited, and there is a lack of group housing and special needs housing for seniors and people with disabilities. Anacortes was awarded a grant from the Department of Commerce to create an HAP to encourage construction of additional affordable and market housing in a greater variety of housing types and at prices that are accessible to greater variety of incomes. The HAP will be developed with robust public engagement.

Public Engagement Purpose and Approach
This Public Engagement Plan provides a framework for the project team to organize HAP engagement efforts. It outlines the purpose and objectives of engagement, key stakeholders, and methods. As the project progresses, the team will use this Public Engagement Plan to design activities that are aligned with the project schedule and respond to community needs. The plan will be revisited throughout the process to reflect accomplished activities and fill in emerging needs.

The Public Engagement Plan identifies a range of engagement options that meet the needs of the people, businesses, and agencies affected by the HAP planning effort, including methods that meet requirements for public health and safety in response to COVID-19.

Housing is deeply personal, and a good engagement process will build community advocates and reduce political tensions. To that end, the general approach for public engagement in this project includes:

- Clearly communicate the housing challenges in Anacortes and the sources of those challenges, along with the project's purpose, process, timeline, and final recommendations, so the community is well-informed.
- Given the robust public engagement during the Comprehensive Plan and development regulations update, alongside the ongoing outreach by the City Council's Housing Affordability & Community Services (HACS) committee, the HAP will focus on individual/targeted stakeholder outreach and HACS committee meetings instead of large public events. One-on-one outreach for technical topics like housing regulations and finance is often more effective and encourages more frank and constructive input.
- Effectively solicit valuable feedback from key stakeholders and community participants by arranging appropriate meeting environments and asking the right questions.

- Use accessible engagement methods to address common barriers across time constraints, transportation, internet access, physical accessibility, and comfort level.
- Avoid engagement fatigue by drawing on past work, setting realistic expectations about what the HAP can accomplish, asking for referrals for new community leaders, reporting what we have heard and how it is being used, and visibly implementing the HAP. When people do not see results from past plans, they are less likely to engage in the future.

Public Engagement Goals

The Public Engagement Plan is designed to reach the following goals:

1. Gain a deeper understanding of local housing needs and affordability issues (e.g., specific demographic group needs and qualitative knowledge the numbers do not capture or are out-of-date). For example, income averages do not capture the large retiree population in and near Anacortes with significant purchasing power.
2. Build a groundswell of community support and consensus on Anacortes' approach to housing and associated infrastructure planning, which will affect community sentiments for specific housing developments.
3. Share data, local knowledge, and stories to increase shared understanding of housing issues and solutions and develop a data-informed plan. Avoid jargon and use normal language that people can understand.
4. Collect personal stories that bridge understanding across differing worldviews and connect housing to system-wide issues. This includes engaging with people living in or seeking both rental housing and ownership housing.
5. Gain local insight on development potential, e.g., site-specific characteristics, local barriers, and opportunities. A particular issue is identifying barriers to mixed-use residential projects on sites that tend to be developed as single-use commercial projects.
6. Elevate voices of those at risk of displacement and/or most burdened by housing costs to understand specific needs and potential unintended consequences of proposed strategies and jointly find solutions.
7. Build ownership of the HAP by bringing viewpoints together. This means understanding people's values and shared community goals and may mean using quantitative and qualitative data to sensitively bust myths about housing.
8. Build trust between community, stakeholders, City planning staff, City Council, Planning Commission, and other local agencies through an open, transparent process, by setting realistic expectations for the HAP and identifying who has decision-making power at different points in the process.
9. Build advocates who help communicate and solve problems with their community and shepherd the plan through adoption and implementation.
10. Ensure that the HAP represents the ideas heard from Anacortes' full range of demographic cohorts (e.g., income levels, household size, race, ethnicity, disability) to meet existing needs, build community ownership of the HAP, and respond to grant requirements for representative community engagement.

Public Health Considerations

While the COVID-19 pandemic moved most engagement online, as of March 2022 some public health guidelines are now relaxed for in-person activities. Some HACS meetings are conducted in a hybrid format and the project team is open to in-person activities as allowed under health guidelines.

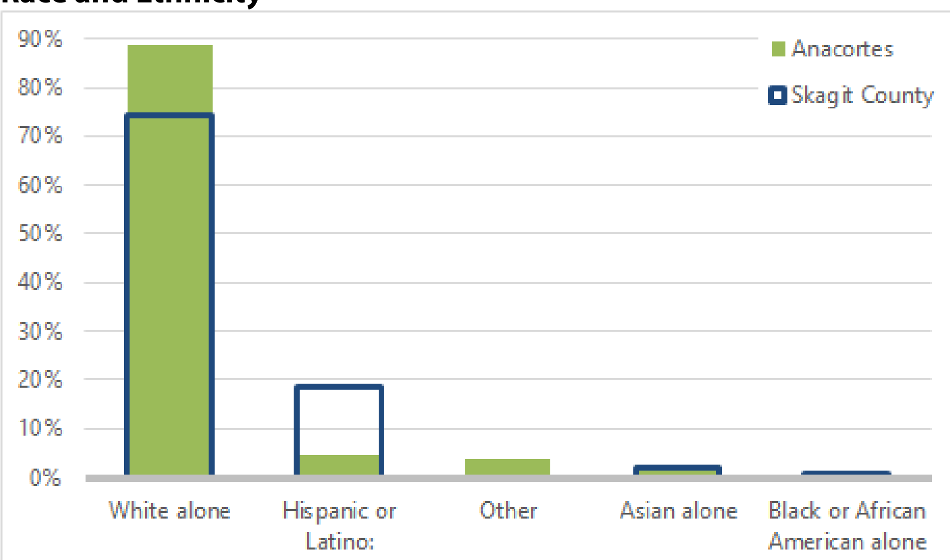
Who To Engage

While baseline community engagement activities are guided by Department of Commerce grant requirements, we will seek to engage with all of Anacortes' populations to the extent allowed by the project timeline and budget. Representative engagement enables the HAP to respond to current needs for housing variety and options. Considerations for representative engagement include race and ethnicity, origin and language, income, household tenure, age, and families.

The charts below show relevant demographic information. In summary:

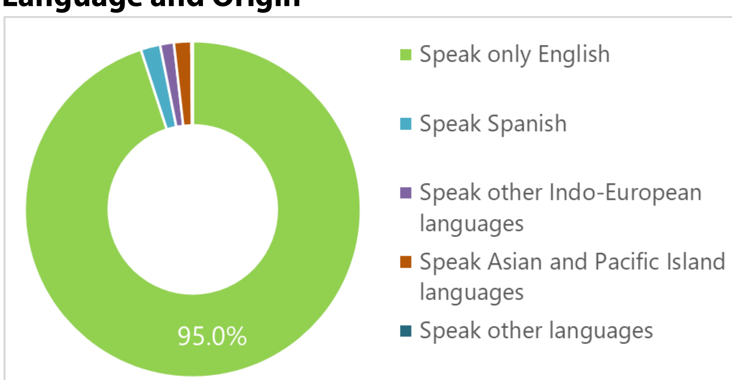
- Anacortes residents are older on average
- There is a large proportion of homeowners
- There are fewer low-income households than the county or state, on average
- Anacortes is mostly white and has few non-English-speaking residents

Race and Ethnicity

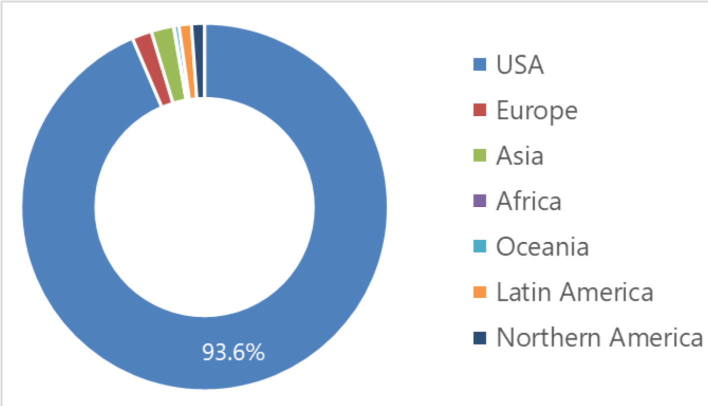


Hispanic or Latino Origin by Race, American Community Survey 2019, Table B03002

Language and Origin

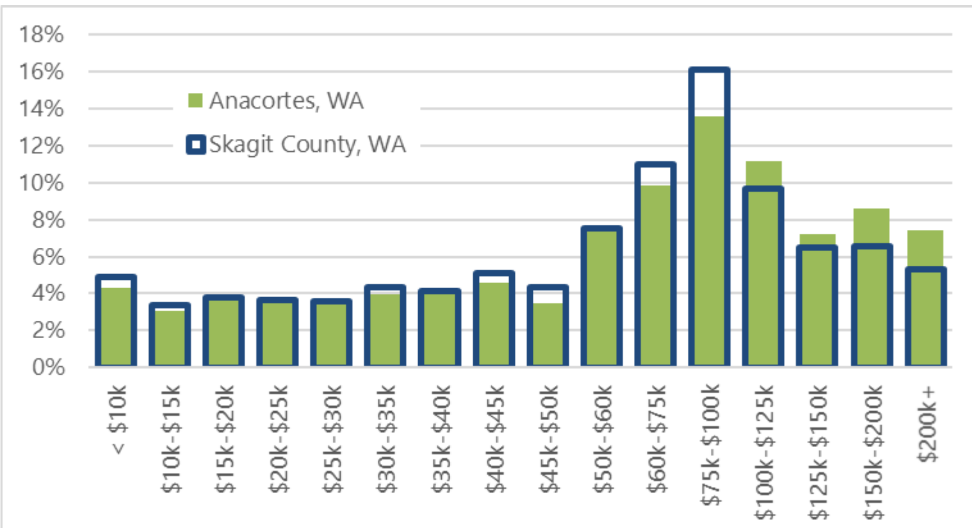


Age by Language Spoken at Home for the Population 5 Years and Over, American Community Survey 2019, Table B16003



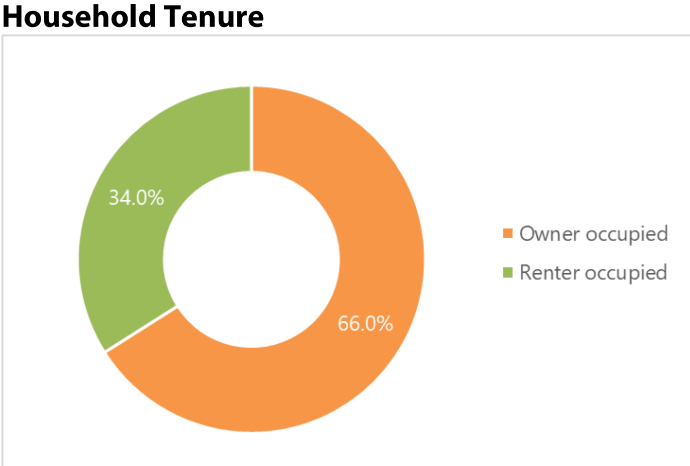
Place of Birth by Nativity and Citizenship Status, American Community Survey 2019, Table B05002

Income



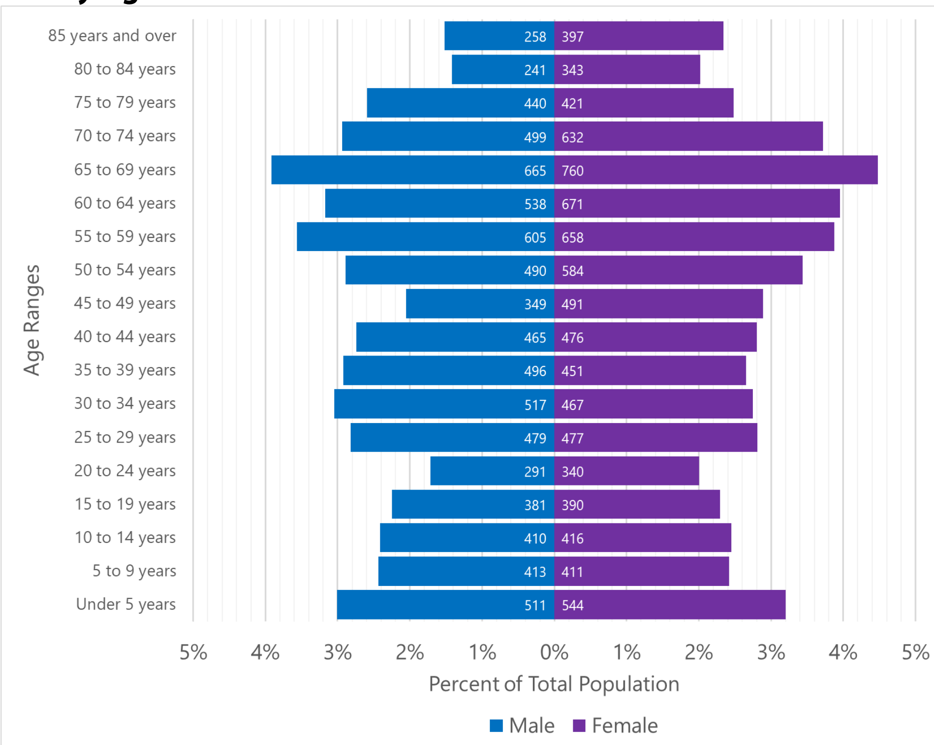
Household Income in the Past 12 Months (In 2019 Inflation-adjusted Dollars), American Community Survey 2019, Table B19001

Household Tenure



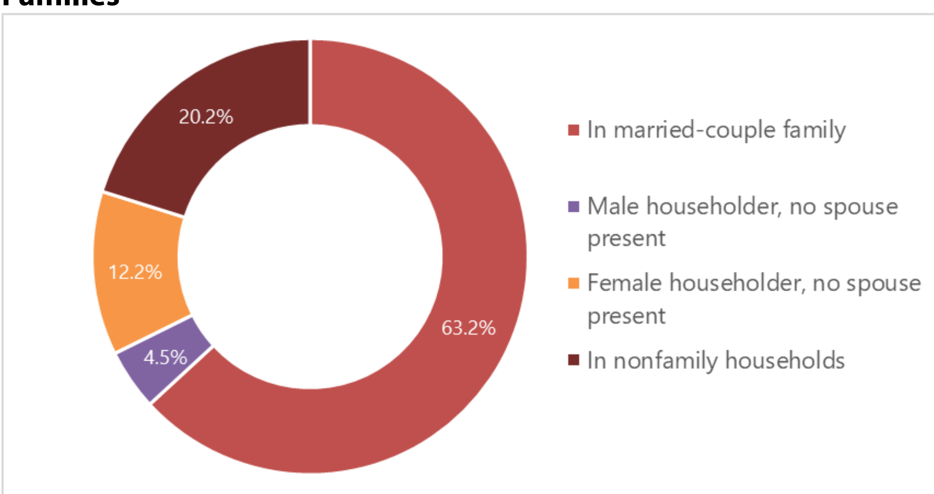
American Community Survey 2019, Table B25003

Sex by Age



American Community Survey 2019, Table B01001

Families



Household Type by Relatives and Nonrelatives for Population in Households, American Community Survey 2019, Table B11002

Focused Engagement

Focusing engagement efforts on those most impacted ensures a timely, budget-efficient, and equitable process and responds to guidance issued by the Washington Department of Commerce *Guidance for Developing a Housing Action Plan*. The Commerce grant guidance recommends using the chart below to identify the stakeholders that this planning process should engage. It suggests prioritizing the top two quadrants to invest planning resources effectively and efficiently. This framework guides who should sit on the advisory group and ensures targeted conversations with people most impacted by housing issues.

More impacted by housing issues	**PRIORITIZE** **At-risk communities** Requires significant collaboration or HAP may not meet community needs. Focus on empowering these voices. • Renters • People experiencing housing cost burdens • Seniors • People of color impacted by historic lending practices (redlining), displacement pressures, and/or biases • People with special needs • Immigrants • Youth/families/multigenerational families • People experiencing homelessness • Mom-and-pop landlords • Mom-and-pop developers • People and businesses at risk of displacement • Social services	**COLLABORATE** **Influencers** Requires significant collaboration or HAP adoption and implementation could stall. • Homeowners experiencing change • Housing providers/authorities/consortiums • Real estate developers • Construction industry • "Big" landlords • Property owners • School districts • Small business owners
Less impacted by housing issues	**INVOLVE** **Concerned residents or bystanders** Inform and consult to confirm baseline conditions and community interests and values. • Residents experiencing stability • Community-based organizations/non-profits (non-housing related)	**LEVERAGE** **Potential advocates** Inform and consult as needed to build and maintain HAP advocates. • Homeowners experiencing stability • Major employers • Transportation providers
	Less Influence on housing issues	**More Influence on housing issues**

Communication Mediums

Updates to the public on the HAP and engagement opportunities will be communicated through the City's existing communication channels. These include:

- City website news items and meetings/events calendar
- City dedicated webpage for the HAP project
- City e-updates email list
- HACS committee meetings and email list (includes hundreds of subscribers)
- Press releases; the *Anacortes American* is the local paper of record, published online at goskagit.com/anacortes
- City social media presence on Instagram and Facebook, including a Facebook page specifically for the Planning, Community, & Economic Development Department
- City utility bills
- City quarterly "A-Town" magazine (back page for alerts; inside for longer-form pieces)
- Connections with local advocacy and business organizations (City staff could ask information to be distributed to memberships; this is particularly helpful for hard-to-reach groups)

Methods and Tools

This plan outlines a variety of communication and engagement tools to be used as appropriate during this project. It is meant to act as a flexible guide to reach stakeholders and interested groups; the team may adjust engagement approaches if some methods prove more successful than others.

The following engagement methods are proposed for this project:

Stakeholder Interviews/Focus Groups

Stakeholder interviews are helpful as a two-way communication tool: The project team learns from the unique perspectives and expertise of local people, and stakeholders learn more about the project and its process so they can be ready to engage further.

Based on the project resources, about 12 interviews/focus group meetings are anticipated. The scope of work and HACS committee have developed an initial list of possible interview candidates, including:

- Local housing advocates
- For-profit and non-profit housing providers
- Religious or social service organizations
- Residents and especially renters
- Landlords at a mixture of property types
- Developers and builders
- Neighborhood associations
- Major employers such as the hospital and school district and small business owners/employers

Stakeholder interviews can be flexible scheduled as one-on-one or group meetings. Several interviews are anticipated to occur with an in-person site visit by the consultant team in April 2022, and others will occur online via Zoom or phone call.

Community Survey

The scope of work provides for one survey. This will be a community survey to identify demand for housing types among the current population, with a focus on special needs housing, supportive housing, and the challenges for cost-burdened residents. Because most housing data is available from official sources, the survey could focus on collecting qualitative information and be designed as a story-collection tool. The HACS committee will be provided a draft of the survey for comments/edits.

The survey will be distributed online and in a mailing. Targeted efforts can help aim for demographic representation, including: word of mouth; City and community group email listservs; a notice in the A-Town magazine; and social media boosts to targeted populations. Incentives like prizes or gift cards from local businesses could also help increase response rates.

If resources allow, the City will use a utility bill mailing to send paper copies of the survey to all Anacortes addresses to ensure at least a representative population is reached. Special distribution activities may be needed for residents and dwelling units who do not directly receive utility bills, such as those who live in multifamily buildings or ADU's. In this case, City staff will include an adequate number of copies with a request for the building owner/manager to distribute to each resident or placed in a common area. Paper copies of the survey will also be made available at community hubs such as City Hall, library, post office, and medical center.

The paper copy should have a link/QR code to the online version in case recipients prefer that method.

Place-Based Outreach

Posters and signs can be an effective way of informing people of a project. It can include pop-ups, canvassing, participation in community events, or other efforts that provide casual interaction with the community. Social distancing requirements may limit these opportunities. Potential locations may include: local supermarkets, farmers' markets, food banks, local housing and social service provider locations, religious centers, libraries, parks, community centers, schools, and public health centers. Consultants will provide some graphics to support posters and signs.

Public Meetings

City staff and consultants will provide periodic updates to elected and appointed decision-makers throughout the project. These updates may be done remotely if public health concerns limit travel and/or in-person meetings. Anticipated public meetings include the following.

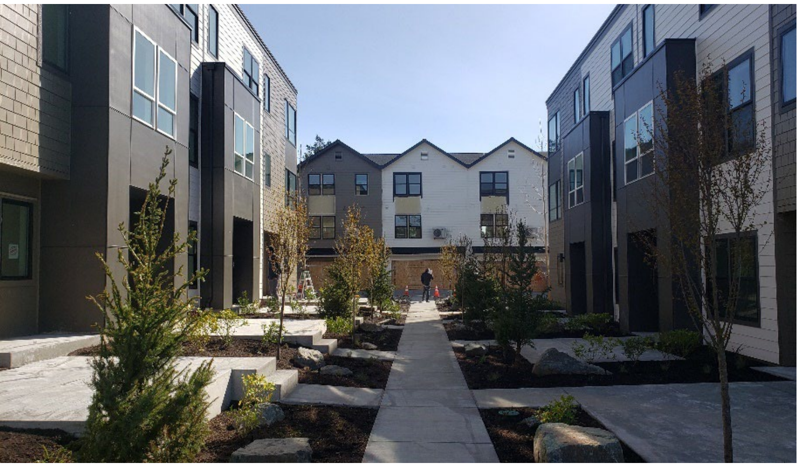
Public Meeting	Date	Description
Kickoff with HACS Committee	February 10, 9:00 AM	The consultant team presented an overview of the project, asked the committee members for their project priorities and top housing concerns, and led a discussion on community engagement methods.
HACS committee	Thursdays at 9:00 AM	This is a weekly opportunity for regular project updates and draft document review. The public can attend these meetings. City staff will provide updates at key points, with the consultant team attending at major milestones.
Planning Commission meeting	October 26	Present draft HAP
City Council public hearing	December 5	Present draft HAP
City Council meeting	December 12	Present final HAP

Project Webpage

The City will host and maintain a webpage on the City's main website that will serve as a repository for HAP information, including status updates, draft documents, schedules, official notices, and links to partner agencies. Consultants may provide specialized content, such as links to surveys and case studies.

Anacortes Housing Action Plan

DRAFT October 21, 2022



Thank You

Special thanks to the Anacortes community for sharing your time, knowledge, and energy to shape this housing strategy that meets your needs and interests.

Mayor
Matt Miller

City Council
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Christine Cleland-McGrath*
Jeremy Carter
Amanda Hubik
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Washington State
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Contents

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Abbreviations

ACS. American Community Survey, an annual product of the U.S. Census Bureau.

ADU. Accessory dwelling unit.

AHA. Anacortes Housing Authority.

AFC. Anacortes Family Center.

AMC. Anacortes Municipal Code (city law).

AMI. Area median income.

CHAS. Comprehensive Housing Affordability Strategy, a product of the U.S. Department of Housing and Urban Development.

GIS. Geographic information system.

GFC. General facilities charge.

HACS. Housing Affordability and Community Services, a committee of the Anacortes City Council.

HAP. Housing Action Plan.

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

LEHD. Longitudinal Employer-Household Dynamics, a product of the U.S. Census Bureau.

MFTE. Multifamily tax exemption program.

MSA. Metropolitan Statistical Area.

OFM. Washington State Office of Financial Management.

RCW. Revised Code of Washington (state law).

Executive Summary

The Anacortes Housing Action Plan (HAP) defines strategies and implementing actions that promote greater housing diversity, affordability, and access to opportunity for residents of all income levels. The process to develop the HAP included a review of Anacortes's system of policies, programs, and regulations which shape opportunities for housing development.

The purpose of this effort is to identify ways to encourage construction of both affordable and market-rate housing in a greater variety of types, densities, and cost levels. The priorities for the HAP were informed by a housing needs assessment and community and stakeholder engagement.

The HAP is intended to inform updates to the Anacortes Comprehensive Plan (most notably the Land Use and Housing elements) and to guide implementation strategies such as development regulations, housing programs, fee structures, and infrastructure spending priorities.

Objectives

The HAP objectives listed below were developed from the original research questions and the results of housing needs analysis report. They drive the recommended actions and strategies.

1. Support the local economy and workforce with more rental homes.
2. Create a greater variety of homeownership opportunities.
3. Slow down and stabilize the rise in housing prices.
4. Refine regulatory standards to reduce barriers to housing development.
5. Adopt new financial tools to support and promote housing development.

Housing Vision

The housing vision is proposed as a common set of principles for people living and working in Anacortes. It builds off the vision statement of the Comprehensive Plan and the goals and policies of the Housing Element.

1. Everyone who works in Anacortes (from teachers and nurses to restaurant and retail staff) can afford to live in Anacortes if they choose.
2. Children who grow up in Anacortes can afford starter homes in the town near their friends and family.
3. Seniors have options to gracefully age in place in the community near essential services and caretakers.
4. Local housing contributes to climate change and sustainability goals by allowing people to drive fewer miles and live near jobs and daily services.

Housing Actions and Strategies

The housing actions are organized by broader strategy sections of this plan. The implementation timeline is an estimate of how long it will take to implement an action. There are also many sub-sections which may require different timelines if additional community outreach is needed, alignment with the City's annual budget process is necessary, or there is a desire to roll policy updates into the next major Comprehensive Plan update.

Section #	Actions	Implementation Timeframe
Regulatory Strategies (Housing Options Ordinance)		
2.1	Allow more housing types in more zones	0-6 months
2.2	Map the R3A zone and update its standards	6-12 months
2.3	Streamline ADU regulations	0-6 months
2.4	Adjust form and intensity standards	0-6 months
2.5	Adjust design standards	0-6 months
2.6	Adjust parking standards	0-6 months
2.7	Building code amendments	6-12 months
Programmatic Strategies		
3.1	Short-term rental regulations	0-6 months
3.2	Anti-displacement strategies	6-12 months
3.3	Homelessness strategies	Ongoing
Citywide Planning Strategies		
4.1	Hire a housing coordinator	0-6 months
4.2	Housing Element updates	12-24 months
4.3	Land Use Element updates	12-24 months
4.4	Surplus land	12-24 months
4.5	Land acquisition	Ongoing
Funding Strategies		
5.1	Multifamily tax exemption program	0-6 months
5.2	Development fee adjustments	0-6 months
5.3	Tax increment financing	6-12 months
5.4	Funding for ADU development	6-12 months
5.5	Inclusionary zoning and fee-in-lieu	Wait for improved economic conditions
5.6	Transit funding	6-12 months
5.8	State advocacy	Ongoing

Section 1 - Background Information and Community Preferences

1.1 – Project Purpose

Anacortes is a great place to live, but it is getting more expensive. As the population grows, the supply of homes is not keeping up with increased demand. As a result, it is getting harder for people of average means to find and afford a home.

The purpose of the Housing Action Plan is to identify strategies that promote more housing options for current and future residents at all income levels and support increases in the housing supply. Anacortes's residents are diverse and each household has its own preferences and experiences in how they live. This plan is intended to help guide City actions over the next several years to promote more housing choices for current and future residents.

The City is able to undertake this project thanks to funding provided by the Department of Commerce. This bill allocated funds for cities with the goal of supporting housing affordability because of a growing statewide gap between incomes and housing costs.

1.2 – Housing Needs

Anacortes's current and future housing needs are detailed in the HAP Existing Conditions and Housing Needs Analysis Report. A summary is provided here.

Anacortes is expected to see demand for an additional 3,019 housing units through 2045, based on a projected annual growth rate of 1.4%. Figure 1 shows the approximate breakdown of these units by tenure and household income. There is demand for approximately 1,451 rental units and 1,561 ownership units. The ownership units will likely target higher income brackets than the rental units, as shown. Many of these units will need to be affordable to households earning under 80% of the Area Median Income (AMI), or $68,900 for a family of four as of 2022. Currently, the Anacortes Housing Authority and Anacortes Family Center together provide 387 units to households earning under 80% of the AMI, and in some cases to households earning less than 50% of the AMI.

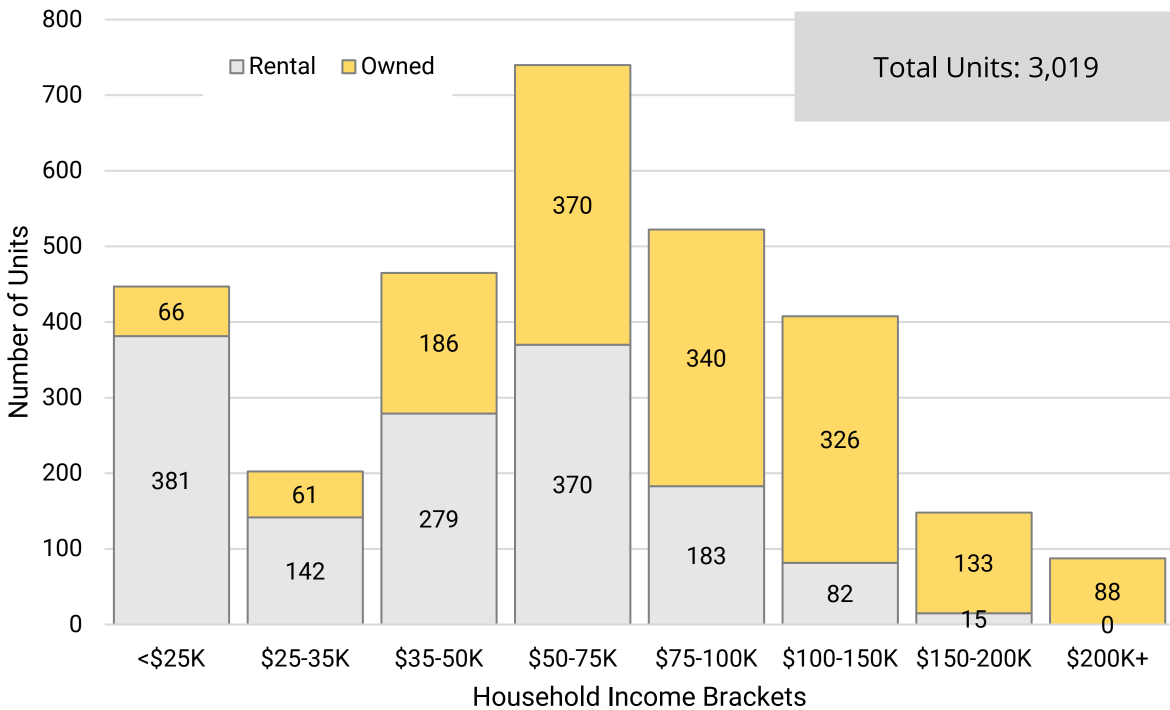


Figure 1. Approximate Demand for New Housing Units, City of Anacortes, 2021-2045. Source: Leland Consulting Group

Currently, about a third of Anacortes households are considered cost burdened, spending more than 30% of their income in housing costs. As shown in Figure 2 below, the share of cost-burdened households increases as income levels decrease. Almost 80% of very low income households (earning 30-50% AMI) spend more than a third of their income on housing.

A household is considered to be "cost-burdened" if they are spending more than 30% of their monthly income on housing costs (including rent or mortgage and utilities).

A "severely cost-burdened" household spends more than 50% of their monthly income on housing costs.

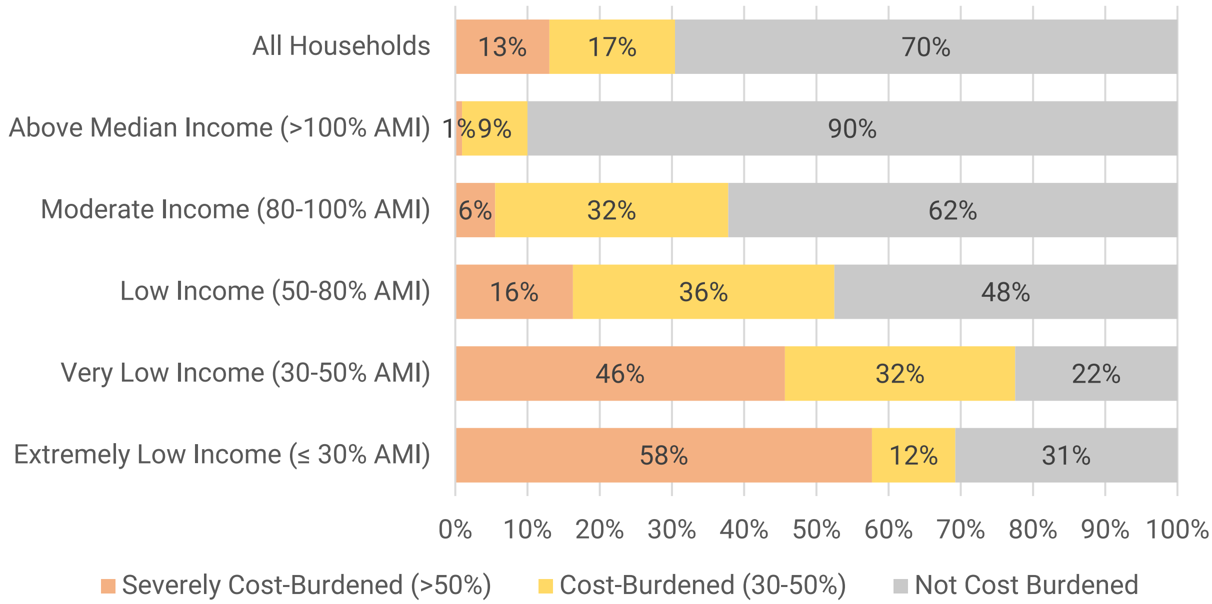


Figure 2. Cost Burden Status by Household Income Level (Percent), 2020. Source: HUD CHAS

Other subgroups of Anacortes residents identified in the HAP Existing Conditions and Housing Needs Analysis Report include:

- Senior households make up 44% of the city's population and a third of these are housing cost burdened. The city is currently underserved by senior and assisted living housing.
- Disabled residents. About half of the households with disabled household members are earning less than 80% AMI.
- People experiencing homelessness. The most recent point-in-time count showed at least 325 people county-wide experiencing homelessness.

The strategies proposed throughout this Housing Action Plan are designed to increase housing options for current and future Anacortes residents at all income levels. Key strategies relating to affordability include increasing allowed density in residential zones, encouraging ADU and middle housing development through incentives and right-sized fees, discouraging new single-family development in some zones, explicitly allowing supportive housing and single-room-occupancy housing, and regulating short-term rentals.

1.3 – Racially Disparate Impacts

While Anacortes may not have explicitly racist or policies in place today, many policies do have racially disparate origins and impacts. The practice of zoning emerged in the early 1900's and explicitly race-based zoning had to be banned almost immediately as a result of the 1917 Supreme Court case of *Buchanan v. Warley*. After that decision, cities crafted less direct methods to divide people by race and class with zoning policies that are still prevalent today.

The indirect methods largely rely on the differences of wealth, income, and tenure between peoples' race and ethnicities. In Anacortes, for example, 34% of all households are occupied by renters. About 31% of White households are renters, while 53% of Hispanic and Latino households and 63% of Black households are renters[1]. Therefore, policies that restrict the supply and price of rental housing have a disproportionate impact on people of color. Further, almost half of all renter-occupied households are considered cost-burdened, while just one in 10 owner-occupied households are considered cost-burdened

A common form of rental housing is multifamily (apartment) buildings, which are strictly limited in where and how they can be built in Anacortes compared to how single-family homes are regulated.

People of color generally pay higher shares of their income for housing costs and have less savings for down payments, meaning the home prices they can afford are lower. Smaller homes which have lower costs are needed not only for people of color, but also Anacortes's large share of single-person and senior households. Occasionally, larger multi-bedroom homes are good options for people who want to split costs with extended family members or roommates, but apartments with three or more bedrooms are rare and there are few shared-living options like cottage clusters or triplexes available.

Zoning matters for social welfare because where people live makes a difference. Neighborhood quality can have significant effects on long-term outcomes like school performance, income and labor mobility, and health. It also contributes to the multi-generational wealth gap if some people are not able to purchase quality homes that increase in value as much over time as homes in higher-priced neighborhoods, resulting in smaller inheritances for descendants.

Common racially disparate policies and practices at the local level include:

- Minimum lot sizes
- Lack of available land zoned for small, attached housing (like duplexes and townhomes) and for multifamily housing
- Multifamily housing only allowed in busy commercial districts, polluted industrial areas, in hazardous areas like floodplains, and/or near loud and unsafe arterial roads
- Multifamily housing not being allowed near amenities like parks, schools, grocery stories, and healthcare facilities
- Excessive minimum setbacks, building height limits, parking standards, historic preservation standards, and other restrictions that limit the housing capacity on individual sites, especially for multifamily housing
- Excessive fees, complicated processes, and unclear regulations, especially for small projects commonly undertaken by local homeowners and small investors like adding an accessory dwelling unit or building a duplex
- Prohibitions on certain building materials
- Lack of trees and park space in areas near multifamily housing or neighborhoods with lower incomes

[1] *Source: American Community Survey 2020 5-Year Estimates.*

- Lack of low-cost transportation options like pedestrian/bike routes and transit service connecting multifamily housing to jobs and services

Racially disparate impacts are not limited to Anacortes and this issue has been gaining much-needed attention across the state and country, even earning a statement on zoning from the White House. Other city-level racially disparate impacts have historically included redlining, where people of color were not able to access loans and credit in certain neighborhoods; highways built through communities of color; and disinvestment in infrastructure like transit, schools, and parks in communities of color.

This Housing Action Plan provides a number of strategies to address most of these issues, which focus on easing regulations and streamlining standards to make it easier to build attached and multifamily housing in more locations.

1.4 – State Preemptions

> State preemption is the invalidation of some action by, or the wresting of power from, a local government by the state legislature.

Anacortes should anticipate preemption on several common types of development regulations which have some of the greatest impacts on housing affordability and site-specific feasibility. The rate of preemption laws on peripheral housing issues has been accelerating in recent years (documented in the HAP Existing Conditions and Housing Needs Analysis Report) and several major bills were proposed in the 2022 legislative session that will likely come around again. In some respects Washington is following the lead of Oregon and California which have also passed major zoning preemptions over the last several years.

In particular, there is a statewide and national movement toward ending single-family zoning; that is, zoning where the only permitted residential land use is detached, large lot single-family dwellings. The only zone in Anacortes that meets this definition today is the R1 zone and the HAP recommends changing that. Upcoming federal funding programs may also contain grant award incentives or preferences for cities that are ending single-family zoning in the interest of providing diverse housing choices and economic opportunities.

Anacortes can expect other possible statewide interventions on:

- Common ADU regulations like size, parking, owner occupancy, and prohibition on subdivision
- Minimum residential density requirements
- Minimum parking requirements for multifamily housing and/or affordable housing

While no single action by the Legislature can be predictable or assured, growing consensus on the statewide housing affordability crisis gives Anacortes reason to stay updated on legislative proposals, updates to the Growth Management Act, and other state housing laws.

Section 2 - Regulatory Strategies

While the City of Anacortes does not directly supply or control the private housing market, it does shape what is possible on Anacortes's land through zoning and development regulations.

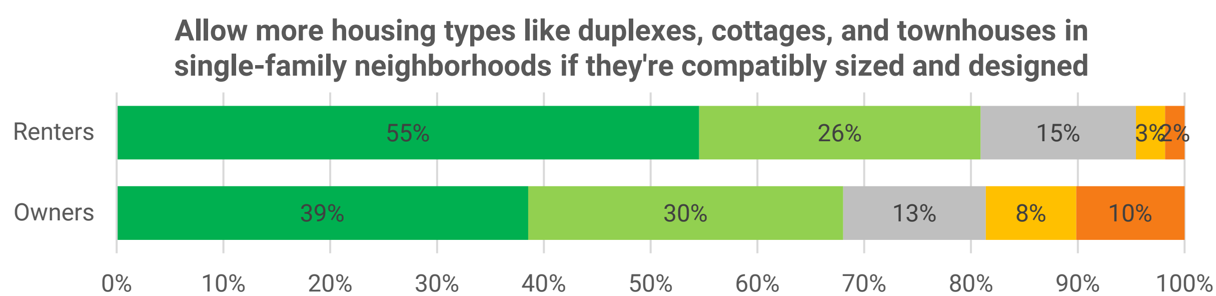
Anacortes is not seeing adequate construction of new housing. Since 2016, housing production in Anacortes is averaging 101 units per year. This is 29 units below the annual average of 131 units needed to meet the City's 2016-2036 growth targets.

Zoning is not the only factor in these shortfalls – as noted by many stakeholders, vacant land in Anacortes is dwindling, the construction industry is seeing an unprecedented rise in material prices, a labor shortage, supply chain disruptions, and inflation and increased interest rates. Despite this, zoning is typically the main barrier to housing because it is the starting point in determining what type of housing and other buildings can be built on a parcel of land. A 2022 review of land capacity by Leland Consulting Group finds Anacortes has an approximate total capacity for just over 2,000 housing units remaining which probably reflects a development capacity of 10 to 15 years at current allowed densities.

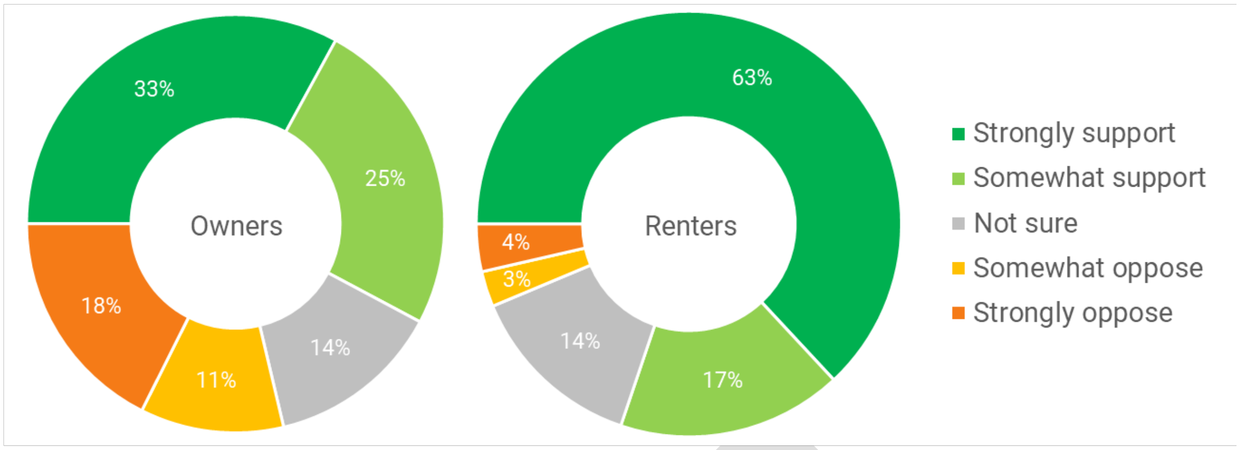
The regulatory strategies and actions of this section could be implemented relatively quickly in a consolidated "Housing Options Ordinance." The actions largely focus on deregulation, streamlining, and relaxing of code requirements to promote more diverse and affordable housing.

2.1 – Allowed Uses

Changing allowed uses is key to expanding housing supply and land capacity. In the HAP community survey, a supermajority of 70% of respondents support the concept to "Allow more housing types like duplexes, cottages, and townhouses in single-family neighborhoods if they're compatibly sized and designed." This concept was also supported by most stakeholders when it came up in interviews.



In addition, a total of 61% of survey takers would strongly or somewhat support a hypothetical multi-floor apartment project planned in or near their neighborhood with rents affordable to people like recent college graduates, teachers, nurses, restaurant workers, mechanics, etc. This is mostly reflected in the proposed mapping of the R3A zone and recommended adjustments to dimensional standards.



Following public interest and an analysis of the situation by the consultant team, considerable changes to allowed housing types are proposed. These are summarized in the table below which is an excerpt from the Anacortes Municipal Code (AMC) Table 19.41.040. Text with an underline indicates an addition and a text with a ~~strikeout~~ indicates a deletion. The table is followed by a description of each major change and a list of related actions.

Note: Some changes to allowed uses will also require adjustments to minimum lot sizes and other standards. These are described later in this document.

	Residential Zones								
Residential Uses	**R1**	**R2**	**R2A**	**R3**	**R3A**	**R4**	**R4A**	**OT**	**Conditions/ Reference**
Household living									
Single-family	P	P	P	~~P~~	~~P~~	~~P~~	~~P~~	P	
Single-family, small lot				P	~~P~~	~~P~~	~~P~~		
Cottage housing	P	P	P	P	P	P	P		
Duplex		~~C~~ P	P	P	P	P	P	P	
Triplex			P (x)	~~C~~ P	P	P	P		(x) Alley-loaded lots only
Townhouse			P (x)	~~C~~ P	P	P	P		(x) Alley-loaded lots only, max. 4 units
Multifamily dwellings, 4 units				~~C~~ P	P	P	P		
Multifamily dwellings, 5 or more units					P (x)	P	P		(x) Max. 12 units
Multifamily dwellings, single room occupancy						P (x)			(x) Max. 50 units
Group living									
Adult family home	P	P	P	P	P	P	P	P	See Group Living section below for potential conditions.
Assisted living facility				~~C~~ P	~~C~~ P	P	~~C~~ P		
Nursing homes				P	P	~~C~~ P			
Rooming houses				~~C~~ P	~~C~~ P	P	P	~~C~~ P	

	Residential Zones								
Residential Uses	**R1**	**R2**	**R2A**	**R3**	**R3A**	**R4**	**R4A**	**OT**	**Conditions/ Reference**
Supportive living									
Permanent supportive housing				P (x)	P	P	P		(x) Max. 4 units
Transitional housing				P (x)	P	P	P		(x) Max. 4 units

	Commercial and Mixed-Use Zones										
Residential Uses	**CBD**	**C**	**MMU**	**CM**	**CM2**	**LM**	**LM1**	**MS**	**I**	**HM**	**Conditions/ Reference**
Household living											
Single-family	C	C				C	P				
Single-family, small lot											
Cottage housing											
Duplex											
Triplex											
Townhouse	P	P	P								
Multifamily dwellings, 4 or more units	P	P	P	C		C		C			
Multifamily dwellings, single room occupancy	P	P	P								
Live-work	P	P	P					C			
Group living											
Adult family home	P	P				P	P				
Assisted living facility	P	P	P								
Nursing homes	~~C~~ P	~~C~~ P	~~C~~ P								
Rooming houses											
Supportive living											
Permanent supportive housing	P	P (x)	P (x)	C (x)		C (x)		C			(x) Same conditions as for multifamily
Transitional housing	P	P (x)	P (x)	C (x)		C (x)		C			(x) Same conditions as for multifamily
Emergency housing	P	P	P	P		C					
Emergency shelter	P	P	P	P		C					
Overnight Lodging	P	P	P	P		C					

2.1.1 – Residential Low Density 1 (R1) Zone

Cottage housing is proposed to be a new permitted use in this zone. The Comprehensive Plan says single-family detached dwellings are the predominant type in this area and cottages satisfy that criteria; further, the plan explicitly says cottage housing may be allowed under certain circumstances. Those circumstances are not defined, but the new cottage housing design standards adopted in 2019 and the growing need for additional housing supply found by the HAP Existing Conditions and Housing Needs Analysis Report are notable changes to the situation since the Comprehensive Plan was adopted in 2016.

The Comprehensive Plan also says densities of up to four units per gross acre (above the base limit of two units per gross acre) may be permitted via a special review process. That special review process is undefined and it is undesirable to create a new type of process. One potential method is to allow increased densities via a conditional use permit, established with a condition/reference in Table 19.42.020. Longer term, consider allowing four units per gross by right through a Comprehensive Plan amendment (see Section 4.3.2).

2.1.2 – Residential Low Density 1 Zone

Duplexes are proposed to be changed from conditional to outright permitted in the R2 zone. This streamlines the permitting process and reduces uncertainty. Conditional use permits are not necessary for duplexes due to the new 2019 design standards.

2.1.3 – Residential Low Density 2A (R2A) Zone

Triplexes and townhouses are proposed to be new permitted uses in this zone. The R2A zone represents a considerable amount of residential land and is based on a strong grid of streets and alleys, making it ideal for small-scale infill development. The lot dimension requirements and standards for open space, parking configuration, and architectural design ensure that triplexes and townhouses will be compatible with the existing character of these zones.

To retain neighborhood compatibility, it is proposed that townhouses be limited to four units per structure. This is same standard as for the R3 and R3A zones under AMC 19.43.010(G)(3)(a).

As another condition of this expansion, it is proposed that triplexes and townhouses only be allowed on lots with alley access so that parking access and garages may be located in the rear of the lot to reduce visual impacts on the streetscape. This would limit the areas of the R2A zone where triplexes and townhouses could be built, since the area has subdivisions with cul-de-sacs and no alleys.

Table 19.41.040 would be amended to show a "P" for townhouses and triplexes. Subsection 19.43.010(F) would be amended with a new section after the triplex definition:

> *Zone-specific standards.*
>
> *R2A zone standards: Triplexes located on a lot with alley access are permitted by right. Triplexes not located on a lot with alley access are prohibited.*

Subsection 19.43.010(G)(3)(a) would be amended to add the following townhouse standard:

> *R2A zone standards:*

i. Townhouse structures with up to four attached units and located on a lot with alley access are permitted by right. Townhouse structures with more than four attached units or not located on a lot with alley access are prohibited.

Related changes to minimum lot sizes and maximum density calculations may be needed. See Section 2.4 for discussion of lot sizes and bonuses for small units.

Figure 3 - Example of triplexes and townhouses

2.1.3 – Residential Medium Density 3 (R3) Zone

Triplex, Townhouse, and Multifamily

Triplexes, townhouses, and multifamily projects with up to four units are proposed to be changed from conditional to outright permitted in the R3 zone. The zone-specific standard for townhomes under AMC 19.43.010(G)(3)(a) can be amended as follows.

R3 and R3A zone standards: Townhouse structures with up to four attached units are permitted by right ~~in the R3A zone and conditionally permitted in the R3 zone~~. Townhouse structures with more than four attached units are prohibited in the R3 and R3A zones.

The lot dimension requirements and standards for open space, parking configuration, and architectural design ensure that duplexes, triplexes, townhomes, and small multifamily projects will be compatible with the existing character of these zones without the unnecessary cost and process of a conditional use permit.

Comprehensive Plan policy LU-6.1.D says, "Encourage [duplexes and triplexes] in the R3 and R4 zones provided design provisions that emphasize a pedestrian-oriented design and the inclusion of usable open space are included." Such provisions are now in place for not only triplexes but also duplexes, townhouses, and multifamily housing, permitting uses outright is the best way to encourage them.

The R3 multifamily (4-units) change is also supported by the Comprehensive Plan description of the Residential Medium Designation, which is implemented by the R3 and R3A zones. It says, "low density multifamily may be allowed under certain circumstances". Those circumstances are not defined, but the new multifamily design standards adopted in 2019 and the growing need for additional housing supply found by the HAP Existing Conditions and Housing Needs Analysis Report are notable changes to the situation since the Comprehensive Plan was adopted in 2016.

Nursing Homes
Nursing homes are the only prohibited group living use the R3 zone. They are proposed to be permitted outright. See the Group Living discussion (Section 2.1.4) for more information.

2.1.4 – Group Living

Barriers to the development of group living uses should be reduced to encourage their development. The HAP Existing Conditions and Housing Needs Analysis Report and the Public Engagement Report both found a strong need for assisted living facilities and nursing homes as more seniors move to the city and the population ages. A considerable portion of the population also has disabilities who would benefit from more supportive living options.

Therefore, consider changing some or all of the conditional use allowances for group living to outright permitted. This would significantly streamline the permitting process and reduce uncertainty.

This could be accompanied by new performance/supplemental standards under AMC 19.43.020 and other chapters to ensure these uses are well-integrated into the neighborhood. Amendments could be focused on assisted living facilities and nursing homes since these are more intense uses than adult family homes and rooming houses. Standards should not practically prevent development. Examples of possible standards:

- Add new clarifications on the applicability of the commercial and multifamily design standards in Chapters 19.61-63 AMC since group living uses are separately defined from multifamily (specifically, AMC 19.61.020, 19.62.020, and 19.63.020). These chapters already provide a good set of base standards for frontages, site planning, and building design which may be the most critical for neighborhood compatibility. Similar clarifications may be needed for landscaping (e.g. Table 19.65.070.A) and other sections.
- Minimum useable open space for assisted living facilities and nursing homes, possibly equal to or reduced from the multifamily standards in AMC 19.62.040
- Maximum occupancy for assisted living facilities and nursing homes, with stricter limits in lower density zones (e.g. 10 units or beds at the low end and unlimited in R3A and above)
- Minimum spacing (e.g. minimum 1,000 feet at the low end and no minimum in R3A and above)
- Require minimum sidewalk enhancements or extensions, such as all sides of the applicable block (to provide a walking loop), to the nearest bus stop (if applicable), to the nearest public park (if reasonable), or to the nearest commercial destination (if reasonable)
- Maximum size of porte cochere features for passenger loading, such as accommodating vehicles no longer than 30 feet

2.1.5 – Adult Family Homes

New state legislation passed in 2020, RCW 70.128.066, provides a way for adult family homes to have seven or eight beds. The standards and definitions under AMC 19.43.020(B) should be updated accordingly.

Consider removing the requirements for adult family homes to be located in single-family homes. The enabling legislation under RCW 70.128.140 only requires that adult family homes be treated as single-family homes for regulatory purposes, not that they be physically designed as a detached single-family home.

2.1.6 – Prohibiting New Large-Lot Single-Family Uses in Medium and High Density Zones

Combined, the R3 and R4 zones make up only 14% of the City's developable land but have some of the highest allowed densities. Given the limited land area of these zones, their intent to accommodate medium- to high-density development, and their walkable proximity to civic and commercial amenities, consider prohibiting development of new large-lot single-family uses in one or more of these zones. This would ensure these lands are available for middle housing and multifamily development, with smaller units that are less costly and more land efficient.

Similar considerations need to be made for small-lot single-family. While more land-efficient, this use has the same issues as noted above. A starting point is to prohibit this use in the R3A, R4, and R4A zones, but still allow in the R3 zone. This use might also be considered to be expanded to the R2A zone, pending other changes in minimum lot size (see Section 2.4.1).

The 2022 land capacity analysis update for the Housing Action Plan found that the approximately 112-acre R4 zone has capacity for only 330 additional dwelling units. For reference, this is less than three years' worth of the housing production needed to meet the 2016-2036 growth targets. The R3 zone has capacity for only 299 additional dwelling units.

Existing single-family uses should be allowed to continue and be expanded or renovated, rather than be treated as a legal non-conforming use. Preferably, a note on the situation is added to AMC 19.43.010(B) to offer reassurance and clarity for code users. An alternative is inserting the use "existing single-family" into Table 19.41.040.

Any implementation of this action could be accommodated by removing minimum lot sizes in the same zones (see Section 2.4.1).

2.1.7 – Duplex Cottages

AMC 19.43.010(D)(3)(c)(iii) allows attached duplex cottages in the R3, R3A, R4, and R4A zones. This provision has already been used in at least two projects since 2019 code update. Consider streamlining the code and allowing more efficient use of land and materials by allowing duplex cottages in all zones where cottage housing is allowed.

2.1.8 – Single Room Occupancy Housing

Define, permit, and set standards for single-room occupancy (SRO) housing. This type of housing operates similarly to dorms or hostels and provides a dignified housing option for people with the lowest incomes. SRO's historically served as an invaluable affordable housing option, but these buildings were mostly zoned and demolished out of existence starting in the 1970's.[2] In Anacortes, the Wilson Hotel (operated by the Anacortes Housing Authority) still

[2] "The Hotel-Spirit." Slate. July 2022. https://slate.com/business/2022/07/hotels-rental-market-housing-prices-shortage-solution.html

operates similar to an SRO. Conversions of existing buildings (such as aging hotels) may be more likely than new ground-up SRO developments, but in either case the zoning code must be supportive for it to occur.

Anacortes already defines and regulates rooming houses, which is a similar concept to an SRO. Rooming houses are limited to nine sleeping rooms and are only allowed in a few residential zones. Comparably, SRO's are recommended to be allowed in some non-residential zones and to be larger.

Figure 4 - The historic Wilson Hotel building

A maximum size of 50 units (50 rooms) is suggested in the R4 zone and having no size limitations in the CBD, C, and MMU zones. Minimum parking should be 0.5 spaces per unit or less (see the parking standards section below for related actions).

Below is a proposed definition to be inserted in a new subsection under AMC 19.43.010:

> *Multifamily dwelling, single room occupancy. A residential facility where individual secure rooms, of a smaller size than normally found in multifamily dwelling units, are rented on a weekly or monthly basis and which provides common facilities and services such as kitchens and meals, laundry, cleaning, bathrooms, and storage.*

2.1.9 – Supportive Housing

Under RCW 35A.21.430 (2021), Washington cities may not prohibit permanent supportive housing or transitional housing in areas where multifamily housing or hotels are permitted (other parts of state law define "multifamily" as four or more units which is consistent with the definition in Anacortes). This supersedes a similar law passed in 2019, RCW 35A.21.305.

Similarly, emergency shelters and indoor emergency housing may not be prohibited in any zones in which hotels are allowed. Reasonable occupancy, spacing, and intensity of use requirements may be imposed on all of these supportive housing types as long they do not practically prevent their development.

Technically, these four "supportive housing" uses are not outright prohibited in Anacortes, but not addressing them directly in the code would could invite uncertainty and legal challenges. It is recommended to explicitly list the four uses in the tables of allowed uses.

Multifamily uses have some conditions, particularly in industrial and waterfront zones, which could be applied to supportive housing as well.

Supportive housing may need to be listed under the applicability statements of the project design chapters, similar to the Group Living recommendations above (AMC 19.61.020, 19.62.020, and 19.63.020). Similar clarifications may be needed for landscaping (e.g. Table 19.65.070.A) and other sections.

See the parking discussion below (Section 2.6.1) below for recommended standards on affordable housing projects. Emergency housing and emergency shelter should be Director decisions per AMC 19.64.040(B).

Adopt the following definitions for consistency with state law:

Emergency housing. Defined by RCW 36.70A.030.

Emergency shelter. Defined by RCW 36.70A.030.

Permanent supportive housing. Defined by RCW 36.70A.030.

Transitional housing. Defined by RCW 84.36.043.

2.2 – Map the R3A Zone and Update Standards

The Residential Medium Density 3A (R3A) zone is unmapped but it is described as a medium density residential zone and it is consistently referenced throughout the development regulations. The R3A zone allows more intensive residential development. This HAP recommends mapping the R3A zone to increase land capacity for housing.

The Comprehensive Plan does not provide any guidance as to where the R3A should be created in comparison to the R3 zone. Possible alternatives include:

- Carve it out of the largest R3 zone by splitting the distance between R2A and R4
- Rezone the largest R3 zone to R3A within a couple blocks of Volunteer Park and the schools
- Create new R3A areas elsewhere, such as where the R2A zone has alleys
- Don't map an R3A zone, and instead apply all the HAP's recommend standards of R3A to the R3 zone
- Some combination of the above

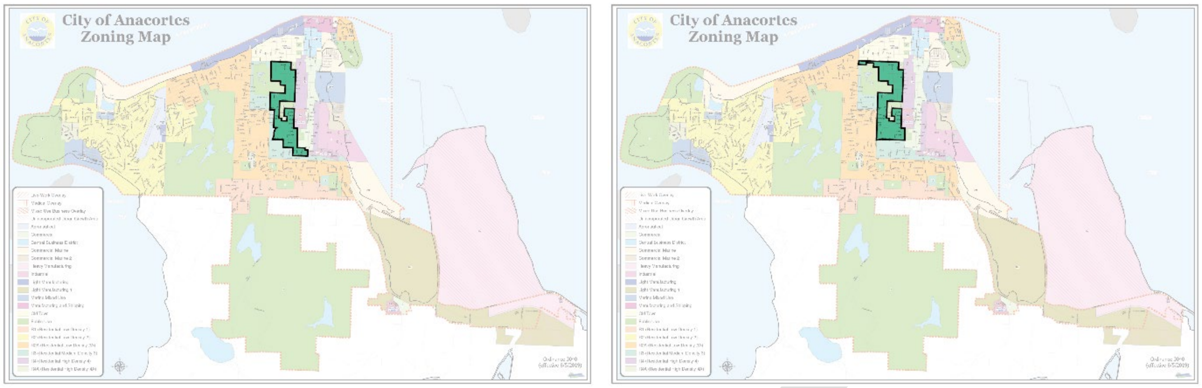


Figure 5 - Two conceptual options for the boundaries of the R3A zone

The Comprehensive Plan intent for this zone includes allowing multifamily uses under certain circumstances. Those circumstances are not defined, but the new multifamily standards adopted in 2019 and the growing need for additional housing supply found by the HAP Existing Conditions and Housing Needs Analysis Report are notable changes to the situation since the Comprehensive Plan was adopted in 2016.

Multifamily up to four units per building is allowed in the R3 zone and there is no limit on units in the R4 zone, so a middle ground is recommended for the R3A zone to help serve as a transition. A maximum of 12 units per building is a starting point for discussion. Note the related discussion on changing or eliminating minimum lot size per unit in this zone in Section 2.4.1 of this HAP.

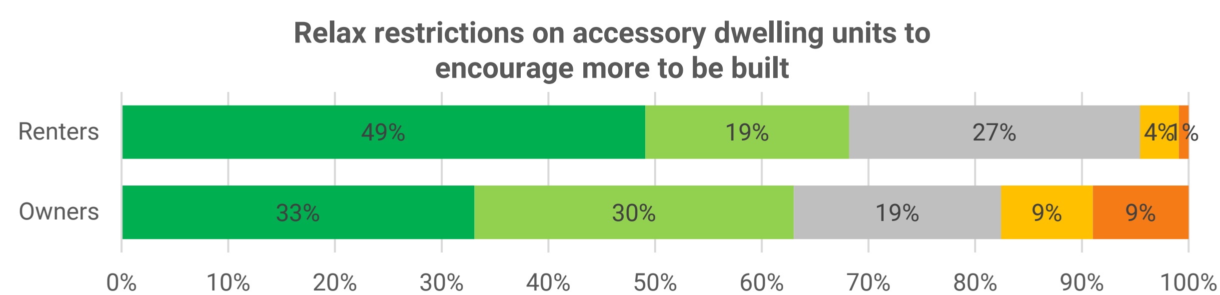
Table 19.41.040 would be amended to show a "P" for multifamily. Subsection 19.43.010(H) would be amended with a new subsection:

> *R3A Zone Standards. Multifamily structures with up to 12 units are permitted by right. Multifamily structures with more than 12 units are prohibited.*

Nursing homes are the only prohibited group living use the R3A zone. They are proposed to be permitted outright. See the Group Living discussion (Section 2.1.4) for more information.

2.3 – ADU Regulations

The HAP community survey found 63% of total respondents and 68% of renters are supportive of the concept to "Relax restrictions on accessory dwelling units to encourage more to be built."



■ Strongly support ■ Somewhat support ■ Not sure/need more information
■ Somewhat oppose ■ Strongly oppose

ADU's are regulated under AMC 19.47.030. Anacortes has already seen a surge in ADU production since the 2019 code update. It increased from 0-2 built per year prior to 2019 to 15 built in 2021. Given the thousands of single-family properties in Anacortes, ADU's remain a considerable opportunity. Anacortes still has barriers to ADU development that are recommended to be addressed.

Figure 6 - Examples of accessory dwelling units

First, under subsection C.10, remove the owner occupancy requirement, except for where the ADU is used as a short-term rental. This is a common requirement across Washington cities but it is discriminatory against renters and perpetuates economic exclusion. It also raises financial risk for homeowners by constraining their choice on where to live in the future (especially for seniors and military families) and unfairly targets ADU's with a restriction that is not in place for any other type of rental housing. The requirement is also difficult to enforce. Removing this restriction is national best practice, recommended by organizations like the AARP and the Washington chapter of the American Planning Association.

Under C.1, consider allowing ADU's to be located on lots at least with duplexes and possibly also triplexes. These housing types are generally located on large lots or have detached alley-loaded garages, meaning there can be space for ADU's to be developed. Zones that allow duplexes and triplexes already allow moderately increased density and ADU's fit within that concept.

Under C.1.c, clarify that ADU's may be an attachment to the principal building (not located just within the existing building).

Under C.3, consider allowing detached, ground-based ADU's to be subdivided through the unit lot subdivision standards of AMC 19.432.050(D). This would increase the opportunities for affordable homeownership.

Revise C.8 to more clearly state that only one parking space is required per ADU and it may be located with available on-street parking. As written, the standard also references the parking requirements for the principal house which could be confusing.

Under C.6.a, consider raising the point where the 45-degree daylight plane is measured from. Raise it from 15 feet to 18 feet. This would easily more allow ADU's to be built over detached garages facing an alley. Figure 19.47.030(C)(6) would need to be updated accordingly.

Under C.6.b, clarify that the 10 feet alley setback does not apply to existing garage structures. This ensures that ADU's can be built on top of alley-facing garages without creating a non-conforming situation.

Remove "moderate-income" from the (B)(1) purpose statement since ADU's could be occupied by people with a variety of income levels.

Lastly, prohibit new private agreements, covenants, and restrictions that bar the construction of accessory dwelling units (i.e. homeowner association rules).

See related ADU funding strategies in Section 5.4.

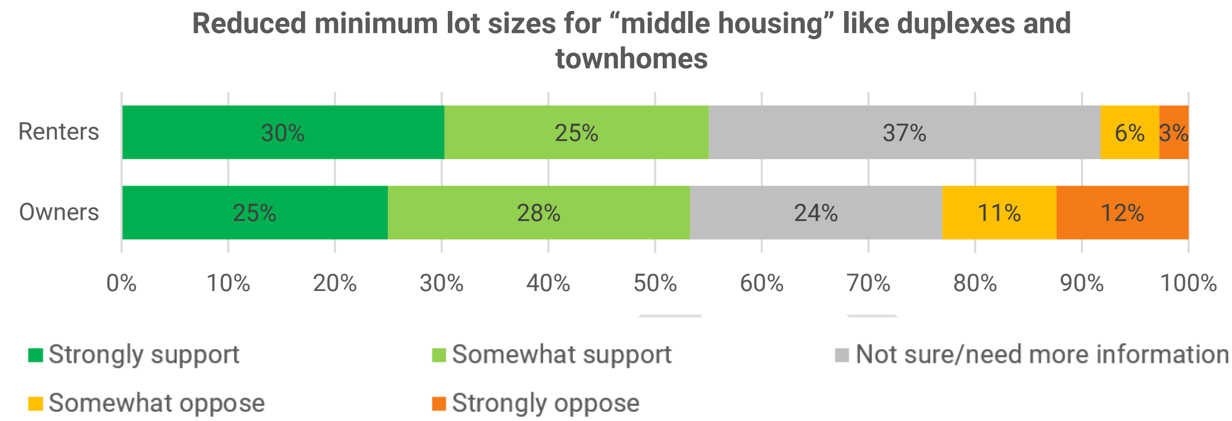
2.4 - Adjust Form & Intensity Standards

Following public interest and an analysis of the situation by the consultant team, modest changes to dimensional standards are proposed. These are summarized in the table below which is an excerpt from the Anacortes Municipal Code (AMC) Table 19.42.020. Text with an underline indicates an addition and a text with a ~~strikeout~~ indicates a deletion. The tables are followed by a description of each change and a list of related actions.

	Residential Zones							
Measure	**R1**	**R2**	**R2A**	**R3**	**R3A**	**R4**	**R4A**	**OT**
Lot Size & Development Intensity								
Lot size for single-family dwelling, minimum (square-feet)	15,000	7,500	6,000	4,500	3,000	3,000	3,000	6,000
Lot size for duplex, minimum (square-feet)		9,000	9,000	7,500	5,000	4,200	4,200	7,500
Additional lot size needed for additional dwelling unit beyond duplex, minimum (square-feet)				2,500	~~2,000~~		1,200	
Density maximum (dwelling units/gross acre)	2	4	6	See lot size min. above		None	18	9
Lot coverage, maximum percentage	35%	35%	40%	50%	50%	50%	50%	35%
Landscaped area, minimum percentage	20%	20%	20%	20%	20%	20%	20%	20%
Height – Principal Structures								
Height, maximum (feet)	35	35	35	35	35	40	35	25
Height, maximum with bonus						50		
SETBACKS (Feet)								
Street setback, minimum	20	20	~~20~~ 15	~~20~~ 15	~~20~~ 15	10	10	20
Street setback - garage, minimum	25	20	20	20	20	20	20	25
Side street setback, minimum	20	10	10	10	10	10	10	10
Interior side setback, minimum	10	5	5	5	5	5	5	5
Interior side setback - upper floors, minimum	10	7.5	7.5	~~7.5~~ 5	~~7.5~~ 5	~~7.5~~ 5	~~7.5~~ 5	7.5
Rear setback, minimum	20	20	20	20	20	10	10	20

2.4.1 – Minimum Lot Sizes

The HAP community survey found 54% of total respondents are supportive of "Reduced minimum lot sizes for 'middle housing' like duplexes and townhomes." This is a majority but not enthusiastic support, with many people wanting more information before taking a firm stance.



To moderate the impact of reduced lot sizes and to encourage affordable housing options, one possibility is to link reduced lot sizes to caps on the gross floor area (GFA) of the dwelling units. A variety of options were considered and are listed below. These options focus on duplexes and triplexes which tend to be the housing type most impacted by the current minimum lot sizes.

Lot Size Options in the R2 Zone

1. Recognize small duplexes (<1,200-1,400 square feet) as a detached single- family unit – and allow by right with same 7,500 square feet minimum lot size as single-family
2. For larger sized duplexes, retain current 9,000 square feet minimum lot size, but allow by right rather than as a conditional use

Lot Size Options in the R2A Zone

1. Consider small duplexes (<1,200-1,400 square feet) as a detached single-family unit and allow by-right on same 6,000 square feet min lot size as single-family. Make larger duplexes permitted by-right at same 9,000 square feet size (currently CUP).
2. Same as #1 except allow larger duplexes by-right at 7,500 square feet (the old R2 min lot size)
3. Allow all duplexes by-right at current 6,000 square feet min lot size for single-family
4. Same as #3 and allow triplexes (or even fourplexes) with small units (<1,200-1,400 square feet)

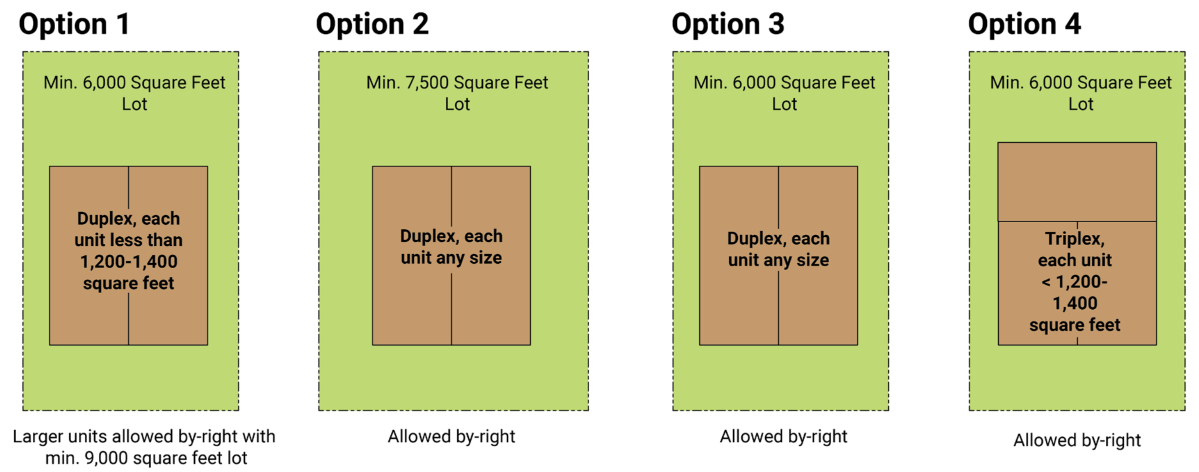


Figure 7 - Lot size options in the R2 zone

Lot Size Options in the R3 Zone

1. Recognize small duplexes (<1,200-1,400 square feet) as a detached single-family unit and allow by-right on same 4,500 square feet minimum lot size as single-family. Make larger duplexes permitted by right at same 7,500 square feet lot size (currently CUP).
2. Same as #1 except allow larger duplexes by right at 6,000 square feet (the old R3 min lot size) and allow additional units for every 1,500 square feet (rather than every 2,500 square feet)
3. Allow all duplexes by right at current 4,500 square feet minimum lot size for single-family.
4. Same as #3 and allow small triplex (or even fourplex?) units (<1,200-1,400 square feet)

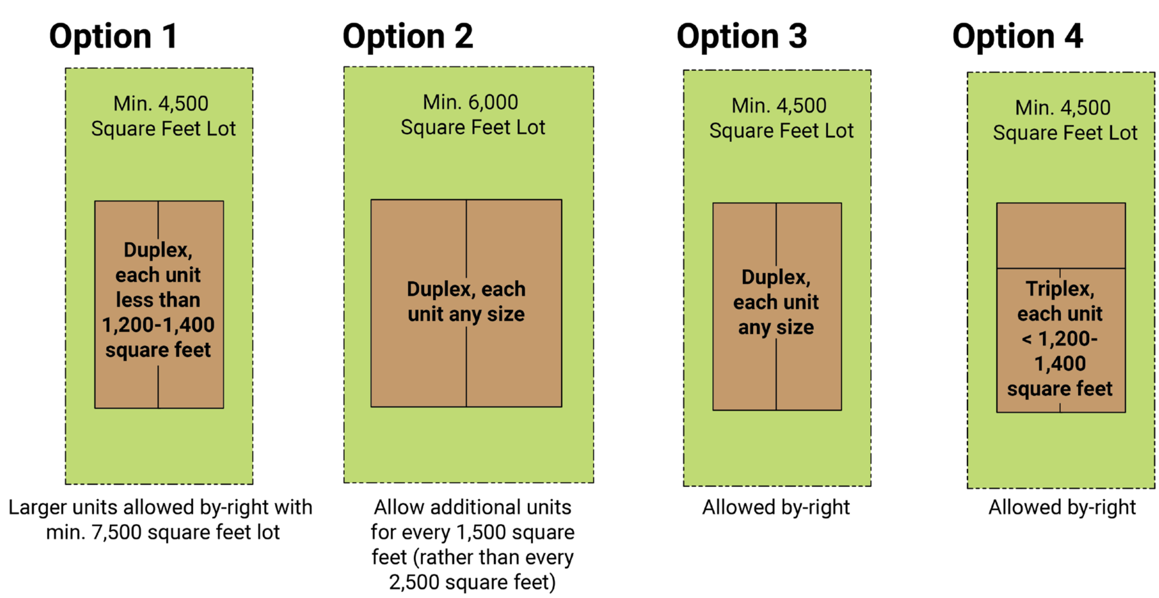


Figure 8 - Lot size options in the R3 zone

Any new conditions on minimum lot could be implemented through a new subsection under AMC 19.43.010(E). Alternatively, the standard could be added as a new row to Table 19.42.020; for example, "Lot size for duplex with <1,200 GFA per unit, minimum (square-feet)".

> *R2 Zone Standards. Duplex developments have the following form and intensity adjustments from Table 19.42.020. Minimum lot size: 7,500 square feet when all units have 1,200 square feet gross floor area or less.*
>
> *R2A Zone Standards.*
>
> *R3 Zone Standards.*

In the R3A zone, "additional lot size needed for additional dwelling unit beyond duplex" is proposed to be eliminated from Table 19.42.020 to support the multifamily development, as described under Section 2.2 of this HAP.

Consistent with the recommendations to permit townhouses in the R2A and R3 zone, new lot size subsections will be needed under AMC 19.43.010(G)(3). Alternatively, the standard "Lot size for townhouse, minimum (square-feet)" could be added as a new row to Table 19.42.020.

> *R2A Zone Standards. Townhouse developments have the following form and intensity adjustments from Table 19.42.020. Minimum lot size: 2,500 square feet per unit.*
>
> *R3 and R3A Zone Standards. Townhouse developments have the following form and intensity adjustments from Table 19.42.020: Minimum lot size: 2,000 square feet per unit.*

If new single-family development is prohibited in one or more of the R3, R3A, R4, or R4A zones, the single-family dwelling minimum lot sizes can be deleted in the affected zones (see HAP Section 2.4.1).

2.4.2 – Maximum Lot Coverage

The maximum lot coverage rates in Table 19.42.020 top out at 50%, which may be fairly limiting for the smallest lots. Adjustments may be recommended depending on the minimum lot size options chosen (see above).

2.4.3 – Setbacks

<u>Street Setback</u>
In the R2A, R3, and R3A zones, reduce the street setback from 20 feet to 15 feet. This complements the recommended adjustments in lot sizes and permitted use changes in these zones, and provides more developable area for smaller infill development. 15 feet is still a significant setback to allow for useable yard space and landscaping. Garages would still be required to have 20 feet setbacks from the street to provide adequate space for parking cars in driveways and to de-emphasize garage doors.

<u>Interior Side Setback</u>
In the R3, R3A, R4, and R4A zones, consider removing the interior side setback for upper floors. Historically, in these residential zones the code required a combined 15 feet of side setbacks with at least 10 feet on one side. In the 2019 code update, 7.5 feet for the upper floors was

suggested as a static minimum to provide some protection in single-family neighborhoods where duplexes, cottages, and other smaller housing types could be built. Few if any developments will setback the upper floors further than the ground floor, so it functions as whole-building setback. The specified zones are where higher-density development is planned and the land area is limited in these zones, so providing opportunity to make efficient use of lots is needed.

2.4.4 – Height Bonus Program

Under the height bonus section AMC 19.42.050(C), consider increasing the size of "small units" to be 650 square feet which allows for slightly more storage space.

If a multifamily tax exemption (MFTE) program is re-adopted, add it as a third option for a height bonus. Only the 12-year MFTE option with at least 20% of units being AFFORDABLE should qualify for the bonus.

Other options for height bonuses to consider based on Anacortes's unmet needs and feedback from the HAP public engagement:

- Inclusion of day care space and service in a mixed-use development
- Development of any type of senior housing
- Development of an assisted living facility or nursing home

2.4.5 – Elevator Penthouse

As more multifamily and mixed-use housing is built in Anacortes, details like elevator design are important factors for livability and functionality. 10-feet tall elevator cabs are desirable for residents to move the largest pieces of furniture which cannot fit through stairwells. Also popular are elevator-accessible roof decks that help meet developments meet residential open space requirements.

However, these two features are difficult to combine due to the limitations of AMC 19.42.120(B)(1)(b). This subsection limits structures screening elevators to 15 feet in height where the elevator is accessing a roof deck.

Elevator technology is evolving. Over the past decade the "Machine Room-Less" elevator has become a cost-effective option for buildings over four stories tall and it avoids the environmental impacts of hydraulic piston designs which penetrate deep into the ground below the building (a technology which was previously typical for buildings up to eight stories). The Machine Room-Less design uses a hoistway and mounts mechanical equipment on top of the cab, which increases the overrun above the roof level beyond that assumed by the code.

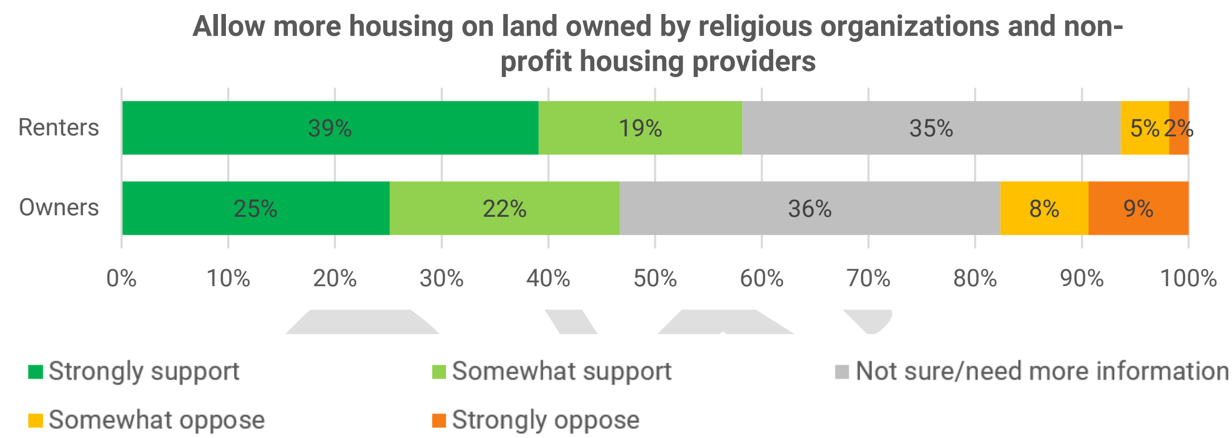
To achieve a 10-feet interior cab dimension and accounting for the assembly of the penthouse structure, it is recommended to increase the code allowance from 15 to 17 feet. The screening language from subsection (a) should also be copied.

> *b. Up to ~~15~~ 17 feet on buildings over four stories in height where they allow access to shared roof decks that meet the requirements of AMC 19.62.040(B)(1)(e), provided the area with the added height is limited to what is necessary to screen or enclose the use.*

2.4.6 – Religiously-Owned Land Density Bonus

Under the 2019 state law RCW 35A.63.300, upon request from a religious organization, cities planning under the GMA must allow an increased density bonus on consistent with local needs for affordable housing development. The density bonus must be contingent upon the religious organization's land being used for housing occupied exclusively by low-income households for at least 50 years.

Anacortes has not received any such request but might consider the implications and begin proactively reaching out to religious organizations to see if they are interested in developing affordable housing on their properties. Anacortes is home to a number of churches with some sitting on fairly large properties in the center of town. The HAP community survey found less than majority support for this concept, but a large share of respondents were not sure and likely need more information about specific proposals.



The density bonus can be used for any type of housing, ranging from single-family to multifamily. Most of Anacortes's religious facilities are in the R3 and R4 zones on properties ranging from 1-4 acres. These zones are not limited by maximum density but do have constraints on minimum lot size area needed per unit. Minimum lot sizes could be significantly reduced or eliminated for eligible developments.

2.5 - Adjust Other Standards

A miscellaneous set of other standards can be updated to streamline the development regulations and potentially reduce construction costs.

2.5.1 – Family Definition

Amend the definition of "family" under AMC 19.12.020(F) to be consistent with state law RCW 35A.21.314 (2021). Cities may not regulate or limit the number of unrelated persons that may occupy a household or dwelling unit.

2.5.2 – Block Frontage Standards

For clarity to code users on Undesignated block frontages under AMC 19.61.110(B), consider repeating that Undesignated streets in residential zones are subject to Landscaped standards.

> *All Undesignated block frontages in non-residential zones that are not designated are subject to the standards of this section. Per AMC 19.61.030(A)(2), Landscaped block frontages apply to multifamily and non-residential development in residential zones. These Undesignated block frontages are provided greater flexibility ~~with regards to the design of multifamily and non-residential development frontages~~.*

2.5.3 – Multifamily Open Space Standards

Amount of Multifamily Open Space

Under AMC 19.62.040, subsection B.1, break down the requirement for open space to create a more consistent sliding scale based on unit size. Unit size generally correlates to number of residents, and a higher or lower number of residents relates to a higher or lower amount of open space needed for a livable residential community.

> *All multifamily development, including multifamily portions of mixed-use development, must provide minimum usable open space equal to 100-square-feet per dwelling unit for studio dwellings, 125-square-feet for ~~and~~ one-bedroom dwellings, and 150-square-feet per dwelling unit for dwellings with two or more bedrooms.*

Provide an open space credit for multifamily developments adjacent to a park, which provides some (but not all) of the benefits of building-specific open space and may help manage construction costs. This could be a new subsection B.3:

> *3. Multifamily development and multifamily portions of mixed-use development may reduce the minimum amount of usable open space required per unit under subsection (B)(3) by 33 percent (one-third) when the primary entrance of the development is located within 250 feet walking distance of a park at least one-quarter acre in size. The park may be public or private, and it must be accessible to all residents and be suitable for a variety of leisure and recreational activities.*

Design of Multifamily Open Space

Under AMC 19.62.040(B), consider several minor adjustments to improve the clarity of the open space standards for multifamily and mixed-use housing developments.

Integrate subsection B.2 into B.1.a since the topic of both regards shared open space.

For common indoor recreation areas under subsection B.1.d, add dimensional standards:

> *iii. The minimum area is 250 square feet. The space must feature dimensions necessary to provide functional leisure or recreational activity (unless otherwise noted herein).*

For shared roof decks under subsection B.1.e, remove the difference in applicability for single-purpose multifamily buildings compared to mixed-use buildings, allow intermediate level roof decks, and ensure access is available to all residents.

> *Shared roof decks. Such spaces are a type of private internal common area located on the top of buildings or intermediate levels (e.g., upper floor building facade step-back areas) and are available to all residents. Up to 50 percent of the required open space may be provided by shared roof decks. Examples of amenities include, but are not limited to, cooking and dining areas, seating areas, gardening areas, water features, children's play areas, and pet play areas. Shared rooftop decks must meet the following design standards: ~~For multifamily buildings, up to 50-percent of the required open space may be provided by shared roof decks located on the top of buildings which are available to all residents and meet the requirements below. For mixed-use buildings, 100-percent of the required open space may be provided by shared roof decks.~~*
>
> *i. Space must feature hard-surfacing, provide amenities such as seating areas and other features that encourage use.*
>
> *ii. Space must integrate landscaping elements that enhance the character of the space and encourage its use.*
>
> *iii. Space must incorporate features that provide for the safety of residents, such as enclosures, railings, and appropriate lighting levels.*

2.5.5 – Townhouse Open Space Standards

Under the townhouse design standards of AMC 19.43.010(G)(9), reduce the minimum dimension for private ground level open space from 12 feet to 10 feet in some or all situations. This would be more consistent with the underlying zoning that requires minimum 10 feet setbacks from the street in the R4 and R4A zones and 10 feet setbacks from side streets in all residential zones where townhouses are permitted, allowing more site design flexibility and efficient use of land.

The recommended approach is to require a minimum 12 feet dimension in one direction as shown below.

> *Private ground level open space that is directly adjacent and accessible to dwelling units. Such space must have minimum dimensions of at least 12-feet in one direction and 10-feet in other directions ~~on all sides~~ and be configured to accommodate human activity such as outdoor eating, gardening, toddler play, etc. Street setbacks may be used to meet this standard, provided they are defined with a fence (meeting standards of AMC Chapter 19.66 Fences, Walls & Hedges).*

Other options:

- Minimum 12 feet dimension in only the R3 and R3A zones, with 10 feet minimum in all other zones
- Minimum 10 feet dimension in all zones
- Tradeoff: Where the ground-level space has minimum 10 feet dimensions, a second private open space must be provided like a balcony or roof deck

2.5.6 – Parking Lot Landscaping Standards

Under AMC 19.65.070(D), adjust minimum planting area widths (or average widths) to be 7.5 feet for internal planting areas (subsection 3) and five feet for internal lot lines (subsection 6.b). Clearly provide a minimum 7.5 feet width for public street frontages (subsection 6.a).

These reductions are recommended to allow more efficient use of land, especially on smaller lots where multifamily and townhouse development may occur, but still provide enough protection to meet the purpose of parking lot landscaping.

Also, consider making parking lot landscaping its own code section so it is easier to find in tables of contents and because it is frequently used. For example, convert subsection (D) to new 19.65.075.

2.5.7 – Service Areas and Mechanical Equipment

Under AMC 19.62.070, some minor clarifications can be made about applicability to offer some more flexibility. Subsection (B) currently acts as a title but could be expanded with examples:

> *B. Location of ground related service areas and mechanical equipment. Ground-level building service areas and mechanical equipment includes loading docks, trash collection and compactors, dumpster areas, storage tanks, electrical panels, HVAC equipment, and other utility equipment. If any such elements are outside the building envelope at ground level, the following location standards apply:*
>
> *1. Service areas ~~(loading docks, trash dumpsters, compactors, recycling areas, electrical panels, and mechanical equipment areas)~~ must be located for convenient service access while avoiding negative visual, auditory, olfactory, or physical impacts on the streetscape environment and adjacent residentially zoned properties. Service areas must be sited for alley access if available.*

Under subsection B.6, consider adding to the list of dumpster storage requirements:

> *Trash collection areas must include roofs or overhead weather protection and must meet required stormwater standards. Drainage must be designed to meet applicable NPDES standards.*

Under subsection C.1.d, consider adding the following moderation to help control construction costs:

> *Collection points must be located and configured to the extent practical so that the enclosure gate swing does not obstruct pedestrian or vehicle vehicular traffic, or does not require that a hauling truck project into any public right-of-way. Ensure that screening elements allow for efficient service delivery and removal operations.*

Under subsection E.2, consider removing the prohibition on perforated metal as a rooftop equipment screening material since it is cost effective and has a variety of design options.

> *For rooftop equipment, all screening devices must be well integrated into the architectural design through such elements as parapet walls, false roofs, roof wells, clerestories, or equipment rooms. Screening walls or unit-mounted screening is allowed but less desirable. Wood must not be used for screens or enclosures. Louvered designs are acceptable if consistent with building design style. ~~Perforated metal is not permitted.~~*

2.5.8 – Building Design

Under AMC 19.63.040(C)(2), consider minor revisions to the list of articulation standards:

> *a. Use of windows and/or entries that reinforce an articulation pattern.*
>
> *b. Use of awnings or similar weather protection features (not applicable to residential buildings).*
>
> *c. Use of vertical piers/columns (applies to all floors of the façade, excluding upper level stepbacks).*
>
> *d. Change in roofline per subsection (F) below.*
>
> *e. Change in building material or siding style~~, and/or window pattern~~ (applies to all floors of the façade, excluding upper level stepbacks).*

Under AMC 19.63.050(E), consider revising the entry articulation standard for consistency:

> *The primary building entrance (when provided) for an office building, hotel, ~~apartment~~ multifamily building, public or community-based facility or other multi-story commercial building must be designed as a clearly defined and demarcated standout architectural feature of the building.*

2.5.9 – Building Materials

Section 19.63.060(B) can be updated to clarify the applicability of durable materials on the ground floor.

> *B. Quality building materials. ~~Applicants must use high quality durable materials. This is most important for the base of buildings, particularly for commercial and mixed-use buildings where the façade is sited close to sidewalks.~~ Stone, brick or tile masonry, architectural concrete or other similar highly durable materials must be used for at least*

the bottom two-feet of the first floor façade on non-residential and mixed-use buildings (excluding window and door areas).

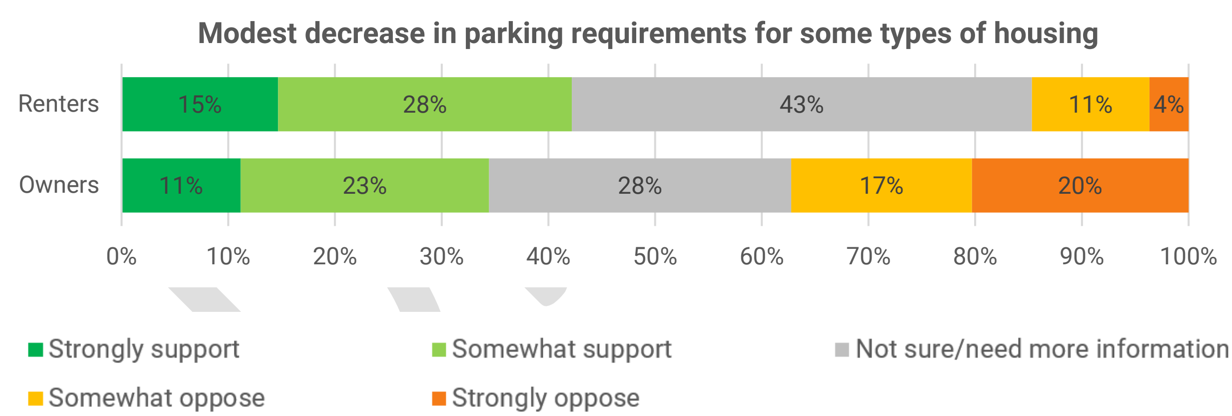
2.5.10 – Blank Walls

Under 19.63.070(C), consider updating the applicability for blank wall treatment standards to reduce construction cost impacts.

Blank wall treatment standards. Untreated blank walls located within 100 feet of, and visible from a street, public space, ground-level individual outdoor space, or internal walkway, are prohibited. Methods to treat blank walls include the following (a variety of treatments may be required to meet the purpose of the standards): ~~adjacent to a public street, pedestrian-oriented space, common usable open space, or pedestrian pathway are prohibited. Methods to treat blank walls can include:~~

2.6 - Adjust Parking Standards

The HAP community survey found little favor for the concept of a “Modest decrease in parking requirements for some types of housing”, with 34% of total respondents in support and a large share of “not sure” responses. There is also the practical reality that Anacortes is an island community with very limited transit service (with opportunities to change that noted in Section 5.6). Therefore, the recommended adjustments to parking standards are focused on providing more certainty and clarity. Several changes are proposed for Table 19.64.040.



2.6.1 – Minimum Parking Standards

For duplexes and triplexes, provide clear quantitative standards instead of referring to multifamily bedroom counts. The market for duplexes and triplexes is similar for small lot single-family, which currently requires 1.0 parking space per unit. Duplexes and triplexes are also more common in lower density residential zones where on-street parking tends to be available.

Following the recommendation of the 2017 Affordable Housing Strategic Plan, develop parking regulations specific to affordable housing. Define and list “multifamily dwelling, affordable” (for the purposes of parking calculations, the definition should include permanent supportive housing and transitional housing). A minimum parking ratio of 0.5 to 0.75 spaces per unit, regardless of bedroom count, is appropriate. Census data demonstrates that lower income residents own fewer vehicles. Affordable housing stakeholders also report this is the maximum range needed for lower income residents and that on-street parking is almost always sufficient to accompany any additional needs.

Rename the term "multifamily dwelling, restricted" to "senior housing" or similar phrasing to clarify its purpose for parking calculations. One developer stakeholder was not aware of this option for senior housing. Consider setting the parking standard at 1.0 space per unit regardless of bedroom count to provide more certainty.

Additional, consider allowing fee-in-lieu payments for retail uses in a mixed-use building in any location citywide. This would require adoption of a parking fee-in-lieu plan and amendments to AMC 19.64.070.

Long-term, consider revisiting parking policies in the Comprehensive Plan (see Section 4.3.4).

2.6.2 – On-Street Parking

Similar to guest parking under AMC 19.64.030(B)(2)(a), allow the minimum parking under Table 19.64.040 to be met by on-street parking where it is available within 250 feet of the subject property. This option could be limited to just residential uses or certain housing types. On-street parking should not be used to the meet the requirements for accessible parking.

2.6.3 – Guest Parking

The guest parking ratios under AMC 19.64.030(B) were created in the 2019 code update to offset reductions in the minimum residential parking standards and provide a measure of protection for existing neighborhoods. The appropriateness of guest parking standards in some zones could be evaluated.

Currently only the CBD zone waives guest parking requirements under AMC 19.64.030(B)(4); this could potentially be expanded to other near-downtown zones intended for higher-density development and areas with walk/bike/transit access like the R4 and C zones.

Alternatively or in addition, an option is to remove guest parking requirements citywide for multifamily uses. This would remove the "multifamily" row in Table 19.64.030(B). Public on-street parking can usually function as guest parking in most cases.

2.7 - Building Code Amendments

2.7.1 – Middle Housing Fire Sprinklers

Under Chapter 19.14 AMC, consider updating the locally-adopted version of international codes to allow small residential structures with less than 5,000 square feet of floor area (e.g. triplexes, townhouses, and small multifamily buildings) to be designed and built under the less-strict provisions of the International Residential Code (IRC). Normally, structures with three or more units are considered commercial and fall under the International Building Code (IBC) which requires fire sprinklers. In exchange, applicable structures would be required to have a higher 2-hour fire rating for wall and floor/ceiling assemblies.

Since sprinklers can cost up to $15,000 per unit to install, this can help reduce the costs of attached middle housing while still ensuring fire safety. Other opportunities for streamlining include revisions to egress requirements in common spaces and allowing combined mechanical, electrical, and plumbing drawings.[3]

Initial feedback on this action is that six-unit buildings would not be supported by City staff due to liability and insurance ratings concerns, but demonstrated success in at least one community (Memphis, TN) suggests the topic may be worth further discussion. Making a change for only three- or four-unit buildings may still provide affordability benefits. Coordinate with the design and development community, the fire department, building officials, and other stakeholders as appropriate to develop the amendment.

2.7.1 – Single-Stairwell Buildings

Examine updating the locally-adopted version of the International Building Code to allow single-stair multifamily buildings up to six stories where there are four or less units per floor. By default, the International Building Code limits this condition to four floors. Seattle has allowed it since 1977.[4] This could be an opportunity to reduce costs while still ensuring fire safety for small apartment buildings on infill lots in and around the downtown area.

Similarly as above, this would require coordination with the design and development community, the fire department, building officials, and other stakeholders as appropriate.

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[3] "A Trailblazing Reform Supports Small-Scale Development in Memphis." Strong Towns. January 2022. https://www.strongtowns.org/journal/2022/1/26/a-trailblazing-reform-supports-small-scale-development-in-memphis

[4] "Second Egress: Building a Code Change". https://secondegress.ca/Seattle

Section 3 – Programmatic Strategies

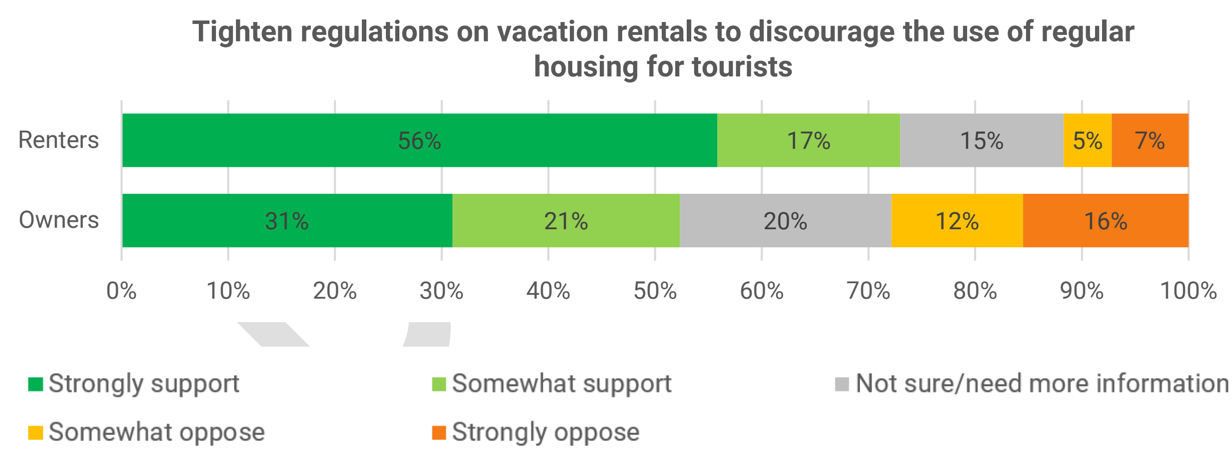
These actions relate to ongoing staff support and enforcement needs.

3.1 - Short-Term Rental Regulations

Short-term rentals, also known as vacation rentals, are considered stays of 30 days or less in a residential dwelling. In 2021 City staff research found about 76 short-term rentals operating in Anacortes through the most popular commercial services such as AirBNB and VRBO. This is likely an undercount since not all short-term rentals are listed throughout the year and some may be advertised through other methods, but it still represents only a small percentage of Anacortes's housing units.

The City code does not specifically define short-term rentals. The code prohibits overnight lodging uses other than bed-and-breakfasts in residential zones, but this is not strictly enforced outside of development permits. Overnight lodging businesses are required to maintain a business license and only 12% of the identified short-term rentals have done so. It seems likely that many short-term rentals operating illegally in residential zones and not paying the lodging tax.

Housing stories collected during public engagement suggests short-term rentals are both a problem for long-term rentals and an opportunity for supplemental income by low- and moderate-income property owners. In the HAP community survey, 56% of total respondents are supportive of the concept to "Tighten regulations on vacation rentals to discourage the use of regular housing for tourists."



There are many options to regulate short-term rentals, with some strategies provided by the American Planning Association and lessons learned from other Washington communities.

Below is a non-exhaustive menu of regulatory options. Relatively light measures are recommended given the current number of short-term rentals in Anacortes, with stricter measures possible to enact if problems with short-rentals continue.

- Define short-term rentals, possibly with differences between accessory, temporary, and commercial types
- Prohibit short term rentals in residential zones, or only allow in residential zones were the owner/operator lives on the property
- Prohibit short term rentals in multifamily buildings
- Cap the number of guests/occupants per short-term rental unit
- Cap the number of short-term rental business licenses that may be issued, such as 1-3% of total housing units per neighborhood or citywide.
- Provide performance standards for number of guests, availability of the owner/operator to respond to complaints, and nuisances like noise, odors, and vibrations
- Require short-term rentals to be registered and have placards prominently displayed and visible from the right-of-way
- Provide resources for enforcing business license and registration requirements and enforcing the penalties for failure to comply

With any proposed action, communication and partnerships with the top listing platforms and affected neighborhoods should be conducted as early and continuously as possible.

3.2 - Anti-Displacement Strategies

As discussed above in Section 1.3, exclusionary zoning practices have led to numerous facets of housing inequity across the U.S. Additionally, redevelopment programs implemented in earlier decades resulted in both intentional and unintentional displacement of lower-income and people of color in many communities. Therefore, strategies to mitigate or prevent displacement have gained much attention in recent years, and a variety of approaches have emerged. Overall, the effectiveness of anti-displacement strategies is highly neighborhood- and community-specific, and recent academic research has found decidedly mixed results of many approaches.[5]

While most strategies have been focused on minimizing displacement pressures, it should be noted that not all displacement is involuntary (there is always some movement in the housing market), and displacement can sometimes mean moving "up" to a higher opportunity neighborhood.

Increasing housing production overall, including market-rate housing production, is an important tool to moderate price increases and therefore make housing more affordable to low and moderate income families and prevent displacement.[6] This is particularly true in hot housing markets, such as the current market in Anacortes. A study in California found that market-rate and subsidized housing production both reduced displacement rates in San Francisco, but subsidized housing production decreased displacement risk more significantly.[7] The same study also found that the positive effects of production on displacement at a hyperlocal neighborhood scale may differ, depending on the complex neighborhood context.

One downside of increased production is the time it takes to build new housing, which can be lengthy not only for construction, but also design and permitting. Production can also be hampered by lack of land supply, an issue currently facing Anacortes as discussed in Section 1.2. The most comprehensive academic survey of anti-displacement strategies to date suggests that in addition to production, neighborhood stabilization and tenant protection policies have the most immediate impact on mitigating displacement.[8] The following are suggestions for proactive policies that Anacortes can adopt to further prevent displacement.

A study from Common Good Labs analyzed data on thousands of U.S. neighborhoods over 15 years (2000 to 2015) to understand how poverty is reduced without community displacement.[9] It found eight indicators that are associated with inclusion, increased prosperity, and decrease in poverty. Three of the indicators can be most directly affected by municipal policies, noted in the table below.

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[5] Chapple, Karen and Anastasia Loukaitou-Sideris. "White Paper on Anti-Displacement Strategy Effectiveness." Prepared for the California Air Resources Board, February 2021.
[6] Been, Vicki, Ingrid Gould and Katherine O'Regan. "Supply Skepticism: Housing Supply and Affordability." New York University Furman Center, August 2018.
[7] Zuk, Miriam and Karen Chapple. "Research Brief. Housing Production, Filtering, and Displacement: Untangling the Relationships." UC Berkeley Institute of Governmental Studies. May 2016.
[8] Chapple and Loukaitou-Sideris.
9 "Reducing poverty without community displacement: Indicators of inclusive prosperity in U.S. neighborhoods." Brookings. September 2022. https://www.brookings.edu/research/reducing-poverty-without-community-displacement-indicators-of-inclusive-prosperity-in-u-s-neighborhoods/

Inclusion Indicator	How Anacortes Can Affect This Indicator
Increased housing density	Zoning standards that directly regulate the density of residential development.
Higher rates of homeownership	Zoning and subdivision standards that allow and encourage a greater variety of small and attached housing types (e.g. small single-family, cottages, townhomes, flats, condos). A New York Times report finds that the production of entry/starter homes has never been lower than today (particularly homes smaller than 1,400 square feet).[10]
Presence of community organizations	Financial and/or staffing support for community organizations. Zoning standards that provide low-cost commercial space and/or municipal facilities with space for community organizations to have offices, host events, run recreation and cultural programs, etc.

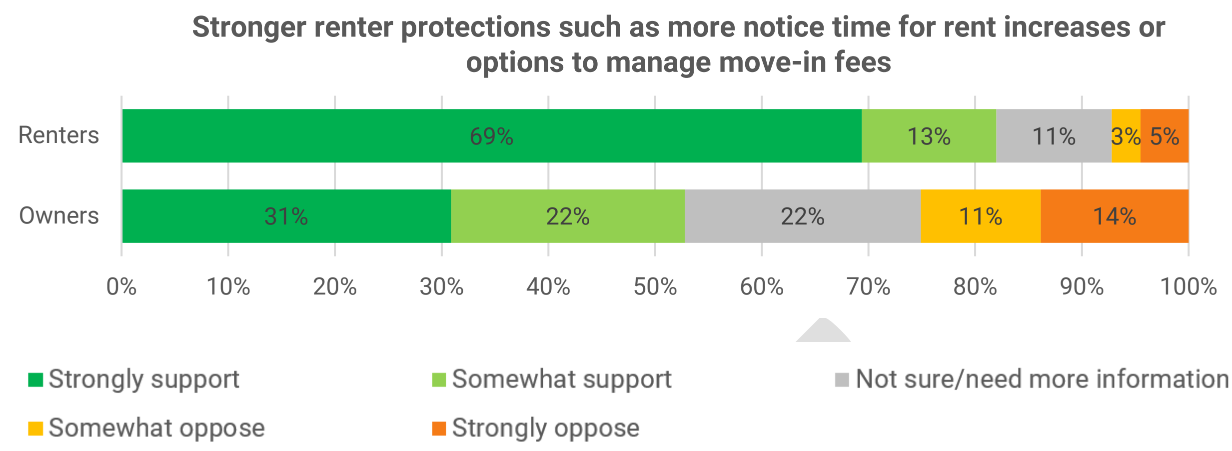
3.2.1 - Local Tenant Protections

Washington State sets the baseline for the landlord-tenant relationship through the State Residential Landlord-Tenant Act, RCW 59.18. Washington State regularly amends the Act as summarized in the HAP Existing Conditions and Housing Needs Analysis Report. According to the Attorney General's Office, there is no centralized enforcement mechanism for the RCW, and so it is incumbent upon landlords and tenants to either self-remedy violations, seek counseling or low-cost legal help from non-profit organizations, and/or resolve disputes through the courts.

Local ordinances are enforced by the local jurisdiction. Cities are free to adopt additional or more stringent regulations than those provided by the state (with the exception of market-rate rent control), and numerous Washington communities have done so. Anacortes has not.

The King County Bar Association (KCBA) provides a model tenant protection ordinance within the framework of Washington State law. This is summarized in the table below. No particular option is recommended as part of this HAP, but the Anacortes community and decision-makers are encouraged to use this "menu" of options as a basis for continued discussion. Given the information provided during the HAP public engagement process, many renters feel their housing situation is unstable and at the mercy of large rent increases or evictions. When asked in the HAP community survey, over 58% of total respondents and 82% of renters are supportive of "Stronger renter protections such as more notice time for rent increases or options to manage move-in fees".

[10] "Whatever Happened to the Starter Home?" The New York Times. September 2022. https://www.nytimes.com/2022/09/25/upshot/starter-home-prices.html



Local Tenant Protection Option	Other Considerations and Notes
Rents and Payments	
Notice of monthly rent increases 90-180 days before the effective date, with more notice required for larger increases	The state law default is 60 days notice per RCW 59.18.140. Upon receipt of notice, allow tenants to terminate tenancy early without further payment except pro rata rent.
No increase in rent allowed if the property is in poor condition	Poor conditions means the dwelling unit has defective conditions making it unlivable, a request for repairs has not been completed, or the property is otherwise in violation of RCW 59.18.060.
Increases over 10% of monthly rent over a 12-month period requires landlord to pay relocation assistance for economically-displaced tenants.	The tenant must be notified this is an option in every rent increase notice regardless of the increase amount. The assistance can be valued in a number of ways – the KCBA model bases it on three times the monthly rent amount. Optionally, this tool could require relocation assistance for physical displacement as well (due to property renovations or demolition).
Move-in fees capped at one month's rent and require offer of installment plans	Allow up to a six month installment plan which commences upon move-in. This helps lower income tenants manage move-in fees that can be many thousands of dollars.
Caps on rent payment late fees	The KCBA approach is a cap of $10 per month and the tenant is not responsible for any legal fees or other services.
Leases must allow rent to be paid on different days of the month	This allows tenants to adjust the due date of rent payments if the tenant has a fixed income source (e.g. a paycheck lag after the first of the month or a social security payment). A landlord shall not refuse to lease to tenants who request this.
Evictions and Discrimination	
Require cause to evict as specified in the lease agreement	Only allow for evictions for: 1) failure to pay rent after receiving all notices required; 2) substantial breach of a non-monetary term of the lease and all steps to resolve it have failed within the time required; or 3) the landlord seeks to remove the unit from the market with honest intent (with 120 days notice).
Banning discriminatory, deceptive, and unfair practices in the rental market	Prohibits inquiries or verification requirements based on immigration or citizenship status, using social security numbers as a method of proving financial eligibility, and representing that a unit is not available when it is in fact available. Also prohibits requiring that a lease be signed by children and deceptive omissions and practices

Local Tenant Protection Option	Other Considerations and Notes
	like confusing lease terms or taking advantage of a lack of understanding by tenants.
Administration	
Rental unit registration and inspection programs	The purpose of such programs is to ensure rental housing meets standard living conditions. Registration includes property address, contact information, list of rental units, and condition of the housing units. Fees may be imposed and re-registration is required with new ownership.

Longer rent increase notices and relocation assistance are some of the strongest anti-displacement strategies available for low-income residents forced to move, giving them an opportunity to find new housing in the same community within a reasonable amount of time.

Any new regulatory action would require some degree of effort, ranging from education and outreach to increased staffing and resources for monitoring and enforcement (including but not limited to the recommended hiring of a housing coordinator). Regulatory action could also be considered at the regional level to provide consistency for landlords and property management companies working across multiple Skagit County jurisdictions.

3.2.2 - Other Anti-Displacement Strategies

Tenant Legal Services

Eviction rates have been shown to drop when tenants facing eviction have access to legal representation. The Washington State Office of the Attorney General has a comprehensive list of resources for tenants facing legal issues, including free phone assistance from the Northwest Justice Project for low-income tenants statewide.[11]

Tenant Opportunity to Purchase

A tenant opportunity to purchase program, such as the one instituted in Washington, D.C. in 1980, gives tenants the first right to purchase their unit if it is being converted into a condominium. In D.C., this has helped 58% of tenants in a study of the program to purchase their unit.[12]

Rental Assistance Programs

Rental assistance programs help low-income tenants pay rent in moments of hardship. Such a program can be very helpful in preventing families and individuals from becoming homeless and help stave off eviction and displacement. However, rental assistance programs are also relatively expensive and may have limited reach in a city of Anacortes's size. One option would be to investigate a temporary rental assistance fund for eligible low-income renters which can provide assistance for 1-3 months when a tenant is experiencing a financial crisis.

11 "Residential Landlord-Tenant Resources." Washington State Office of the Attorney General. https://www.atg.wa.gov/residential-landlord-tenant-resources

12 Chapple, Karen and Anastasia Loukaitou-Sideris. "White Paper on Anti-Displacement Strategy Effectiveness." Prepared for the California Air Resources Board, February 2021.

Housing Rehabilitation

Some low-income households are unable to afford ongoing maintenance on their homes, particularly older housing units. This can lead to displacement if the homes become uninhabitable or the home is sold at a low price. Many cities and counties in Washington, including Vancouver, Spokane, and Pierce County for example, provide no- or low-interest loans to qualifying low-income homeowners to help repair and rehabilitate their homes.

Some programs do not require repayment of the loan until after the house is sold, and others defer payments if residents cannot afford them, or waive interest for disability modifications. These programs are funded by a variety of sources, including city or county affordable housing funds, CDBG block grants from HUD, or HOME Investment Partnership programs.

Community Control of Land

There are several models of cooperative or shared land ownership which have been used to remove land speculation and market pressures from ownership housing and provide affordable and stable ownership opportunities for lower- and moderate-income households. Such organizations have mostly taken the form of cooperatives and community land trusts (CLT), or a combination of both approaches.

In a community land trust, the land is held in trust by a nonprofit or city and only the housing unit is bought and sold, usually with permanent affordability restrictions in the covenant. Although this can reduce the amount of equity which can be built by buying and selling a home in a CLT, it does create opportunity for households whose incomes would typically exclude them from homeownership.

In a co-op model, residents own shares in the land or buildings (depending on the model) and pay affordable monthly payments with limited equity to residents. There is at least example of this in Anacortes, the Skagit Cohousing project which is currently in construction (read more details in the HAP Existing Conditions and Housing Needs Analysis Report). One Oregon model showed that combining a CLT and co-op yielded opportunities for homeownership for households earning 30-60% of the AMI.[13]

Overall, the largest barrier to community land control models is lack of funding for ownership affordable housing to jumpstart these types of organizations.[14]

Foreclosure Assistance

Foreclosure assistance can take the form of financial support to homeowners facing foreclosure, similar to the rental assistance programs described above. Additionally, foreclosure assistance can take the form of technical assistance and counseling to households at risk. A study conducted by the Urban Institute during the Great Recession found that households that received counseling were more likely to avoid default and modify their loans to be able to keep

[13] "A Case for Public Investment in Shared-Equity Homeownership." SquareOne Villages. September 2020. https://olis.oregonlegislature.gov/liz/2021R1/Downloads/PublicTestimonyDocument/20717

[14] Gabobe, Nisma. "How Can Cities Move The Needle on Community Land Trusts?" Sightline Institute. August 2021. https://www.sightline.org/2021/08/23/how-can-cities-move-the-needle-on-community-land-trusts/

making payments.[15] Such a program could be provided by the city or in partnership with another organization.

Living Wage Ordinance

In the Mount Vernon-Anacortes Metropolitan Statistical Area, the hourly wage needed to afford the average two-bedroom apartment is $25.13/hour.[16] The minimum wage in Anacortes is the default state law rate, $14.49/hour.

A living wage ordinance requires a higher minimum wage than that required by state law, which can help reduce housing cost burden. Local ordinances are not widespread in Washington; only the cities of Seattle and SeaTac currently have minimum wages higher than the statewide minimum.[17]

Childcare and Early Education Subsidies

Subsidizing early education is another way to help lower-income households from being unable to afford housing, as well as improving lifelong outcomes for children. Washington State provides financial assistance for child care for low-income families through the Working Connections Child Care subsidy. Other municipalities in Washington also provide childcare subsidy, such as Seattle's Child Care Assistance Program and the King/Pierce County Child Care Resources subsidy program for families experiencing homelessness.

Land Value Capture

See Section 5.3.

Inclusionary Zoning

See Section 5.5.

[15] Chapple, Karen and Anastasia Loukaitou-Sideris. "White Paper on Anti-Displacement Strategy Effectiveness." Prepared for the California Air Resources Board, February 2021.

[16] National Low Income Housing Coalition, "Out of Reach: The High Cost of Housing." 2022. https://nlihc.org/sites/default/files/2022_OOR.pdf

[17] "Minimum Wage", Washington State Department of Labor & Industries. https://www.lni.wa.gov/workers-rights/wages/minimum-wage/

3.3 – Homelessness Strategies

3.3.1 – Data Collection

The scale of the homeless population in Anacortes is not well understood, which is one of the first barriers to overcome in addressing the issue. The most recent and granular data available from the Washington Department of Commerce is there were approximately 314 people experiencing homelessness in Skagit County in 2020. Perhaps a third or less of that number includes homeless people in Anacortes, based on stakeholder feedback.

More local and updated data is critical to understanding the problem and seeing how it is changing over time or in response to interventions. Many communities conduct an annual or semi-annual "point in time" count to conduct either a basic population estimate or a census of the visibly local homeless population, often led by social service providers and volunteer community members. This is a nighttime event counting people living on the street, in vehicles, and in shelters. It may not capture other people who are on the edge of homelessness, such as people who are who are couch surfing or living in hotels, but it is a start.

3.3.2 – Coordination

Stakeholder interviews and the 2021 "unmet needs" report of the HACS committee suggest there is not a well-coordinated response to homelessness between the City and service providers. The City also does not directly offer any homeless shelters or transitional housing. A constellation of Anacortes organizations such as food banks, non-profit housing providers, and the hospital meets regularly to share information and resources and keep track of trends on homeless people's needs.

Communication and coordination is hampered by the lack of a central communication hub for service providers. The City has taken the steps of establishing weekly meetings to facilitate interagency discussions and contracting with Anacortes Family Center to provide support for the police department. Other frontline City staff, such as those working in parks and the library, are also encountering people in need.

Homelessness is a government concern because it relates to the health, safety, and welfare of individuals and the community at-large. As another step, it is recommended that Anacortes create a "housing coordinator" staff position to act as the point of contact with service providers, in addition to other housing-related duties (see Section 4.1).

3.3.3 – Intermediate Actions

Create a directory of homeless support services with available times and contact information, and distribute it on the City website and with local service providers. Assign a City staff person (such as the new housing coordinator) to contact each service at least monthly to maintain and update the directory.

Identify at least one underutilized or abandoned parking lot to create a legal and organized area for people living in vehicles. The site should be reasonably located near existing services. Provide basic on-site functions such as trash collection and showers. Work with service providers for site management and outreach. The capacity of the site should be capped at a reasonable amount based on the staffing capacity of service providers and the number of people living in vehicles.

3.3.4 – Adopt a "Housing First" Approach

Decades of research have found that helping homeless people move off the street and into a home of their own is the most effective way to reduce long-term (chronic) homeless for the most vulnerable people.[18] This is because it is extremely difficult or impossible to address the personal, financial, mental, or physical problems that underly homelessness while simply trying to stay alive.

The "housing first" approach eliminates bureaucratic steps and places no criteria on sobriety, employment, criminal history, or completing a religious program before individuals are moved into a home. When someone is drowning, it doesn't help if a rescuer insists the victim learn to swim before bringing them to shore. They can address their issues once they are on solid ground with private space, a stable address, and the dignity of meeting basic needs like food, warmth, and bathing.

This approach is less costly to taxpayers than the combined costs of roving service contacts, emergency room visits, jail and shelter stays, towed vehicles, and maintenance of public spaces. Success stories and lessons abound from places as varied as Houston, TX, Columbus, OH and Salt Lake City, UT.

The provision of homes can be done indirectly through vouchers, in which public funding directly subsidizes the cost of a market-rate rental unit, or directly through publicly-owned housing. The type of housing is oftentimes and preferably in the form of apartments which are cheapest type of housing to build and operate per unit. Sometimes existing apartment or hotel buildings are purchased, or a warehouse can be renovated for residential use. "Tiny home villages", which are rapidly constructed on vacant sites or parking lots, may be appropriate but only on a temporary basis since they are not as durable, weather-proof, or livable as permanent structures.

"Housing first" includes intensive wraparound social services and case management for the residents, either on-site or off-site. These services usually include support for people living with complex and disabling behavioral health or physical health conditions, addiction treatment, and employment assistance. Research has found that an overwhelming majority of permanent supportive housing residents eventually stabilize their lives and health enough to move to market-rate housing.

The "housing first" policy has its limitations. It can only work if housing and service providers agree on the approach, if there is enough supply of housing available to work with at different income levels, and there is adequate long-term funding. All three requirements will require strategic planning and time to develop. To that end, this HAP recommends the following:

- Adopt a "housing first" policy in the Comprehensive Plan
- Regularly survey and monitor the scale of the homeless population

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[18] "Homelessness research: A guide for economists (and friends)." 2019. https://www.sciencedirect.com/science/article/abs/pii/S1051137718302109

- Creating a "housing coordinator" staff position
- Convene a meeting of all relevant homelessness stakeholders
- Provide or seek new funding for supportive housing such as rent vouchers or a City-owned supportive housing development
- Study alternatives for providing supportive housing with City funding or grant funding
- Inventory hotels/motels which could be candidates for purchase and conversion to permanent supportive housing
- Explore programs and partnerships that could enable more social, health, and human care services to establish branch locations in Anacortes.

Section 4 – Citywide Planning Strategies

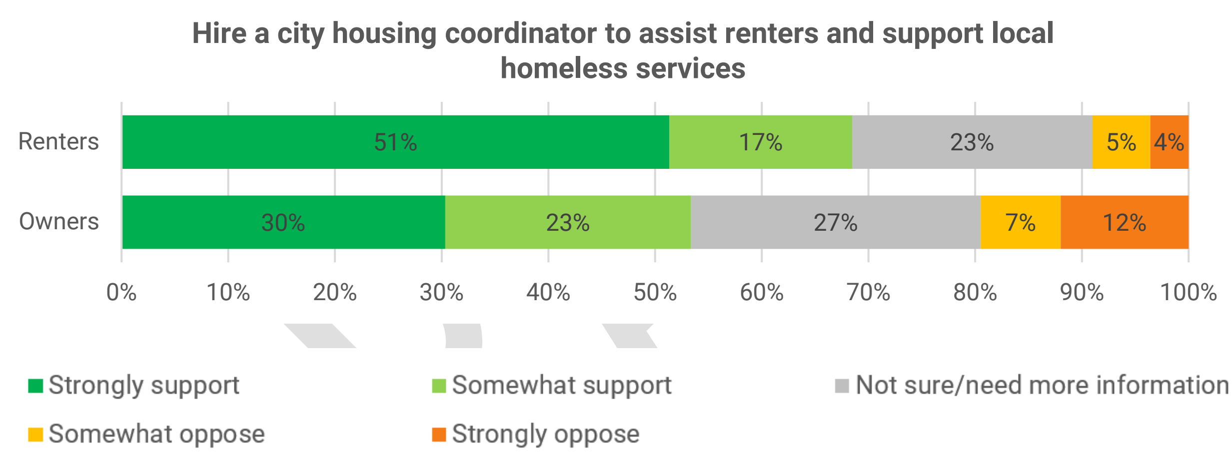
These actions relate to the City's budget and updating the Comprehensive Plan.

4.1 - Hire a Housing Coordinator

A housing coordinator would be a specialized position in the Planning, Community & Economic Development Department that promotes implementation of the Housing Action Plan and provides long-term policy support and relationship-building among Anacortes's residents, landlords, developers, human service providers, and City staff.

This could be a permanent position or, at a minimum, a two year position focused on implementing the Housing Action Plan.

When asked in the HAP community survey, 56% respondents were strongly or somewhat supportive of hiring a city housing coordinator to assist renters and support local homeless service.



Key responsibilities for the position should include:

- Implement the actions and strategies of the Housing Action Plan
- Plan, organize, coordinate, and implement the work plan and policies related to the City's housing policies, projects, and programs. Study, evaluate, and recommend d housing policies and procedures.
- Serve as the City liaison to other departments and advisory boards on housing issues related to housing policy and provide citywide leadership and coordination on housing policy issues.
- Oversee and manage the City's housing funds including the housing sales tax and Community Development Block Grant funds. Monitor other state funding and grant opportunities and write applications for funding, including joint applications with partner agencies.
- (If implemented) Administer and monitor the MFTE program and provide guidance for property owners

- Monitor housing production, the number and location of affordable housing units, and the number of unhoused people in Anacortes and support PCED department reports on housing and demographic trends
- Build relationships with community partners in the non-profit, public, and private sectors, including acting as liaison to the Anacortes Housing Authority, Anacortes Family Center, and the Anacortes Community Health Council
- Market Anacortes to the residential real estate industry and manage inquiries, with a focus on promoting the qualities of the town, economic development opportunities, the friendly regulatory environment, and any financial incentives available
- Recruit human service providers and senior housing developers to locate and build facilities in Anacortes
- Connect businesses and prospective residents to housing listings and providers
- Connect tenants and landlords to resources help resolve disputes
- Educate property owners and developers on development regulations and site-specific opportunities and share resources such as case studies, best practices, property maintenance standards, and property tax resources
- Monitor changes to the Growth Management Act and related state laws on housing

Qualifications for the position should include:

- Bachelor's degree in planning, urban design, architecture, real estate, public administration, finance, economics, business, or other fields where the knowledge and skills can translate to the responsibilities of the position.
- Considerable (3-5 years) experience in program management, affordable housing policy, community planning, public policy, real estate finance or development, business administration, or economic development.
- Proficiency with Microsoft Office and other software related to planning operations.

The ideal candidate will:

- Have a creative, open-minded, and pragmatic attitude.
- Thrive in a fast-paced, team-based environment while also being able to work independently.
- Clearly communicate ideas and concepts.
- Have strong organizational and data analysis skills.

4.2 – Housing Element Updates

Recent updates to the Growth Management Act require some updates on data and goals/policies for the Comprehensive Plan's Housing element. Many of these required updates overlap with the data and objectives provided in this Housing Action Plan, though some additional work may be needed.

In addition to statements of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, RCW 36.70A.070(2) now requires:

- An inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth including:
  - Units for moderate, low, very low, and extremely low-income households
  - Emergency housing, emergency shelters, and permanent supportive housing
- Goals and policies for moderate density housing options including, but not limited to, duplexes, triplexes, and townhomes
- Identify sufficient capacity of land for housing including, but not limited to, government-assisted housing, housing for moderate, low, very low, and extremely low-income households, manufactured housing, multifamily housing, group homes, foster care facilities, emergency housing, emergency shelters, permanent supportive housing, and consideration of duplexes, triplexes, and townhomes
- Makes adequate provisions for all economic segments of the community, including:
  - Low, very low, extremely low, and moderate-income households
  - Documenting programs and actions needed to achieve housing availability including gaps in local funding, barriers such as development regulations, and other limitations
  - Consideration of housing locations in relation to employment location
  - Consideration of the role of accessory dwelling units in meeting housing needs
- Identify local policies and regulations that result in racially disparate impacts, displacement, and exclusion in housing, including:
  - Zoning that may have a discriminatory effect
  - Disinvestment
  - Infrastructure availability
- Identify and implement policies and regulations to address and begin to undo racially disparate impacts, displacement, and exclusion in housing caused by local policies, plans, and actions
- Identify areas that may be at higher risk of displacement from market forces that occur with changes to zoning development regulations and capital investments; and
- Establish anti-displacement policies, with consideration given to the preservation of historical and cultural communities as well as investments in low, very low, extremely low, and moderate-income housing; equitable development initiatives; inclusionary zoning; community planning requirements; tenant protections; land disposition policies; and consideration of land that may be used for affordable housing.

In the annual amendment cycle or the next major update (due in 2025), the Housing Element could be updated with specific policies relating to the many strategies and actions of this Housing Action Plan. Relevant HAP actions to acknowledge at the comprehensive planning level may include, but are not limited to, the following:

- Development regulation streamlining that provides more housing options
- Guidance on homelessness reduction and prevention
- Support for a multifamily tax exemption program, tax increment financing for infrastructure and affordable housing, and transit funding to support housing and economic development
- Policies for the acquisition and disposition of surplus public land for affordable housing, especially City-owned land in downtown and at Sharpe's Corner
- Support for new anti-displacement policies

4.3 – Land Use Element Updates

The Comprehensive Plan Land Use element should be reviewed for potential updates on these issues.

4.3.1 – Old Town Zone

Considering Old Town's size and walkable proximity to downtown Anacortes, reconsider allowed housing types and form/intensity standards here in the next Comprehensive Plan update. This is proposed to be pushed to the Comprehensive Plan process because Old Town is a historically significant area with special land use characteristics and design qualities, and so merits a dedicated policy discussion with the community and decision-makers. It's possible an additional but limited set of historic design guidelines would be appropriate for new housing types such as cottages, duplexes, triplexes, and townhomes.

Also in the Comprehensive Plan, consider redesignating the eastern area of Old Town to facilitate high-density residential and/or mixed-use development. This area is the closest part of Old Town to downtown, contains the library, and has excellent access to public parks and an elementary school. The area is mostly built out and redevelopment would be slow in coming, but in a 20-year planning horizon creating more housing capacity here could equitably provide affordable housing and access to commercial and public services.

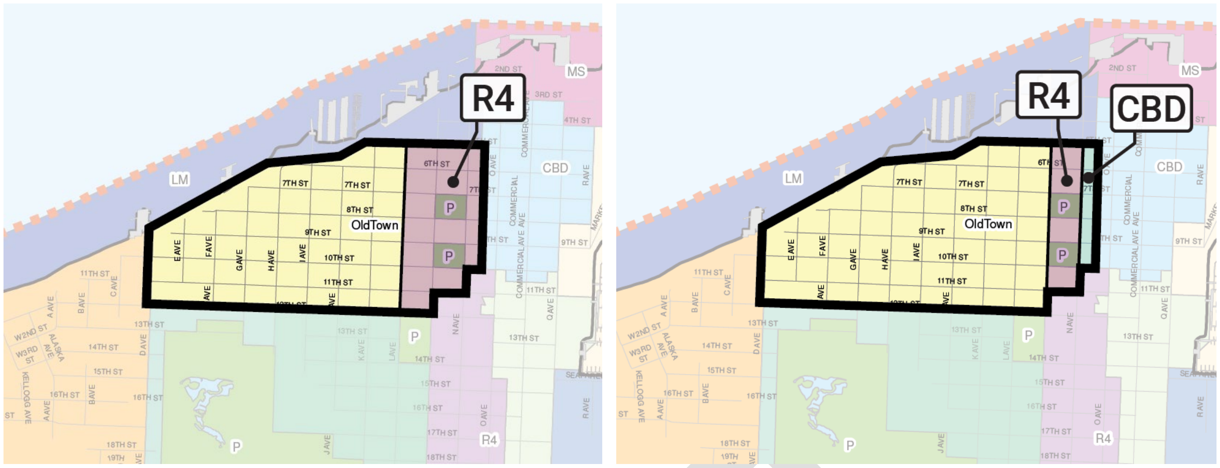


Figure 9 - Options for future consideration of zoning changes in the Old Town zone adjacent to downtown

4.3.2 – R1 Zone

With a 15,000 square feet minimum lot size and only allowing single-family development, the R1 zone is highly exclusionary. The zone is also home to an elementary school and ample park space that would benefit from improved access for more people.

Given growth management goals and the findings of the HAP Existing Conditions and Housing Needs Analysis Report, it is recommended that the next Comprehensive Plan examine the purpose and priorities for this zone more closely. The review will need to also account for the benefits of open space and wildlife corridors since the R1 zone acts as a moderate “buffer” between the city and the unincorporated Skagit County. The review will also need to examine the infrastructure implications of any zoning change, particularly the lack of pedestrian and bike routes and transit service (see the discussion of tax increment financing in Section 5.3).

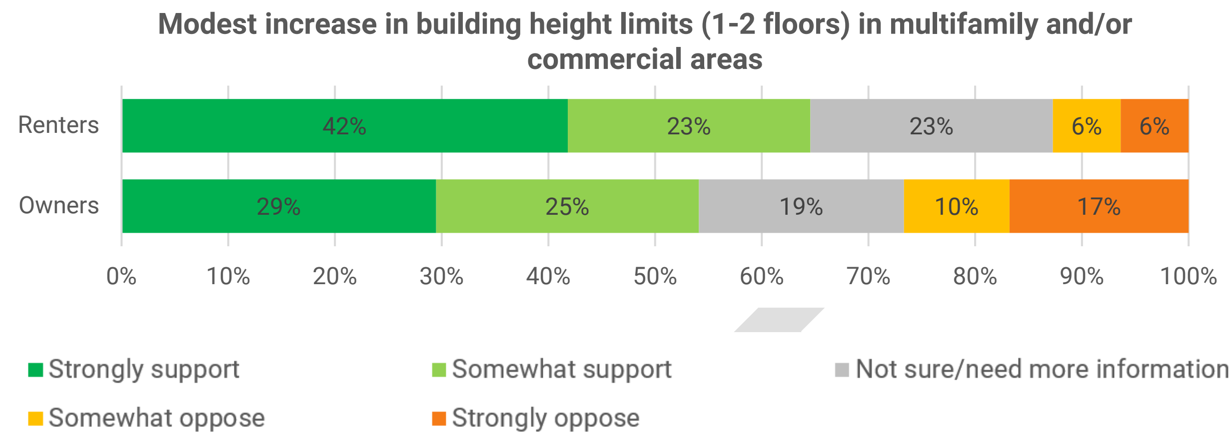
The current limitation requiring a special review process to increase the density limit should also be re-evaluated (see Section 2.1.1).

4.3.3 – Multifamily and Mixed-Use Zone Height Limits

The CBD and C zones are perhaps the most desirable areas for new development because they offer the best access to the jobs, services, and transit. More housing options and diversity are needed in this area, but it has seen limited residential development activity in recent years.

The next Comprehensive Plan update should consider if building height increases in the CBD and C zones are needed to enable feasible multifamily and mixed-use development. This is proposed to be pushed to the Comprehensive Plan process because there are still several years left until the next Plan update to see if the current height limits are enough to attract investment that produces substantial housing.

The HAP community survey found 55% of total respondents strongly or somewhat support a “Modest increase in building height limits (1-2 floors) in multifamily and/or commercial areas”.



Particularly in the C zone (along the Commercial Avenue corridor), 40 feet is a relatively low base height limit. This zone consists of a strong set of streets and alleys with relatively large lots and many opportunities to reinvest in aging single-story commercial properties and parking lots. However, relatively low land values and increasing construction costs likely make mixed-use development here infeasible without a greater chance of return on investment with a larger number of dwelling units. One alternative is to increase the height limits only in certain areas, such as north of 22nd Street.

	CBD	C
Height – Principal Structures (feet)		
Height, maximum	50	40
Height, maximum with bonus	65	55

4.3.4 – Parking

Parking is an issue that should be revisited in the next Comprehensive Plan update. Consider policy support for removing minimum requirements entirely, as is increasingly being done in cities and states across the country.[19]

Removing parking requirements does not have any immediate effect on housing supply or prices or neighborhood design. Over time, it gives the power of parking design back to property owners and businesses to decide how much parking they need to attract tenants and customers. New development will still include parking spaces, but the number of spaces will be decided based on what owners need based on their experience, similar uses, and budget, rather than government rules.[20]

Removing the minimum requirement can also ease the renovation of older vacant buildings and allow new small businesses to open in commercial spaces where they couldn't before. Removing parking requirements significantly reduces the red tape and studies that are required to justify modifications, reductions, or cooperate parking agreements, the costs of which may

[19] "Parking Reform Network." https://parkingreform.org/resources/mandates-map/
[20] "Save Anchorage from Parking Mandates." Sightline. September 2022. https://www.sightline.org/2022/09/30/save-anchorage-from-parking-mandates/

exceed the budgets of local property owners or small investors. Starter homes like townhomes and condos may become easier to build and improve homeownership opportunities.

Removing parking standards would complement increased transit service, as discussed in Section 5.6.

4.4 – Surplus Land

The City and other public agencies have a minimal amount of surplus publicly-owned land. Consider partnerships, rezonings, environmental assessments, and other pre-development activities promote use of these properties for affordable housing.

4.4.1 – Sharpe's Corner (City)

The City's Sharpe's Corner property is a large 42-acre site zoned both LM1 and R4. It is partially encumbered by wetlands and streams. The LM1 zone conditionally allows multifamily and could be considered for a rezone given the vicinity's lack of existing industrial development; for instance, a rezone to R4 would offer considerable housing capacity and flexibility.

A development proposal and rezoning could also involve private land in the area. Consider partnerships, environmental assessments, and/or design standard updates up to promote compatible residential development in this area.

4.4.2 – Parcel P116633 and P58211 (City)

These two sites are similar infill housing opportunities in the R2A zone. Confirm the land is surplus, and then find a housing partner (such as Habitat for Humanity) to develop the land for affordable housing. Both sites are alley-loaded and preliminarily appear viable for compatible infill development like cottage housing and townhouses.

4.4.3 – Parcel P31678 (Port of Anacortes)

This is an infill housing opportunity. Determine the Port's use and plans for the land. If it is indeed surplus, encourage the Port to lease or sell the property for affordable housing development. Any development will most likely require a rezone to allow residential uses. The site appears large enough for a variety of greenfield development types, ranging from duplexes to multifamily, and may need to contend with a slope.

4.4.4 – Downtown Parking Lots

The City owns a number of parking lots in and around the downtown area. These include the parking lots at the Municipal Building, parking lots on Q Avenue, and the parking lot north of Anacortes Cinemas. The Port of Anacortes also owns a significant amount of parking around its marina facilities which could potentially be consolidated. Consider long-term opportunities to create partnerships with private or non-profit developers to redevelop these sites with affordable multifamily housing and perhaps other civic and commercial uses. Parking would ideally be structured and some could still be shared for public use.

As noted elsewhere in this HAP, real estate economics and land value in Anacortes such that structured parking may be difficult to achieve without subsidies and public funding.

4.4.5 – Disposition Policy

Formally adopt a surplus land disposition policy that gives the right-of-first-refusal to affordable housing developers or other community-determined uses, consistent with the allowances of RCW 39.33.015. This could be adopted by City Council resolution or embedded within the Comprehensive Plan's Housing Element (also see Section 4.2).

4.5 – Land Acquisition

The cost of land can be a major cost for any housing development, and providing a discounted land lease or sale can help some projects become economically viable. RCW 39.33.015 allows local governments to transfer, lease, or dispose of surplus property at low or no cost to developers for affordable housing projects. Since the City does not have much surplus land, a related recommend strategy is for the City to identify and purchase underutilized or vacant properties that can be developed as affordable housing.

This strategy could be focused on close-in locations (e.g. the Commercial Avenue corridor) where land ownership is fragmented. Land assembly can be a powerful tool for putting together larger sites that can be redeveloped at a more economically feasible scale.

Section 5 – Funding Strategies

These actions relate to the financing and funding of affordable housing and related issues like taxes, fees, and state law.

5.1 - Multifamily Tax Exemption Program

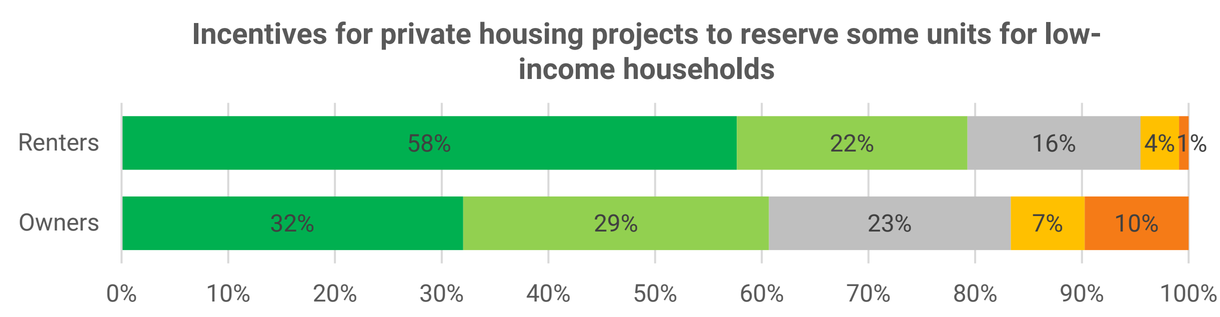
A multifamily tax exemption (MFTE) program is authorized by a 1995 state law, RCW 84.14. Cities can grant an 8-year property tax exemption for any multifamily development, or a 12-year exemption for multifamily developments that reserve at least 20 percent of units for low- and moderate-income households. A MFTE program can be used for new buildings or existing buildings that require major rehabilitation.

Starting in 2021, cities may also offer a 20-year tax exemption if at least 25 percent of condominium units are sold as permanently affordable ownership housing.[21] For cities under 20,000 residents, the 20-year program requires the development to be in a zone that allows at least 15 dwelling units per acre.

The 2017 Affordable Housing Strategic Plan suggested offering only the 12-year option, but it is recommended to offer both to provide flexibility and to recognize that the production of housing at all affordability levels helps ease pricing pressures across the entire market.

Land, existing site improvements, and non-residential improvements are not exempt and are subject to normal property taxes. At the local government's discretion, the exemption's basis may be limited to the value of affordable units or other criteria. The local government has latitude in many aspects. It can require certain public benefits, change what types of development apply, and can map specific areas where the exemption is available. Cities can also set lower maximum rent prices than the statute allows and other lease stipulations, like requiring the participating units to be pet-friendly.

In the HAP community survey, incentives like MFTE were the most popular policy and program concept polled. 64% of total respondents and 80% of renters are supportive of "incentives for private housing projects to reserve some units for low-income households". On the other hand, *mandatory requirements* for low-income housing were the least favorable but still received majority support.



[21] "Overview of 2021 Changes to the Multifamily Housing Tax Exemption Program." Washington State Department of Commerce. https://deptofcommerce.box.com/shared/static/7k5p88yv41m8ot882gbtzafwzlofkf05.pdf

■ Strongly support ■ Somewhat support ■ Not sure/need more information
■ Somewhat oppose ■ Strongly oppose

MFTE programs require ongoing monitoring, especially for any buildings with affordable units, to ensure that rental rates and resident incomes are meeting the criteria. The Anacortes Housing Authority has indicated openness to assisting with screening and monitoring, as they already have systems in place to administer income-based housing.

Anacortes had an MFTE program previously. It started in the late 2000's at the time of the housing recession and was only available for the CBD zone (downtown). Eligible projects were required to be mixed-use developments with structured parking and a green building certification. No projects applied and the City withdrew the program in 2015.

The past few years have seen unprecedented increases in construction costs which have a major impact on development feasibility. Today there is renewed interest in the program among City officials and stakeholders. If tailored well to match the real estate economics in Anacortes, it would likely be attractive since no other cities in Skagit County have adopted an MFTE program.

City staff have preliminarily drafted an ordinance to restart the MFTE program. The following table contains recommendations on program characteristics.

Program Characteristic	Recommendation
Exemption duration offered	Offer both the 8- and 12-year exemption to provide flexibility and meet a range of housing needs.
Residential target area	• 8-year program: CBD, C, R4, and R3A zones • 12-year program: CBD, C, R4, R3A, and R3 zones • 20-year program: CBD, C, and R4 zones
Qualifying improvements	The exemption applies to the share of the property value derived from residential floor area and dwelling units. The exemption does not apply to the value of non-residential floor area, land, and other non-qualifying improvements. In the case of rehabilitation of existing buildings, the exemption does not include the value of existing improvements.
Eligible properties	The 8-year or 12-year program may be used for both new development and existing development. Existing development using the 8-year program are only eligible if they need to undergo rehabilitation as defined by state law.
Definitions	"Affordable housing" means residential housing that is rented by a person or household whose monthly housing costs, including utilities other than telephone, do not exceed 30 percent of the household's monthly income. "High Cost Area" means a county where the third quarter median house price for the previous year as reported by the Washington Center for Real Estate Research at Washington State University is equal to or greater than 130 percent of the statewide median house price published during the same time period. "Low-income household" means a single person, family, or unrelated persons living together whose adjusted income is **at or below 80 percent of the median family income** adjusted for family size, for the county where the project is located, as reported

Program Characteristic	Recommendation
	by the United States Department of Housing and Urban Development. For cities located in high-cost areas "low-income household" means a household that has an income at or below 100 percent of the median family income adjusted for family size, for the county where the project is located. "Moderate-income household" means a single person, family, or unrelated persons living together whose adjusted income is more than 80 percent but is at or below 115 percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States Department of Housing and Urban Development. For cities located in high–cost areas, "moderate income household" means a household that has an income that is more than 100 percent, but at or below 150 percent, of the median family income adjusted for family size, for the county where the project is located.
Affordable housing criteria	• In the 8-year exemption, there is no affordability requirement and at least 20% of units must be 650 square feet or less. • In the 12-year exemption, 20% of units must be rented or sold at prices affordable to low-income or moderate-income households. • In the 20-year exemption, at least 25% of units must be sold at prices affordable to low-income or moderate-income households. Clarify that rental rates must be capped based on the county's relevant low or moderate median family income (adjusted for family size), and rents do not need to be regularly based on changes in the income of individual tenants.
Design requirements	• Affordable units must be distributed throughout the development. In a multi-building or multi-phase development, the tax exemption does not apply until a building containing designated affordable units receives a certificate of occupancy. • In new developments with 20 units or more, no more than 80 percent of total units may be studios or one-bedroom units
Other characteristics	Follow the other standards of state law regarding definitions, application review and procedures, issuance of certificates, annual compliance review, and cancellations.

[map placeholder]

Figure 10 - Proposed MFTE residential target areas

5.2 – Development Fee Adjustments

Anacortes, like many municipalities, levees impact and development fees on new construction to fund improvements in infrastructure for schools, parks, and other services. In Anacortes, General Facilities Charges (GFCs) fund sewer and water services and are based on the capacity and type of unit. Impact Fees fund transportation improvements, fire services, and parks, and are also based on the type and number of units being developed.

Figure 11 shows the GFC rates in Anacortes for water and sewer connections. Charging less for multifamily per unit and for manufactured homes helps encourage housing affordability and reduce construction costs.

Figure 12 shows Anacortes's impact fees for parks, transportation, fire, and schools. This is compared with nearby municipalities for regional context and fee structures differ significantly by jurisdiction. Anacortes's parks and fire fees are higher than the comparison cities, but the transportation fees are about average. Anacortes has a more nuanced pricing of transportation impacts based on development size, bringing down the costs of multifamily development and helping to incentivize more density and housing production, compared with cities like Burlington and Oak Harbor which charge the same impact fees per unit regardless of building size.

Figure 11. Anacortes General Facility Charges (GFCs)

Water		Sewer	
Meter Size	**GFC**	**Housing Type**	**GFC**
5/8 x 3/4 & 3/4	$ 8,885	Single-family	$ 9,942
1	$ 22,213	Multifamily	$ 7,953
1.5	$ 44,426	Manufactured Home In Park	$ 6,462
2	$ 71,082		
3	$ 142,163		
4	$ 222,130		

Source: City of Anacortes

Figure 12. Anacortes Impact Fees (per unit) with Regional Comparisons, 2022

Housing Type	Anacortes	Mount Vernon	Burlington	Oak Harbor
Parks				
Single-Family	$ 1,471.70	$ 855.00	$ 655.00	$ 1,673.00
Multifamily	$ 1,060.33	$ 789.00	$ 655.00	$ 1,344.00
Transportation				
Single-Family	$ 3,043.58	$ 5,714.00	$ 2,665.00	$ 907.00
Multifamily			$ 2,665.00	$ 907.00
Duplex	$ 1,887.02	$ 5,714.00		
Cottage	$ 1,887.02			
Apartment (low-rise 1-2 levels)	$ 1,187.00			
Apartment (mid-rise 3-10 levels)	$ 1,065.25			
Apartment (high-rise 10+ levels)	$ 1,582.66			
Condo/Townhome (low-rise)	$ 1,156.56			
Condo/Townhome (high-rise)	$ 1,795.71			
Multifamily (50 units or less)		$ 5,714.00		
Multifamily (51 units and more)		$ 3,507.00		
Senior Housing (50 units or less)		$ 1,471.00		
Senior Housing (51 units and more)		$ 621.00		
Fire				
Single-Family	$ 503.67	$ 152.00	$ 253.73	$ 0
Multifamily	$ 426.85	$ 152.00	$ 253.73	$ 0
School				
Single-Family	$ 0	$ 9,421.00	$ 0	$ 0
Duplex	$ 0	$ 9,421.00	$ 0	$ 0
Multifamily	$ 0	$ 1,134.00	$ 0	$ 0

Source: City of Anacortes, City of Mount Vernon, City of Burlington, City of Oak Harbor, Leland Consulting Group

Waiving or reducing impact and development fees for certain types of housing, such as affordable housing projects and Accessory Dwelling Units (ADUs), are valuable tools to enhance financial viability of these projects and encourage new housing development. Anacortes has already adopted best practices in waiving or reducing development fees as follows

5.2.1 – Impact Fees

Accessory Dwelling Units are normally exempt from all impact fees per AMC 3.93.030(D)(1)(b). However, under current regulations, if a lot with an ADU is subdivided then impact fees must be collected. This should be revised to retain the exemption no matter how the ADU is owned.

Per AMC 3.93.060, low-income housing provided for residents earning less than 80% of the Skagit County Area Median Income (AMI) receives a partial discount of 80% on impact fees, as outlined by RCW 82.02.060. The property owner must record an affordable housing covenant on the property prohibiting any use other than low-income housing.

5.2.2 – General Facilities Charges

Per Chapter 13.44 AMC, sewer, stormwater, and water GFCs for low-income housing provided for residents earning 80 percent of the Skagit County AMI or less may be waived as outlined in RCW 35.92.380. The property owner must record an affordable housing covenant on the property prohibiting any use other than low-income housing.

5.3 – Tax Increment Financing

In 2021, Washington State granted new powers of tax increment financing (TIF) to the state's cities, counties, and port districts.[22] This funding mechanism allows municipalities to establish a geographic district (called the increment area) that is expected to benefit the most from a proposed new infrastructure investment. Typically, bonds are issued at the out the outset and the additional tax revenue resulting from the increased land and property values are then captured to pay for the new infrastructure and pay off the bonds.

TIF is widely used in other states across the country but Washington's new program has some specific guidelines which differ from other states. In Washington, the state school levy and some other local taxes used to repay general obligation bonds are exempt. Additionally, TIF financing can only be used for specific authorized public improvements which are expected to encourage private development and increased assessed valuation which would not otherwise happen without the improvements. These improvements may be located inside or outside the increment area and include streets, water and sewer systems, sidewalks, streetlights, parking facilities, parks and recreational areas, broadband service, or brownfield mitigation. TIF can also be used to pay for long-term affordable housing, childcare service, providing maintenance and security for public improvements, and acquiring property for historic preservation. Unlike in other states, TIF funding in Washington can only be used for the specified projects or improvements set forth in the initial application, and project lists cannot be modified later. The TIF district must have a maximum sunset date of 25 years and not have an assessed valuation greater than $20 million, and each city may not have more than two districts.[23]

Explore the potential to use TIF on the MJB site and the R1 zone at the southern city limits. The MJB site in the east-central waterfront is currently vacant and is zoned MMU. Grading, road, and utility construction is currently underway, with future plans for mixed use development.[24] Establishing a TIF district could help streamline the development process and provide upfront funding for infrastructure and/or affordable housing on the site. The R1 zone near the southern city limits has limited capacity and large minimum lot sizes compared to other areas in the city.

[22] "Tax Increment Financing (TIF)". Municipal Research Service Center. https://mrsc.org/Home/Explore-Topics/Economic-Development/Financing-Economic-Development/Tax-Increment-Financing.aspx

[23] "Washington State's Expanded TIF Authority Creates Powerful Catalyst for Public-Private Partnerships." Denis Wright Tremaine. May 2022. https://www.dwt.com/insights/2021/05/washington-state-tax-increment-financing-law

[24] "Site work begins on downtown waterfront." Anacortes Today. February 2022. https://www.anacortestoday.com/activities-journal/2022/02/14/site-work-begins-on-downtown-waterfront/

Establishing a TIF district in this area could help finance road, sidewalk, water, and sewer improvements necessary to increase development capacity in this zone if desired.

5.4 – Funding for ADU Development

Cities across the U.S. have adopted a variety of programs designed to subsidize the cost of ADU development for homeowners.[25] As discussed in Section 5.2, Anacortes has already waived General Facilities Charges (GFCs) for ADU construction, a best practice implemented by many cities to lower barriers to ADU development.

Numerous municipalities including Boston, Los Angeles, Montpelier, VT, and Santa Cruz County, CA have established programs which incorporate equity and loan assistance as well as technical assistance and simplified permitting processes.[26] Funding sources for these programs include Community Development Block Grants, cities, philanthropists and partnerships with nonprofits such as Habitat for Humanity. Many of these programs are targeted at lower-income renters, requiring either that the ADU be made available to households earning 80% AMI or lower, or to households using Housing Choice (Section 8) Vouchers. Onerous income reporting requirements can be a disincentive.

In some cases, these programs have been targeted at lower-income homeowners as well, such as the Small Homes Northwest community ADU demonstration project implemented by Hacienda CDC in Portland and funded by the Oregon legislature, which helps income eligible homeowners develop ADUs in neighborhoods at risk of gentrification.

See related ADU regulatory actions in HAP Section 2.3.

5.5 – Inclusionary Zoning and Fee-in-Lieu

Inclusionary Zoning (IZ) is a term used to describe requirements for developers to set aside a certain number or percentage of units in new multifamily developments to be affordable to low-income households earning below a specified income threshold (usually 80%, 60%, or 50% of the AMI). The intention of these policies, which are found in nearly 900 jurisdictions nationally, is to increase the supply of units for low-income households which otherwise would not be created and, in many cases, to provide for "workforce housing" for middle-income residents. Some programs offer other incentives to developers to offset the cost of providing below-market rate units, including density bonuses, zoning variances, or fee reductions. In all cases, IZ policies are tightly intertwined with market economics and should be reviewed annually to ensure that the restrictions and incentives are properly calibrated with current local market factors such as construction costs, land prices, rents, and interest rates.

The effectiveness of IZ has been studied by a number of researchers in recent years. Although a large number of affordable units have been created nationwide through these programs, the effects on property markets are not always positive. Several studies in California found that cities with IZ requirements have higher market-rate housing prices and did not appreciably increase housing production.[27] Another recent study found similar results in the Washington

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[25] Chapple, Karen, Wegmann, Jake, Mashood Farzad, and Coleman, Rebecca. "Jumpstarting the Market for Accessory Dwelling Units." Urban land Institute. https://ternercenter.berkeley.edu/wp-content/uploads/pdfs/Jumpstarting_the_Market_--_ULI.pdf

[26] ADU Aid Programs Across the U.S." Villa. https://villahomes.com/blog/adu-aid-programs/

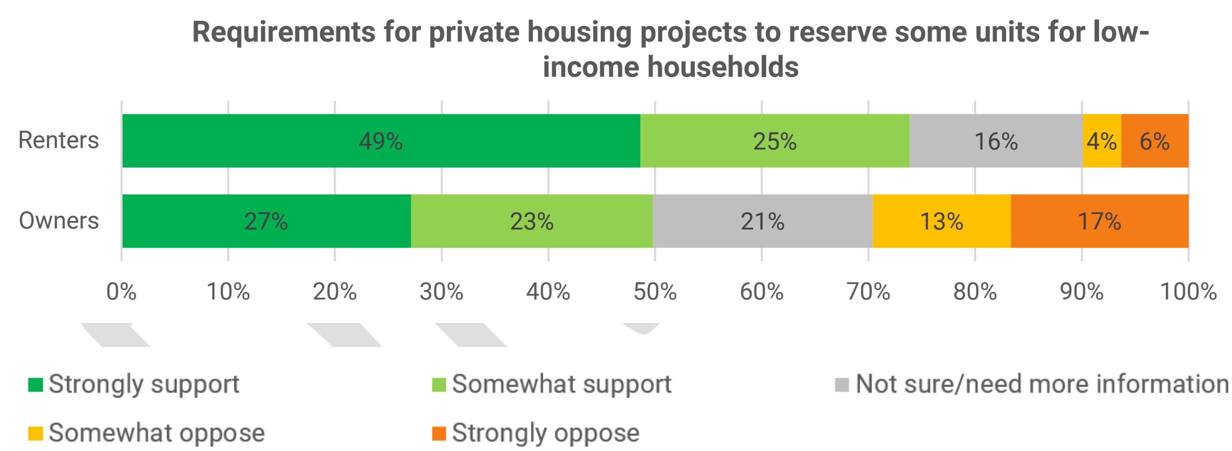
[27] Ramakrishnana, Kriti, Mark Treskon and Solomon Greene. "Inclusionary Zoning: What Does the Research Tell Us about the Effectiveness of Local Action?" Urban Institute, January 2019.

D.C. area as well as finding that optional bonus programs provided for developers under IZ programs were often ineffective and underutilized.[28]

In Anacortes, it is likely that an IZ policy would reduce or not significantly increase housing production due the lack of significant multifamily development occurring in the city. Instead, direct subsidies such as Housing Choice (Section 8) vouchers and bonus programs such as the Multifamily Tax Exemption program will likely be more effective at producing affordable housing in Anacortes than an IZ policy at this time.

If multifamily development activity significantly increased in the future, along with significant upzoning within the city, such a program may be more feasible to consider. In the current market, deeply affordable units at 60% AMI or below will be economically unfeasible to provide through an IZ program. If one were to be implemented in the future, it would need to be targeted to middle-income households earning 80-120% AMI.

In the HAP Community Survey, opinions on IZ were generally positive from renters, with almost three-quarters in favor of such a program, and less popular with homeowners with about half in favor. However, this program was still less popular as a whole than other incentive programs proposed in the survey, such as the Multifamily Tax Exemption (see HAP Section 5.1).



5.6 – Transit Funding

As documented in the HAP Existing Conditions and Housing Needs Analysis Report, transit service in Anacortes is poor. It has limited destinations, frequency, and span of service. This not only affects the ability of the general population to get around without a car. It also hampers the ability of people with mobility disabilities to meet daily needs and for homeless people and others in need of human services to access care in the far-flung cities of Mount Vernon and Burlington, according to stakeholder interviews.

As Anacortes continues to grow and address its human service needs, more transit service can provide a foundation for a more equitable transportation system and affordable housing. A

[28] Hamilton, Emily. "Inclusionary Zoning and Housing Market Outcomes." Cityscape, Vol. 23, No. 1, Regulatory Reform and Affordable Housing (2021).

recent multifamily project in Anacortes provided surface parking spaces for about $30,000 per space, a high cost that is translated directly into rents so the project can remain profitable. More and better transit service at all times of the day and week could help residents downsize the number of cars they own and facilitate less off-street parking in new housing development, significantly reducing the costs of construction and the cost of living.

Skagit Transit provides bus public transit service in Anacortes. Anacortes does not have direct control over transit service but it can contribute funding to improve service for its local constituents. The primary mechanism for cities to do so is a Transportation Benefit District (TBD), authorized under RCW 36.73. TBD's may be used for everything from roads and transit service to sidewalks and transportation demand management.

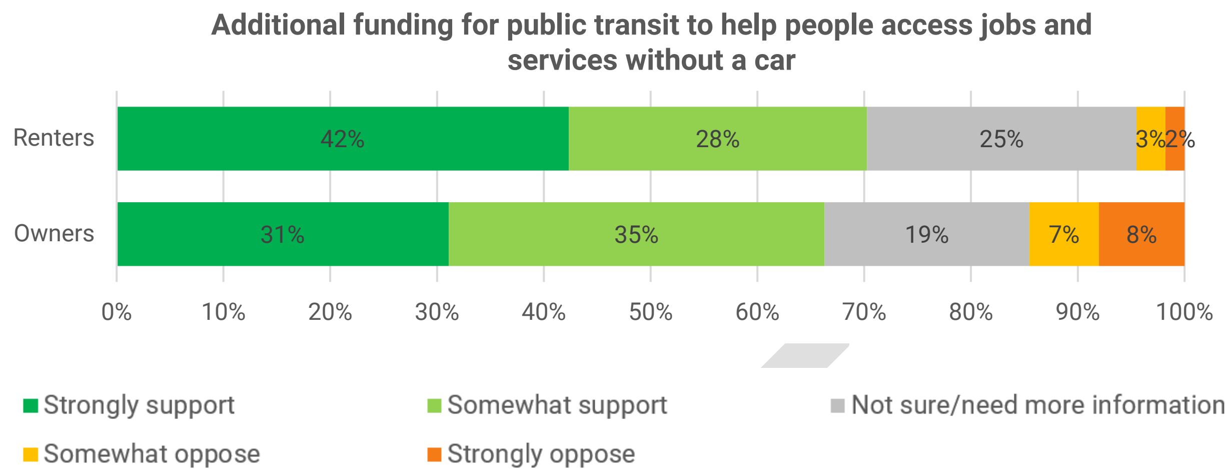
Anacortes has had a TBD in place since 2014. It was originally funded by a $20 vehicle license fee and was replaced with a voter-approved 0.2% sales tax in 2018. At the time, the ballot statement estimated revenues of approximately $900,000 per year with the 0.2% sales tax. Effective July 2022, the state now allows the maximum sales tax rate to be 0.3% (per RCW 36.73.065.3.e). Funding sources for TBD's are as follows:

Funding Source	Description
Vehicle License Fee	Up to $20-50 annually without voter approval (with conditions on phasing in higher fees). Above $50 and up to $100 with voter approval.
Sales Tax	Up to 0.3% with voter approval. May be in effect up to 10 years
Impact Fees	Anacortes already has impact fees in place, separate from a TBD.
General Obligation Bonds	Rarely used
Vehicle Tolls	Rarely used
Excess Property Taxes	Rarely used

It is the recommendation of this HAP to increase the revenue of the Anacortes Transportation Benefit District. Most of the additional funding would bolster Skagit Transit service through an interlocal agreement. Improved transit should be focused on connecting Anacortes's multifamily areas to commercial services and to job centers elsewhere inside and outside the county (such as single-seat service to Mount Vernon, Burlington, and Oak Harbor). Funding could also be used for priority sidewalk additions, especially in areas zoned R3, R3A, R4, and C to support increased housing development in these areas. Sidewalks are vital infrastructure for seniors and people with disabilities.

Revenue targets must first be identified for transit and sidewalks. This should be informed by a collaboration between the City Council, Skagit Transit, the Planning, Community & Economic Development Department, the Public Works Department, and the community at large. Planned projects and transit level of service should be adopted in a formal plan.

The funding sources could include increasing the sales tax, re-imposing a vehicle license fee, or a combination. There is likely local approval for any approach. The 2018 sales tax update to the TBD was approved by 59% of Anacortes voters. Further, the HAP Public Engagement Report found a total of 66% of the 648 respondents supported "additional funding for public transit to help people access jobs and services without a car." Statewide in recent years, voters have approved the vast majority of all proposed TBD sales taxes.



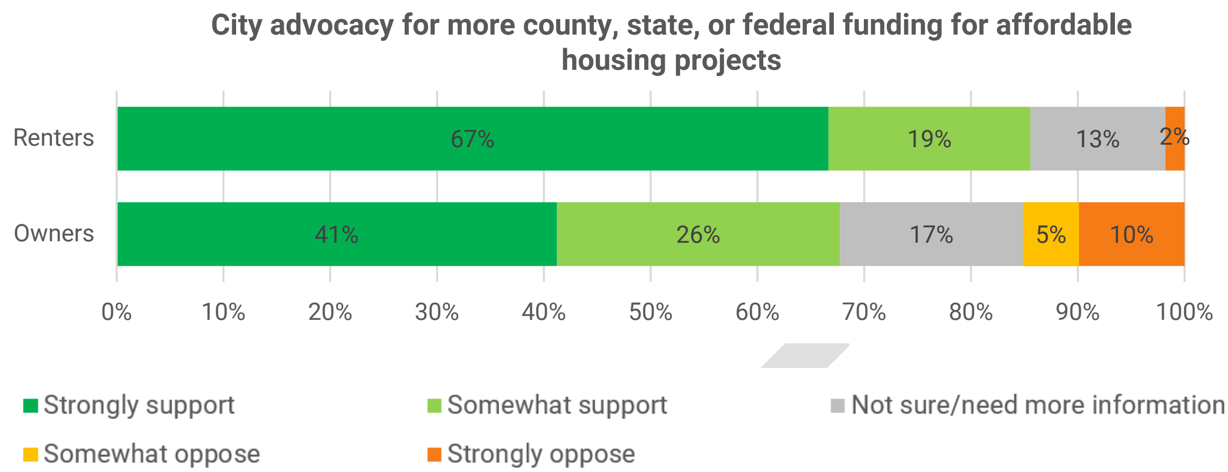
In addition, Skagit Transit imposes a 0.4% sales tax of its own. State law (RCW 82.14.045) allows transit agencies to have a sales tax up to 0.9%. As a supplement to its local TBD, Anacortes could work with its fellow cities and the county to request a ballot measure to increase the agency's revenues and countywide transit service.

5.7 – State Advocacy

Surveying done for this HAP found strong community support for "City advocacy for more county, state, or federal funding for affordable housing projects." Primarily, this should involve lobbying the Legislature for more funds in the state's Housing Trust Fund, which provides capital funding. The trust has helped build or preserve more than 50,000 affordable housing units statewide since 1986. The Legislature appropriates funding to the trust every biennium. More money in the trust would help smaller communities like Anacortes (and the affordable housing providers who work in Anacortes) have a greater chance of receiving funding.

In addition, the City may comment on updates to state law that affect land use, housing, zoning, and transportation. As noted in Section 1.4, zoning preemptions and other changes are likely to be proposed and debated by the Legislature in the coming years. The City should provide input on proposals that affect the implementation of the Housing Action Plan, either independently or through its involvement in statewide organizations like the Association of Washington Cities.

Continued coordination and involvement with regional partners (such as Skagit County) and the federal government is also recommended to promote and fund affordable housing.


City advocacy for more county, state, or federal funding for affordable housing projects
Renters
Owners
67%
19%
13%
2%
41%
26%
17%
5%
10%
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
Strongly support
Somewhat support
Not sure/need more information
Somewhat oppose
Strongly oppose

Section 6 – Monitoring

PLACEHOLDER

Appendices

PLACEHOLDER

Planning Commission Agenda Bill

Meeting Date: October 26, 2022 **Agenda Item:** D.2.

Subject: Bonus height provisions in the R4 Use Zone west of the Commercial Use Zone, AMC 19.42.050 C, Concept discussion

Staff Contact: DON MEASAMER

Approved for Submittal to Commission by	**Action Type**
DON MEASAMER LIBBY GRAGE	Discussion

Summary Statement: Due to neighborhood concerns regarding a 5-story building permit issued in the R4 Use Zone west of the Commercial Use Zone, City Council adopted Ordinance 3054, declaring an emergency and adopting a moratorium on the acceptance of land use applications proposing to use the bonus height provisions of AMC 19.42.050 C, 25% of the units not more than 600 square feet. The bonus height would allow for an additional 10 feet in height above the base height of 40 feet to 50 feet or 5 stories with a potential roof deck. The moratorium does not apply to the affordable housing bonus height provisions. The moratorium has been extended several 6 month periods since adoption on October 21, 2019 due to the Covid pandemic and staff workload.

Based on research during the development of the Housing Action Plan,since 2016 Anacortes has seen an average of 101 new dwelling units built per year. An acceleration of housing production is needed to meet the Comprehensive Plan's 2016-2036 target average of 131 units per year. Taller building heights make more efficient use of land , and there is a limited supply of buildable land. The potential for increasing the number of smaller units is important to provide housing which matches Anacortes's higher than average senior residents and people living alone.

Staff recommends that the bonus height provisions not apply to the area west of "O" Avenue which may be too intense for the R4 neighborhood between "O" and "M" Avenue and adjoining streets.The City can adjust the bonus height provisions to exclude the area in the R4 Use Zone west of O Avenue. But further development in the half-block of R4 between "O" Avenue and Commercial Avenue is consistent with the City's objectives in incentivizing high-density housing in the Commercial Avenue core where services are present, and where a wide street separates less-dense residential land uses.

Background: The R4 zone has a standard height limit of 40 feet, which has been in effect since 2008 (Ordinance 2794). Between 2008 and 1994, the height limit was 35 feet (Ordinance 2316). The City's 2019 development regulation update (Ordinance

3040), did not increase that standard height limit in the R4 zone, but did provide for a 10-ft increase in height over the standard height limit if (option 1) 25% of the total dwelling units contain 600 sq ft or smaller units; or (option 2) a qualifying number of affordable dwelling units is provided in the development. The bonus height provision now effectively allows for five-story development. The City's purpose in enacting the bonus height provisions of AMC 19.42.050 was to incentivize the creation of new dwelling units that are either explicitly "affordable" (option 2), requiring monitoring and enforcement of rental prices of no more than 30% of the household income of households whose annual income is 50% or less of the area median income; or that are 600 sq ft or less (option 1), which have no explicit affordability requirements but are quite small and therefore highly likely to be less expensive than normal-size newly constructed dwelling units and will add more to the supply of housing in the city than larger units. When supply increases, prices decline. The City's purpose in providing for the bonus height incentive in the Commercial, Central Business District, and R4 zones was to allow for the most intense development in the City to occur in areas where services are most available (e.g., access to food, shopping, and transit) and where existing commercial development is most likely to occur, especially in the downtown core and areas between Commercial Ave and "R" Avenue. The City did not limit such new development to only one area, because that would reduce the likelihood that new development would occur. The westerly portion of the Residential High Density District (the "R4 zone") (shown in purple on the attached map) is bounded by "O" Avenue on its eastern edge for the first four and a half northern blocks, then jogs a half block toward Commercial Avenue and continues southward through the middle of the block between "O" and Commercial until it reaches the Medical Overlay zone.

Previous Action: City Council adoption of Ordinance 4031 October 3, 2022, extending the moratorium an additional 6 month period.

Competing Viewpoints Considered: All concepts reviewed

Recommended Motion: Staff recommends review of the concepts and direction to staff that the Bonus Height provisions stop at the east side of O Avenue "Concept B". Return to the Planning Commission as soon as possible with a Public Hearing on concept B.

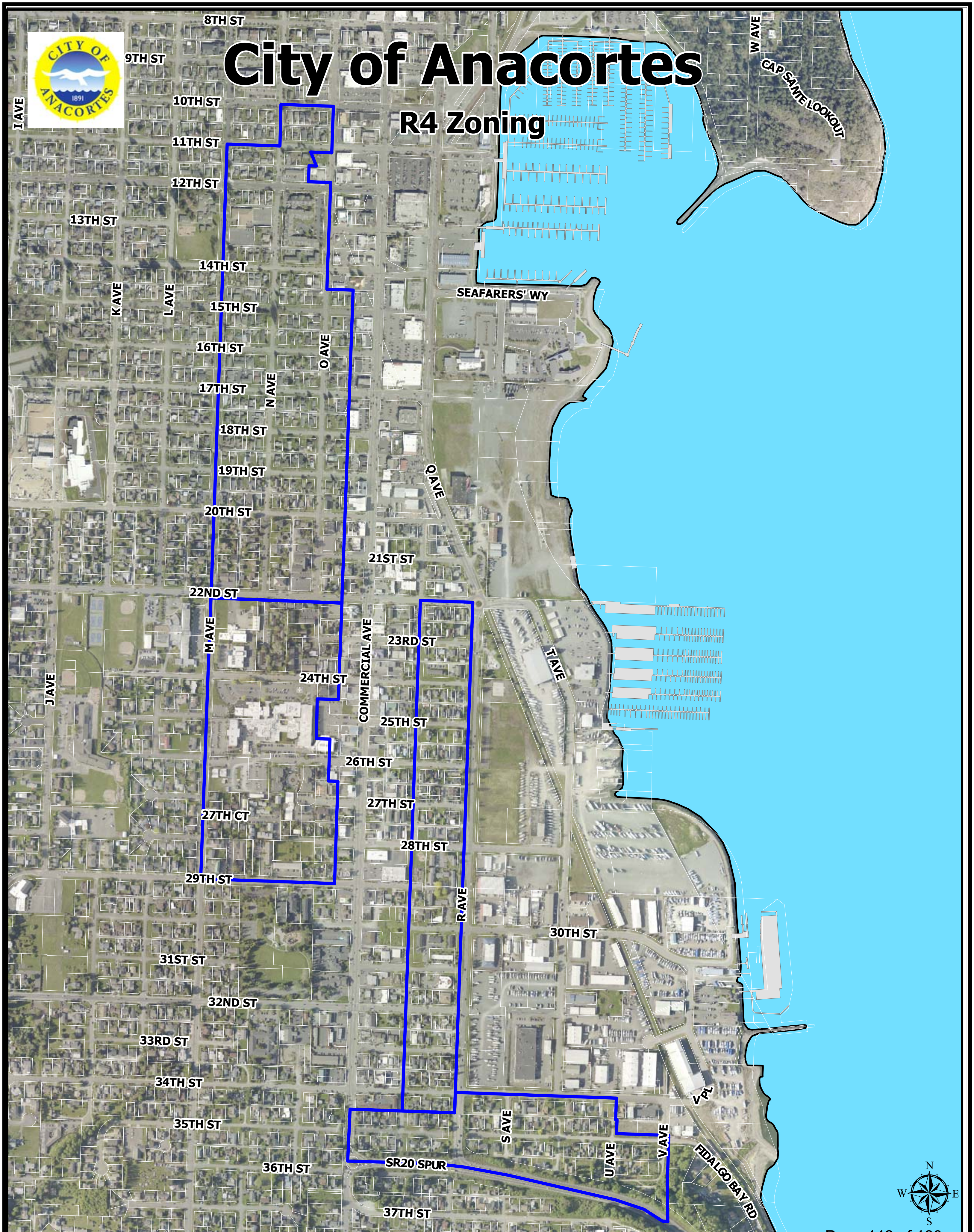
Alternative Actions: Othger concepts for consideration

Attachments (listed in order presented):

1. R4 Zoning Map
2. Anacortes R4 Zone Bonus Height Memo
3. R4 Concepts
4. Zoning-HeightRestrictions
5. Concept Maps
6. R4 Zone Bonus Height Draft Concept Discussion PWR PT Version III
7. LDunlap Comment Bonus Height Provisions

City of Anacortes

R4 Zoning



Anacortes Housing Action Plan

R4 Height Bonus Moratorium - Memo

TO: Don Measamer, Anacortes Planning, Community & Economic Development Department

FROM: MAKERS Architecture & Urban Design and Leland Consulting Group

DATE: September 27, 2022

Background

MAKERS and LCG are working on the Anacortes Housing Action Plan and have been asked for recommendations on ending the moratorium for the height bonus in the R4 zone.

Recommendation

End the moratorium with no code changes.

Rationale

Anacortes needs more housing to meet demand and provide options to residents. The R4 bonus height program has clearly demonstrated its success in making progress on those objectives.

Ending the moratorium will likely encourage additional housing development. Four-story buildings (with a 40-feet height limit) are generally not economical with Anacortes's land values and the ongoing and unprecedented increases in construction costs (2021 multifamily construction costs were 23% higher than pre-pandemic 2019, and preliminary data for 2022 indicates an even greater jump).

Higher construction costs may require developers to build residential products that offer a greater return on investment. Per-unit rent is generally less for larger/taller buildings because more stories allows more units which can spread out the costs of construction. Per-square-foot construction costs are relatively constant for multifamily buildings between three and six stories.

Since 2016 Anacortes has seen an average of 101 new dwelling units built per year. An acceleration in housing production is needed to meet the Comprehensive Plan's 2016-2036 target average of 131 units per year. Taller building heights also make more efficient use of land, and Anacortes has perhaps 10-15 years of developable land remaining with current zoning. In addition, the potential for increasing the number of smaller units is important to provide housing which matches Anacortes's higher-than-average share of senior residents and people living alone.

Vacancies among Anacortes's housing inventory are very low, indicating a tight market and constrained supply. Figure 1 shows home values have been increasing at much greater rates than both rent and incomes in Anacortes. Home prices in 2020 were 70% greater than in 2012, while rent and incomes were about 25%

greater than in 2012. Up until 2018, Anacortes's median income growth lagged behind the rent increase, though recent stakeholder feedback suggests rent prices are now increasing faster than median incomes can keep up.

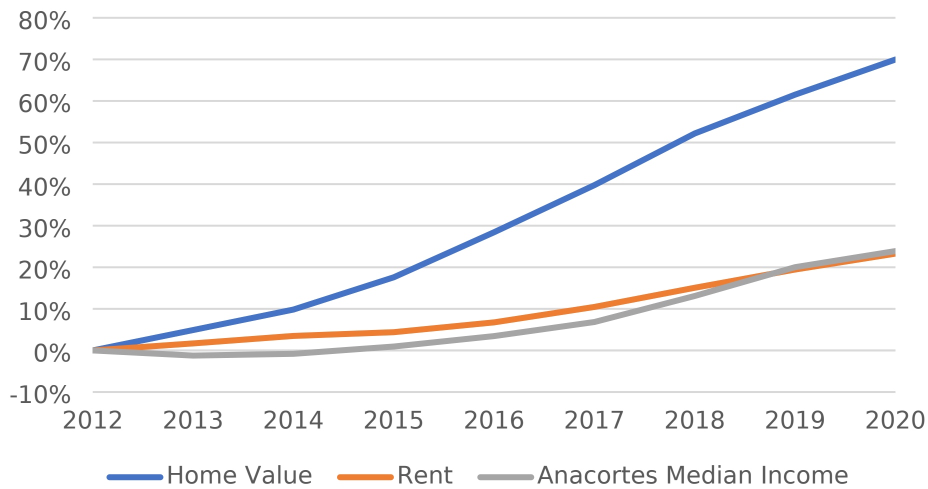


Figure 1. Home Prices, Rents, and Incomes in Anacortes, indexed to 2012. Source: Zillow 2020, ACS 2010-2020 5-Year Estimates

Figure 2 shows the relationship between what the typical Anacortes household earns in a year and the amount they would need to earn to afford the typical Anacortes home, given the most recent home price, interest rate, tax and income data available. The income needed to afford the median home in the city is about $83,500 more than the median household currently earns. Or, to put it another way, the typical Anacortes household could afford a home worth about $350,000, but the typical home in the city is worth over twice as much, at $706,000.

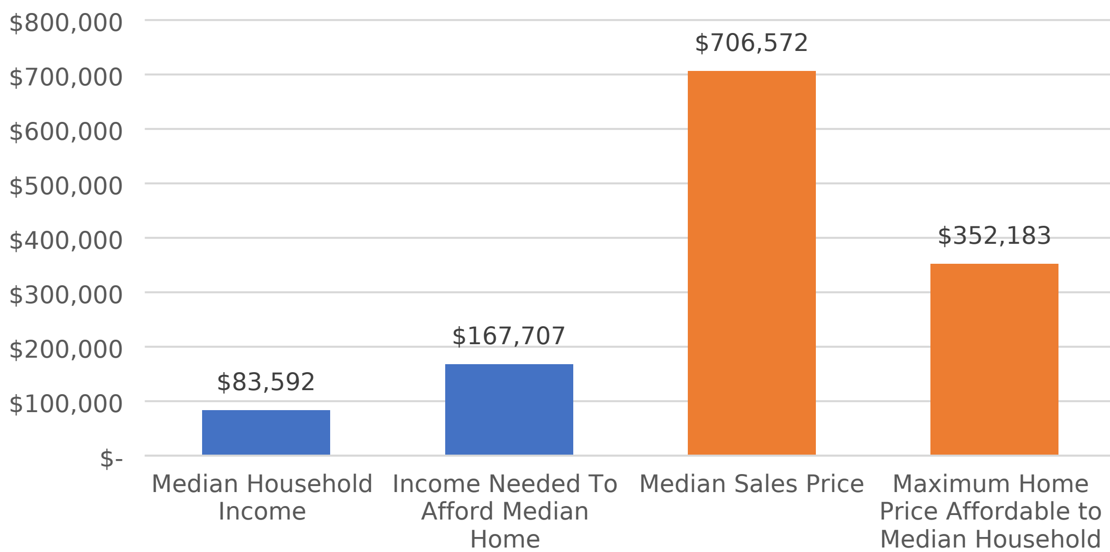


Figure 2. Ownership Housing Affordability in Anacortes. Source: Zillow, Freddie Mac, ESRI, Leland Consulting Group

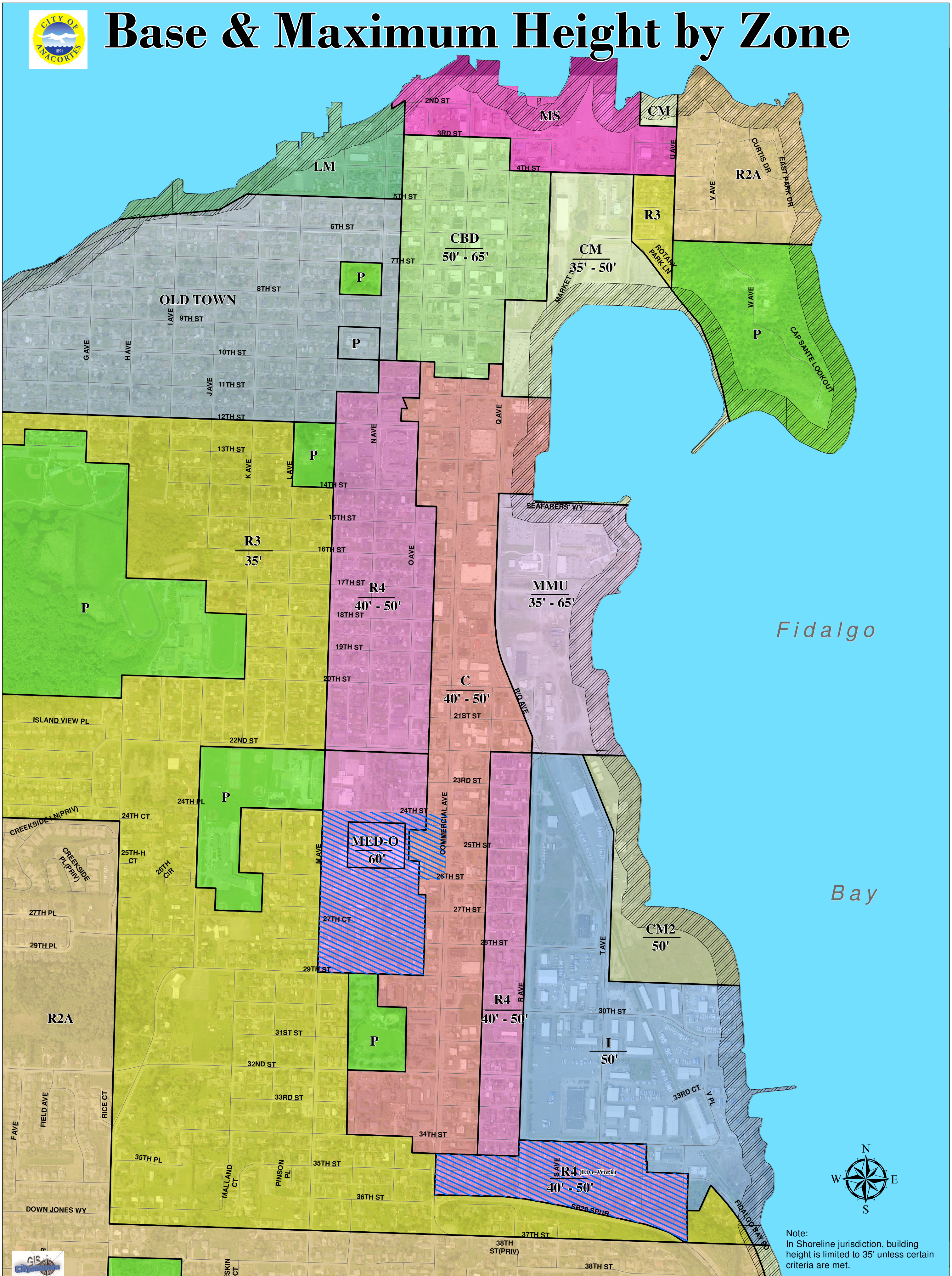
In short, increasing zoned capacity and increasing the physical housing supply to meet demand is the best understood method of stabilizing housing prices. We appreciate the opportunity to comment on this matter. Please contact us should you have any further questions.

Concepts - For Discussion

	Concept	Advantages	Disadvantages/ Challenges	Implementation
A	Rezone the ½ block between the Commercial zone and O Avenue from R4 to Commercial	• Commercial zone still allows single purpose multifamily • Increases development options for affected property owners • Makes some existing businesses conforming	• Makes existing SFRs/duplexes nonconforming • Extends potential for commercial development impacts closer to SFR neighborhoods • Does not address neighborhood's concerns about incompatibility, view blockages • Potential increase in commercial traffic on 0 Ave.	Requires comprehensive plan amendment (map at least) and rezone
B	Modify applicability of the bonus height provisions to only apply to R4 study area east of O Ave.	• Increases housing supply adjacent to, employment, services, and transit	• Does not address neighborhood's concerns about larger structure incompatibility, view blockages	Development regulation amendment
C	Modify applicability of the bonus height provisions to terminate at the east side of N Avenue.	• Increases housing supply adjacent to, employment, services, and transit	• Does not address neighborhood's concerns about larger structure incompatibility, view blockages	
D	Do not allow roof decks on buildings over a certain height	• Results in more open space being provided on ground level, which may be more in keeping with surrounding neighborhood	• Reduces developable area and may make feasibility more challenging	Development regulation amendment
E	Refine design standards to mitigate increased height impacts on streetscape and adjacent properties • Consider upper story setbacks (all 4 sides or just street facade?)	• May help lessen bulk/height impacts	• Reduces number of units that can be developed	Development regulation amendment
F	Leave bonus height provisions in place with no changes	• Encourages development of multifamily residences	• May not address neighborhood concerns	No amendments to comp plan or development regulations

G	Possible combinations of concepts, change the ½ block of R4 east of O Ave to Commercial and only allow the bonus height in the Commercial Use Zone	• Allows for the bonus height provisions in the commercial use zone and stops at O Ave	• Would allow various commercial uses up to O Ave, such as offices, retail, personal services.	Comp Plan amendment and development regulation amendment
H	Other concepts generated by public comments and discussion	•	•	

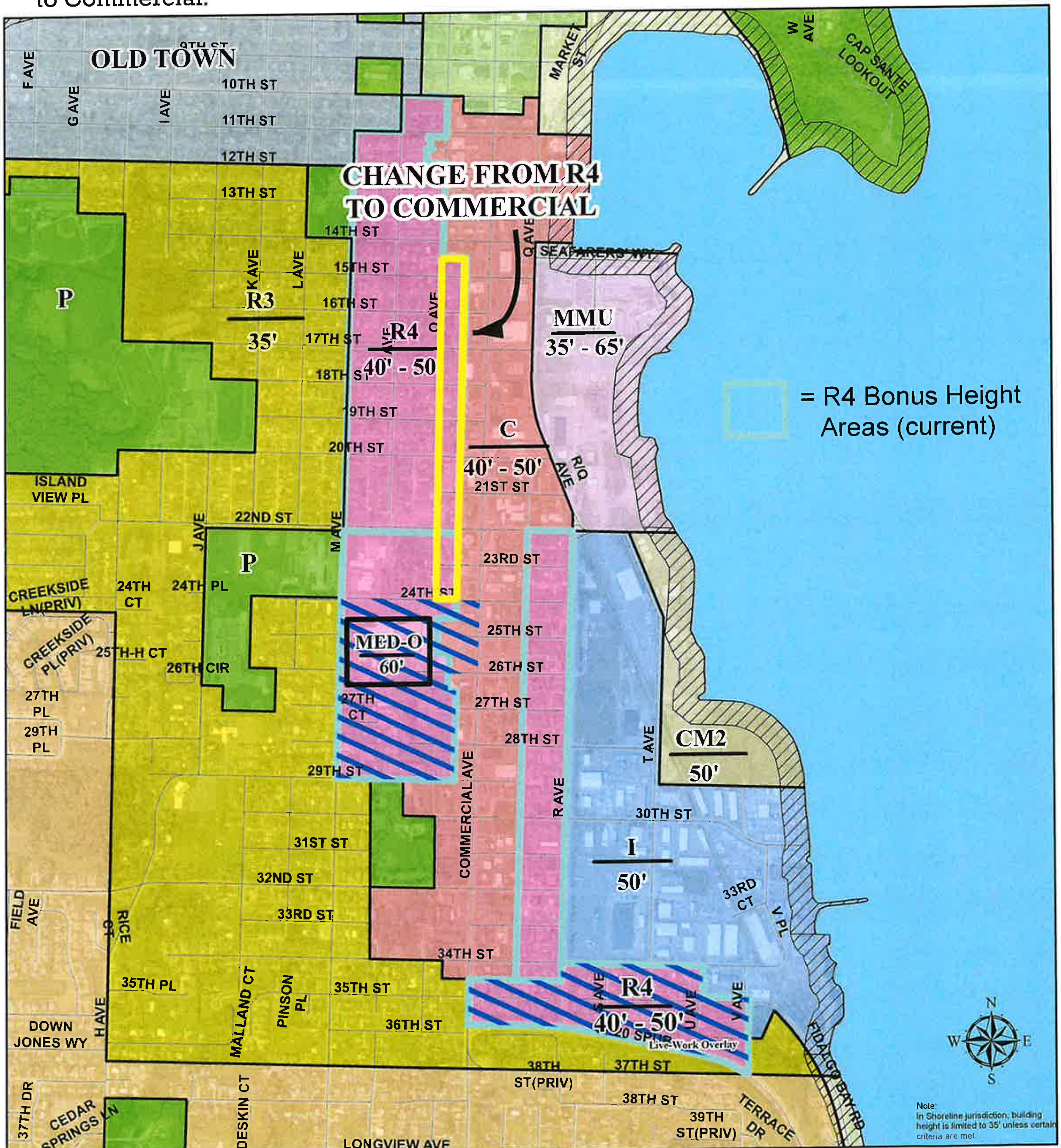
Base & Maximum Height by Zone



Concept A

Description

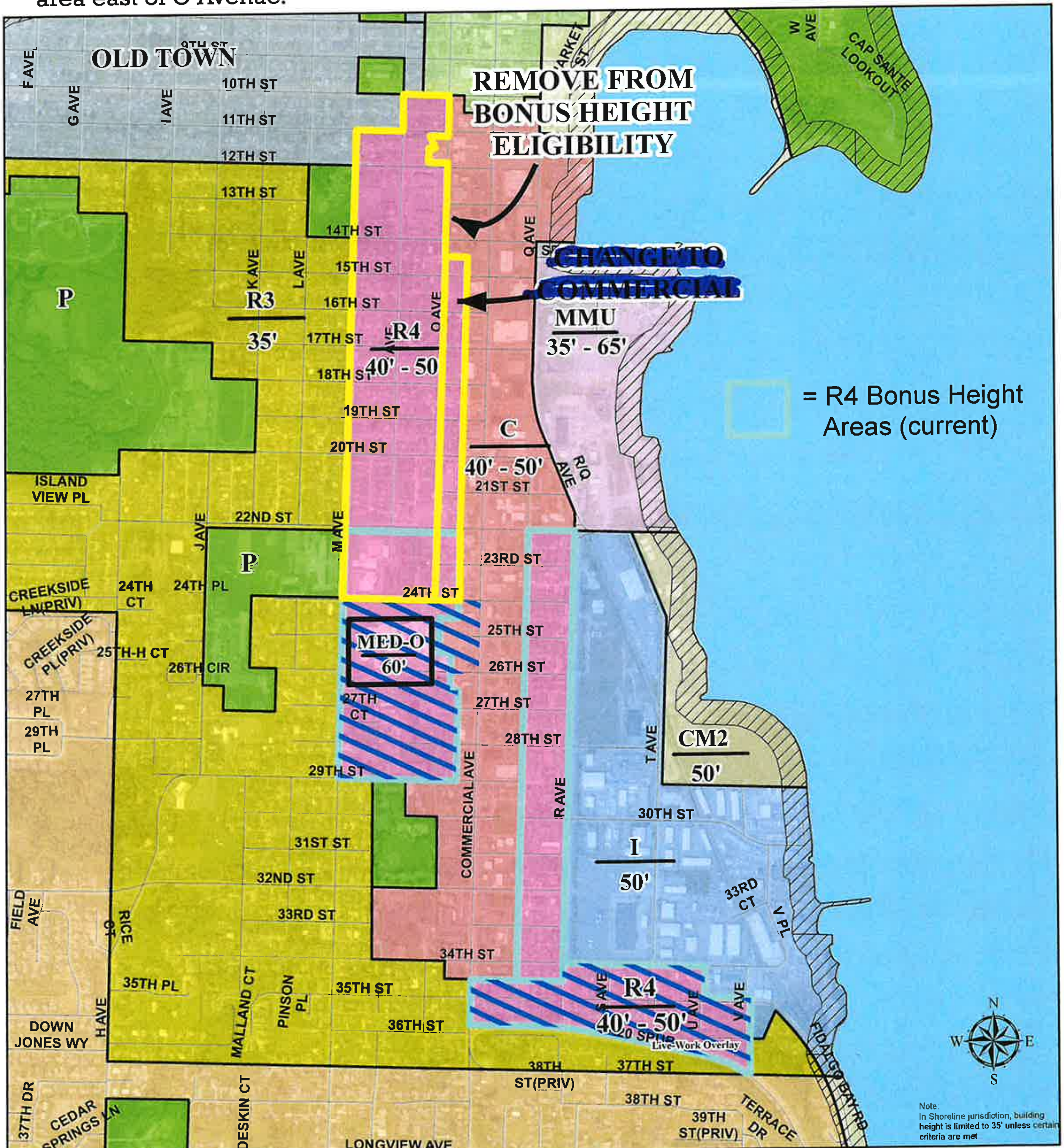
Rezone the 1/2 block between the Commercial zone and O Avenue from R4 to Commercial.



Concept B

Description

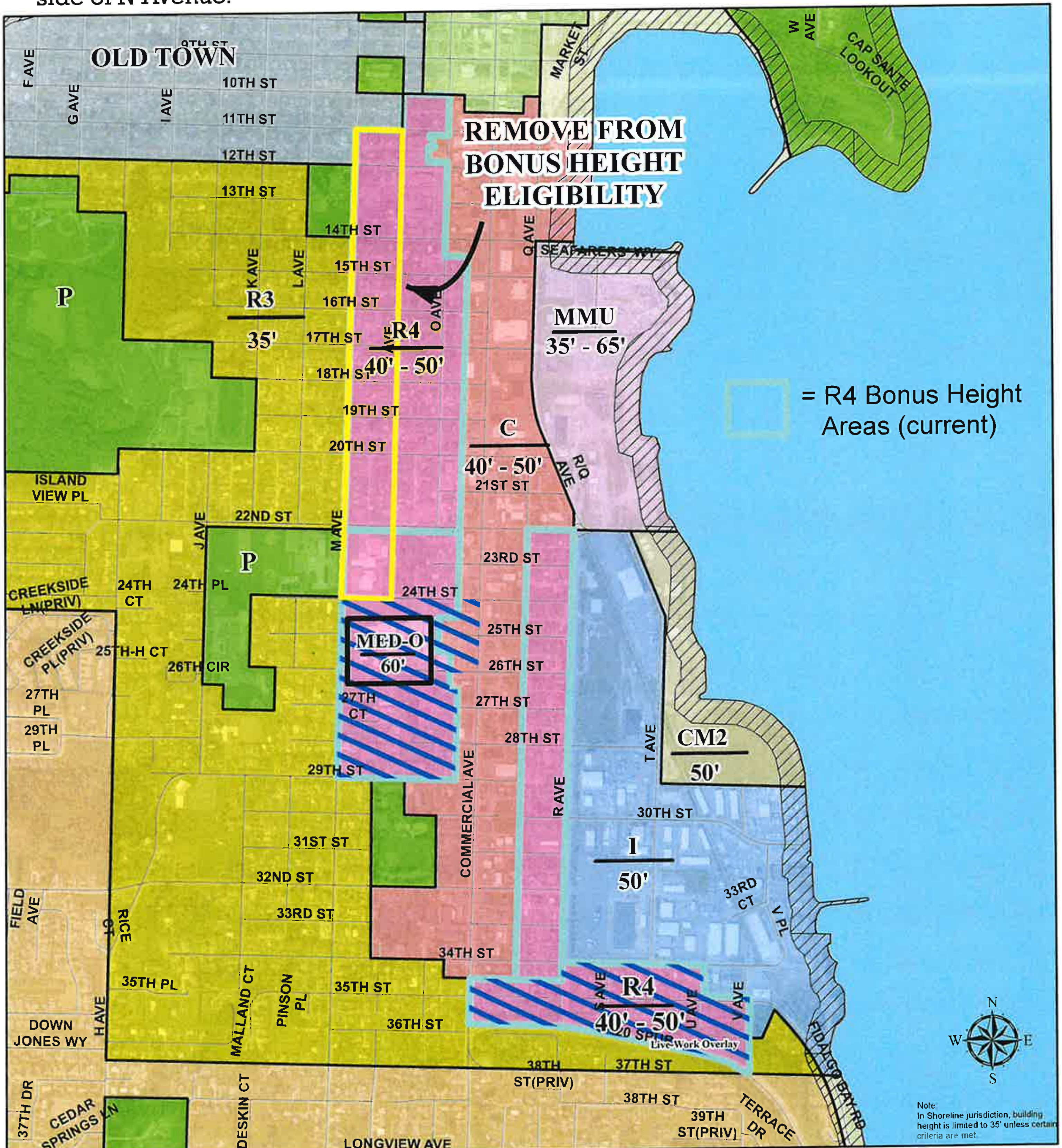
Modify the applicability of the bonus height provisions to only apply to R4 area east of O Avenue.



Concept C

Description

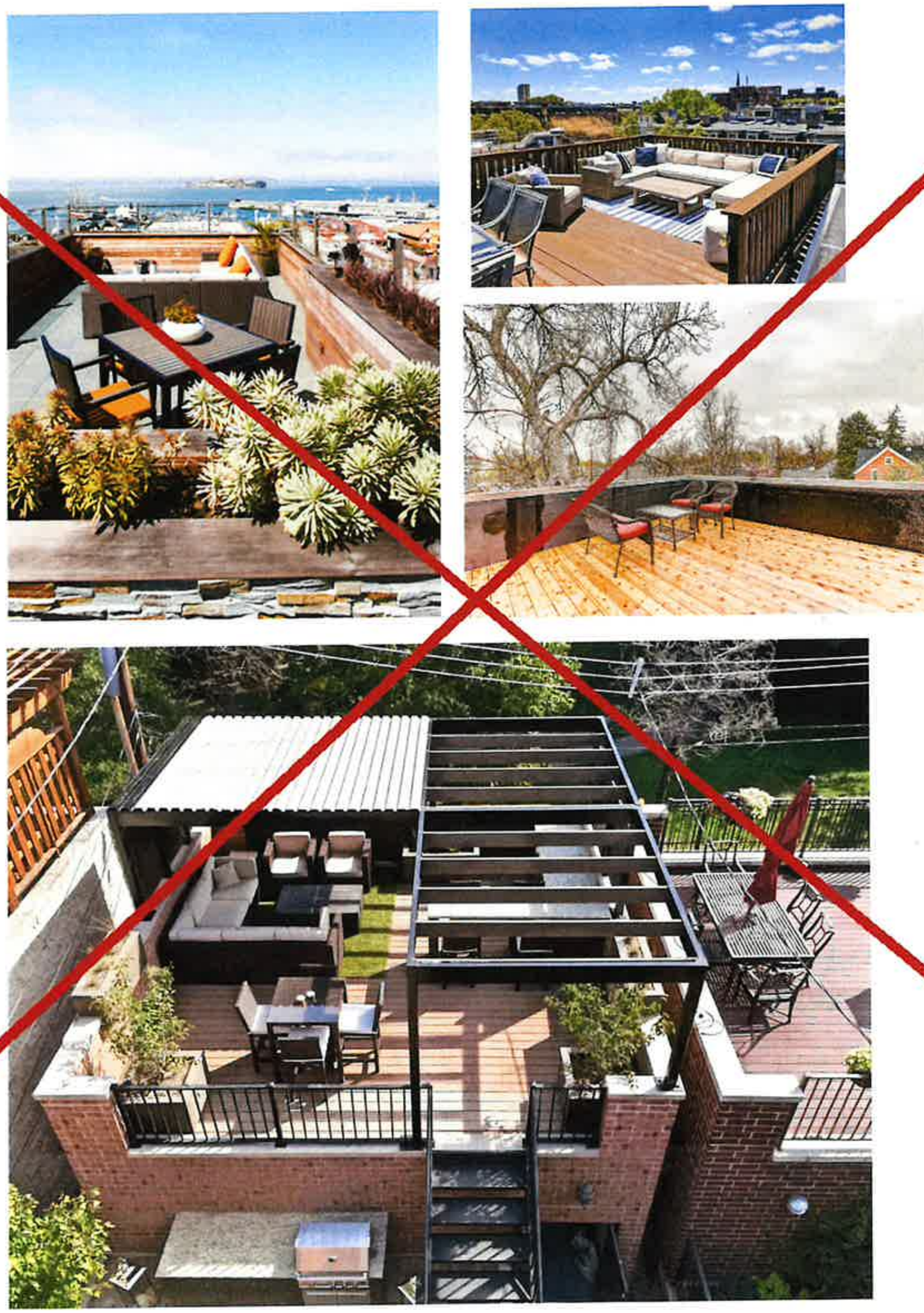
Modify the applicability of the bonus height provisions to terminate at the east side of N Avenue.



Concept D

Description

Do not allow roof decks on buildings over a certain height.



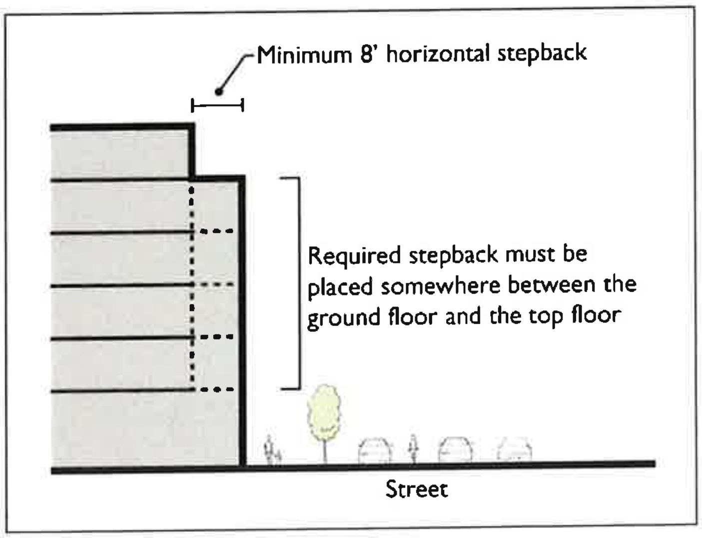
Concept E

Description

Refine design standards to mitigate increased height on streetscape and/or adjacent properties.

Examples of current standards in other zones that are applicable to taller buildings:

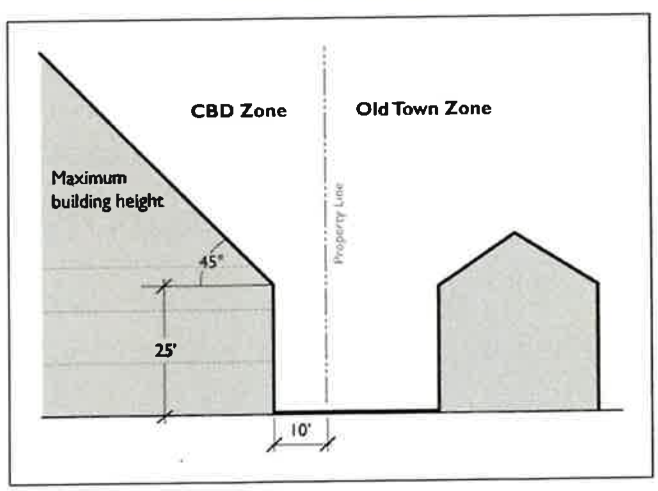
Illustration of required building setbacks for tall buildings.



Tall building stepbacks currently apply to new buildings exceeding the base height in CBD and MMU zones.

Illustrating minimum interior side setbacks where CBD-zoned properties abut the OT zone.

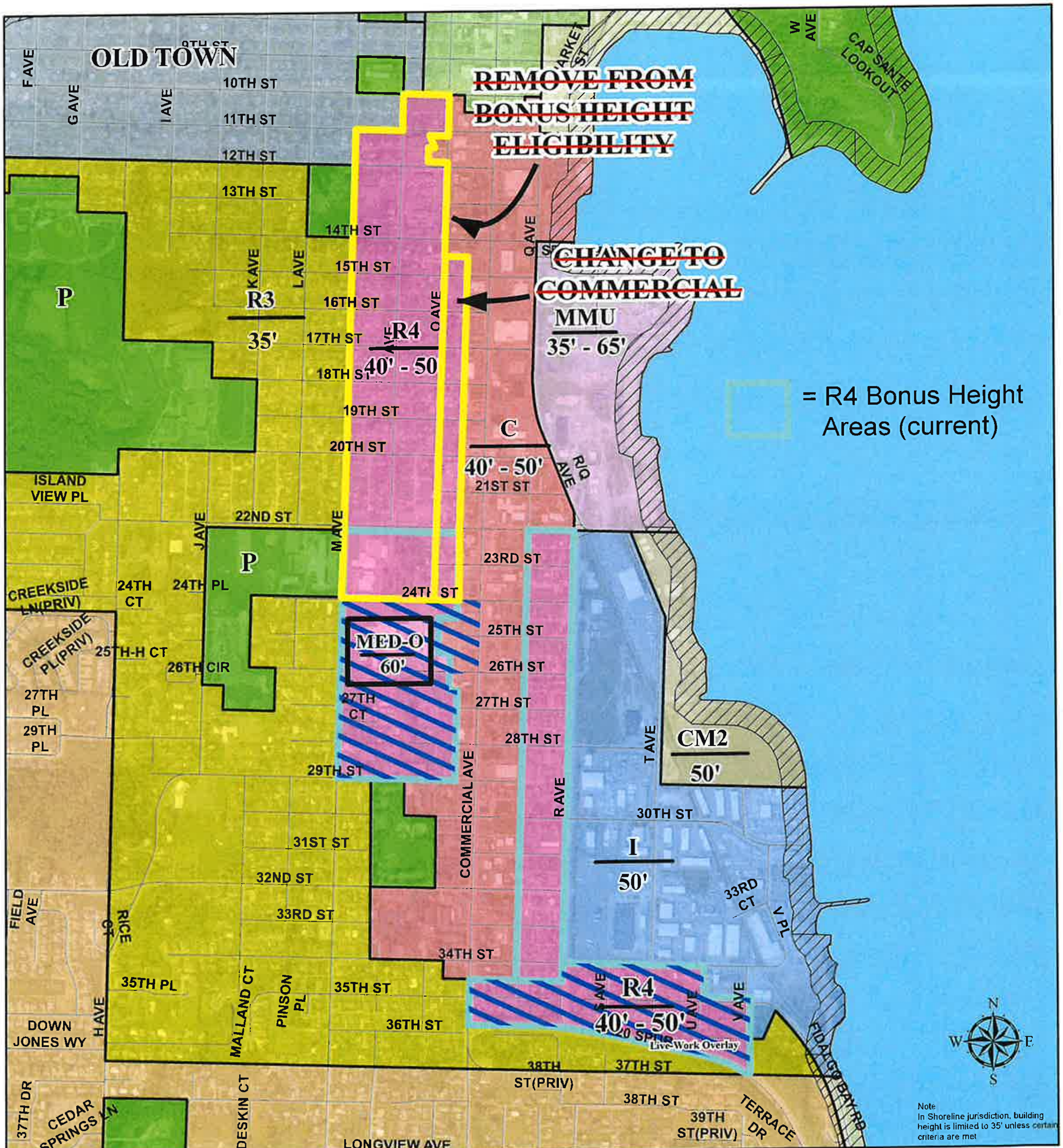
Increased side setbacks, including an increase at a 45-degree angle inward up to the maximum height apply to CBD-zoned properties abutting Old Town.



Concept F

Description

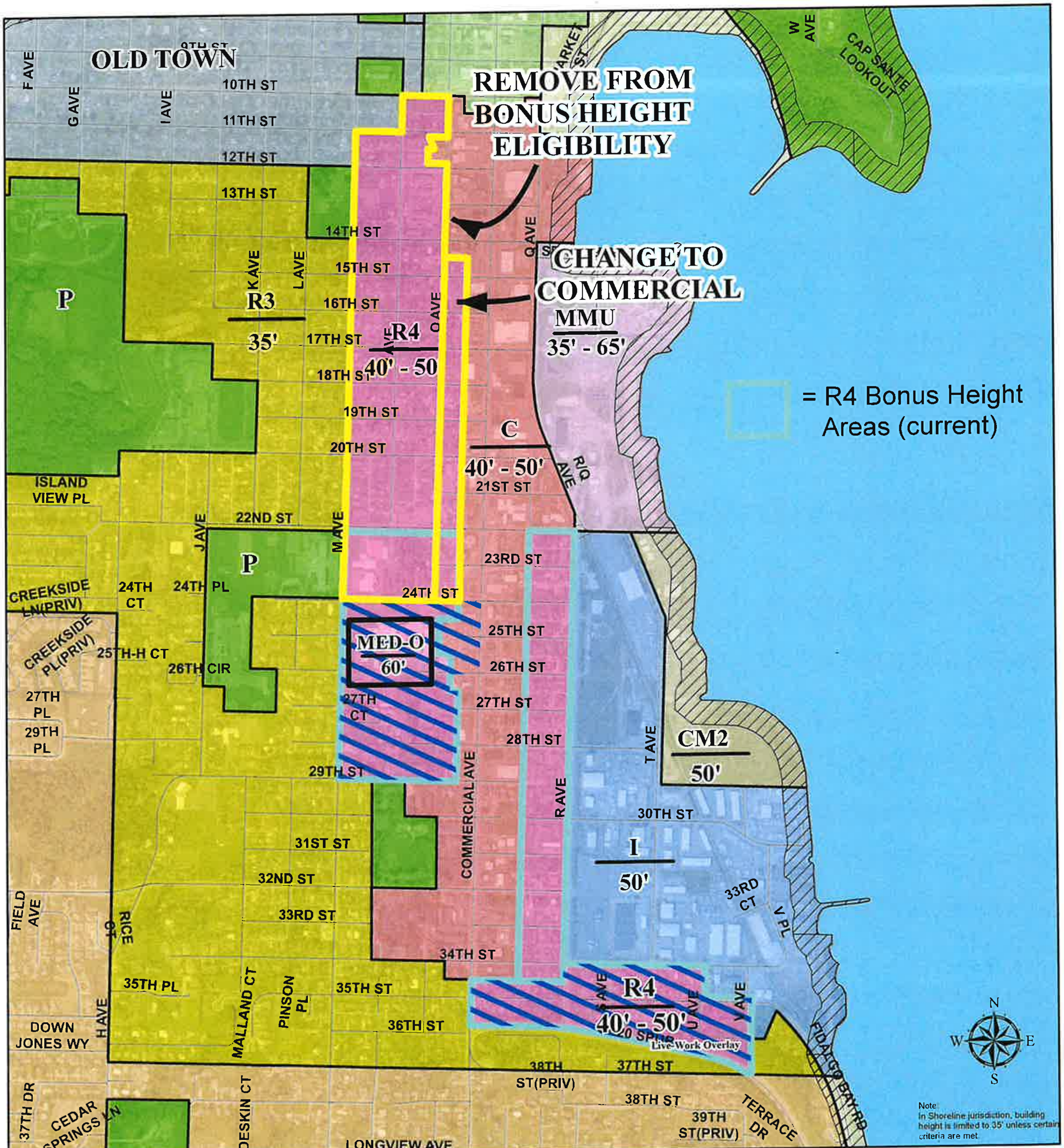
Leave Bonus Height provisions in place with no changes.



Concept G

Description

Combination of concepts.



R4 Zone Building Height

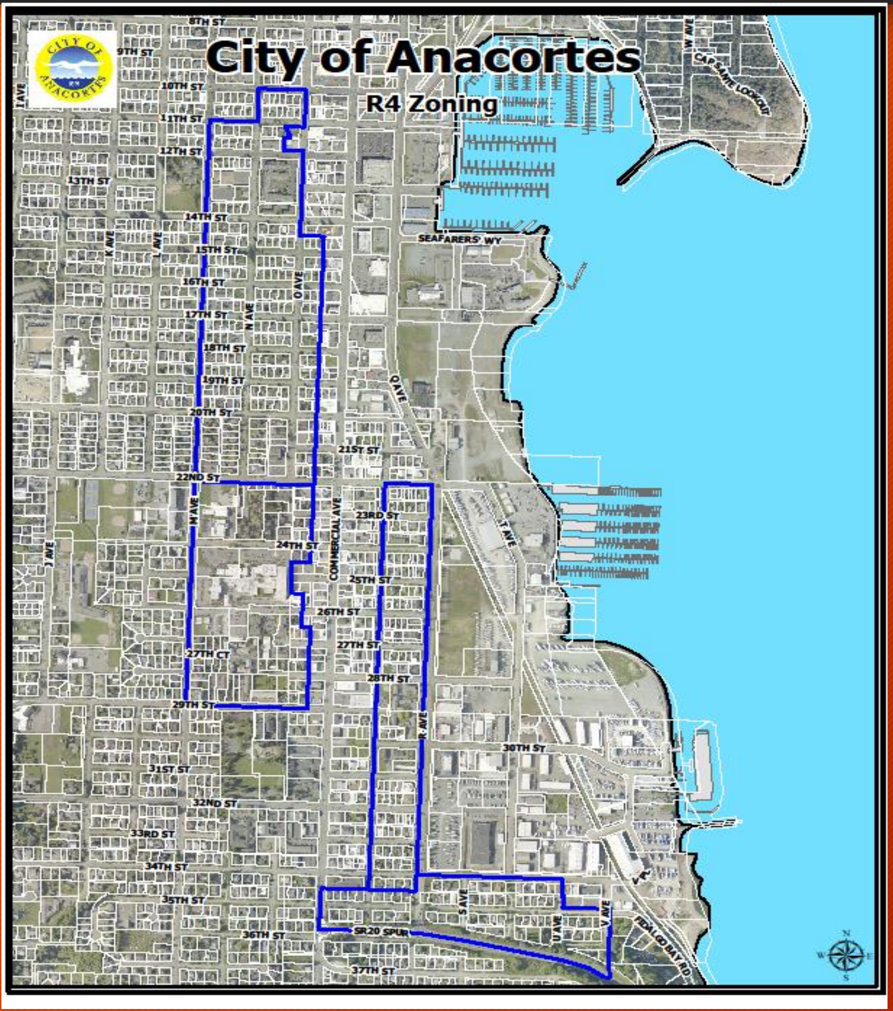
Planning Commission

September 2022

Why Are We Here?

- Ord. 3040 (Effective 8/5/19)
  - Major Code Rewrite
  - Adoption of height bonus option in several zones, including R4
- Development application submitted
  - 50’ tall apartment building in R4 zone west of Commercial Zone, based on bonus height provisions of AMC 19.42.050.
- Concerns expressed by community members

R4 Use Zone



AMC 19.42 Bonus Incentives

19.42.050 Bonus incentives in the R4, C, and CBD zones.

This section was recently added by Ordinance 3040, codified in November 2019.

A. *Purpose.* To allow flexibility in building height in exchange for the integration of affordable dwelling units into the development.

B. *Applicability.* Height bonuses are available to development in the R4, C, and CBD zones as established in this chapter, provided it complies with one of the affordable housing options in this section.

C. *Option 1: Small Units.* Developments where at least 25 percent of the total dwelling units contain no more than 600 square feet of gross floor area qualify for the height bonus.

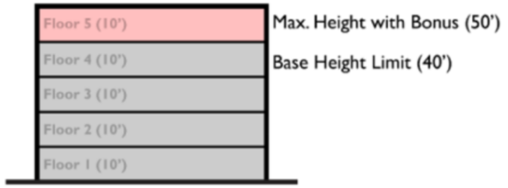
D. *Option 2: Affordable Units.* Developments that integrate affordable dwelling units per the standards below qualify for the height bonus.

1. For every three dwelling units occupying floor area above the base height limit, at least one affordable dwelling unit must be integrated into the development. Dwelling units larger than 1,400 square feet (leasable/living area, excluding common hallways) qualify as two standard dwelling units. Note: Applicable floor area over base height limit refers to any floor-to-ceiling space of applicable dwelling units or shared recreational or amenity space that exceeds the base height limit established in Tables 19.42.020 and 19.42.030. See Figure 19.42.050 for an example.

2. For every 2,000 square feet of shared recreational or amenity space that is integrated into floor area that occupies space above the base height limit, at least one affordable dwelling must be integrated into the development.

Figure 19.42.050

Height bonus example—How affordable housing requirements are measured.

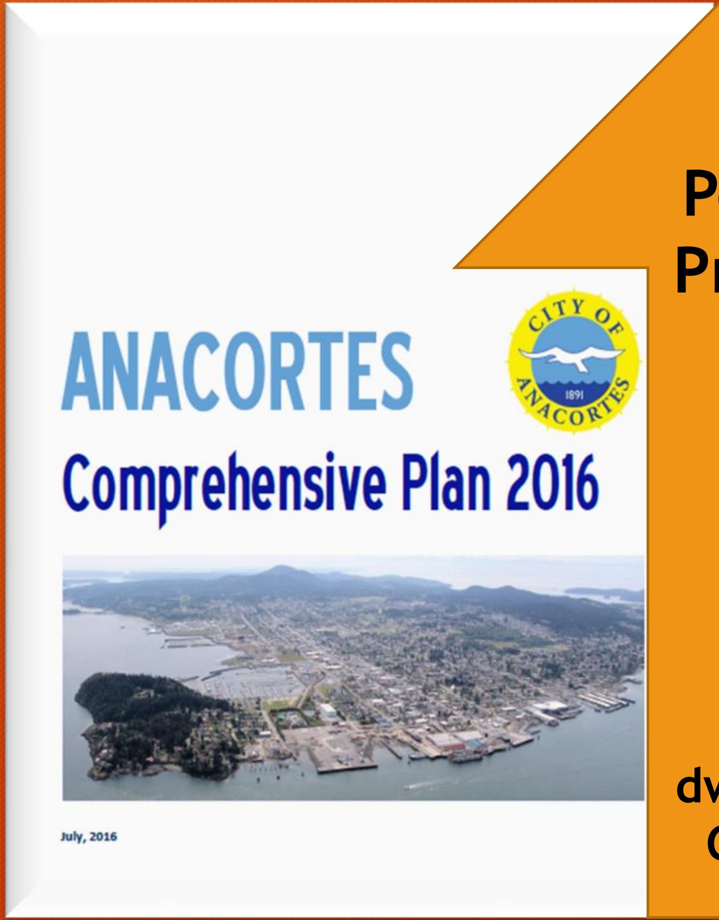


The example building in the R4 zone contains one floor that exceeds the base height limit. The table below illustrates what is included on each floor and the number of required affordable units that are required to be integrated.

Floor	Floor statistics	**Number of required affordable units** (to be integrated on any floor in the building)
5	2 dwelling units (average 2,250 sq. ft.) + 3,000 sq. ft. shared recreation/amenity space	= 2 affordable units min.
4	8 dwelling units (average 938 sq. ft.)	None required
3	10 dwelling units (average 750 sq. ft.)	
2	10 dwelling units (average 750 sq. ft.)	
1	10 dwelling units (average 750 sq. ft.)	
Total		= 2 affordable units min.

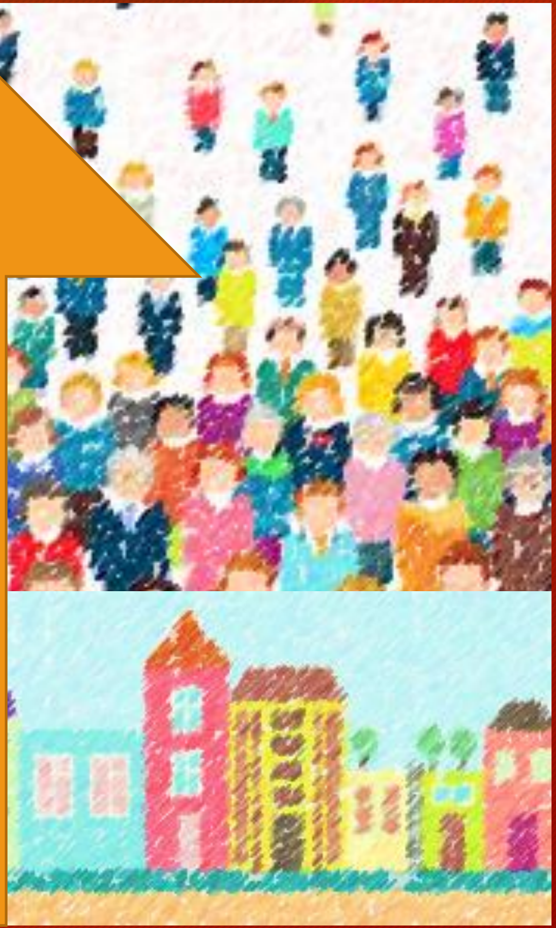
Planning For the Future

Anacortes is planning for the future, consistent with the community's vision and values


ANACORTES
CITY OF ANACORTES 1891
Comprehensive Plan 2016
July, 2016

2036 Population Projection: 22,293 people

+5,985 people
(+2,260 dwelling units)
Current Pop 17,880

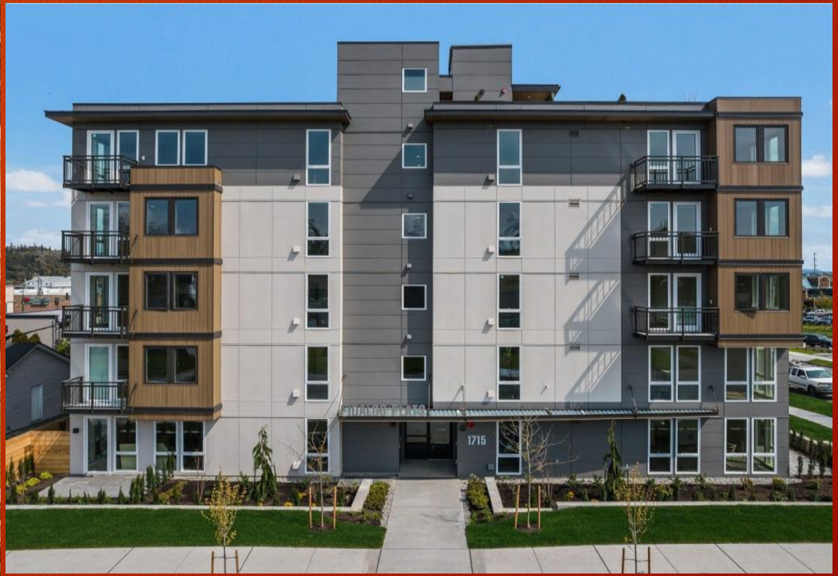


2016 Comprehensive Plan Update

- Plan for accommodating anticipated growth within the city to protect surrounding forest and park lands, minimizing sprawl
- Promote housing densities and types in all price ranges to meet range of housing needs and respond to changing needs and preferences, No maximum density in R4, C, CBD
- Encourage infill on vacant or under-utilized land
- Provide for development of MF housing in areas close to shopping, employment and public transportation, R4, Com, CBD
- Evaluate barriers to achieving increased density in multifamily and mixed use zones and revise regulations, if appropriate

Your Ideal Anacortes “wordle”
From 2016 Comp. Plan Update

Diverse Housing Options



2019 Development Regulations Update

- Implementing key Comp. Plan land use and housing goals and policies
  - Changes to zone designations per the Comprehensive Plan
  - New standards for housing types, including small lot, accessory dwelling units, cottages, townhouses, apartments, condos
  - Expanded provisions for ADUs, including changes to height, parking, location standards
  - New site and building design standards
  - Parking code updates to bring requirements into alignment with actual parking demand needs
  - New affordable housing provisions and bonus incentives
    - E.g. Bonus height incentives

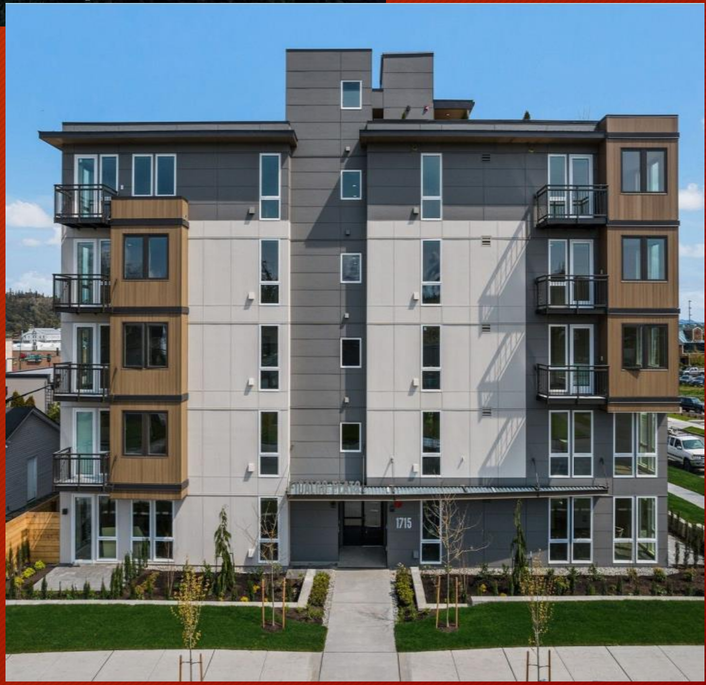
Multistory Building Construction Costs

Cost	Description
Land acquisition	Land acquisition costs
Public improvements	Street, alley, sidewalk, stormwater and other physical improvements can vary based on property location and context
Building construction	In general, multistory housing benefits from economics of scale (the bigger and taller the building, the cheaper it should be by the square foot). This is true up through about 3 floor. At four floors, additional factors increase dramatically (versus three), but only increase incrementally when a fifth level is added. 1. An elevator is required by code at 4 levels. ($100,000 +) 2. Plumbing increases from residential to a commercial license, especially for mixed use 3. Electrical increases from residential to a commercial license, also with the addition of mixed use 4. Significant foundation and subsoil site work improvements may be needed to support additional point loads 5. Materials may no longer reach the upper levels even with larger mast-style forklifts and a material lift or crane must be installed and used. 6. All exterior work at upper levels (framing, windows, siding, painting, gutters, roofing, and vent trim) face both labor and material logistical challenges. These levels are now less – or inaccessible via a typical elevated work means. 7. A culmination of these factors also begin to change the size and capacity of subcontractors in the project, often increasing prices as a result.

Examples of Existing Buildings

Anacortes Public Library – 40’

Chandler’s Square – 50’ to top of tower



Anacortes Family Center – 42’ 7”

What & Where is the R4 Zone?

Residential High Density Purpose: This designation provides for urbanized areas with a mixture of multifamily dwelling units that are within walking distance of public transit and commercial/employment areas and/or community facilities. This designation creates a transition from high intensity uses, such as commercial or industrial development, to lower intensity residential areas. Principal uses & density: A mixture of single and multifamily dwelling units. Some commercial uses may be permitted. There is no prescribed density limit, except in designated areas away from downtown and South Commercial Avenue (up to 18 dwelling units per gross acre). *Special topics to explore: Consider adopting density minimums for new development; and consider uses that provide neighborhood gathering places.*	R4 R4a

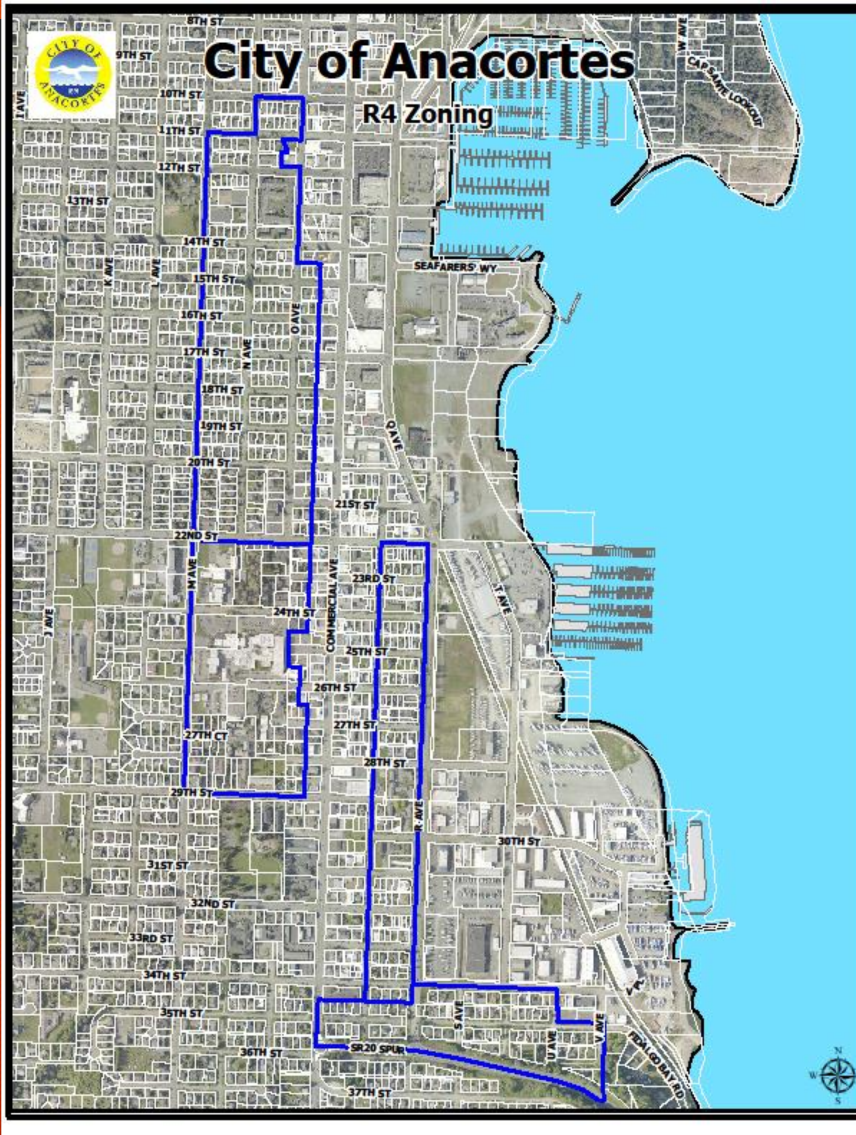
- R4 zone north of 22nd St. has been zoned R4 for several decades
- R4 zone south of 22nd Street are recently zoned R4 (changed from R3, R4A, R4B)

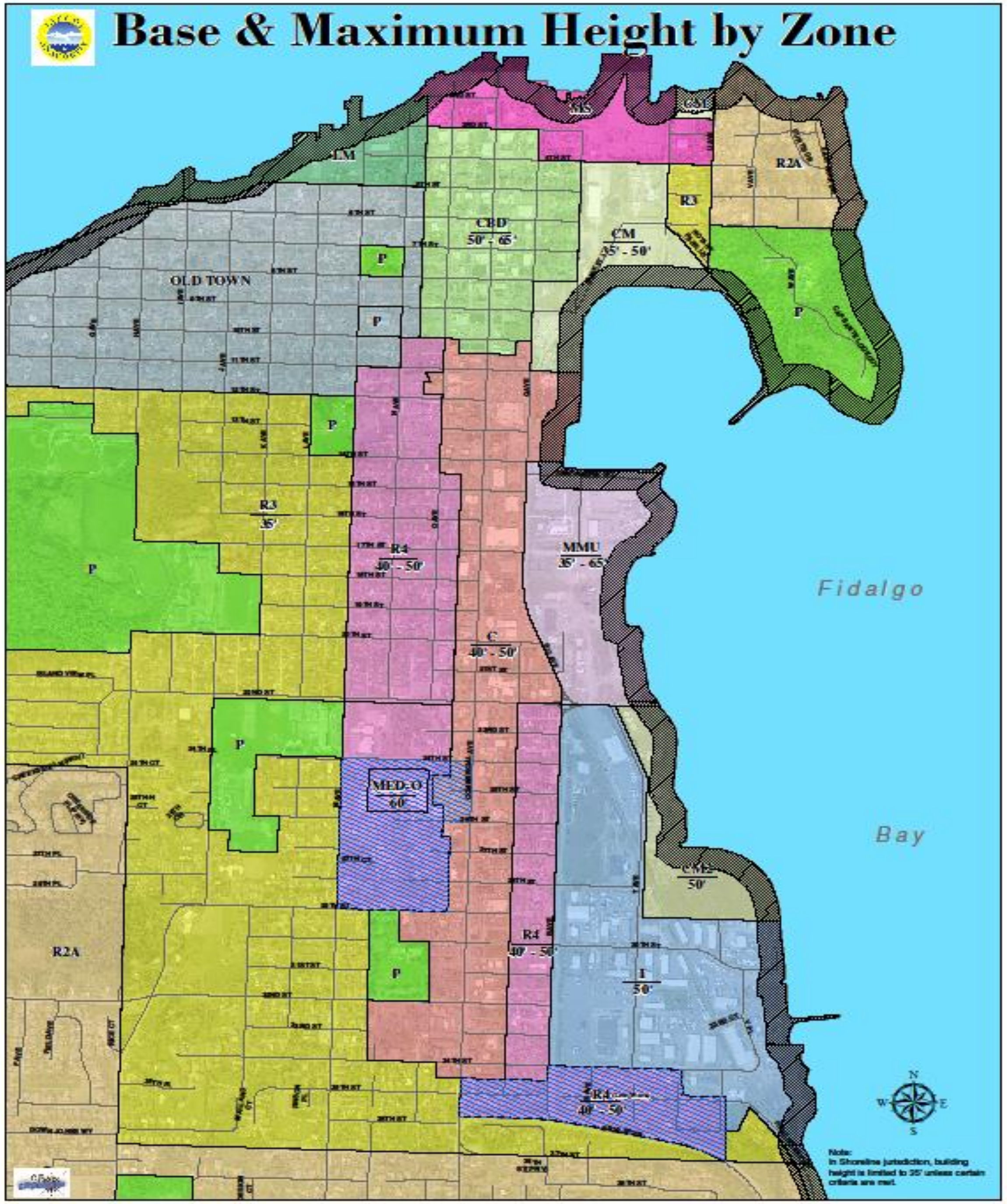
R4 Zone History

The area between 10th and 22nd has been designated Residential High Density (RH) Since at least 1978. Over time the form, intensity standards and permitted uses Have been adjusted.

In 1994(Ord. 2316) permitted uses included SFRs, MFR, Boarding and rooming houses, clinics, beauty salons, hospitals,mortuaries, offices, galleries, schools, public facilities, parks and B&Bs. Maximum building heights 35’ and 50 ‘ for non-residential space.

In 2008(Ord. 2794) the use and height standards were changed to remove offices, galleries, congregate care and assisted living and group homes from permitted uses. The maximum building height was changed to 40’.




Base & Maximum Height by Zone
LM
MS
CM
R2A
R3
CBD
50' - 65'
CM
35' - 50'
OLD TOWN
P
R3
35'
R4
40' - 50'
MMU
35' - 65'
Fidalgo
C
40' - 50'
MED-O
60'
Bay
CM2
50'
R2A
R4
40' - 50'
I
50'
N
W
E
S
Note:
In Shoreline jurisdiction, building height is limited to 35' unless certain criteria are met.

Concepts Forwarded from City Council Meeting June 27, 2022

	Concept	Advantages	Disadvantages/ Challenges	Implementation
A	Rezone·the ½ block between the . Commercial zone and O Avenue from R4 to Commercial	• Commercial zone still allows single purpose multifamily • Increases development options for affected property owners • Makes some existing businesses conforming	• Makes existing SFRs/duplexes nonconforming • Extends potential for commercial development impacts closer to SFR neighborhoods • Does not address neighborhood's concerns about incompatibility, view blockages • Potential increase in commercial traffic on 0 Ave.	Requires comprehensive plan amendment (map at least) and rezone
B	Modify applicability of the bonus height provisions to only apply to R4 study area east of O Ave.	• Increases housing supply adjacent to, employment, services, and transit	• Does not address neighborhood's concerns about larger structure incompatibility, view blockages	Development regulation amendment
C	Modify applicability of the bonus height provisions to terminate at the east side of N Avenue.	• Increases housing supply adjacent to, employment, services, and transit	• Does not address neighborhood's concerns about larger structure incompatibility, view blockages	
D	Do not allow roof decks on buildings over a certain height	• Results in more open space being provided on ground level, which may be more in keeping with surrounding neighborhood	• Reduces developable area and may make feasibility more challenging	Development regulation amendment

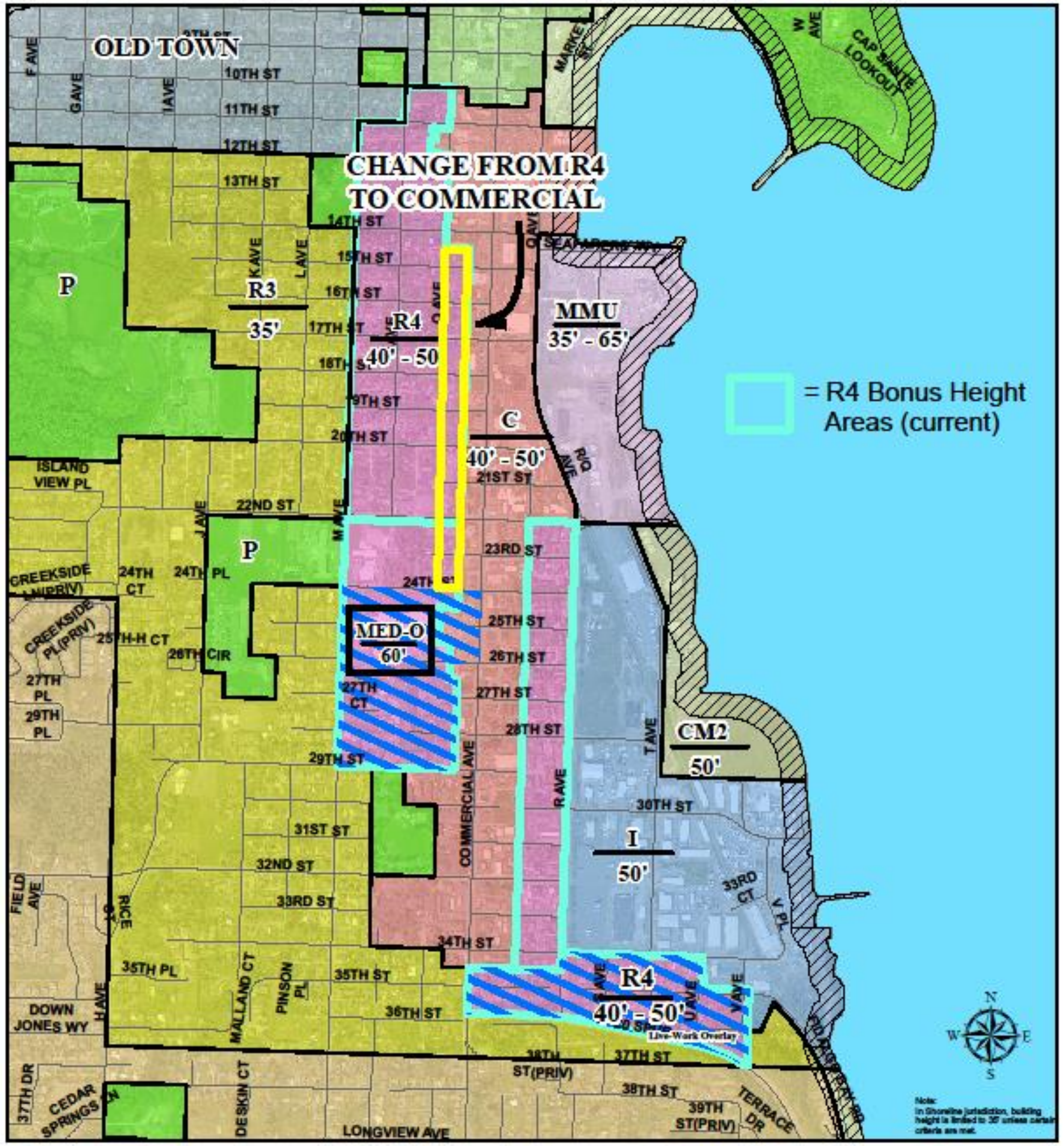
Concepts Discussion

E	Refine design standards to mitigate increased height impacts on streetscape and adjacent properties • Consider upper story setbacks (all 4 sides or just street facade?)	• May help lessen bulk/height impacts	• Reduces number of units that can be developed	Development regulation amendment
F	Leave bonus height provisions in place with no changes	• Encourages development of multifamily residences	• May not address neighborhood concerns	No amendments to comp plan or development regulations
G	Possible combinations of concepts, change the ½ block of R4 east of O Ave to Commercial and only allow the bonus height in the Commercial Use Zone	• Allows for the bonus height provisions in the commercial use zone and stops at O Ave	• Would allow various commercial uses up to O Ave, such as offices, retail, personal services.	Comp Plan amendment and development regulation amendment
H	Other concepts generated by public comments and discussion	•	•	

Concept A

Description

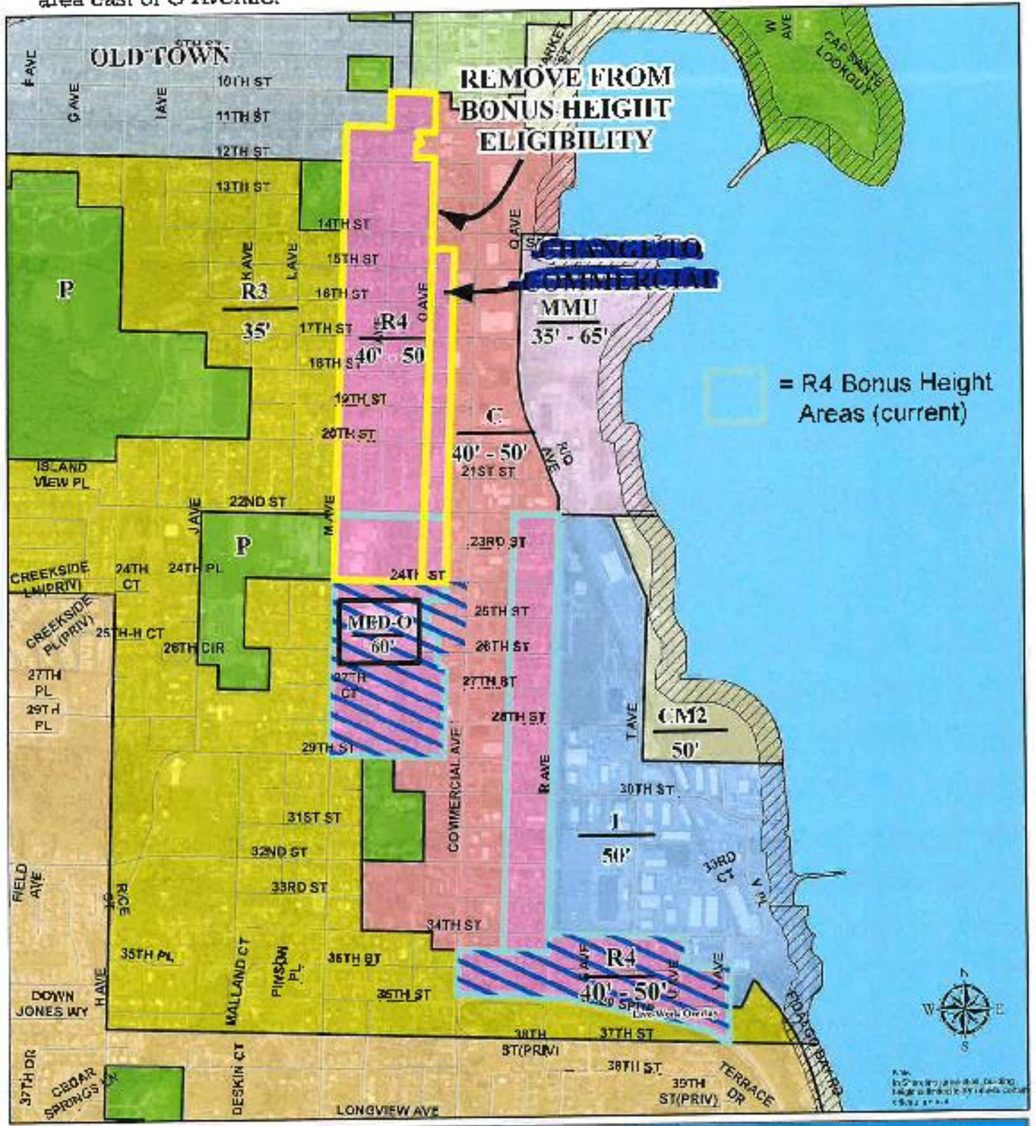
Rezone the 1/2 block between the Commercial zone and O Avenue from R4 to Commercial.



Concept B

Description

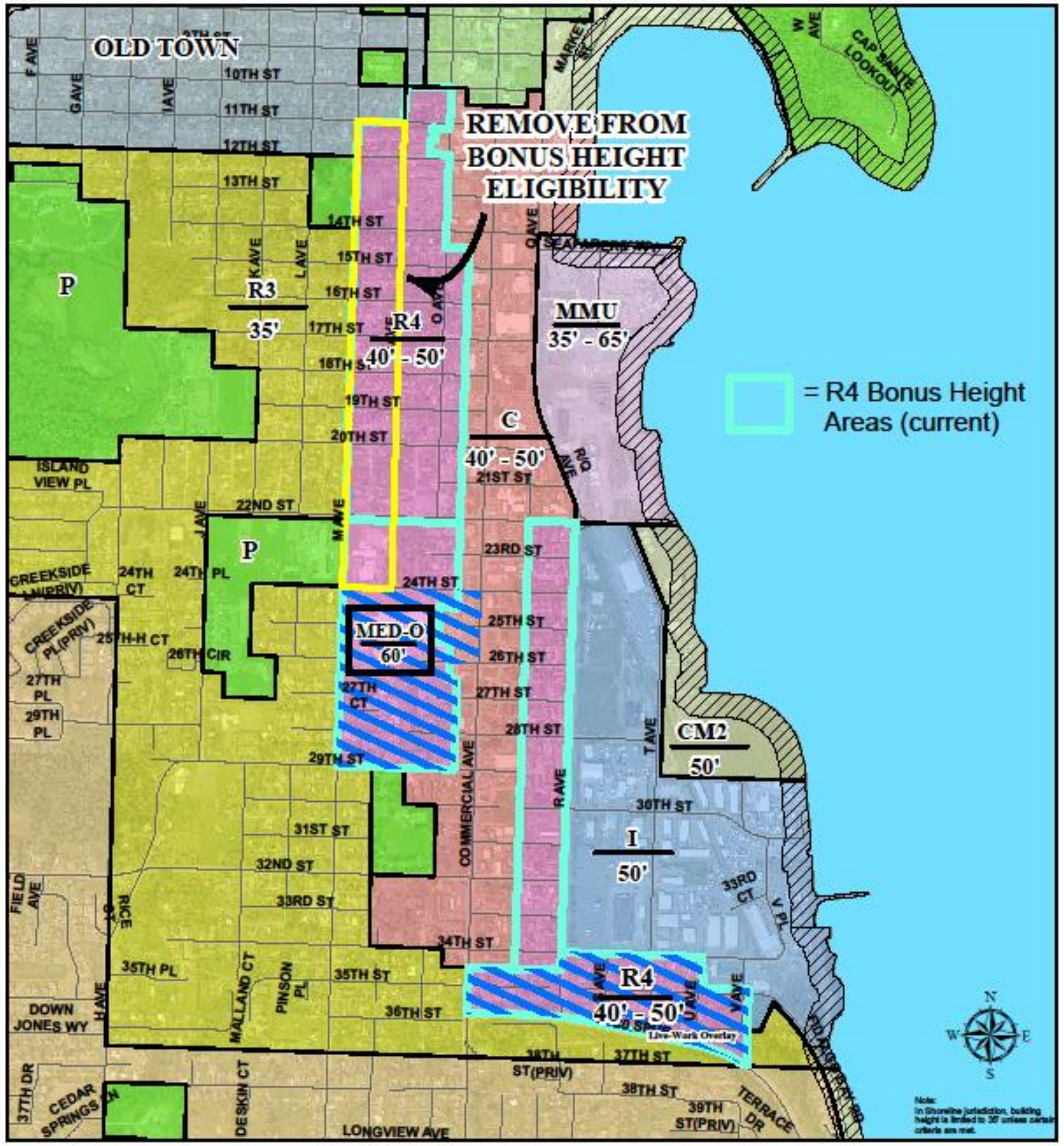
Modify the applicability of the bonus height provisions to only apply to R4 area east of O Avenue.



Concept C

Description

Modify the applicability of the bonus height provisions to terminate at the east side of N Avenue.



Concept D

Description

Do not allow roof decks on buildings over a certain height.

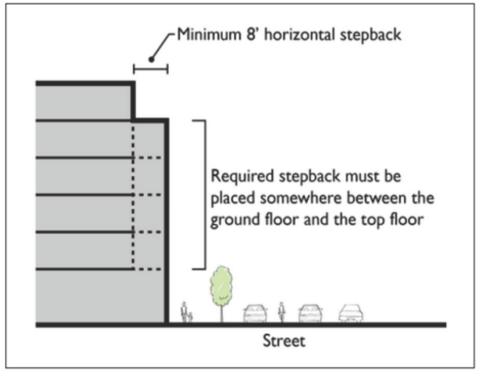
Concept E

Description

Refine design standards to mitigate increased height on streetscape and/or adjacent properties.

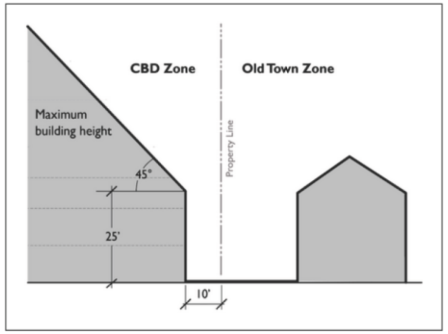
Examples of current standards in other zones that are applicable to taller buildings:

Illustration of required building setbacks for tall buildings.



Tall building stepbacks currently apply to new buildings exceeding the base height in CBD and MMU zones.

Illustrating minimum interior side setbacks where CBD-zoned properties abut the OT zone.

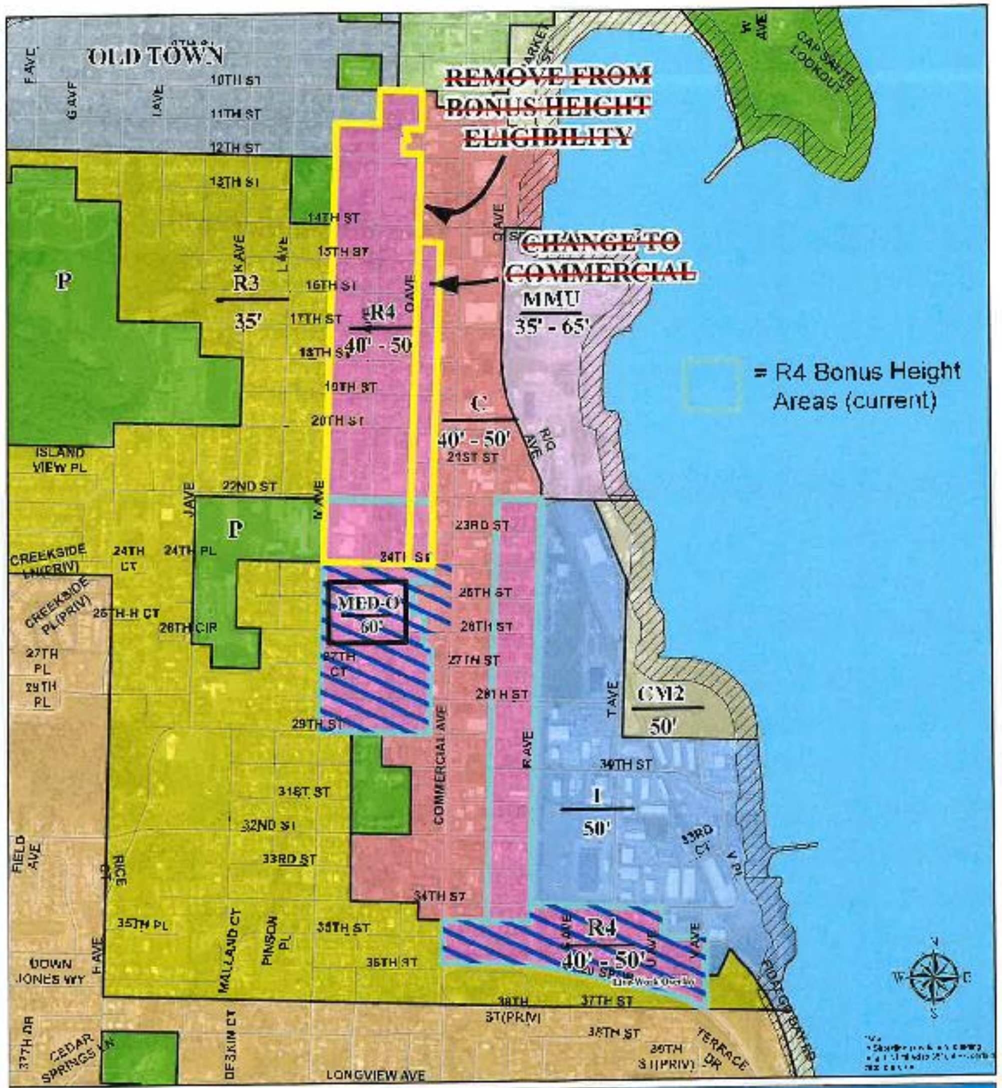


Increased side setbacks, including an increase at a 45-degree angle inward up to the maximum height apply to CBD-zoned properties abutting Old Town.

Concept F

Description

Leave Bonus Height provisions in place with no changes.

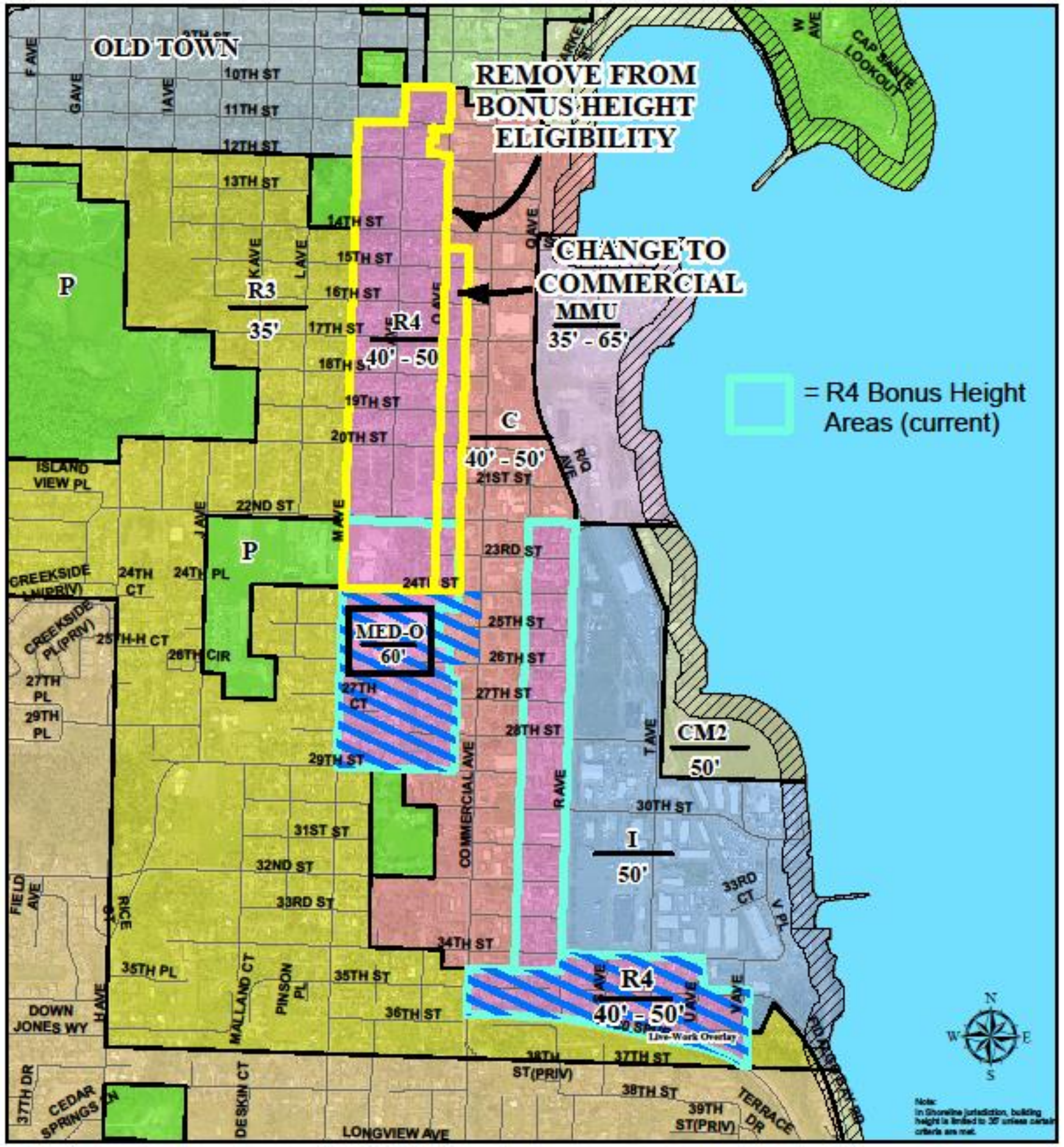


Anacortes R4 Zone Building Height Discussion

Concept G

Description

Combination of concepts.



Anacortes R4 Zone Building Height Discussion

Anacortes Housing Action Plan

During development of the Housing Action Plan it was identified that the average number of new dwelling units constructed yearly of 101 is well below the Comprehensive Plans 2016-2036 target average of 131 units per year to meet population growth.

Taller building heights make more efficient use of land, limited land left for single family units.

Median home sales price in Anacortes $706,572, income needed to afford median home $167,707, median income Aprx $83,592

Vacancies among Anacortes’s housing inventory very low, tight market and limited supply, lack of buildable land.

Recommendation from Makers to end Moratorium on bonus height therefore incentivizing construction of more dwelling units.

Staff recommendation to use concept B, Modify Bonus Height provisions to only apply to the R4 area East of O Avenue.

Schedule upcoming Public Hearing, 14 day comment period, SEPA as needed, Dept of Commerce submittal

Draft Ordinance for code amendment

From: lisa d <ljdunlap77@gmail.com>
Sent: Wednesday, October 26, 2022 11:05 AM
To: City Council <citycouncil@cityofanacortes.org>
Cc: 💕 Mom <genniethompson11@gmail.com>
Subject: Planning meeting tomorrow night - 5 Story Buildings

Good morning,

I just learned of the councils planning meeting tomorrow night regarding allowing 5 story buildings in some parts of town. I would love to attend, however cannot as I don't have child care for that time.

I'm hoping you will accept my comments via email.

Please, please don't allow buildings of that height in Anacortes. We moved here in 2018 and one of the many reasons I chose Anacortes was the charming, small town (even though we're a city) appearance and feel.

My former home was a beautiful beachfront condo in Des Moines, just south of SeaTac. It not only had the amazing waterfront view but also a sweeping territorial view which included the cute little downtown area.

Unfortunately, the city decided to allow taller buildings to be built in the downtown area. The result was 200+ homes lost portions of their views of both the water areas as well as territorial areas. Their idea was for a more "vibrant" downtown area. The result not only took away homeowners views but also failed as the buildings could not attract and retain the commercial interest they had anticipated.

I believe that may happen here as well. It may not affect as many homeowners as in Des Moines but it will absolutely take away the "small town" feel so many of us appreciate, enjoy and hope to retain.

Thank you for reading this and I hope my comments will be considered with all of the others.

Wishing you a wonderful day,

Lisa Dunlap, Homeowner
2416 29th St.