

Affordability and Accessibility in Anacortes

Housing affordability and accessibility has been a major focus of the City and State for the last several years. Many of us have anecdotally noticed as housing prices rise and the market has gotten tighter, but the data also shows a real and growing problem.

Realizing the problem

More than 33% of Anacortes households (48% of renters and 25% of owners) are now **housing-cost burdened**, meaning they spend more than 30% of their income on housing and therefore may have difficulty affording other necessities such as food, clothing, transportation, and medical care. Anacortes has many great employers paying family-wage jobs—but even employees that make good wages can struggle to find housing in town. Workers may seek lower cost housing out of town, but are then forced to commute greater distances, which lowers quality of life, reduces community engagement, and adds to congestion on our streets and highways.

Higher prices relative to wages is the primary cause of homelessness as well. The Commerce Department finds that homelessness has increased in Washington as a direct result of rent increases; other factors frequently associated with homelessness appear to be the results, not meaningful drivers, of the increase in homeless.

Why are prices high?

Economics 101 teaches us that prices are set by supply and demand. All things being equal, greater demand leads to higher prices. And living in Anacortes is in high demand—the State of Washington predicts that 5,895 new people will seek to move here by 2036, in addition to new deployments of Growler squadrons to Whidbey Naval Air Station. At the same time, median incomes have risen in recent years, further increasing demand, which continues to drive up prices. While new housing units have been built in Anacortes, supply has not kept up—and snowbirds and AirBnb-style conversions take housing off the market.

Moreover, much of the City's housing stock is homogenous in that it's all 3-4 bedroom single-family dwellings—little exists in the form of condos, or one and two-bedroom dwellings. Small families that qualify for Section 8 housing assistance are not allowed to rent larger homes, even if they can afford it. Variety in housing types would help create a more fluid market, where people would move to smaller or larger units based on their household needs and budgets.

A multi-pronged effort

The City recognizes the need to take action on **many fronts** if it is to improve housing affordable and accessible to all segments of the Anacortes community.

Key to that effort is increasing the number of housing units in Anacortes that are affordable to people making less than the average income. Anacortes needs 330 more affordable housing units to accommodate families making 50% or less of Area Median Income.

What's critical is to increase supply not through development of more McMansions, but by making available a variety of housing types and styles throughout the community—which means filling in the gaps in the current market with smaller units.

With the new development regulations that the City Council enacted in August, we've:

- allowed for small lot, cottage-style single-family residences, and townhomes in most zones.
- made it easier to build “accessory dwelling units”—a secondary dwelling unit on the same lot as a house that can be rented out so long as it or the primary dwelling is occupied by the owner.
- reduced the minimum lot size in the R2A by 20% and in the R3 zone by 25% to slightly increase the number of potential lots in each zone.
- made it easier to develop multifamily buildings in the Central Business District and Commercial zones, where they've been allowed for many years but have faced zoning obstacles to being actually constructed.
- allowed for an additional 10 ft of height for multifamily residential—up to five stories—in the Central Business District, Commercial, and R4 High-Density residential zones when a building provides 600 sq ft units or enrolls in the City's affordable housing rent-control program. (We've since rolled back that height bonus a bit through a moratorium to limit the 10-ft height bonus to the R4 zone east of Commercial.)

We're also pursuing direct assistance to housing projects that agree to limit rents; for example, see the sales tax measure on page __. The City Council has adopted rules waiving impact fees and connection charges for projects that agree to limit total housing costs to 30% of 50% of the area median income for Skagit County for 50 years.

New development can bring undesirable impacts, and the City has been careful to craft regulations to avoid and mitigate those impacts. New construction must comply with basic design guidelines, provide landscaping, meet minimum off-street parking requirements, and provide bike parking. At the same time, impact fees and connection fees have recently been reevaluated to ensure our infrastructure retains sufficient capacity to continue high levels of service.

A city is made of brick and pavement, but a community is made by the people who live there. The best communities are whole communities where people can live *and* work.

Ballot Measure Summary

The City Council has unanimously decided to ask voters to approve a 1/10 of 1 percent sales tax increase to fund three public housing projects in town that are shovel-ready and will provide affordable housing to our city's most populations.

Earlier this year, the State Legislature adopted a new law that allows the city to obtain a portion of the state share of the sales tax for use for affordable housing. The amount of funding available from the state is about \$42,655 annually. On August 26, the City Council adopted a resolution to retain this portion of the sales tax. But we can double (to \$83,111) the amount we get to keep of the state's portion of the sales tax if the City also opts in to its own 1/10 of 1% sales tax. That's what the City Council has put on the ballot for voters to consider in February.

The total amount of money the City would bring in from the local sales tax measure combined with the retained portion of the states sales tax would be about \$654,000 a year—enough to finance \$6.5 million worth of new affordable housing projects. The City Council has selected three housing projects proposed by the Anacortes Housing Authority and the Anacortes Family Center. Both these agencies provide preference to Anacortes residents and have long waiting lists.

The City would contract with these entities to ensure the projects funded by this measure comply with the state law that allows the money to be used to provide housing only to people “whose income is at or below sixty percent of the median income of the county.” [Skagit County median household income](#) is \$59,263, therefore the housing funded by this proposal would only be available to families whose income is below 60% of that, i.e., \$35,557.80.

The **Anacortes Family Center** is a private non-profit organization that owns property at 1019 26th Street, adjacent to its existing housing project at 1016 27th Street, on which it proposes to construct 20 apartments in a new four-story building behind the hospital. The building would replicate the 27th Street building's floorplan except for addition of a first-floor childcare space to support the residents. The Family Center's estimated price tag is \$3.75-4 million.

The **Anacortes Housing Authority** is a governmental agency (separate from the city) that owns several housing facilities in Anacortes including the Wilson Hotel, Harbor House, and Bayview Apartments—a total of 183 units housing 350 people that have few other housing options. The AHA recently purchased a lot on 19th Street between Commercial and O Avenues on which they propose to build five townhouses. The AHA's rough estimated price tag for the project is \$1.5-1.65 million.

Finally, the Housing Authority recently purchased the historic **Olson Building**, on the corner of 3rd Street and Commercial Avenue, with the intent to renovate and restore the building, keep the business spaces along Commercial Avenue, and make 15-20 housing units available to low-income tenants on the second floor. With this funding, we can help ensure the building façade, if not the entirety of the building, is preserved for generations.