

THE MISSING MIDDLE IN PACIFIC COUNTY

Jurisdictional Analyses of Policy Opportunities for Expanding Missing Middle Housing

Pacific County Economic
Development Council

In partnership with the
University of Washington

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EXECUTIVE SUMMARY

Pacific County is currently experiencing multiple challenges to its supply of affordable housing due to the steady growth in population and housing prices, as well as increased financial stress on middle-income households. The local economy is also challenged with difficulties attracting and retaining workers. In this report, we give an overview of Pacific County's current population, workforce, economic status, and housing affordability, and compare the county with four similar jurisdictions: Lake Tahoe, California; Lincoln City, Oregon; Aberdeen, Washington; and Leavenworth, Washington. These jurisdictions have geographical and topographical limitations, tourism- and outdoor recreation-based economies, aging and disability needs, and population growth patterns that are similar to Pacific County. We conclude the report with ten policy recommendations to make housing more available in Pacific County. These recommendations include proposed zoning changes to increase housing density where appropriate; changes to permitting policies; increased cooperation between local communities and nonprofit agencies; and increased developer incentives for multiple types of affordable homes. Throughout the report, we focus on "missing middle" housing opportunities that would diversify housing options and create and preserve more affordable opportunities for low-income and aging households.



Raymond, Washington REDFIN.COM



INTRODUCTION

Located along the Washington coast, Pacific County faces a range of challenges in supplying affordable housing that is responsive to changing climate conditions and the needs of a growing, aging population. Pacific County has a population of 24,113 with a population density of 25 people per square mile (US Census Bureau, 2023). From 2000 to 2010 the population of Pacific County decreased by 0.3%, from 20,984 people to 20,920 people (US Census Bureau, 2010; US Census Bureau, 2000). In recent years, however, Pacific County has experienced steady population growth throughout the COVID-19 pandemic, as people moved to the area from larger urban areas. From 2020 to 2023 the county experienced a population increase of 3.2%. The economy of Pacific County has historically been driven by the logging and fishing industries; the decline of these industries has been accompanied by an economic transition towards tourism.

Pacific County has 16,159 housing units. The median household income is \$54,598. About 13.4% of the population is located below the poverty level. The median home value is \$214,900 with median rents of \$867. Median home prices have increased 112% in the past five years, which is much greater than the rate of salary increases, contributing to growing housing affordability issues. Given the high levels of seasonal tourism, 5,141 units are seasonally vacant. These units constitute 84% of the total vacant units in the county. According to the data in the Comprehensive Plan, the trend for housing occupancy in Pacific County is driven by these vacation homes. Between 2010 and 2019, occupancy rates of permanent residences decreased by 400 units, while vacant housing increased by 1,300 units.

Long Beach, Washington
BERKSHIRE HATHAWAY
HOME SERVICES





CURRENT JURISDICTION ANALYSIS

Within the mandates of the Washington State Growth Management Act (GMA), Pacific County was challenged to provide a variety of affordable housing choices covering all income levels. The demand for affordable housing is increasing because of population growth, income disparities, and the location as a vacation destination. Businesses in the county provide modest wages to their employees, causing widespread low-income level jobs and a need for lower-income housing. Moreover, short-term vacation rentals cause the loss of potential long-term residential rentals and create challenges for maintaining adequate housing capacity. Therefore, the Comprehensive Plan of Pacific County promotes the construction of new homes in Urban Growth Areas (UGAs), rural villages, and rural activity centers. Besides new affordable housing, Pacific County must also protect older residential buildings. More than 38% of the homes in Pacific County are 50 years old or older. Considering that the median age of the population is 53.1, the County should also consider the housing needs of the retirement-age population and improve their access to healthcare and other supportive services.

In the Pacific County 2020–2040 Comprehensive Plan, the Office of Financial Management (OFM) Medium model projects 0.1% annual growth in population through 2040. (OFM considers the Medium estimate as the most likely scenario.) This analysis of projected housing and sufficient land for housing is the basis of housing development plans. Units in structure in Pacific County can be divided into three categories: single-family (74%), multi-dwelling unit (9%), and mobile homes (17%). Single-family and mobile homes constitute more than 90% of the existing stock, highlighting the potential for diversifying the housing stock through “missing middle-housing.” In addition, the homeownership rate of 83% indicates the need to support a range of homeownership and rentership options, particularly to attract and retain young households and seasonal workers for whom rental options are much needed.

Since 2004, Pacific County has formed the Joint Pacific County Housing Authority (JPCHA) with four incorporated cities (Long Beach, Ilwaco, South Bend, and Raymond). JPCHA develops housing for low-to-moderate income (LMI) residents by collaborating with private developers, financial institutions, local government, and state agencies. In the 2018–2023 Strategic Plan, JPCHA encouraged local jurisdictions to promote affordable housing by increasing densities, fee waivers, streamlined review processes, and incentives. Pacific County collaborates with JPCHA, municipalities, schools, and social services like the Crisis Support Network (CSN) and Coastal Community Action Program (CCaP) to address homelessness. Pacific County faces numerous challenges, making handling this problem difficult. These challenges include limited job prospects, a high prevalence of mental illness and drugs, and insufficient affordable housing. Other programs like The Housing Rehabilitation Loan Program (HRLP) provide loans to low-income households for repairing and improving their primary residence. The Washington State Capital Budget provides the funding for the loan.

The Pacific County Comprehensive Plan identifies ten housing goals. Goal 1 is meeting the housing needs through land use restrictions, located in urban areas with adequate infrastructure, and supporting the initiatives of the JPCHA. Goal 2 is to create a more efficient permit process by simplifying the process, educating stakeholders, applying the International Building Codes, and evaluating standards and regulations



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periodically. Goal 3 is to develop housing near transit and job opportunities by support and zoning regulation that integrates commercial and industrial zoning with residential districts. Goal 4 is to create opportunities for a broad range of housing types with mixed-income housing by supporting lot clustering, varied lot sizes, ADUs, and manufactured and mobile home parks. Goal 5 is to provide housing for every income level by considering donating land and housing development funds accessible to legal residents of the County. Goal 6 is preparing to provide for future housing needs by evaluating existing regulations and encouraging financial institutions. Goal 7 is to provide incentives for affordable housing, including land use regulations (density bonuses, fee waivers, expedited permit review) and innovative housing types (co-housing, tiny homes, cottages, ADUs). Goal 8 is removing obstacles to affordable housing by relaxing infrastructure requirements or impact fees and allowing the development of smaller lots. Goal 9 is to facilitate the rehabilitation of existing housing stock through code enforcement and incentives, especially for historic properties. Goal 10 is to maintain the rural quality of life by preserving open spaces and encouraging collaboration between the community and stakeholders.



Homes in Pacific County, Washington ZILLOW.COM



JURISDICTION COMPARISONS

To create recommendations for Pacific County's next steps in affordable housing support, we compared four other jurisdictions that are similar to the county. These areas were ultimately selected for their similarity in geographical and topographical features, economic structure, population size, and population density needs (i.e., more aging-in-place housing, more single-adult housing, and more low-income housing). See **Appendix A** for our table of comparable basic metrics of housing between Pacific County and the selected similar jurisdictional areas (Source: 2021 ACS 5-year Census Data), and **Appendix B** for our timeline and list of informational interviews with jurisdictional staff, planning commissioners, and realty professionals.

LAKE TAHOE, CALIFORNIA

Truckee is a town of 17,168 in Eastern Placer County, just north of Lake Tahoe, California. Truckee's housing supply is constrained by federal lands and unsuitable building conditions. Lake Tahoe experiences strong seasonal demand for visitor lodging which has created an imbalance for locals working in tourism and service economy jobs. The town has struggled with providing housing that is affordable for its workforce and tourism economy. With the "regional median single-family home price around \$900,000 to 1 million dollars, only households above Upper Middle income (earning greater than 195% of Nevada and Placer County's area median income) would be able to afford a single-family home in the region without exceeding the 30% cost burden" (Mountain Housing Council, 2023). Together with other stakeholders, the town has convened a strategic task force entity known as the Mountain Housing Council (MHC) to approach housing affordability collectively.



Downtown Truckee, California PHOTO BY MATT GUSH



Strategic regional coordination is one of Truckee’s and North Lake Tahoe’s approaches to adapting to change. Convening stakeholders quarterly allows leaders to take the forty-thousand-foot view to discuss community needs and the resources they hold to address the problem. Starting in 2017, officials from local governments, public agencies, non-profits, foundations, and businesses, have met to discuss their specific challenges. MHC produces reports to characterize the scale and quality of the housing shortage, from homelessness to 200%+ area median income. They collect surveys to record public input on preferences for open spaces, transportation, sustainability, and economic development. They address concerns in policy design, from local workforce housing arrangements to supportive housing and transitional housing, among other services. By working together, MHC can understand the larger issue of housing supply, describe it in language and visual design that match the local preferences, and lay out a plan for stakeholders to act.

MHC also shares ideas, acting as a space for creative visioning and proactive decision-making. They provide frameworks for planning and exchange lessons learned. For example, deed restrictions for housing is an idea that was shared from Truckee, to Placer County, to the Tahoe Regional Planning Association. Through this mechanism, public subsidies can be passed on from one owner or rental to the next, in perpetuity. Throughout the exchange, stakeholders conduct community outreach, from public comment to surveys, and by convening regional figures, MHC can advocate on their own behalf with a larger voice in state and federal decision-making. Conversations with the US Forest Service and Bureau of Land Management on their shared workforce housing challenges could open the door to federal resources and land use in the future, and legislative change in the California Assembly and Senate happens to allow for changes, exemptions, and waivers that can impact housing and land use.



Affordable workforce housing units in Truckee, California PLACER COUNTY



The Town of Truckee exercises a range of regulatory tools and administrative programs to address the supply of housing. In planning, they have created a gradient of residential zones to allow for greater design flexibility and housing diversity: from rural single-family to Downtown medium density, to encourage more diverse housing types. Visitor lodging is encouraged in areas closer towards the commercial core and public amenities. New residential developments must include a percentage of affordable units at different levels of AMI through inclusionary housing. Truckee has adopted a handful of area and subarea plans to shepherd their vision of the town forward in a rapidly changing market.

Zoning offers a range of dwelling units per acre to encourage different levels of density. Infill areas offer a range of density bonuses for developers with sophisticated knowledge of design and development. Local code affords planners a range of tools to prioritize affordable housing, including waivers, fee exemptions, priority review, and by-right design approval for conforming designs. Single-family residential zones cover 85% of the jurisdiction's area, and are exempt from inclusionary housing. Rezoning to middle density takes political will and process, and in the short-term, Town officials are trying to make ADUs more attractive to their single family zones. Since 2019, the Town has rolled out a number of improvements in their ADU program, staffed its department with an ADU specialist planner, and is currently working to provide low-cost/no-cost architecture plans, designed to withstand the harsh winter conditions (See **Appendix C: Town of Truckee Data Points**).

Housing is also supported through administrative programs and taxing authority. All short-term rentals are registered with the Town; a Transient Occupancy Tax and a Business Improvement District Tax support local housing and marketing efforts by collecting a 12% tax from visitors in overnight stays from short-term rentals. In 2023, the Truckee Council adopted a Workforce Housing Token Pilot Program; the Town no longer grants STR licenses freely, in favor of a new incentive program that issues STR licenses as a local currency. It uses a cap-and-trade mechanism, where new STR tokens are unlocked by delivering additional units reserved for workforce housing. These STR tokens can be used in the same project, transferred to a different project, or traded to another developer. The Town has begun its request-for-proposals window and hopes to attract interest in 2023.

The Town has also adopted a new Home Access Program, to restrict future use of new or existing properties to affordable homeownership and rental for full-time local workers earning up to 150% AMI via a long-term deed restriction. In this program, new properties are converted to affordable ones by developers or owners who agree to place a restriction on a property and sell it to a qualified buyer. The qualified buyer pays 85% of the sale price, and the government pays the remainder. The restricted property must continue to operate and transact with qualified buyers for the length of the 55-year deed restriction. This mechanism creates longer affordability with a one-time subsidy compared to typical down payment assistance. Developers and buyers have shown interest in the program but to date, no properties have gone through sale and deed restriction. Another program, the Lease to Locals program, does not necessarily add more middle income housing on its own, but instead tries to change the distribution of underutilized vacation homes and short-term rental properties into local workforce housing (See **Appendix C** for more information).



LINCOLN CITY, OREGON

Lincoln City, located in Lincoln County, Oregon, is 6.05 square miles in total. According to the April 2020 Census, the population of Lincoln City is 9,815 people, with a density of 1,622 per square mile. Lincoln City has almost equal percentages between homeowners and renters, 51.7% and 48.3%, respectively. The average household size is 2.2, whereas the average family size is 2.92. The median income is \$39,344, with 47.8% employed. Lincoln City has an overall poverty rate of 19.19% among all constituents, regardless of employment.

Like Pacific County, Lincoln City has 7.5 miles of beaches, making tourism its primary industry. Tourism affects the high demand for housing from permanent residents, seasonal residents, and short-term visitors, as Lincoln City's housing stock has almost 50% seasonal vacancy. In 2022, the housing inventory in Lincoln City showed that the housing occupation is divided into one-third homeowners, one-third renters, and one-third second homes or short-term rentals.

According to the Zoning Ordinance of Lincoln City, Oregon (Ord. 84-2 § 1.010), there are three types of residential zoning: Single-Family Residential, Multiple-Unit Residential, and Recreation-Residential. Single-Family Residential has three different requirements for minimum lot size: 10,000 square feet, 7,500 square feet, and 5,000 square feet, with a maximum building height of 35 feet. In comparison, the minimum lot area for Multiple-Unit Residential is 2,500 square feet, with a maximum building height also 35 feet. At the same time, the lot area required in Recreation-Residential is 2,400 square feet. Accessory dwelling units are permitted within Single-Family Residential and Recreation-Residential zones. With the City's current zoning ordinances, 70% of housing types are still single-unit detached housing. However, according to Anne Marie



Multi-family housing units in Lincoln City, Oregon TRULIA.COM



Skinner, Planning and Community Development Director of Lincoln City, detached and attached single-unit dwellings, duplexes, and manufactured homes are allowed in every zone besides residential zoning except in park or open spaces, marine waterways, and industrial areas. For example, mixed-use is permitted in the commercial zones, every type of dwelling is allowed in the Multiple-Unit Residential zone, and RVs are allowed in the recreation zone. Even with the flexible current zoning ordinance, developing the land to install infrastructure is expensive and has become the most significant obstacle to providing affordable housing. The City offers incentives by approving deferral of the System Development Charges (SDC) and property tax exemption for developers that build affordable housing and keep it affordable over time.

Lincoln City also has provisions for tiny house developments, cottage cluster development, and four-flat dwellings to encourage missing middle housing. However, single-family units are still the majority of housing market demand. The market strongly influences developers' interest in building multi-units, and if, for example, they make duplexes, the price between duplexes and single-family detached is more likely to be similar instead of less expensive. There are only a couple of duplex permits given per year, and two new applications for tiny house development. Alison Robertson, Urban Renewal and Economic Development Director of Lincoln City, suggests other strategies municipalities could consider to attract developers, such as the City buying land and partnering with developers or having city-initiated projects be income qualified. Moreover, the City has only permitted and developed around 10 units of ADUs because the construction costs are as expensive as building a house. People in Lincoln City usually build ADUs for their family members, for example, the elderly.

Lincoln City is currently in the process of updating its Comprehensive Plan, including the housing element. One of the plan's goals is to ensure city residents have affordable housing. To formulate efficient policy, the City conducted an Economic Opportunities Analysis (EOA) and Housing Needs Analysis (HNA), which examined population growth, affordability assessment, availability of various housing choices, expected demand, and land inventory. This analysis found that 26% of renters are severely cost-burdened, causing many of the workforce to choose to live outside the city and commute. In addition, Lincoln City also needs to address the housing demand forecast with an estimated need of around 1,814 additional housing units. From these findings Lincoln City identified strategies in its Housing Implementation Plan (HIP).

Lincoln City's strategies focus on reducing barriers to allow a wide variety of housing for higher-density development through rezoning and incentives, property tax abatement for affordable housing and multifamily development, and enhancing partnerships with non-profit and profitable enterprises. The City also considered rezoning to distinguish the short-term rental by moving the location to a commercial area previously in a residential zone. There are around 600 short-term rentals, and only 193 are in the commercial and mixed-use zone. This rezoning is vital as short-term rental is a substantial part of the local economy and essential to the tourism industry. The City has a specific zone designation called the vacation rental zone. This zone has parameters that encourage landowners to establish a short-term rental community area; one of the best current examples is Olivia Beach. The City also pushes affordable housing by realizing the importance of land supply. The City accommodates the land through regional buildable land inventory (BLI). Anne Marie Skinner also ensures that the City has enough land to provide a 20-year housing supply. While



addressing homelessness, the City plans to extend a policy to allow homeless shelters in any zone without public hearings and make it permanent with provisions as part of their Comprehensive Plan update (Interview with Alison Robertson and Anne Marie Skinner, 2023). Lastly, the City develops partnerships with other organizations that offer affordable home ownership in any income scale. These include Land Trust or Proud Ground, which target 60% AMI to 100% AMI, and Habitat for Humanity, which target 60% AMI and below.

Lincoln Community Land Trust partners with Proud Ground, the Land Trust in Portland, because it offers more payment support if people cannot pay their mortgage. For people in Lincoln County who qualify to find a home, Proud Ground provides the down payment assistance and matches up the house with the buyer. The buyer pays total taxes on the home improvement so that they own a home at a lower cost. Lincoln City also works with Habitat for Humanity. However, the barrier they found during the implementation was finding qualified households for a mortgage. It takes time to provide education and awareness about finances in housing, such as credit score, down payment, and address maintenance.

ABERDEEN, WASHINGTON

Located in Grays Harbor County, Aberdeen, Washington is similar to the incorporated cities and Urban Growth Areas within Pacific County. The city has a population of 17,191 with a population density of 1,564 people per square mile. Aberdeen is considered the county's economic center and constitutes 22% of the county's population. The economy of Aberdeen has historically been driven by the logging and fishing industries. The loss of water-oriented and resource-oriented industries has led to a decline in jobs (City of Aberdeen Comprehensive Plan, 2021). The decline of these industries has been accompanied by a transition towards an emphasis on tourism industries in an attempt to designate Aberdeen as an important retail center on the Washington Coast. Education and healthcare have remained large employment sectors. Aberdeen has 7,088 housing units. The median home value is \$162,100 with median rents of \$859. Housing prices have risen significantly in recent years with an 89.9% increase in the past five years from a median price of \$132,950 in March 2018 to a median price of \$252,500 in March 2023 (Redfin, 2023).

The topographical, geologic, and climate conditions are extremely similar since Aberdeen is located in the adjacent county to Pacific County. Given its proximity to the coast, Aberdeen faces a high risk of inundation



Nine-unit multi-family housing in Aberdeen, Washington
LOOPNET.COM



Aberdeen, Washington PHOTO BY GEORGE



and loss of land in a tsunami event. The Chehalis River running through the town center creates similar topographical conditions to those of Raymond in Pacific County (which is transected by the Willapa River). The geographical conditions of Aberdeen make it susceptible to landslides and liquefaction, which limit the feasible construction types for the area to less than 35 feet, and adds to housing expenses by requiring flood insurance for houses within the floodplain. These are similar conditions to those in Pacific County.

Given the population size of Grays Harbor County, Aberdeen is not subject to the comprehensive planning required under the Growth Management Act. They also do not have a dedicated housing department, so planning for housing is the responsibility of the broader planning department. Another limitation to their capacity for providing housing is limited funding. The city doesn't get housing tax credits and does not have funding sources for financial development incentives. Since the costs to construct are comparable to those in Olympia, developers tend to choose to develop in the larger urban areas since they can make greater profits with higher rents compared to more rural areas. There are a large number of vacant lots so recommended strategies are more focused on trying to support greater amounts of development versus increasing density in existing developments (Interview with Lisa Scott 2023). Although there is limited funding to put towards housing specifically, one strategy that the city is considering is investing in infrastructure to develop undeveloped roads and provide utility access for areas that might be suitable for future development of housing.

The housing component within the Aberdeen comprehensive plan includes seven goals. Goal 1 is to encourage an adequate supply and variety of housing. Goal 2 is to improve the variety, quality, availability, and attainability of housing opportunities. Goal 3 is promoting a balance of rental and ownership homes to meet the needs of residents and support tourism. Goal 4 is to focus on affordable housing options. Goal 5 is to encourage rehabilitation and preservation of existing housing. Goal 6 is promoting housing design that encourages community well-being. And Goal 7 is to support aging-in-place options, given the aging population. Currently, 62.9% of all households have at least one member over age 60. The number of aging residents (60+) has increased by 4.7% (from 17% to 21.7%) in the last decade, which indicates an upward trend in this demographic group and requires appropriate housing development to support their needs.

The city finalized its comprehensive plan in 2022, and will start reworking their zoning code in June 2023 to match the code with the comprehensive plan to support the implementation of these policy goals (Interview with Lisa Scott 2023). A major goal of the zoning updates is working to ensure the feasibility of affordable smaller housing units. At this point, the implementation steps are more conceptual. The actionable steps for realizing them will be developed through the zoning code rework. They will be creating an incentive zoning program to encourage the construction of affordable multifamily units. The incentives are planned to include more generous density limits, reduced setbacks, and allowances for taller buildings in exchange for adding affordable units to a project. The city of Aberdeen is also considering allowing taller buildings, and requiring mixed ground floor uses in Residential High and Neighborhood Center areas. To support ADUs they are considering reducing the minimum size from 700 sq. feet for ADU construction. Currently, ADUs cannot be built off-site, they must be stick built. This is to ensure that the character of existing neighborhoods is not disrupted by the introduction of cheaply constructed ADUs. The city is considering allowing modular off-site construction of ADUs in certain zoning areas.



Middle housing development is currently limited in Aberdeen, with only 31% of the existing housing units including two or more units. According to Title 17 of the Aberdeen Zoning Code, there is a range of residential zoning classifications which permit middle housing development. These zoning classifications include Multiple Family Districts, Residential Professional Districts, Waterfront Development Districts, and Commercial Residential Districts. The zoning code also has three zoning classifications that contribute to higher-density, middle housing, development. The Planned Unit Development classification allows for decreased lot size and a greater mixture of residential types. The Manufactured Home Subdivision classification allows for the placement of mobile homes to increase housing choices for citizens by providing the opportunity for the placement of manufactured homes in a unified development within single-family and multifamily zoning districts. The Cluster Subdivision classification permits developers to decrease lot sizes, requiring the saved land to be dedicated to open space. This will lower development costs and increase the amenity space without increasing density beyond what is allowed if the land were developed to the minimum lot size within the zoning district. Within the total area of the jurisdiction (12.58 square miles), around 27% falls under these zoning classifications. This percentage indicates future opportunities for rezoning that will better support middle housing development.

Overall, the residents of Aberdeen have been supportive of the housing goals in the 2022 comprehensive plan. There is a recognition that the housing shortage and housing issues have a negative impact on the economy and future opportunities in the city. The largest opposition to housing development efforts has been from homeowners in the single-family zoning areas who are resistant to duplexes being added to the neighborhood. Even though duplexes are permitted in those areas with a conditional use permit, they face high levels of resistance when proposed. There is also a concern that new development will detract from the historic character of certain neighborhoods. For those reasons, future development efforts are more focused on developing new housing in multi-family zoning areas, and in transitional zoning areas. This might indicate that efforts to rezone single-family areas will face more opposition from current residents.

LEAVENWORTH, WASHINGTON

Leavenworth is located in Chelan County, Washington, deep in the Cascade Mountains. In 2021, Leavenworth had a population of 2,395, a roughly 7% increase since 2000 (U.S. Census Bureau, ACS 2021 5-Year Estimates). Despite this stable population, jobs have increased by 30% and housing prices have risen 73% between 2010–2017 (City of Leavenworth Comprehensive Plan 2021). Due to the city's main tourist draws — namely, a distinct Old Bavarian German town theme and many outdoor recreational opportunities — Leavenworth sees massive fluctuations in city resources and availability due to “overtourism” during holidays and annual events, causing a flux in seasonal employment needs. Similarly, due to tourist demand, rental prices in Leavenworth are 6–8% higher than in the rest of Chelan County (City of Leavenworth Comprehensive Plan 2021). Leavenworth has 1,312 total housing units, a median household income of \$60,982, and 5.9% of the population is located below the poverty level. The median home value is \$413,800, with median rents of \$888. Because tourism is a major draw for Leavenworth, 11.4% of the housing stock is seasonally vacant units (U.S. Census Bureau ACS 5-Year Data Estimates).



Like Pacific County, Leavenworth suffers a lack of affordable housing and a small jurisdictional area in which to make zoning and permitting changes around the natural recreational sites that keep tourists fueling the local economy. Further, like Pacific County, the general population of Leavenworth and greater Chelan County is older than the state average and has fewer families with children. Most adults (43%) rent, live in 1- or 2-person households, require housing that supports aging in place, and are priced out of living in the city; they instead commute into Leavenworth for jobs that are predominantly lower income for the area (City of Leavenworth Comprehensive Plan 2021). Leavenworth has five residential use zones: Residential Low Density 12,000 District (12,000 SF lot size minimum, roughly 0% of residential zoned land), Residential Low Density 10,000 District (10,000 SF lot size minimum, 54% of residential zoned land), Residential Low Density 6,000 District (6,000 SF lot size minimum, 28% of residential zoned land), Multi-Family Residential District (no minimum lot size, 17% of residential zoned land), and Planned Development Districts (intended for mixed commercial/residential use, but not officially launched in a significant capacity currently in the city) (City of Leavenworth Comprehensive Plan, **Appendix B**, 2021).

The 2021 Leavenworth Comprehensive Plan recognizes that housing has become a major issue, and the City has responded by adopting zoning code upgrades to encourage new development and redevelopment on older lots. Gap analysis shows that Leavenworth has the capacity to add an additional 2,693 dwelling units to the city, with ADUs and triplexes adding 1,347 units alone (City of Leavenworth Comprehensive Plan 2021). This potential development is more than enough to serve the needs of both current residents, potential new residents, and possible tourists. The 2021 Housing Action Plan recognizes twelve strategy recommendations for creating more opportunities for supply-side housing construction: evaluating converting all three single-family housing zones to have smaller lot size requirements; review use-specific minimum lot size



Downtown Leavenworth, Washington at twilight AAA.COM



requirements to encourage more housing typology and housing sizes, possibly by decreasing minimum sizes; evaluate establishing maximum building sizes to avoid issues with bulk and density; increase flexibility around residential parking requirements; explore cottage housing zoning, policies, and regulations; reexamine setbacks, parking, access, and lot coverage requirements for accessory dwelling units to incentivize infill developments; amend minimum lot sizes for duplexes; establish triplexes as their own zoning type and expand triplex permitting in some residential zones; and review regulations and restrictions around manufactured homes, to reduce barriers to production and siting of these cheaper forms of housing (City of Leavenworth Housing Action Plan 2021).

Although Leavenworth has clearly stated multiple goals and plans for ensuring more affordable developments in its 2023 Planning Commission Docket, the City Council so far has not significantly passed any legislation or created funding plans for housing growth. Per Steve Booher, Planning Commissioner 1 with the Leavenworth Planning Commission, the Council was eager to implement a plan to offer pre-approved ADU housing plans to individual citizens in 2022 to speed up the ADU permitting and building process, but only one person has bought the plans so far, and their unit is not known to be finished or utilized (Interview with Steve Booher 2023).

So far, the current land values and market for short-term rentals are considered too valuable for those who wish to exploit it to favor any limits on housing typology and density, especially since some people who have built ADUs use them as passive income short-term rental businesses. Further, potential taxes on short-term rentals and land use law have been discouraged by the county due to conflicts with state law around equal property taxation (Interview with Steve Booher 2023). When asked to clarify on the issue of “going to court” over vacancy taxes, Planning Commissioner Steve Booher clarified that there was no current litigation in the courts around vacancy taxes, but cited Article VII, Section 1 of the Washington State Constitution, which reads: “All taxes shall be uniform upon the same class of property within the territorial limits of the authority levying the tax” (Interview with Steve Booher 2023; see also Ballotpedia, “Article VII, Washington State Constitution”). From the Planning Commission and the City’s standpoint, this means that ultimately, vacancy taxes in Washington state would not pass muster in the State Supreme Court, as it unequally taxes properties of the same value based on unequal standards. Notably, this clause is not in the state constitution for California, making vacancy taxes available in places like Truckee.

Similarly, rezoning is not a popular strategy with most citizens, and the Planning Commission has seen multiple waves of activism die down after pushing for regulation that either fails in the city council or cannot be enacted due to regulatory conflicts (Interview with Steve Booher 2023).



CRITERIA FOR RECOMMENDATIONS

Based on the current needs of Pacific County, and the comparative measures that other similar jurisdictions have taken to address their housing shortages, we have formulated recommendations based on the following criteria:

- **New housing created (potential or real):** We based our recommendations based on input from multiple jurisdictional and business leaders about what zoning codes and policies would, or have, made affordable housing possible in their areas. This includes policies that allowed for increasing amounts of ADUs, infill housing, duplexes/triplexes or cottages, decreasing construction or permitting costs, or changing the land or zoning use in ways that make housing construction less expensive and allow units to be sold to lower-income buyers.
- **Environmental compatibility:** We based our recommendations on how environmentally compatible our jurisdictions' policies were with the stringent environmental challenges of building housing in Pacific County.
- **Aging and ability compatibility:** We based our recommendations on the codes our jurisdictions have found most compatible with aging in place and disability support, especially for one-person households or smaller families.
- **Cost:** Our recommendations kept in mind the severe costs related to building more housing or modifying current housing to fit the needs of the population better. We recommended the policies and code changes that would support building more new housing, while also passing on cost savings to low-income housing consumers.
- **Long-term affordability:** Our recommendations were made with long-term, sustainable affordability in mind. Our recommendations were judged based on not just the short-term outcome of having more affordable housing available in Pacific County immediately but also based on jurisdictional input about whether zoning changes could keep their communities affordable to the lowest resourced within them.



RECOMMENDATIONS

Based on our criteria, and the policy options given by the analyzed similar jurisdictions, we recommend rezoning to be more inclusive of a mix of housing types, ranging from townhomes, courtyard-style housing to multi-unit buildings like cottages, duplexes up to quadruplexes and possibly sixplexes as a major policy change in Pacific County. We also recommend supporting the construction of smaller, modular ADUs to assist aging populations and smaller households to stay in the County while offering income-generating potential to existing residents. After analyzing the Pacific County Land Use Code and the regulatory options that the comparative jurisdictions used to include a mix of housing types affordable at different income levels for both ownership and rentership options, we propose the following recommendations to increase development potential, and foster greater cooperation with community partners:

INCREASE DEVELOPMENT POTENTIAL

- Include more flexibility in the current zoning code to build multi-unit residential homes, including tiny houses, townhouses, duplexes, triplexes, fourplexes, quadplexes, and maybe sixplexes, in any zone that allows for residential use (except parks, industrial, and hazard-risk areas).
- Promote the beneficial impacts of living in multi-unit housing through coordinated community outreach campaigns to show the community and potential residents the beneficial impact of these types of development.
- Encourage developers to build new affordable housing and multi-unit residential construction by decreasing restrictions, increasing new construction incentives (both financial and in terms of predictability of the process), property tax abatement, and partnerships with nonprofit organizations or financial institutions to share and lower construction costs.
- Encourage middle-density housing development via public subsidy in exchange for deed restrictions guaranteeing long-term affordability, via AMI restrictions or via limited equity transfer on sale. Look to community land trust models and partner organizations for the development of new single and multi-family residential developments where the potential for growth is supported by infrastructure. Partner with community land trusts in Washington state to provide affordable rentership and homeownership options that include more income levels, including 60–120% AMI.
- Consider allowing Cottage Housing Clusters in Urban Growth Boundaries. This could also include adding a new residential zone specifically for cottage homes or editing current residential zones to include cottage homes within current residential and mixed-use lot minimum requirements.

INCREASE DEVELOPMENT POTENTIAL WITH SPECIFIC REGARD TO ADUS

- Reduce minimum setback for ADUs to 50% of base underlying code zoning setback or 5 feet (whichever is greater).
- Revise the requirement for the Type I review process for ADUs. Type I Review requires an application



subject to clear standards that require professional judgment about technical issues (Pacific County Ordinance 145). Given the simplicity of ADU construction and the consistency that is achievable when using modular construction methods, this requirement adds unnecessary time, cost, and complexity to a simple approval process. Allowing Type II review processes would expedite the planning process, lowering cost and time to build.

- Remove minimum building size, currently no less than 410 square feet (Pacific County Ordinance 184). A minimum living area is often added to the building code to prevent Park Model Homes (recreational park trailers, built on a single chassis mounted on wheels). Park Model Homes are not typically built to the same building standards as an ADU and are considered less permanent than manufactured homes. Having a minimum building size in the building code limits the size of ADU that can be developed. Removing the minimum building size will support a wider range of ADU development, enabling smaller lots to add an ADU. Adding a provision that Park Model Homes are not permitted will accomplish the same outcome as the current code while allowing for smaller ADU units.
- Consider revising Short Term Rental (STR) policy to require a full-time tenant in either the ADU or primary dwelling, but allowing for the secondary dwelling to be rented as a STR.
- Consider leniency around or entirely eliminating parking requirements tied to residential zones. This may include eliminating parking requirements for ADUs, eliminating public-facing parking for residential zones, and reducing front/rear/side/alley setbacks for ADUs and primary dwellings to create as much square foot space as possible for developing ADUs on private lots.
- Distinguish the Short Term Rental (STR) with residential zones, so that the County could support this business in appropriate zones, including commercial, mixed-use, or vacation rental zones.

FOSTER GREATER COOPERATION WITH COMMUNITY PARTNERS

- Ensure the availability of land supply to meet the housing demand forecast. Re-evaluate the property inventory, parcel analysis, and housing gap analysis for land use and zoning of Pacific County lots. See previous 2022 and 2023 Pacific County Livable City Year analyses that have been delivered by the University of Washington College of Built Environments.
- Expand partnership with non-profit organizations and public development authorities to have more sustainable financial systems, and to develop affordable housing in line with current state legislation by transferring surplus public property for these purposes with previously mentioned parcel analysis;.
- Explore opportunities to provide land for manufactured housing communities, since this represents a proportion of the existing housing stock in the county. This could include promoting resident purchase opportunities for the land to ensure long-term stability and affordability for residents. Some incentives for this include reducing or forgiving the real estate transfer tax and eliminating the landowner's tax liability for capital gains. The benefits of maintaining manufactured housing include playing a growing role in expanding homeownership for low-income and first-time buyers, and providing affordable rental markets to extremely low-income families.



- Provide incentives, tax exemptions, and deferral of the System Development Charges (SDC) to incentivize developers to build affordable housing or keep their property affordable over time. Evaluate impact rate criteria in order to encourage more units and more density in mixed-use and middle density areas.

We recommend that Pacific County officials make strong, detailed plans for upzoning, rezoning, taxing, or otherwise changing their zoning codes and effects, fund and execute strong public outreach campaigns around changing this code, and consult city and county attorneys before passing any official legislation that could face legal constraint going forward.



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APPENDICES

APPENDIX A: TABLE 1 — CURRENT HOUSING AND POPULATION MEASURES IN SELECTED JURISDICTIONS

	Pacific County, Washington	Truckee, California	Lincoln City, Oregon	Aberdeen, Washington	Leavenworth, Washington
Median Household Income	\$54,598	\$103,772	\$51,644	\$43,836	\$60,982
Median Home Value	\$214,900	\$638,600	\$246,300	\$162,100	\$413,800
Median Rent	\$867	\$1,816	\$933	\$859	\$888
Poverty Rate	13.4%	10.0%	19.19%	25.2%	5.9%

POPULATION DEMOGRAPHICS

Total Population	22,947	16,850	9,815	16,842	2,395
HH with 1+ under 18	20.5%	32.3%	20.8%	33.3%	29.2%
HH with 1+ over 60	62.9%	40.0%	60.2%	41.7%	37.6%
HH with 1+ over 65	52.3%	29.4%	47.4%	33.2%	26.9%

HOUSING TENURE

Share Renters	16.9%	21.8%	42.8%	48.4%	43%
% Cost Burdened	45.5%	48.4%	45%	52.6%	39%
% Homeownership	83.1%	78.2%	57.2%	51.6%	57%
% Cost Burdened	22.5%	28.6%	34%	27.6%	18%

HOUSING OCCUPANCY

Total Housing Units	15,999	13,698	6,973	7,088	1,312
Occupied	9,878	6,247	4,176	6,274	1,081
Vacant	6,121	7,451	2,797	814	231
Seasonal Vacancy Rate	84%	94.8%	26.9%	.98%	11.4%

UNITS IN STRUCTURE

1 Unit Detached	71.5%	87%	36%	66%	59%
1 Unit Attached	.5%	2%	1%	1.2%	0%
2 Units	1.3%	2%	1%	7.5%	2.4%
3-4 Units	2.3%	3%	1%	8.4%	8.7%
5-9 Units	1.5%	1%	2%	3.5%	9.3%
10+ Units	5%	2%	4%	8.7%	20.6%
Mobile Home	16.9%	2%	4%	4.7%	0%
Boat, RV, Van	1%	0%	0%	0%	0%



	Pacific County, Washington	Truckee, California	Lincoln City, Oregon	Aberdeen, Washington	Leavenworth, Washington
YEAR STRUCTURE BUILT					
2020 or Later	0%	0%	0%	0%	0%
2010–2019	4%	5%	6%	0%	2%
2000–2009	12%	18%	16%	4%	13%
1990–1999	17%	22%	18%	5%	11%
1980–1989	12%	25%	10%	5%	19%
1970–1979	15%	19%	17%	14%	9%
1960–1969	10%	6%	7%	11%	7%
1950–1959	6%	2%	8%	9%	12%
1940–1949	6%	1%	8%	6%	1%
1930–1939	17%	0%	10%	46%	25%



APPENDIX B: COMPLETED MEETINGS

APRIL 27, 2023	Webinar with Mountain Housing Council representatives to discuss quarterly update, new business, and permitting/construction progress.
APRIL 28, 2023	Zoom call between Hannah Simonsen and Derek Huegel (Co-Owner, Wolf Industries Inc.) to discuss the feasibility of building modular ADUs in Pacific County given their current land use code. The recommendations for ADU development were strongly based on this meeting. Having worked in many counties within the region, and specializing in modular ADU construction, Derek provided professional expertise in considering recommendations to help increase ADU development in Pacific County.
MAY 2, 2023	Phone call between Nicole Palczewski and Steve Booher, Planning Commissioner with the City of Leavenworth Planning Commission, to discuss current focus of Commission policies and possible outcomes after the 2021 Comprehensive Plan and 2021 Housing Action Plan was implemented.
APRIL 27, 2023, AND MAY 1, 2023	Email between Bella Septianti and Alison Robert, Planning Director and Urban Renewal Agency Director of Lincoln City, and Andrea G. Riner, Assistant Planner in the Department of Planning and Community of Lincoln City, to discuss the Comprehensive Plan Update including the Housing component and current partnership with Innovative Housing Inc. (IHI) for affordable housing
MAY 8, 2023	Interview with Town of Truckee officials, Mitch Clarin, Planning Commission member.
MAY 12, 2023	Zoom call between Bella Septianti, Alison Robertson (Urban Renewal and Economic Development Director of Lincoln City), and Anne Marie Skinner (Planning and Community Development Director of Lincoln City), to discuss Lincoln City's zoning ordinance implementation, the strategies to address affordable housing and missing middle housing, barriers, and the 2043 Comprehensive Plan.
MAY 12, 2023	Interview with officials from Town of Truckee, Hilary Hobbs, Assistant to the Town Manager and Lynn Baumgartner, Administrative Analyst.
MAY 19, 2023	Zoom call between Hannah Simonsen, Lisa Scott (Community Development Director with the City of Aberdeen), and Jamie Judkins (former President of the City of Aberdeen Planning Commission), to discuss the 2022 Comprehensive Plan and the upcoming Zoning Code revisions to support implementation of the housing goals within the comprehensive plan.

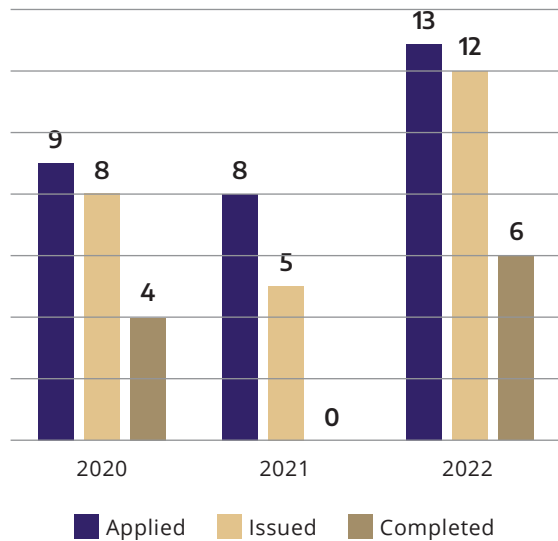


APPENDIX C: TOWN OF TRUCKEE DATA POINTS

Truckee’s ADU programs provide mini-grants and loans, to encourage safer, permitted, and compliant dwelling units, in exchange for rental agreements to provide housing to members of the local workforce. ADU offers funding and financing for the construction of accessory dwelling units, in the form of three different programs:

- 1) A \$1,000 mini grant, for existing unpermitted units, with no repayment of funds and no rental requirements. This is the most popular program of the three offerings.
- 2) A \$15,000 loan for existing/unpermitted ADUs, with low cost financing. In exchange, borrowers agree to meet specific targets around AMI for renters, for a period of five years.
- 3) a \$50,000 loan for new construction of ADUs, in exchange for deed-restricted properties for the purpose of housing local workforce and employees earning up to 60% AMI for a period of ten years, or 60-120% AMI for fifteen years. Property owners have shown strong interest in these two programs; but they have not produced any significant amount of deed-restricted housing over the two years since its inception. Many hurdles exist, including unfavorable weather, difficult bank financing, and high construction costs. Staff are considering ways to retool these incentives over the remainder of the pilot.

DWELLING CONVERSIONS



NEW DETACHED STRUCTURE

