



SAN JUAN COUNTY DEPARTMENT OF COMMUNITY DEVELOPMENT


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MEMO

REPORT DATE: February 16, 2021

TO: San Juan County Council

CC: Mike Thomas, County Manager
Erika Shook, AICP, DCD Director

FROM: Adam Zack, Planner III 

SUBJECT: 2036 Comprehensive Plan Update
Section B, Element 2, Land Use and Rural
Section B, Element 5, Housing
Accessory Dwelling Units (ADU)

BRIEFING: February 22, 2021

ATTACHMENT: A. Planning Commission Meeting Minutes, September 18, 2020.
B. Affordable Housing Workgroup Strategic Action Plan, Resolution 13-2017

Purpose

To discuss and get County Council direction on Accessory Dwelling Unit (ADU) policy and regulations.

Feedback Requested

Please provide direction on the following ADU related policy and regulatory topics:

- Allowing additional ADUs, provided they are permanently restricted for affordable housing, and
- Allowing the separate sale of ADU and primary residence, provided the underlying land remains in the same ownership. This was requested by OPAL during the 2019 Annual Docket (request 19-0001).

Public Comments

Please send all public comments to compplancomments@sanjuanco.com. Do not copy the County Council, Planning Commission members, or County Staff. Written public comments received by February 5, 2021, will be provided to the County Council. Comments should refer to the issue and option related to the comment. Please focus public comments on the issues and options contemplated in this report.

Background

Accessory Dwelling Units (ADUs) are defined in San Juan County Code (SJCC) 18.20.010 “A” Definitions as:

““Accessory dwelling unit (ADU)” means a living area that is accessory to the principal residence, located on the same lot, and that provides for sleeping quarters, kitchen, and sanitation facilities. An ADU may be internal, attached or detached.”

ADUs can be controversial in rural and natural resource lands because some people believe that ADUs inappropriately increase the overall residential density. On the other hand, ADUs are typically smaller residential units that may provide affordable rental homes, housing for on-site caregivers, and generally allow flexible living arrangements. These tradeoffs make regulating ADUs challenging, particularly in a rural county like San Juan County.

Previous Staff Memos

Staff provided the Planning Commission with a staff memo that discussed ADUs and provided additional background. The August 7, 2020 Staff Memo is posted online at <https://www.sanjuanco.com/DocumentCenter/View/20930>

Growth Management Act Requirements

The Growth Management Act (GMA) does not have specific requirements for ADUs. The GMA does, however, have planning goals that highlight the challenging nature of regulating this residential use that might contribute to rural density and at the same time provide flexible housing options. The list of GMA planning goals is not listed in a prioritized order. The planning goals are coequal. The GMA planning goals in RCW 36.70A.020 articulate the following objectives:

“(2) Reduce sprawl. Reduce the inappropriate conversion of undeveloped land into sprawling, low-density development.

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

Further complicating this issue, the GMA does not have a definition of what constitutes sprawling, low-density development. To avoid a top-down planning approach, the State Legislature left counties and cities planning under GMA to determine what sprawling, low-density development means for their jurisdiction. Ultimately, this has left the public, local governments, the Growth Management Hearings Board (GMHB), and courts to wrestle with the concept of sprawl since the GMA was adopted. The question of what constitutes sprawling, low-density development is one of the most litigated aspects of the GMA.

The County has encountered the debate about density, sprawl, and ADUs in the past. The County’s previous ADU regulations were successfully appealed to the GMHB in cases 03-2-0002 and 06-2-0024c partially on the basis that they did not meet the GMA goal of reducing sprawl. The GMHB issued a final decision and order remanding the ADU regulations to the County and requiring that the issue of sprawl be addressed. In response to the GMHB final decision and order, the County adopted Ordinance 12-2007,

which established the current ADU regulations in SJCC 18.40.240 Accessory dwelling units. These regulations limit the number of detached ADUs that may be constructed in any given year to twelve percent of the single-family residential units constructed outside San Juan County's urban growth areas (UGAs) and activity centers in the preceding year. They also established specific performance standards for ADUs such as requiring they share utilities and a driveway with the principal residence.

One of the outcomes of Ordinance 12-2007 is the lottery system for assigning the limited number of detached ADUs allowed each year. The lottery process was established by Resolution 59-2009. Applicants who are awarded eligibility during the lottery have 150 days to apply for a building permit. Applicants who are not awarded eligibility during the lottery are placed on a waitlist. If lottery winners miss the building permit deadline, the next person on the waitlist is awarded eligibility and has 150 days to turn in a building permit. Every year there are typically between two and five applicants interested in constructing ADUs that are unable to due to the limited number allowed.

The issue of ADUs and affordable housing has been raised during public outreach because the number of ADUs allowed in the County is limited and they are typically smaller dwelling units that might have lower rents. Allowing more ADUs to provide additional affordable homes is seen by some in the community as an option for increasing affordable rental homes and growing diversity in the housing stock. Though some members of the public may support allowing more ADUs, the specters of sprawl and inappropriate rural density loom large for others.

There is not a policy in Element B.2 Land Use and Rural of the Comprehensive Plan (*Plan*) specifically addressing ADUs either in the general policies or in the land use designation-specific policies. While, the County is not required by GMA to adopt an ADU policy in Element B.2 Land Use and Rural, an ADU-specific policy could provide additional direction for future code amendments.

The 2009 Housing Element includes some discussion of ADUs as an existing source of housing for some very low- to middle-income households. However, it points out that many ADU owners choose to pursue the vacation rental market rather than renting to long-term residents. The Housing Element does not include ADU-specific policies; though, it identifies the goal of providing the geographic and regulatory opportunities needed for the construction of affordable units. It also includes policies supporting increased density allowances specifically for affordable housing.

The regulations for ADUs are established in SJCC 18.40.240 Accessory dwelling units (ADUs). Some of the key ADU regulations are:

- ADUs count as a separate dwelling unit for density purposes outside of UGAs and activity centers, except when allowed pursuant to an ADU permit (SJCC 18.40.240(A));
- ADUs cannot exceed 1,000 square feet of living area (SJCC 18.40.240(F)(1));
- ADUs must be owned by the same owner as and share a driveway and utilities with the principal residence (SJCC 18.40.240(F));
- The number of ADUs allowed outside of UGAs and activity centers is limited to no more than twelve percent of the total number of building permits for new single-family residences issued for the previous year outside of UGAs and activity centers (SJCC 18.40.240(G)(1)(b));
- The ADU cannot be more than 100 feet from the principal residence (SJCC 18.40.240(G)(2));
and

- A detached ADU is not permitted on parcels less than:
 - Five acres in any rural designation;
 - Ten acres in agricultural resource land; and
 - Twenty acres in forest resource land (SJCC 18.40.240(G)(4)).

The County can consider amending the ADU regulations during the *Plan* update, but any changes to these standards could result in an appeal to the GMHB over density concerns.

Issue 1: Should ADUs be allowed to be exempt from the lottery provided they are permanently restricted for affordable housing?

Planning Commission Recommendation

At their September 18, 2020 meeting, the Planning Commission approved the following motion (Attachment A):

As part of the Comprehensive Plan update process, the Planning Commission review and reevaluate the current guesthouse ordinance, performance standards, and lottery requirement.

Background

One of the major issues facing the County right now is the lack of affordable housing. There is a shortage of homes for sale and long-term rentals that are affordable for most working people in the County. ADUs are an option for increasing the supply of affordable rental housing because they are typically smaller than primary residences and are sometimes developed specifically for rental housing. During public outreach, ADUs are consistently mentioned as a desirable part of the solution to the affordable housing problem in the County.

In 2017, San Juan County adopted the Affordable Housing Workgroup Strategic Action Plan with Resolution 13-2017 (Attachment B). The affordable housing workgroup included leaders in business, housing non-profits, the building community, school districts, Town of Friday Harbor, community action groups, and County staff. The workgroup identified three strategies and seventeen actions to help address the affordable housing shortage in the County. One action identified ADUs as an option increasing the affordable housing stock. The Affordable Housing Workgroup Strategic Action Plan Strategy 2, Action B states:

“Consider incentives for construction of accessory dwelling units (ADUs) for year-round rentals with third party monitoring (e.g., density bonuses, change land use designations to allow on smaller lots; change land use to allow to be built further from main house, on a separate septic system, etc.)”

The problem is that simply allowing more ADUs will not satisfy the GMA mandate to reduce sprawl discussed above, as the County found out in the appeal of the previous ADU regulations. The question then is, “How can the County allow more ADUs for affordable housing without allowing unacceptable

levels of rural density?”

One possible answer is to allow more ADUs provided they are required to be affordable housing. In exchange for the right to construct an ADU, the property owner would be required to rent the unit below market rate if she were to decide to rent the unit. This essentially trades additional development rights for a public benefit.

The idea is to strike a balance between GMA Planning Goal 2 to reduce sprawl and Planning Goal 4 to allow diverse and affordable housing types. There are two factors that are likely to help with this balance and prevent excessive development of ADUs with an affordable housing requirement. First, the ADU regulations could continue to include rural minimum lot sizes in SJCC 18.40.240(G)(4). The required minimum lot size is five acres in any rural designation, ten acres in agricultural resource land, twenty acres in forest resource land, and no minimum in UGAs and activity centers. Essentially this affordable ADU allowance combined with the minimum lot size will allow up to one dwelling unit per two and-a-half acres in rural areas, one dwelling per five acres in agricultural resource land, and one unit per ten acres in forest resource land provided the ADU is an affordable housing unit.

The second factor that is likely to prevent widespread proliferation of new ADUs with the affordability requirement is the affordability requirement itself. Many property owners and developers are hesitant to build structures or establish uses that restrict the property in a way that requires a notice-to-title. Furthermore, affordable housing development is often met with not-in-my-backyard resistance and, in the case of ADUs, the development will literally be in someone’s backyard. The affordable ADU density bonus requires a trade that many property owners are unlikely to want to make.

The requirements for affordable housing are established in SJCC 18.60.260. The standards define two types of affordable housing, long-term and permanent, in SJCC 18.60.260(D) and (E), which state:

D. Long-Term Affordability. In order to qualify as affordable housing, housing must provide assurance of affordability to applicable income groups for at least 50 years for ownership housing and 20 years for rental housing by one or more of the following methods:

1. Ownership of land or land and structures by a public agency or nonprofit housing provider;
2. Granting of a restrictive use easement in a form specified by the County for the portions of the site encompassing the affordable units to San Juan County for the purpose of affordable housing development;
3. In the case of rental housing only, the units are subject to a contract with a housing provider which assures their affordability for a minimum of 20 years; or
4. Housing which because of its size, location, amenities, restrictions on development or use, or other characteristics, has been specifically determined by resolution of the board of County commissioners to be affordable.

E. Permanently Affordable Housing. In order to qualify as permanently affordable housing, housing must provide assurance of affordability to applicable income groups for

at least 99 years by one or more of the following methods:

1. Ownership of land or land and structures by a public agency or nonprofit housing provider with assurance of affordability for at least 99 years;
2. Granting of a restrictive use easement in a form specified by the County for the portions of the site encompassing the affordable units to San Juan County for the purpose of affordable housing development;
3. Housing which because of its size, location, amenities, restrictions on development or use, or other characteristics, has been specifically determined by resolution of the board of County commissioners to be permanently affordable.

Allowing ADUs as affordable housing is both a land use and a housing issue. Draft Element B.5 Housing proposes two policies that would support allowing ADUs for affordable housing.

Proposed housing goal 1, policy 2: Support the development of housing stock that meets the needs of those in the low, moderate, middle and upper-middle income brackets.

Proposed housing goal 6, policy 3: Promote the design, construction, and maintenance of quality affordable rental units to serve long-term residents of various family sizes and income levels.

If the County decides to allow more ADUs subject to affordability requirements, it can stipulate whether the requirement be for long-term or permanent affordability. The County does not have to specify long-term or permanent affordability, leaving it up to the property owner to decide. It is likely that most property owners would prefer long-term affordability over permanent affordability because this is a lesser commitment. Long-term affordability restricts the sale price for fifty years and the rent for twenty years. On the other hand, the permanent affordable housing restrictions would provide a greater public benefit because the affordability requirements will be in place through the life of the structure. Permanent affordability places price restrictions on the sale and rental of the housing unit for at least ninety-nine years.

Issue 2: Should separate sale of ADU and primary residence be allowed, provided the underlying land remains in the same ownership (Docket Request 19-0001).

Planning Commission Recommendation

At their meeting on September 18, 2020, the Planning Commission recommended making no change to the ADU regulations to allow the separate sale of ADU and principal residences.

Background

One change to the ADU code was proposed during the 2019 Annual Docket process in request 19-0001 submitted by OPAL Community Land Trust. They proposed amending SJCC 18.40.240(F) to allow separate ownership of an ADU and primary residence provided the owner of the underlying land remains the same. The community land trust model sells improvements (dwelling units) to individuals while the trust remains

the owner of the underlying land. This model reduces the cost of home ownership by removing the cost of land from the housing unit purchase price. OPAL's proposal would allow them to develop a parcel with both a primary residence and ADU and sell each individually while the community land trust maintains ownership of the underlying land. During the 2019 Docket process, the County Council decided to address this request during the Plan update.



Approved as corrected at the October 16, 2020 PC Meeting. Corrections are strikeout-underline and are on page 2, first motion under the 6 yr. TIP heading, they are highlighted also.

SAN JUAN COUNTY PLANNING COMMISSION MEETING

MINUTES OF THE SEPTEMBER 18, 2020 MEETING

The meeting of the San Juan County Planning Commission was called to order by Chair, Camille Uhlir, at 8:37 a.m. in the County Council hearing room, Legislative Building, 55 Second Street, Friday Harbor, and San Juan Island.

Planning Commission

Members Present: Present in person: Camille Uhlir. By Skype: Tim Blanchard, Michael Pickett (out at noon), David Kane, Steve Rubey, and Dale Roundy.

Department of Community Development (DCD) Staff

Present: Present in person: Erika Shook, Director; and Lynda Guernsey, AS II. By Skype: Adam Zack, Planner III and Sophia Cassam, Planner I.

Public Works Staff Present: By Skype: Colin Huntemer, County Engineer.

Administrative Items

Confirm Agenda – No changes to agenda.

Minutes of August 21, 2020

Moved by Steve Rubey, seconded by David Kane, to approve the August 21, 2020 minutes as submitted. Michael Pickett – yes, David Kane – yes, Steve Rubey – yes, Dale Roundy – abstain, Tim Blanchard – yes, and Camille Uhlir – yes. Motion passed with five yes votes and one abstention (Roundy).

DCD Update – Erika Shook, Director

1. The County is working on moving to Microsoft Teams and the DCD staff has been testing the meeting function in and out of the office, using personal computers as members of the Planning Commission or public would do. We haven't had a lot of success so far but will keep having meetings this next week and see if we can get to a better place with it.
2. The Marijuana ordinance is in effect now and the County Council adopted the Shoreline Master Program (SMP) and it has gone to DOE for their review.
3. Building permit numbers are very strong, land use permits are lower than usual, and vacation rental permits are down, we figure this is probably due to the pandemic situation.
3. Today's briefing process has some controversial topics, this is not the last time these items will come forward, but this is a conversation starter. We are looking for comments and suggestions.

Erika Shook then responded to questions and comments from the Planning Commission.

Public Access Time – The following spoke:

Kai Sanburn, Community Rights San Juan Islands

Liz Lafferty, Community Rights San Juan Islands

Julienne Battalia, Community Rights San Juan Islands Chom Greacen, Lopez Island and
Community Rights San Juan Islands
Sharon Abreu, Orcas Island Ryan Palmateer, San Juan Island

Nick Teague, Community Rights San Juan Islands

Kimberly Foley, Lopez Transitions, Community Rights San Juan Islands

The Planning Commission discussed the comments received during public access time regarding the Vision Statement and felt that they should discuss the statement based on the comments at a future meeting.

Update on the Draft Six-Year Transportation Improvement Program (TIP) – Colin Huntemer, County Engineer

Colin Huntemer recapped the draft Six-Year Transportation Improvement Program (TIP) as previously presented and responded to questions and comments from the Planning Commission.

Planning Commission recommendations:

Moved by Tim Blanchard, seconded by Dale Roundy, to forward the 2021-2026 Six-Year Transportation Improvement Program to the County Council with the understanding that further review as the projects moves forward will be necessary to assure consistency with the Comprehensive Plan Goals and Policies including protection of rural character and incorporating appropriate non-motorized transportation improvement. Tim Blanchard-yes, David Kane-yes, Michael Pickett-yes, Dale Roundy – yes, Steve Rubey-yes, and Camille Uhlir-yes. Motion passed unanimously.

Moved by Tim Blanchard, seconded by David Kane, to request the County Engineer to develop recommended design standards for transportation projects involving roads and non-motorized transportation improvements for consideration by the Planning Commission in connection with the update of the Transportation Element. Tim Blanchard-yes, David Kane-yes, Michael Pickett-yes, Dale Roundy-yes, Steve Rubey-yes, and Camille Uhlir-yes. Motion passed unanimously.

Moved by Tim Blanchard, seconded Camille Uhlir, that the situation and proposed approaches into the Douglas Road/Bailer Hill Rd Improvements project (Project No. 5 in the 2021 TIP), be used by Public Works and the Planning Commission as a case study to inform the development of San Juan County road standards. Tim Blanchard-yes, David Kane-yes, Michael Pickett-yes, Dale Roundy-yes, Steve Rubey-yes, and Camille Uhlir-yes. Motion passed unanimously.

Briefings about the San Juan County Comprehensive Plan 2036 Update Project:

Adam Zack updated the Planning Commission on the briefings coming forward today.

Element B.2, Land Use and Rural, Policy Issue Briefings - Adam Zack, Planner III & Sophia Cassam, Planner I

Rural Residential Cluster Development

Sophia Cassam gave a presentation on Rural Residential Cluster Development and asked for comments, questions and feedback from the Planning Commission.

Staff will provide the Planning Commission with a list of cluster developments and their location.

Discussion items as presented on the slide presentation :

Issue One, Page 7, Slides 19 and 20: Limits to the number of units allowed.

- Can they have vacation rentals?
- Rural area development issues, increased noise, traffic, etc.
- Why aren't they in Urban Growth Areas?
- How many acres in a 12-unit development across all islands?
- Eliminate clusters.
- Do we need expansion?
- Development is cheaper in rural areas as opposed to urban areas.
- Cap the number of Rural Cluster Developments.

Issue Two, Pages 7 and 8, Slides 21 and 22: Limits to the size of structures.

- Square footage pooled or individual on accessory structures?
- How much demand for larger homes?
- More vehicles as children get older.
- Erika Shook – invite affordable housing groups to address issues at a Planning Commission meeting?
- Contractor invited?

Issues Three and Four, Pages 8 and 9, Slides 23 through 27: Issue Three: Ownership requirements

Issue Four: Assurance of Affordability

By Consensus, regarding Issues One through Four, the Planning Commission would like to hear from the developers of affordable housing at an upcoming meeting before making a recommendation.

Vacation Rentals

Adam Zack gave a presentation on vacation rentals and responded, as did Erika Shook, to questions, comments, and suggestions from the Planning Commission.

Issue One, Page 16, Slides 46 and 47: Should the number of vacation rentals be capped or limited to prevent over-tourism?

- If limit set is fair and reasonable, how can we revoke all laws prior?
- Terminate program but would it be legally upheld?
- Legal guidance?
- More data on what number to set limit to.
- How would this apply to non-conforming vacation rentals?
- How many vacation rentals on what smaller size lots – Performance Standards D.

By Consensus, the Planning Commission would like answers to the following questions supplied by Adam Zack:

- What legal options exist for nullifying all existing vacation rental permits?
- What are legal options for nullifying all existing vacation rental permits to get rid of existing nonconforming vacation rentals?
- What about options for an annual license such as a business license that provides a mechanism for an annual fee and expiration at the time of sale of the property?
- What options exist to stop permits from 'running with the land'?
- What is an appropriate level to set the vacation rental cap at?
- How many vacation rentals are on parcels smaller than five acres?

- Reevaluate the number of overnight guests based on the septic system capacity.

Issue Two, Pages 16 and 17, Slides 48 through 50: Should vacation rentals be limited in UGAs to avoid overconcentration of vacation rentals and to promote availability of long-term rentals?

By Consensus, the Planning Commission, on slide 50 – Policy Options, Option A., to delete the words “Prohibit new vacation rental in Accessory Dwelling Units and”, start the sentence now with the word “Limit”, change the word “them” to “vacation rentals”. Option A would now read: Limit vacation rentals to one per property in the Urban Growth Area.

Discussion of some of the public comment items from the website.

Moved by Tim Blanchard, seconded Camille Uhlir, that the Planning Commission confirm the decision that we made at the time we updated the vacation rental regulations not to require Homeowner Association approval or sign-off of a vacation rental permit. Tim Blanchard-yes, David Kane-yes, Dale Roundy-yes, Steve Rubey-yes, and Camille Uhlir-yes. Motion passed unanimously.

By Consensus, the Planning Commission to reevaluate the decision that the County made a couple of years ago in determining the number of allowed renters, to tie it not to the number of bedrooms but perhaps base it on the design capacity of the septic system per the County records.

Accessory Dwelling Units

Adam Zack gave a presentation on Accessory Dwelling Units and responded to comments and questions from the Planning Commission.

Issue One, Page 12, Slides 34 and 35: Allow ADUs not subject to the lottery, provided they are permanently restricted for affordable housing.

Moved by Tim Blanchard, seconded by Dale Roundy, that as part of the Comprehensive Plan updated process, the Planning Commission review and reevaluate the current guesthouse ordinance, performance standards, and lottery requirement. Tim Blanchard-yes, David Kane-yes, Dale Roundy-yes, Steve Rubey-no, and Camille Uhlir-yes. Motion passed four yes votes, one no vote (Rubey).

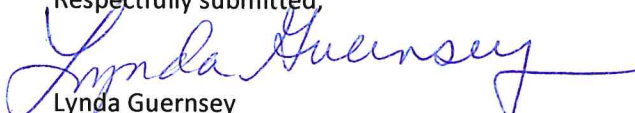
Issue Two, Page 12 and 13, Slides 36 and 37: Allowing the separate sale of ADU and primary residence, provided the underlying land remains in the same ownership (Docket Request 19-0001).

By Consensus, the Planning Commission is in favor of Policy Option B. No Change.

Adjournment

Moved by Camille Uhlir, seconded by Steve Rubey, to adjourn the meeting at 3:38 p.m. and the motion passed unanimously. The next meeting of the Planning Commission is scheduled for Friday, October 16, 2020, at 8:30 a.m. in the County Council hearing room, Legislative Building, 55 Second Street, Friday Harbor, San Juan Island.

Respectfully submitted,



Lynda Guernsey

Attachment A: Slide Presentations for the Comprehensive Plan Update Briefings

Policy Options

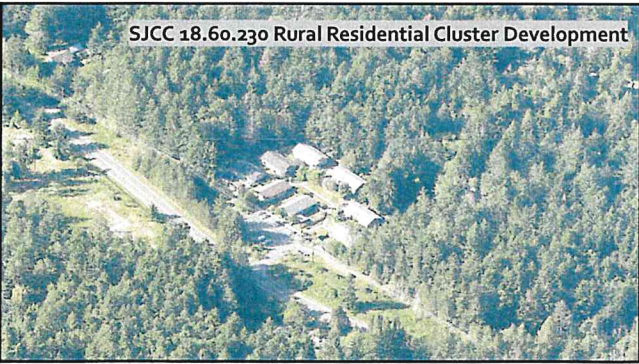
Planning Commission Discussion: Issue Three

- A. Add Temporary Worker Housing, Licensed by State law by to the land use tables and adopt performance standards.
- B. No Change.

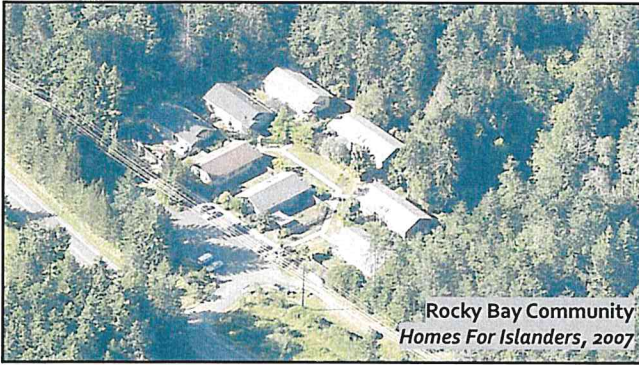
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Rural Residential Cluster Development

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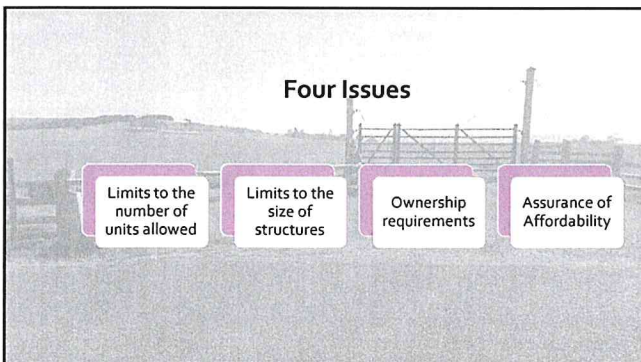
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17



18

Issue One: Limits to the number of units allowed

- The development code currently allows **8 dwelling units** per cluster
- SJC adopted a policy in the 2009 Housing Element, stating that **12 dwelling units** should be allowed
- Homes for Islanders docket request: **increase** allowed dwelling units from **8 to 12 units** per cluster development to reflect the 2009 housing policy

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Issue One Staff Recommendation: Update SJC 18.60.230(C)(5)(b) to allow a maximum of twelve dwelling units in rural residential clusters

- Increases flexibility for developers, which could result in more affordable housing units to serve low- to middle-income households in the County
- Creates minimal long-term additional impact on rural character because caps on the number of units per decade are unchanged
- Will make our housing policies and development code agree

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Issue Two: Limits to the size of structures

- The development code limits the floor area of structures (incl. accessory structures) to **1,500 sq. ft.** per dwelling
- Homes for Islanders requested a code change to increase the allowed square feet for dwelling units (not incl. accessory structures) to **1,750 sq. ft.**

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Options

A: increase the maximum allowed sq. ft. for cluster dwellings to 1,750 sq. ft., not including accessory structures. [Homes for Islanders request]

B: increase the maximum allowed sq. ft. for cluster dwellings to 2,000 sq. ft., including accessory structures.

C: No Change

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Issue Three: Ownership requirements

- Cluster development code: project site must be owned by a public agency, or by a business or nonprofit corporation in the business of providing affordable housing.
- Affordable housing code: any developer may create affordable housing if they meet the development standards
- Should any developer that meets the cluster code and affordable housing requirements be allowed to build clusters?

23

Options

A: Allow any developer to build cluster developments according to the standards in SJCC 18.60.230

B: No change

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Issue Four: Assurance of Affordability

- The cluster development code: restrictive easements required
- The affordable housing code: four options for assuring affordability
- Homes for Islanders Docket request: remove restrictive easement requirement to allow developers to choose any of the four options in the affordable housing code

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Options

A: Amend the cluster development code to require developers to demonstrate assurance of affordability by some but not all the options listed in the affordable housing code.

B: No Change

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18.60.260

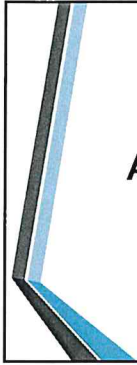
D. Long-Term Affordability. In order to qualify as affordable housing, housing must provide assurance of affordability to applicable income groups for at least 50 years for ownership housing and 20 years for rental housing by one or more of the following methods:

1. Ownership of land or land and structures by a public agency or nonprofit housing provider;
2. Granting of a restrictive use easement in a form specified by the County for the portions of the site encompassing the affordable units to San Juan County for the purpose of affordable housing development;
3. In the case of rental housing only, the units are subject to a contract with a housing provider which assures their affordability for a minimum of 20 years; or
4. Housing which because of its size, location, amenities, restrictions on development or use, or other characteristics, has been specifically determined by resolution of the board of County commissioners to be affordable.

E. Permanently Affordable Housing. In order to qualify as permanently affordable housing, housing must provide assurance of affordability to applicable income groups for at least 99 years by one or more of the following methods:

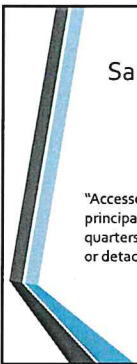
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2. Granting of a restrictive use easement in a form specified by the County for the portions of the site encompassing the affordable units to San Juan County for the purpose of affordable housing development;
3. Housing which because of its size, location, amenities, restrictions on development or use, or other characteristics, has been specifically determined by resolution of the board of County commissioners to be permanently affordable.

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Accessory Dwelling Units (ADUs)

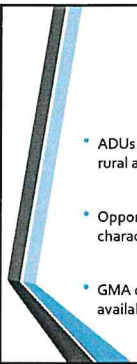
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San Juan County Code (SJCC) 18.20.010 "A" definitions:

"Accessory dwelling unit (ADU)" means a living area that is accessory to the principal residence, located on the same lot, and that provides for sleeping quarters, kitchen, and sanitation facilities. An ADU may be internal, attached or detached.

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General ADU Issues

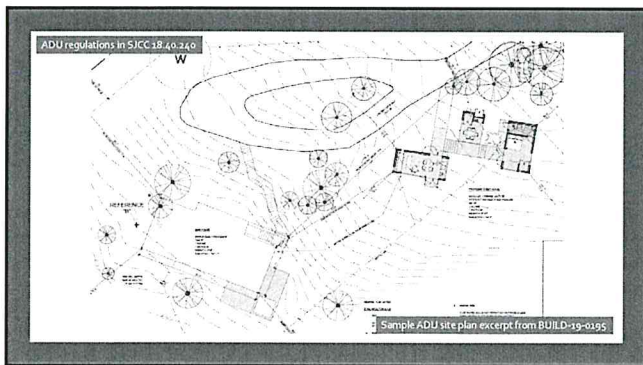
- ADUs are typically smaller dwellings and potentially affordable housing in rural areas.
- Opponents of ADUs worry that they might have adverse impacts to rural character and rural density.
- GMA does not mention ADUs but aims to reduce sprawl and encourage the availability of affordable housing.

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Current ADU Regulations

- The lottery system currently in place is the result of an appeal.
- The primary concern was inappropriate rural density and impacts to rural character.
- The public often suggests that the lotter and other ADU regulations limit affordable housing options.

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Two Issues

Allow ADUs not subject to the lottery, provided they are permanently restricted for affordable housing.

Allowing the separate sale of ADU and primary residence, provided the underlying land remains in the same ownership (Docket Request 19-0001).

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Issue One: Allow ADUs not subject to the lottery, provided they are permanently restricted for affordable housing.

- This is a strategy identified in the County's Affordable Housing Workgroup Strategic Action Plan;
- Concerns about sprawl and demand for affordable housing; and
- Permanent and long-term affordable housing requirements are established in SJCC 18.60.260.

34

Policy Options

Planning Commission Discussion: Issue One

A. Allow ADUs, provided they are restricted as permanently affordable housing.

B. No Change.

35

Issue Two: Allowing the separate sale of ADU and primary residence, provided the underlying land remains in the same ownership (Docket Request 19-0001).

- Requested by OPAL Community Land Trust during the 2019 Docket;
- Would allow an ADU to be sold separately from a principal residence, without the underlying land, subject to affordability requirements; and
- Community land trusts typically sell improvements without the underlying land to reduce the sale price by removing the cost of land.

36

Planning Commission Discussion: Issue Two

Policy Options

A. Amend SJCC 18.40.240 Accessory dwelling units (ADUs) as proposed in Docket Request 19-0001.

B. No Change.

37

Vacation Rentals

38

San Juan County Code (SJCC) 18.20.220 "V" definitions:

"Vacation rental of a residence or an ADU" means a single-family residential unit or an accessory dwelling unit that is rented (for periods of less than 30 days).

39

Land Use Policy 2.2.A.12

Vacation rental (short-term, i.e., of less than thirty days) of a principal, single-family residential unit or an ADU should be subject to standards similar to those for hospitality commercial establishments but should be classified as a residential use for purposes of land use regulation.

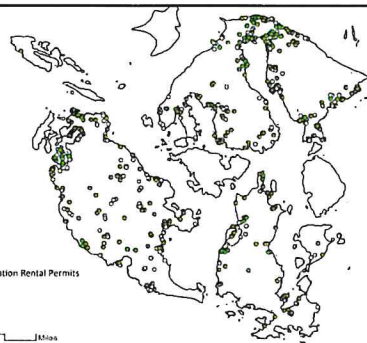
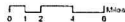
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General Vacation Rental Issues

- Vacation rentals might occupy dwelling units that could be affordable long-term rentals.
- Concern about the negative impacts to neighboring property owners.
- Most visitor accommodations are vacation rentals. They are a major component of the tourist economy.

41

Compliant Vacation Rental Permits
Status
● Active
○ Inactive



42

SJCC 18.40.275 Vacation rental of residences or accessory dwelling units (ADUs). Some of the key regulations are:

- Outside of UGAs, only one vacation rental is allowed per property;
- Vacation rental is not allowed in an ADU permitted after 2007; and
- The number of guests is limited to two per bedroom plus an additional three people.

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SJCC 18.40.275 Vacation rental of residences or accessory dwelling units (ADUs). Some of the key regulations are:

- Rules of conduct that address impacts to neighboring property owners are required;
- Vacation rental operators must annually certify compliance with their permit conditions; and
- Vacation rentals cannot be advertised without an active permit and the permit number must be included in any advertisements.

44

Two Issues

Limiting the number of vacation rentals allowed.

Should vacation rentals be limited in UGAs to avoid overconcentration of vacation rentals and to promote availability of long-term rentals?

45

Issue One: Should the number of vacation rentals be capped or limited to prevent over-tourism?

- ° The current regulations do not limit the number of vacation rentals.
- ° As of April 30, 2020, there are 963 permitted, 632 permits are compliant, 430 are active, and 202 are inactive .
- ° Some members of the public have suggested a limit.

46

Planning Commission Discussion: Issue One

Policy Options

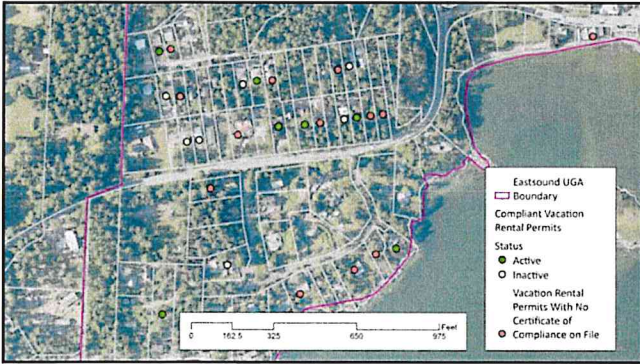
- A. Limit new permits for vacation rental of residences to no more than X annually.
- B. Limit the total number of vacation rental permits allowed to the total number permitted when the new regulations are adopted.
- C. Limit the number of permits allowed by island to no more than the number permitted at the time the Plan is adopted.
- D. Limit vacation rentals to parcels with a minimum lot size of X acres.
- E. No change. Do not establish a limit to the number of vacation rentals during the Plan update.

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Issue Two: Should vacation rentals be limited in UGAs to avoid overconcentration of vacation rentals and to promote availability of long-term rentals?

- ° UGAs have denser neighborhoods, increasing impacts to neighboring property owners.
- ° ADUs permitted before 2007 and any ADUs in UGAs can be vacation rentals.
- ° ADUs are smaller dwellings that can be more affordable.
- ° Limiting vacation rentals in ADUs could make more units available for long-term rental.

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49

Planning Commission Discussion: Issue Two

Policy Options

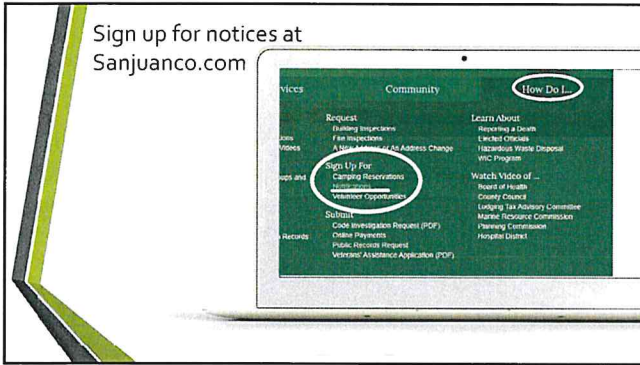
- A. Prohibit new vacation rentals in Accessory Dwelling Units and limit them to one per property in the Urban Growth Area.
- B. Allow vacation rentals in commercial designations but prohibit them in all residential designations in UGAs.
- C. No change.

50

Public Comments

Comments are posted on the website and provided to the Planning Commission and County Council.

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53

RESOLUTION NO. 13 - 2017

**Resolution Adopting the San Juan County Affordable Housing Workgroup
Strategic Action Plan**

WHEREAS, accessible affordable housing concerns have been confronting San Juan County for many years;

WHEREAS, numerous studies and community forums have documented housing concerns for low and moderate income households countywide;

WHEREAS, in March 2016 the County authorized a workgroup to develop an Affordable Housing Strategic Action Plan;

WHEREAS, a workgroup was convened and included leaders in business, housing non-profits, the building community, school districts, Town of Friday Harbor, community action groups, and county staff;

WHEREAS, the workgroup held five meeting between March and November 2016, and developed a Strategic Action Plan that includes a vision, identified needs, strategies, actions, an implementation timeline, and measures to monitor success;

WHEREAS, on January 24, 2017 the County Council reviewed and provided input on the Strategic Action Plan; and

WHEREAS, on February 15, 2017 the Housing Bank Commission reviewed, provided input and recommended that the County Council adopt the San Juan County Affordable Housing Workgroup Strategic Action Plan

NOW, THEREFORE, BE IT RESOLVED by the County Council of San Juan County, state of Washington, as follows:

1. The San Juan County Affordable Housing Workgroup Strategic Action plan attached as Exhibit A is hereby adopted.
2. The San Juan County Housing Bank Commission will oversee and report annually to the County Council on the implementation status of the identified actions.

ADOPTED this 21ST day of March 2017.

ATTEST: Clerk of the Council

COUNTY COUNCIL
SAN JUAN COUNTY, WASHINGTON

Ingrid Gabriel 3/27/2017
Ingrid Gabriel, Clerk Date

Rick Hughes
Rick Hughes, Chair
District 2

REVIEWED BY COUNTY MANAGER

Michael J. Thomas 3/22/17
Michael J. Thomas Date

William D. Watson
Bill Watson, Vice-Chair
District 1

RANDALL K. GAYLORD
APPROVED AS TO FORM ONLY

By: [Signature] 3/17/17
Date

Jamie Stephens
Jamie Stephens, Member
District 3

San Juan County
Affordable Housing Workgroup

Strategic Action Plan

March 10, 2017

**Affordable Housing Workgroup
Strategic Action Plan**

Overview: Affordable housing issues have been confronting the county for many years with numerous studies and community forums documenting housing concerns for low and moderate income households countywide. Recent reports and studies include, but are not limited to: 2015 Washington State Housing Needs Assessment; Draft Housing Action Plan dated May 2011; Opportunity Council's Prosperity Project 2015, United Way ALICE Report 2015; and 2015 San Juan Island Community Foundation Needs Assessment.

In March 2016, the County Council authorized a Workgroup to develop an Affordable Housing Strategic Action Plan. The goal was to develop four to six prioritized actions to address the housing issues. Actions were to consider all areas including: regulatory, funding, infrastructure costs, and land costs.

The Workgroup held five meetings between March and November 2016 and developed the attached Strategic Action Plan. The Action Plan includes a Vision, Identified Housing Needs, three Strategies, sixteen Actions, an Implementation Timeline, and Measures to Monitor Success. The Workgroup prioritized the following five actions, however, the workgroup indicated all actions should be implemented within the identified timeframe:

1. Identify and recommend a local affordable housing funding measure.
2. Develop a capital account to be used to purchase existing units when available.
3. Expand home repair and weatherization programs.
4. Develop a public/private partnership program to build affordable housing units and explore using publicly owned land to construct units.
5. Regulate vacation rentals (e.g. yearly permit with fees, inspections, ensure lodging tax is collected, add an impact fee to be used for affordable housing).

Workgroup Members:

Bob Jarman - County Council	Richard Brown - Lopez Village Market
Duncan Wilson - Town Administrator	Greg Winter - Opportunity Council
Lisa Byers - OPAL Community Land Trust	Steve Hushebeck - Visitors Bureau & Town Council
Jacob Linnes - Island Market	Brent Snow - SJI School District Board
Jason Linnes - Island Market	Janet Brownell - OI School District Board
Sandy Bishop - Housing Bank Commission & Lopez Community Land Trust	Erica Shook - SJC Department of Community Development
Libbey Oswald - Kings Market	Mark Tompkins - SJC Health & Community Services
Peter Kilpatrick - Ravenhill Construction	

Affordable Housing Workgroup Strategic Action Plan

Vision: Twenty years ago the citizens of San Juan County created a vision for the future. It included the goal to “Foster a sense of neighborliness and community pride so that there is housing for people of all incomes.” Efforts to date have fallen short. Today there is a deficiency in our affordable housing supply. As a community we understand the importance of sustainable affordable housing. We envision healthy, safe housing options for all who live here, including those who work, whether seasonally or full-time, as well as those who are on fixed incomes.

Identified Housing Needs:

- **Number 1:** Long-term Rentals; Serving individuals making between \$15 - \$20/hour; Rent Range \$680 - \$940/month.
- **Number 2:** Long-term Rentals (studios & one-bedroom units); Serving individuals with limited or fixed incomes; Rent Range \$0 - \$680/month.
- **Number 3:** Long-term Rentals; Serving Individuals making over \$20/hour; Rent Range \$940 - \$2,000
- **Number 4:** Short-term, Reduced Amenity Housing (e.g. dorms, studios, shared occupancy); Serving Seasonal Temporary Worker; Rent Range \$400 - \$500/month
- **Number 5:** Homeownership; Price Range \$80,000 - \$275,000
- **Number 6:** Housing with Supportive Services (e.g. Transitional or Group Housing)

Strategy 1: Educate Public on the Availability and Affordability of Housing in San Juan County.

Actions¹:

- A. Develop Frequently Ask Question (FAQ) documents
- B. Develop buildable land analysis [R]
- C. Complete housing needs analysis [R]
- D. Develop and implement a community engagement plan [PW]

Strategy 2: Increase the Availability and Affordability of Housing Stock in San Juan County.

Actions:

- A. Identify and recommend a local affordable housing funding measure [F]
- B. Consider incentives for construction of accessory dwelling units (ADUs) for year-round rentals with third party monitoring (e.g., density bonuses, change land use designations to allow on smaller lots; change land use to allow to be built further from main house, on a separate septic system, etc.) [R]
- C. Reduce permit fees and prioritize plan review for affordable housing projects [PW and F]
- D. Regulate vacation rentals (e.g. yearly permit with fees, inspections, ensure lodging tax is collected, add an impact fee to be used for affordable housing) [R]

¹ Action Category Key: [R] – Regulatory [F] – Funding [PW] – Political Will [D] - Design

- E. County and/or Town be positioned to apply for Community Development Block Grants [F]
- F. Develop a public/private partnership program to build affordable housing units and explore using publicly owned land to construct units [D and PW]
- G. Explore incentives and financing plans with utility providers [F and PW]
- H. Provide density bonuses to property owners creating affordable multi-family units [R]
- I. Evaluate 'farm worker housing' provisions to expand its use [R]
- J. Explore use of lodging tax funds for seasonal worker housing [R and D]

Strategy 3: Maintain Existing Housing Stock that is Affordable.

Actions:

- A. Develop a capital account to be used to purchase existing units when available [F]
- B. Identify and recommend a local affordable housing funding measure [F]
- C. Expand home repair and weatherization programs for existing housing stock [F]

Prioritization of Actions:

The Strategic Action Plan contains sixteen (16) distinct actions aimed at increasing/maintaining the availability and affordability of housing stock in San Juan County. The actions range from educating the public to recommending a local affordable housing funding measure. With the number and range of actions the workgroup felt it was necessary to identify the top three to five actions. Actions designed to increase/maintain affordable housing stock were prioritized based upon the difficulty to implement versus the potential number of units that could be achieved. Actions contained under Strategy 1 were not included in the prioritization exercise as these actions are designed to educate the public and not specifically to increase the number of units.

Listed below are the top five prioritized actions. However, the workgroup expressed support for implementation of all actions within the identified timeframes.

1. Identify and recommend a local affordable housing funding measure.
2. Develop a capital account to be used to purchase existing units when available.
3. Expand home repair and weatherization programs.
4. Develop a public/private partnership program to build affordable housing units and explore using publicly owned land to construct units.
5. Regulate vacation rentals (e.g. yearly permit with fees, inspections, ensure lodging tax is collected, add an impact fee to be used for affordable housing).

Implementation Timeline:

Strategy 1: Educate Public on the Availability and Affordability of Housing in San Juan County.		
Action	Timeframe from adoption by County Council	Primary Owner
A. Develop FAQ Documents	1 month	H&CS
B. Develop buildable land analysis	6 months	DCD
C. Complete housing needs analysis	6 months	DCD
D. Develop and Implement a community engagement plan	3 months	H&CS/DCD
Strategy 2: Increase the Affordability and Availability of Housing Stock in San Juan County.		
Action	Timeframe	Primary Owner
A. Identify & recommend a local affordable housing funding measure	24 months	HBC / CC
B. Consider incentives for construction of accessory dwelling units for year-round rentals w/third party contracts	TBD (County Council)	DCD
C. Review fee structure for building permits; use of stock plans; reduction/waiver for affordable housing projects; prioritize plan review.	6 months	DCD
D. Regulate vacation rentals	6 months	DCD
E. Apply for Community Development Block Grants	As needed	H&CS
F. Develop a public/private partnership program to build affordable housing units and explore using publicly owned land to construct units	12 months	Town Administrator & County Manager
G. Explore incentives and financing plans with utility providers	12 months	Town, Lisa Byers & Sandy Bishop
H. Provide density bonuses to property owners creating affordable multi-family units	6 months 12 – 18 months	Town DCD
I. Evaluate ‘farm worker housing’ provisions to expand its use	12 months	DCD
J. Explore use of lodging tax funds for seasonal worker housing	18 months	County Manager
Strategy 3: Maintain Existing Housing Stock that is Affordable.		
Action	Timeframe	Primary Owner
A. Develop a capital account to be used to purchase existing units	24 months	HBC
B. Identify and recommend a local affordable housing funding measure	24 months	HBC / CC
C. Expand home repair and weatherization programs	24 months	HBC

H&CS – San Juan County Health & Community Services
 DCD – San Juan County Department of Community Development
 HBC – San Juan County Housing Bank Commission
 CC – County Council

Monitoring Success

Strategy 1: Educate Public on the Availability and Affordability of Housing in San Juan County.		
Action	Primary Owner(s)	Measure(s)
A. Develop FAQ Documents	H&CS	<ul style="list-style-type: none"> • FAQ document(s) • Documents posted on county website
B. Develop buildable land analysis	DCD	<ul style="list-style-type: none"> • Completed buildable land analysis
C. Complete housing needs analysis	DCD	<ul style="list-style-type: none"> • Completed housing needs analysis
D. Develop and Implement a community engagement plan	H&CS/DCD	<ul style="list-style-type: none"> • Community Engagement plan developed • Plan implemented
Strategy 2: Increase the Affordability and Availability of Housing Stock in San Juan County.		
Action	Primary Owner(s)	Measure(s)
A. Identify & recommend a local affordable housing funding measure	HBC	<ul style="list-style-type: none"> • Funding measure identified • Funding measure place on ballot • Key messages developed • Funding measure approved by voters
B. Consider incentives for construction of ADU's for year-round rentals w/third party contracts	DCD	<ul style="list-style-type: none"> • Review feasibility of third party monitoring contracts • Code language drafted • Code revision process initiated • Code language adopted
C. Review fee structure for building permits; use of stock plans; reduction/waiver for affordable housing projects; prioritize plan review.	DCD	<ul style="list-style-type: none"> • Fee resolution adopted reducing fees for affordable housing projects • Plan review process revised to prioritize affordable housing projects
D. Regulate vacation rentals	DCD	<ul style="list-style-type: none"> • Code language drafted • Code revision process initiated • Code language adopted
E. Apply for Community Development Block Grants	H&CS	<ul style="list-style-type: none"> • Application submitted annually. • Block grant(s) obtained for housing projects

<p>F. Develop a public/private partnership program to build affordable housing units and explore using publicly owned land to construct units</p>	<p>Town Administrator & County Manager</p>	<ul style="list-style-type: none"> • Develop public/private partnership • Identify location(s) • Negotiated terms • Build project
<p>G. Explore incentives and financing plans with utility providers</p>	<p>Town, Lisa Byers & Sandy Bishop</p>	<ul style="list-style-type: none"> • Utility incentives and financing plans identified • Utility providers implement incentives and/or financing plans
<p>H. Provide density bonuses to property owners creating affordable multi-family units</p>	<p>Town & DCD</p>	<ul style="list-style-type: none"> • Code language developed • Code revision process initiated • Code language adopted
<p>I. Evaluate 'farm worker housing' provisions to expand its use</p>	<p>DCD</p>	<ul style="list-style-type: none"> • Farm worker housing provisions evaluated • Farm worker housing provisions modified and/or if necessary code amendments drafted
<p>J. Explore use of lodging tax funds for seasonal worker housing</p>	<p>County Manager</p>	<ul style="list-style-type: none"> • Review applicable law to determine use of lodging tax funds • If allowable, create lodging tax fund account for seasonal worker housing • Use funds to develop seasonal worker housing
<p>Strategy 3: Maintain Existing Housing Stock that is Affordable.</p>		
<p>Action</p>		<p>Measure(s)</p>
<p>A. Develop a capital account to be used to purchase existing units</p>	<p>HBC</p>	<ul style="list-style-type: none"> • Capital Account created • Funds identified and place in account
<p>B. Identify and recommend a local affordable housing funding measure</p>	<p>HBC</p>	<ul style="list-style-type: none"> • See measures under Strategy 2 A above
<p>C. Expand home repair and weatherization programs</p>	<p>HBC</p>	<ul style="list-style-type: none"> • Funds identified • Program expanded