

TOWN OF FRIDAY HARBOR 2002 HOUSING REPORT

**PREPARED FOR THE TOWN OF FRIDAY HARBOR BY:
JIM SLOCOMB & SHANNON DAVIS**

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INTRODUCTION

THE TOWN OF FRIDAY HARBOR

The Town of Friday Harbor is located in San Juan County, on the Eastern Shore of San Juan Island. Incorporated in 1909, Friday Harbor is the County seat and is the only incorporated town in the County. The Town of Friday Harbor encompasses just one square mile, or 640 acres, see figure 1. The Town is the center of finance, commerce, culture, education, health care, and tourism on San Juan Island. It is San Juan Island's port of call for the Washington State ferry and the location of most island restaurants, shops and lodging facilities. Friday Harbor's population more than doubles during the summer months, causing increased pressure on the Town's infrastructure, i.e. sewage treatment and water supplies.

The rural character and amazing natural amenities offered in the San Juan Islands attract retirees and people desiring second housing. This leads to an increase in home and land prices and a decrease in the affordable housing options for island residents.

THE PURPOSE OF THE STUDY

Population growth during the past decade along with increases in housing and land values in the Town and County has raised concerns about the availability of affordable housing for island residents. Realization of the importance of housing for its residents, the Town of Friday Harbor authorized the completion of this housing study. The purposes of this study include describing the Town of Friday Harbor's population and housing trends, along with an examination of the Town's future housing needs and build out potential. The Town's availability and future needs regarding affordable housing are addressed, along with whether or not the Town can

accommodate a portion of San Juan Island's affordable housing needs.

SOURCES OF DATA:

This document provides demographic data for the Town of Friday Harbor, San Juan County and sometimes, for comparison purposes, Washington State. The primary data sources used were the 1990 and 2000 U.S. Census along with estimates provided from the Washington State Office of Financial Management, Washington State Office of Community Development, Bureau of Economic Affairs, and U.S. Department of Housing and Urban Development. Please note, when San Juan County statistics are cited, Town of Friday Harbor statistics are included.

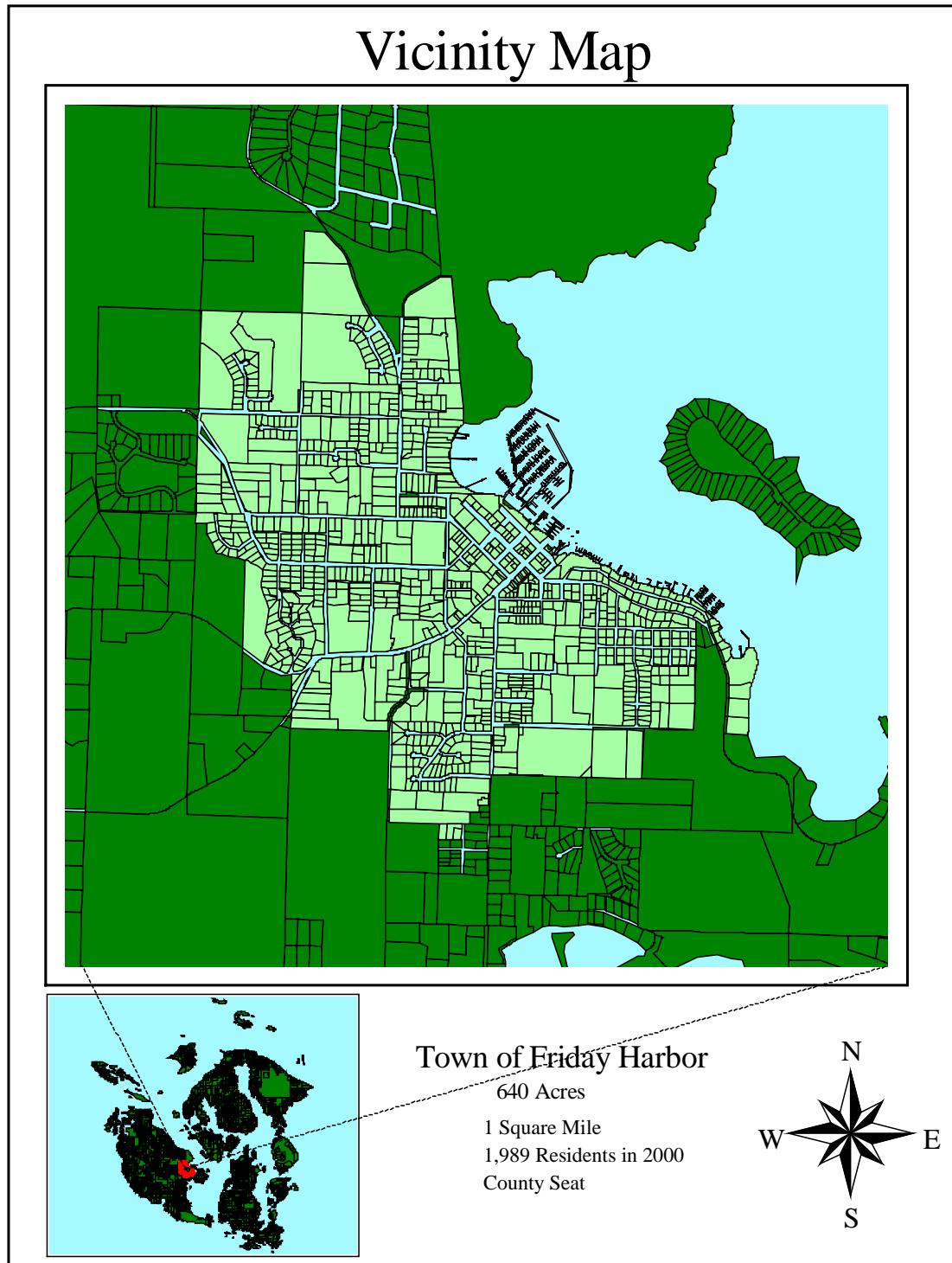
Data sources for the housing inventory, 20 year estimates for potential demand, affordable housing availability, and for water use projections are based on the Town of Friday Harbor land use database, San Juan County assessor database, and from other Town and County documentation.

LIMITATIONS:

This study is based on an analysis of the data available at the time of the study. All findings and recommendations represent the best current available information on trends and projections. Some Census data is based upon information provided by a sample of the population; generally 1 out of every 6 households receives a detailed survey. Consequently, sample census data should not be considered 100% accurate.

The tabulations, recommendations and conclusions provided in this study could shift depending on whether there are significant changes in the area's economy, employment growth, federal or state tax policy or other factors.

Figure 1: Vicinity Map of the Town of Friday Harbor



POPULATION DEMOGRAPHICS

POPULATION CHANGE

Washington State experienced a high rate of population growth during the 1980's and 1990's. At the end of the 1980's, Washington State was ranked as the state with the 18th largest population and by 2000 Washington had the 15th largest population. Washington's 21% growth rate makes it the tenth fastest growing state in the United States. San Juan County, with an incredible 40% growth rate is the second fastest growing county in Washington. With such immense changes in population occurring in the region, it is necessary to plan for and accommodate the existing and expected needs of the area's residents.

Table 1 presents population trends for the Town of Friday Harbor, San Juan County and Washington State. Percentage wise, San Juan County and Friday Harbor are experiencing much greater influxes of people than Washington State.

San Juan County's population almost doubled in the last 20 years, going from 7,838 individuals in 1980 to a total population of 14,077 in 2000. While Washington State grew by 18% in the 1980's and by 21% in the 1990's, San Juan County's population expanded by 28% and 40% respectively.

The Town of Friday Harbor's has also experienced dramatic population growth in the past decades. From 1980 to 1990 the population increased from 1200 residents to 1,492, an increase of 292 individuals or 24%. The census reported that 1,989 people lived in the Town of Friday Harbor in 2000, which is a population increase of 497 people or 33%. The Town's rates of growth, although slightly lower, are consistent with San Juan County's overall population increase for the same time periods.

Table 1: Population Trends for Friday Harbor, San Juan County and Washington State¹

POPULATION TRENDS	FRIDAY HARBOR	SAN JUAN COUNTY	WASHINGTON STATE
1980	1,200	7,838	4,132,400
1990	1,492	10,035	4,866,692
<i>Increase 1980-1990</i>	292	2,197	734,292
<i>% change 1980 - 1990</i>	24%	28%	18%
2000	1,989	14,077	5,894,121
<i>Increase 1990-2000</i>	497	4,042	1,027,429
<i>% change 1990 to 2000</i>	33%	40%	21%

Table 2 reveals that natural increase has little impact on the availability of housing and services on the islands; migration however does. Since the 1960's, migration has played a critical role in San Juan County's high population growth. Almost 4,000 individuals moved to the San Juan Islands during both the 1970's and 1990's, and almost 2,000 individuals did so in the

1980's. Migration is the most variable component of population change and is generally an economic phenomenon. Since predicting migration levels is more challenging than predicting natural increase, extreme pressure can be placed on existing infrastructure if high migration occurs when it is not expected.

Table 2: San Juan County Components of Change²

SAN JUAN COUNTY	1960-70	1970-80	1980-90	1990-2000
Births	351	556	1044	1047
Deaths	461	536	742	970
Natural Increase	(110)	20	302	77
Net Migration	1,094	3,962	1,895	3,965

AGE

People do not migrate to the San Juan Islands because of the employment opportunities, they move to the county to live and often to enjoy retirement.³ In 1999, San Juan County had the highest proportion of elderly people in the state, with a median age of 44.1 years; the statewide median age was 35.2 in 1999.⁴

Table 3 shows the change in age distribution in Friday Harbor and San Juan County during the 1990 and 2000 census. There appear to be a general increase in most age categories, except for those below the age of 5 and between 60 and 74. Figure 2 shows a large increase in Friday Harbor's young population since the 1990's; this may impact the Town of Friday Harbor's housing market when these youths move out of their parent's houses. There are also large blocks of middle-aged residents in the Town of Friday Harbor, apparently the result of migration into the Town.

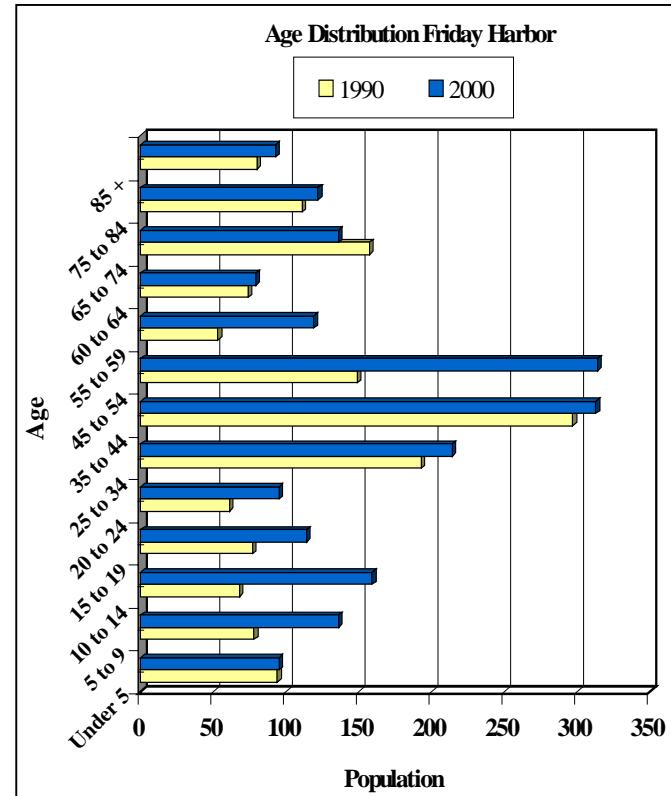


Figure 2: Age Distribution Friday Harbor in 1990 & 2000

Table 3: Age Distribution for Friday Harbor and San Juan County⁵

AGE DISTRIBUTION YEAR 2000	FRIDAY HARBOR 1990	FRIDAY HARBOR 2000	% OF POP. 2000	SAN JUAN COUNTY 1990	SAN JUAN COUNTY 2000	% OF POP. 2000
Under 5 years	94	95	4.8%	581	525	3.7%
5 to 9 years	78	136	6.8%	620	729	5.2%
10 to 14 years	68	159	8%	575	942	6.7%
15 to 19 years	77	114	5.7%	402	726	5.2%
20 to 24 years	61	95	4.8%	206	413	2.9%
25 to 34 years	193	214	10.8%	426	1,025	7.3%
35 to 44 years	297	313	15.7%	1,936	2,027	14.4%
45 to 54 years	149	314	15.8%	1,243	2,886	20.5%
55 to 59 years	53	119	6%	502	1,175	8.3%
60 to 64 years	74	79	4%	662	959	6.8%
65 to 74 years	157	136	6.8%	1,380	1,415	10.1%
75 to 84 years	111	122	6.1%	604	967	6.9%
85 years and over	80	93	4.7%	165	288	2%

SPECIAL POPULATIONS

In 2000, the Town of Friday Harbor was home to 351 people over the age of 65; this accounts for 18% of the Town's total residents. There is one full time nursing home in the Town with a capacity of 55 people. There are also four adult living facilities located in the Town; each is licensed to house a maximum of 6 people.

Located within the Town of Friday Harbor, are two low-income apartment complexes (a total of 39 units) designated solely for people 62 years old or better and for the disabled. These 1 and 2 bedroom apartments are rent controlled making them relatively affordable. As of March 1st, 2002 there were only a few vacancies and no waiting list for these apartments.

GENDER

Table 4 describes the gender distribution for San Juan County and Friday Harbor. San Juan County has a relatively equal amount of male (49%) and female (51%) residents. Whereas, in the Town of Friday Harbor, the female population makes up

54% of the Town's population, leaving the male population at 46%. Proximity to work, stores, schools for children, and affordable housing may be factors attracting women into the Town of Friday Harbor.

Table 4: Gender distribution for Friday Harbor and San Juan County⁶

GENDER	FRIDAY HARBOR	PERCENT	SAN JUAN COUNTY	PERCENT
Male	908	45.7%	6,860	48.7%
Female	1,081	54.3%	7,217	51.3%

RACE

The following data on race was derived from answers asked of all people who responded to the U.S. Census survey. Results show that San Juan County has a 95% Caucasian or white population. Percentage wise, the Town of Friday Harbor is only slightly more diverse with 92% of the population considering themselves white. Table 5 shows that Friday Harbor is home to one-third of the County's African American population and almost one-quarter of the American Indian and Alaska Natives residing in the county. This trend holds true for most of the other race classifications in the U.S. Census, with Friday Harbor having

at least one-quarter of each race's population as its residents.

Table 5, does not include a race category for those who are Hispanic, Latino or Spanish; these classification are considered to be an ethnicity, not a racial classification. According to results for the entire U.S. Census, 48% of Hispanics reported their race to be white, 42% chose Some Other Race, 6% classified their race as being Two of More Races, and 2% reported being Black or African American.⁷ San Juan County had 338 people claim to be of Hispanic/Latino or Spanish origins, of those 338, 104 reside in the Town of Friday Harbor.⁸

Table 5: 2000 Population by Race Classifications⁹

RACE	FRIDAY HARBOR	% OF POP.	SAN JUAN COUNTY	% OF POP.
White	1,830	92%	13,372	95%
Black or African American	13	0.7%	36	0.3%
American Indian and Alaska Native	26	1.3%	117	0.8%
Asian	28	1.4%	125	0.9%
Asian Indian	1	0.1%	2	0%
Chinese	4	0.2%	23	0.2%
Filipino	4	0.2%	16	0.1%
Japanese	7	0.4%	37	0.3%
Korean	5	0.3%	20	0.1%
Vietnamese	0	0%	7	0%
Other Asian	7	0.4%	20	0.1%
Native Hawaiian and Other Pacific Islander	4	0.2%	12	0.1%
Native Hawaiian	2	0.1%	8	0.1%
Guamanian or Chamorro	0	0%	0	0%
Samoan	2	0.1%	3	0%
Other Pacific Islander	0	0%	1	0%
Some other race	52	2.6%	128	0.9%
Two or more races	36	1.8%	287	2%

POPULATION PROJECTIONS

Projections of future population size are required in order to determine the current and future housing needs of a region. These projections are especially vital for extremely fast-growing areas, such as the San Juan Islands. By accurately assessing future populations, needs can be planned for and properly addressed.

Accurate predictions of population growth in the Town of Friday Harbor and

throughout San Juan County are challenging due to irregularities seen in the past decades. Historical growth rates show that from 1960 to 1995, San Juan County's average annual rate of growth was 4.24%. San Juan Island's growth rate from 1960 to 1990 was slightly higher at 4.46%. During the same period, Friday Harbor's growth rate was much lower, ranging 2.73% to 3.3%.¹⁰

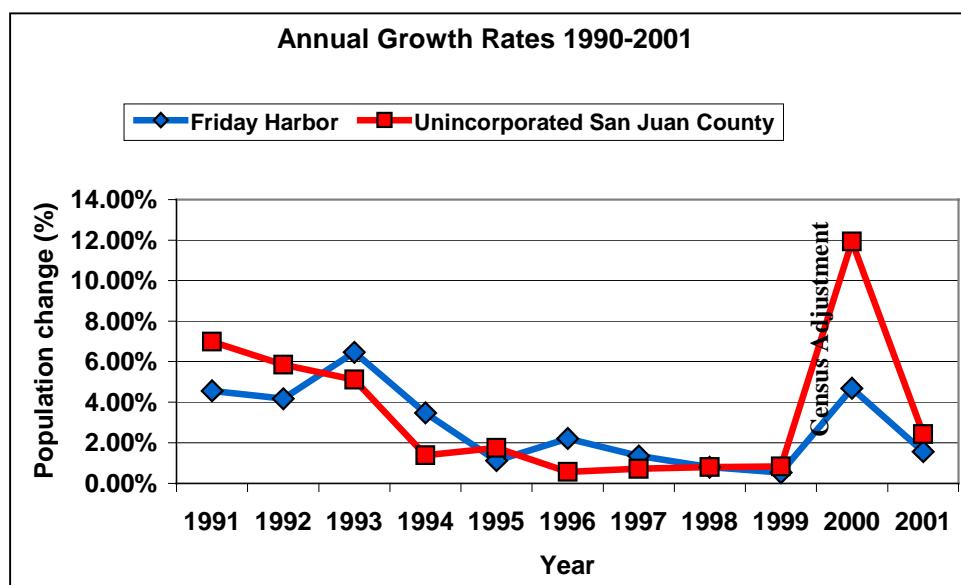


Figure 3: Yearly Growth 1990-2001 for Friday Harbor and Unincorporated San Juan County¹¹

Figure 3 provides a look at the Office of Financial Management's (OFM) estimates and U.S. Census population counts for the Town of Friday Harbor and Unincorporated San Juan County for 1990–2001.

During the early part of the decade Friday Harbor experienced very high annual growth rates of 4-6%.¹² OFM's yearly growth estimates decreased as the decade progressed with the average annual growth rate projected to be around 1% to 2%. The accuracy of the OFM estimates for the

1990's were corrected by the 100% population count provided by the 2000 U.S. Census. Therefore the 4.7% growth spike in yearly population growth seen in 2000, is due to corrections from the decade's previous population estimate inaccuracies. Based on the population estimates provided by OFM and the 1990 and 2000 U.S. Census, the average annual growth rate for Friday Harbor from 1990 to 2001 equates to 2.81%.

In Table 6, this growth rate will be used to provide a high population projection for the Town of Friday Harbor.

Unincorporated San Juan County's estimated growth rates for the early 1990's, provided by the OFM, are similar to the Town of Friday Harbor's growth rates. Interestingly, the OFM forecasts for unincorporated San Juan County were very low for the second half of the decade, ranging from 0.6% to 1.75%. Again, the accuracy of the OFM forecasts were corrected with the U.S. Census 100% count in 2000. Therefore, the very large spike in 2000 of almost 12% is not due to a massive migration of residents to the County or from a mass of births, it is a correction of the past decade's low population projections. The overall average annual growth rate for Unincorporated San Juan County during the 1990's is 3.5% and for San Juan County, including Friday Harbor, the average growth rate is 3.4%.¹³ In Table 6, this rate of growth will be used to provide a high population growth projection for San Juan County.

In 2001, the Town of Friday Harbor

changed their previous adopted annual growth rate of 2.78% to 1.4% due to an apparent slowdown in the Town of Friday Harbor's population growth after 1995.¹⁴ Since 1995, San Juan County operated with a 2.5% adopted growth rate.¹⁵ However, on May 7th the County Commissioners approved reducing the adopted growth rate to 2.2%. The adopted growth rates of 1.4% and 2.2% are used in Table 6 to determine the 20-year population projections for the Town and County.

Population increases in the Islands are highly variable and can be easily affected by economic slowdowns, changes in the Washington State Ferry System (see figure 4, Port of Friday Harbor), and even from movie publicity. For these reasons, Table 6 provides 20 year population projections based on the adopted growth rates for the Town of Friday Harbor and for San Juan County along with a higher population projection based on the annual average growth rate determined from OFM and Census estimates from 1990 to 2001.



Figure 4: Port of Friday Harbor

Table 6: Population Projections for Friday Harbor and San Juan County¹⁶

YEAR	FRIDAY HARBOR				SAN JUAN COUNTY			
	1.4% rate*	Yearly Increase	2.81% rate**	Yearly Increase	2.2% rate*	Yearly Increase	3.35% rate**	Yearly Increase
2000	1,989		1,989		14,077		14,077	
2001	2,020	31	2,020	31	14,400	323	14,400	323
2002	2,048	28	2,077	57	14,717	317	14,882	482
2003	2,077	29	2,135	58	15,041	324	15,381	499
2004	2,106	29	2,194	60	15,371	331	15,896	515
2005	2,136	30	2,256	61	15,710	338	16,429	533
2006	2,165	29	2,319	63	16,055	346	16,979	550
2007	2,196	31	2,384	65	16,408	353	17,548	569
2008	2,226	30	2,451	67	16,769	361	18,136	588
2009	2,258	32	2,519	69	17,138	369	18,743	608
2010	2,289	31	2,590	71	17,515	377	19,371	628
2011	2,321	32	2,662	73	17,901	385	20,020	649
2012	2,354	32	2,737	75	18,295	394	20,691	671
2017	2,523	169	3,142	405	20,397	2,102	24,397	3,706
2022	2,705	182	3,608	466	22,742	2,345	28,766	4,370

**1.4% is the adopted growth rates for the Town of Friday Harbor and
2.2% is the adopted growth rate for San Juan County.*

*** 2.81% and 3.35% are the average yearly growth rates for the Town and County
determined when averaging the annual population growth rates from the 1990s.*

Table 6 shows that the Town of Friday Harbor (with 1.4% as their adopted growth rate) is planning to accommodate approximately 30 new residents each year. The population of the Town of Friday Harbor could reach 2,200 by 2007, and be between 2,300 to 2,700 by 2012. In 2017, the population of the Town of Friday Harbor could be up somewhere around 2,500 to 3,100, and by 2022 there may be 2700-3600 residents living within the Town border.

Based on the use of 2.2% as their growth rate, San Juan County is planning to provide for 300-400 more citizens per year. The County can expect their population to be between 16,700 to 17,500 in 2007, and between 18,000 to 20,000 by 2012. If the

Island's infrastructure and natural resources are able to accommodate this growth, San Juan County could have 23,000 to 28,000 residents by the year 2022.

Regardless of whether the growth rates in Table 6 are correct, past trends for the area indicate that the Town of Friday Harbor and San Juan County can expect to accommodate the needs of an increasing number of citizens. In twenty years, housing, schools, medical services, fire and police, water, sewage treatment and power, will all be needed for at least 30% more year-round residents in the Town of Friday Harbor. The County, on the whole, will need to plan for a population that is 50% to 90% larger than it is currently.

Housing Demographics and Trends

HOUSING UNITS

As San Juan County and Friday Harbor's populations enlarge, appropriately, so do their number of households and housing units. Table 7, describes the increase in housing units for the Town of Friday Harbor, San Juan County and Washington State during the years between 1990 and 2000.

A *housing unit* is defined as a house, apartment, mobile home, a group of rooms, or a single room occupied as separate living quarters. For clarification, the Town of Friday Harbor Municipal Code uses the term dwelling unit instead of housing unit. The Town's Municipal Code defines a *dwelling unit* as a suite of one or more rooms containing living, sleeping, bathing and cooking facilities for occupancy by one family (a family can be 1 or more persons). The U.S. Census counts of housing units include rooms in group quarters (for example, a room in the convalescent home) as separate living quarters, and therefore an individual housing unit. Conversely, the Town of Friday Harbor's land use database

consider group quarters as one dwelling unit. This, and the use of both Town and County databases, has created slight discrepancies in the housing unit counts provided in this report

During that past two decades the Town of Friday Harbor's creation of new housing units has generally matched the Town's rate of population growth. From 1980 to 1990, the Town population grew by 24%, from 1,200 people in 1980 to 1,492 in 1990, and increased their total housing units by 22%. From 1990 to 2000, the Town of Friday Harbor's housing stock expanded by 234 units, increasing from 819 units in 1990 to 1,053 in 2000. The addition of 28.6% more housing units is close to the amount needed to accommodate the Town's 33% growth in residents. 16 new housing units were built in the Town of Friday Harbor in 2001, which is slightly lower than the average growth for the past ten years. Therefore, by the end of 2001, the Town of Friday Harbor had 1,069 housing units for its 2,020 residents.

Table 7: Increase in Housing Units 1990-2000¹⁷

GROWTH IN HOUSING UNITS	FRIDAY HARBOR	SAN JUAN COUNTY	WASHINGTON
1990	819	6,075	2,032,378
2000	1,053	9,752	2,451,075
Increase 1990-2000	234	3,677	419,697
Percent change in housing units (population growth)	28.6% (33%)	60.5% (40%)	20.6 (21%)
2001	1,069	10,092	N/A
1 year increase 2000-2001	16	340	N/A

Source data for Table 7 is 1990 and 2000 U.S. Census 100% count data. The U.S. Census include rooms in group quarters (for example, a room in the convalescent home) as separate living quarters – therefore an individual housing unit. Conversely, the Town of Friday Harbor's land use database consider group quarters as one dwelling unit. This, among other things, has created slight discrepancies in the housing units counts provided in this report.

San Juan County's expansion of housing units has not always aligned with their population growth. From 1980 to 1990, San Juan County's population increased by 28%, while the number of housing units in the County only increased by 14.4%. In the 1990's San Juan County more than made up for their 1980's shortfall by enlarging their stock of housing units from 6,075 in 1990 to

9,752 units in 2000, a 60.5% increase. Thus providing an ample supply of homes to accommodate the County's population increase of 40%. During 2001, the County's housing stock continued to grow, increasing by 340 units. Therefore, at the end of 2001, there were a total of 10,092 housing units to accommodate a population of 14,400 people.

UNITS IN STRUCTURE

According the 2000 U.S. Census sample data, there are 434 detached housing units in the Town of Friday Harbor, which accounts for 41% of all Town housing units. There are 49 attached one-unit structures (4.6%), and 18 structures with 2 units (1.7%). There are 119 structures with 3 or 4 units (11.2%), and 146 structures with 5 to 9 units (13.8%). The Town also has 130 structures with 10 to 19 units (12.3%) and 56 structures housing 20 or more units (5.3%). The U.S. Census

counted 97 mobile homes (9.2%) in the Town of Friday Harbor.

San Juan County is composed primarily of detached housing unit structures (81%) and some mobile homes (8.4%). Without the higher density units in Friday Harbor, the County only has 74 structures with 3 or 4 units, 17 structures with 5 to 9 units, and 57 structures with 10 to 19 units. San Juan County does not have any structures with 20 units or more.

HOUSEHOLDS

The U.S. Census defines a *household* as the total of all people occupying a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated people who share living quarters.

Table 8 shows that during the last decade Friday Harbor's households increased by 30.2%. The last row of Table 8

reveals that the Town of Friday Harbor's percent change in households is consistent with the Town's rate of population growth and increase in housing units. San Juan County's increase in households is 47.2%, which falls between the County's 40% population increase and its 60% expansion in housing units. Washington State's households increased by 21% which is in line with its 21% population growth.

Table 8: Increase in Households 1990-2000¹⁸

HOUSEHOLDS	FRIDAY HARBOR	SAN JUAN COUNTY	WASHINGTON
1990	688	4,392	1,872,431
2000	896	6,466	2,271,398
Increase 1990-2000	208	2,074	398,967
% change in Households	30.2%	47.2%	21.3%
Population Growth	33%	40%	21%
Increase in Housing Units	28.6%	60.5%	

HOUSEHOLD SIZE

Average household size is a measure obtained by dividing the number of people in households by the number of households (or householders). Table 9, highlights how household size has changed for the Town of Friday Harbor and San Juan County during the past decade. In 1990, Friday Harbor had a much smaller average household size than San Juan County. Then, during the 1990's Friday Harbor's household size increased by 3.4%, bringing the average up to 2.13 persons per household.

San Juan County's average household size decreased from 2.22 in 1990 to 2.16 in 2000; this is a 2.7% decrease in average persons per household. There was no change in Washington State's household size of 2.53 persons per household. However, it is important to note how much higher Washington State's average household size is compared to San Juan County's and Friday Harbor's.

Table 9: Change in Household Size 1990-2000¹⁹

AVERAGE HOUSEHOLD SIZE	FRIDAY HARBOR	SAN JUAN COUNTY	WASHINGTON
1990	2.06	2.22	2.53
2000	2.13	2.16	2.53
Increase 1990-2000	.07	-0.06	No change
% change in household size	3.4%	-2.7%	No change

HOUSEHOLD CHARACTERISTICS

When the U.S. Census survey is filled out, one person in each household is designated as the householder. The *householder* refers to the person (or one of the people) in whose name the housing unit is owned or rented (maintained) or, if there is no such person, any adult member, excluding roomers, boarders, or paid employees. If the house is owned or rented jointly by a married couple, the householder may be either the husband or the wife.²⁰ If a householder is living with one or more people related to him or her by birth, marriage, or adoption their household is determined to be a *family household*. A *non-family household* is when a householder is living alone or with non-relatives only.

Table 10 explains and compares the different types of households in Friday Harbor, San Juan County and Washington State. In 1990, out of the 686 households in the Town of Friday Harbor, 352 or 51% of

them were considered family households and 334 or 49% non-family. The Town's proportion of family and non-family households remained almost the same during the decade, only changing by 1%.

San Juan County's 1990 and 2000 proportion of family and non-family households aligns closer to Washington State's. In 1990, 2,897 or 66% of the 4,373 households in San Juan County were considered family households and 1,476 or 34% were non-family. During the past decade, San Juan County's non-family households increased 4% to 38% leaving its family households at 62% in the year 2000.

Friday Harbor has a higher percentage of non-family households (48%), female householders who do not have husbands present (12.5%), and householders living alone (39%) than both San Juan County and Washington State.

Table 10: Number of Households by Type in 2000²¹

HOUSEHOLDS BY TYPE	FRIDAY HARBOR	% OF HOUSEHOLDS	SAN JUAN COUNTY	% OF HOUSEHOLDS	WA % OF POP.
Total households	896	100%	6,466	100%	100%
Family households (families)	469	52.3%	4,014	62.1%	66%
w/own children under 18	256	28.6%	1,478	22.9%	32.7%
w/out own children under 18	213	23.7%	2536	39.2%	33.3%
Married-couple family	310	34.6%	3,349	51.8%	52%
w/own children under 18	131	14.6%	987	15.3%	23.8%
w/out own children under 18	179	20%	2362	36.5%	28.2%
Female householder, no husband	112	12.5%	446	6.9%	9.9%
w/own children under 18	87	9.7%	323	5%	6.5%
w/out own children under 18	25	2.8%	123	1.9%	3.4%
Non-family households	427	47.7%	2,452	37.9%	34%
Householder living alone	348	38.8%	1,977	30.6%	26.2%
Householder 65 years and over	122	13.6%	693	10.7%	8.1%
Households w/ind. under 18	275	30.7%	1,556	24.1%	35.2%
Household w/ind. 65 years +	212	23.7%	1,846	28.5%	20.4%

Table 11 shows the percentage of Friday Harbor, San Juan County and Washington State's group quarters population. *Group quarters* are defined as noninstitutional living arrangements for groups not living in conventional housing units or groups living in housing units containing ten or more unrelated people or nine or more people unrelated to the person in charge.²²

Most people live in households in all three areas. However it should be noted that 4.1% of Town of Friday Harbor residents live in group quarters, which percentage wise is greater than the average provided for the state of Washington. Washington State has 2.3% of its population in group quarters. San Juan County, including Friday Harbor, supports 0.8% of the total population in group quarters.

Table 11: Households and Group Quarters Population 2000²³

HOUSEHOLD AND GROUP QUARTERS POPULATION	FRIDAY HARBOR	% OF POP.	SAN JUAN COUNTY	% OF POP.	WA % OF POP.
Total population	1,989	100%	14,077	100%	100%
In households	1,907	95.9%	13,958	99.2%	97.7%
In group quarters	82	4.1%	119	0.8%	2.3%
Institutionalized population	62	3.1%	70	0.5%	1%
Noninstitutionalized population	20	1%	49	0.3%	1.3%

HOUSEHOLDS BY TENURE AND OCCUPANCY

TENURE

Tenure is defined as either being owned or rented. A housing unit is "owned" if the owner or co-owner lives in the unit, even if it is mortgaged or not fully paid for. All other occupied units are classified as "rented" including units rented for cash rent and those occupied without payment of cash rent.²⁴

1,907 residents of the Town of Friday Harbor were accounted for as living in occupied housing units (does not include those in group quarters). Table 12, shows that an incredible 45% of the Town's population rent the homes they live in while 51% of Town of Friday Harbor residents

own the housing unit they occupied during the 2000 U.S. Census.

74% of San Juan County residents own the home they occupy, which is a much higher percentage than Friday Harbor. For unincorporated San Juan County, the percentage of owner-occupied housing units increases further to around 78%.

For comparison purposes, Table 12 shows the percent owner occupied in Washington State (66%), which is not as high as San Juan County's (74%), but is still much higher than that of the Town of Friday Harbor (51%).

Table 12: Household Population by Tenure in 2000²⁵

HOUSEHOLD POPULATION BY TENURE	FRIDAY HARBOR	% OF TOTAL POP.	SAN JUAN COUNTY	% OF TOTAL POP.	WA % OF TOTAL POP.
Pop. in occupied housing units	1,907	96%	13,958	99%	97%
Owner-occupied housing units	1,010	51%	10,469	74%	66%
Renter-occupied housing units	897	45%	3,489	25%	32%

OCCUPANCY

As can be viewed in Table 13, there are a total of 1,053 housing units in the Town of Friday Harbor, of these 896 or 85% were occupied on April 1st, 2000. 15% or 157 units were vacant and 69 or 7% were indicated as being used only seasonally or occasionally.

San Juan County had a higher vacancy rate during the 2000 U.S. census with only 66% percent of the 9,752 housing units

registering as occupied and 34% as vacant. San Juan County also has 2,776 (29%) seasonal, recreational or occasional use housing units.

When comparing Friday Harbor and San Juan County's occupancy to Washington State's it is clear that the recreational and scenic attributes available in the Islands has created very high vacancy rates and large amounts of seasonal housing units.

Table 13: Housing Units by Occupancy in 2000²⁶

HOUSING OCCUPANCY	FRIDAY HARBOR	PERCENT OF UNITS	SAN JUAN COUNTY	PERCENT OF UNITS	WA % OF POP.
Total housing units	1,053	100%	9,752	100%	100%
Occupied housing units	896	85.1%	6,466	66.3%	92.7%
Vacant housing units	157	14.9%	3,286	33.7%	7.3%
For seasonal or occasional use	69	6.6%	2,776	28.5%	2.5%

VACANCY

Although Friday Harbor has a lower percentage of vacant units, the Town has higher vacancy rates than San Juan County and Washington State. Table 14 shows that the Town of Friday Harbor averages a 2.6% vacancy for owned residences and a relatively high 8.5% vacancy rate for rentals.

San Juan County is slightly lower with a 1.7% homeowner vacancy rate which is almost the same as Washington State's homeowner vacancy rate of 1.8%. San Juan County's averages a 7% percent rental vacancy rate, just slightly higher than Washington State's average of 5.9%.

Table 14: Vacancy Rates in 2000²⁷

VACANCY RATES (PERCENT)	FRIDAY HARBOR	SAN JUAN COUNTY	WASHINGTON STATE
Homeowner vacancy rate (percent)	2.6%	1.7%	1.8%
Rental vacancy rate (percent)	8.5%	7%	5.9%

These vacancy rates are further described in Table 15, which describes why units were vacant as of April 1, 2000. The possible reasons include: the unit was for rent or for sale, rented or sold but not occupied, for seasonal use, for migratory workers, or for other reasons.

In Friday Harbor, 42 units (27% of the vacant units) were available for rent, 12 (8%) for sale, and 21 (13%) were rented or sold but not occupied. 69 were designated as seasonal housing units, which is 44% of all vacant units. 13 units or 8% were vacant for other purposes.

San Juan County had 3,286 vacant housing units as of April 1, 2000. Of those, 2,776 housing units, almost 85% of all of the vacant units in San Juan County were listed

as being for seasonal, recreational, and occasional uses. San Juan County had very few vacant houses for rent (4%) and even less for sale (2.5%). These percentages are incredibly low when compared with Washington State's percentages, where 28% of vacant units are for rent and 15% are for sale.

Most likely, the rental vacancy rates for both the Town of Friday Harbor and San Juan County fluctuates drastically during the winter and summer seasons when there is seasonal work available. High vacancy rates, even if seasonal, are strong deterrents for developers who are considering undertaking residential development projects in the islands or in Friday Harbor.

Table 15: Status of Vacant Units on April 1, 2000²⁸

VACANCY STATUS AS OF APRIL 1, 2000	FRIDAY HARBOR	% VACANT UNITS	SAN JUAN COUNTY	% VACANT UNITS	WA % OF POP.
Vacant housing units	157	100	3,286	100	100
For rent	42	26.8	129	3.9	28.3
For sale only	12	7.6	82	2.5	15.2
Rented or sold, not occupied	21	13.4	63	1.9	6.3
For seasonal, recreational, or occasional use	69	43.9	2,776	84.5	33.6
For migratory workers	0	0	0	0	0.7
Other vacant	13	8.3	236	7.2	16

SEASONAL, RECREATIONAL AND OCCASIONAL USE

The recreational and aesthetic attributes of San Juan County have always attracted seasonal activity and vacation housing. During the 1990's construction of seasonal housing increased at dramatic rates. Table 16, shows the vacant housing units during the 1990 and 2000 census, which were determined to be used for seasonal, recreational, or occasional use.

During the 1990 census, the Town of Friday Harbor had 36 vacant units or 4.4% of total housing units designated as seasonal (out of a total of 819 housing units). In

2000, there were 69 vacant units or 6.55% that were designated as for seasonal use (out of 1,053 housing units).

During the 1990 census San Juan County had 1,239 vacant housing units used seasonally out of 6,075, which equals 20.4%. This percentage increased by the 2000 U.S. census, with 28.5%, or 2,776 housing units determined to be seasonal or occasionally used. For comparison purposes, Table 16, shows that seasonal, recreational and occasional housing units only represent 2.5% of all housing units in the State.

Table 16: Trends in Housing Units used for Seasonal, Recreational, or Occasional Use²⁹

HOUSING USED FOR SEASONAL, RECREATIONAL, OR OCCASIONAL USE	FRIDAY HARBOR		SAN JUAN COUNTY		WASHINGTON STATE	
	TOTAL HOUSING UNITS	SEASONAL REC., OR OCCASIONAL USE	TOTAL HOUSING UNITS	SEASONAL, REC., OR OCCASIONAL USE	TOTAL HOUSING UNITS	SEASONAL, REC., OR OCCASIONAL USE
1990	819	36 units or 4.4%	6,075	1,239 units or 20.4%	2,323,378	55,832 units or 2.4%
2000	1,053	69 units or 6.55%	9,752	2,776 units or 28.5%	2,451,075	60,355 units or 2.5%

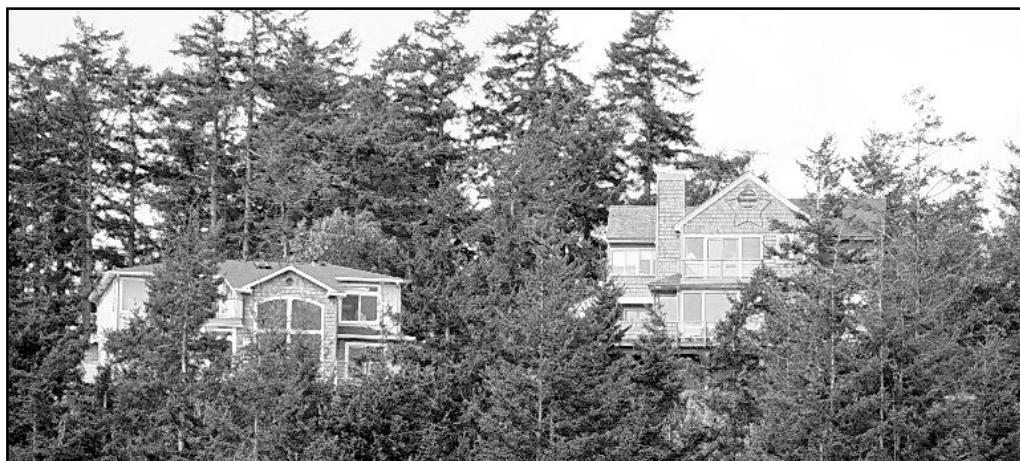


Figure 5: Examples of some housing in the Town of Friday Harbor

INCOME AND WAGE

INTRODUCTION: SOURCES AND DEFINITIONS

SOURCES

The information in this section was obtained from the Washington State Office of Financial Management (OFM), the United States Department of Housing and Urban Development (HUD), and the Bureau of Economic Analysis (BEA). The Washington Department of Trade and Economic Development and the Washington State Employment Security Department also provided other data. Forecasts and estimates created by these agencies are created at the county level, thus do not specifically apply to the Town of Friday Harbor.

2000 U.S. Census sample data provides detailed income and wage statistics specifically for the Town of Friday Harbor. US Census data for income and wage are based on a sample of the population. Another source of information available specific to the Town of Friday Harbor's resident's income is the 1996 Income Survey report created for the State of Washington Community, Trade and Economic Development (CTED) Block Grant Program.

DEFINITIONS

Median income is the statistic most frequently used by the above sources. *Median income* is the amount which divides the income distribution into two equal groups, half having incomes above the median, half having incomes below the median.³⁰ *Median family income* is found by dividing the income distribution of all households where the householder is living with one or more people related to him or

her by birth, marriage, or adoption. *Median non-family income* is determined by dividing the income distribution of all households where a householder is living alone or with non-relatives. Lastly, *median household income* is found by dividing the income distribution of all households, both family and non-family. In general, the median family household income is higher than non-family incomes because frequently there are two wage earners in a family.

Median income is not just based on salaries from employment, it includes income from rentals, dividends, investments, social security income, interest, public assistance and retirement funds. Investment income is a major component of San Juan County's personal income. For example, in 1997, investment income amounted to 49% of all personal income, while earned income (wages, salaries, and proprietor's income) was only 38%.³¹ Statewide, investment income averages only 17% of all income, while wages make up 69%,³² revealing that unlike most of Washington State, the majority of San Juan County residents rely on investments, rather than on employment to provide for their fiscal needs.

Another key indicator of an area's economic well being is the average wage paid. The *annual average wage per job* is obtained by dividing the total wages paid in an area by the annual average employment in that area. Average wage does not include any benefits. The employment estimates used to compute the average wage are based on job counts.³³

MEDIAN HOUSEHOLD AND FAMILY INCOME TRENDS

Table 17, shows how the median incomes have changed in the Town of Friday Harbor and in San Juan County between 1990 and 2000. Median family income comparisons for the Town and County show a widening gap in the income levels of Town and County residents. In 1990 the median family income in Friday Harbor was \$35,119 and for San Juan County it was \$36,851, a difference of only \$1,732. In 2000, the Town's median income rose rather dramatically to \$45,208 and the County's rose even further to \$51,835, a difference of \$6,627.

Non-family income in both the Town and County is much lower than family incomes, due to the high quantity of one-person households. In 1990, median non-family household income was very similar for the Town and County; the Town's median non-family income was reported to be \$17,927 and San Juan County's was \$18,317. Comparisons between 1990 and 2000 numbers are not available because the 2000 median non-family income was not provided in the U.S. Census' 2000 economic profile.

In 1990 and in 2000, the Town of Friday Harbor's median household income differed severely from San Juan County's median household income. In 1990, the Town's median household income was reported to

be \$26,202 and the County's to be \$31,278, a difference of \$5,076. In 2000 the Town's median household income was listed as \$35,139 and the County's to be \$43,491, a difference of \$8,352. This gap is only partially due to variances in family income; primarily it is the result of the Town having 49% non-family households (whose incomes are considerably lower than family income levels) while the County had 34% non-family households. In 2000, this ratio of family and non-family households did not change drastically in either the Town of Friday Harbor or in San Juan County.

Median *household* income is forecast yearly at the county level by the Office of Financial Management (OFM) and median *family* income estimates are provided by the U.S. Department of Housing and Urban Development (HUD) again at the county level. These estimates are not developed specifically for the Town of Friday Harbor and as is visible from the 1990 census figures, the Town and County are not the same with regard to median income.

The last column in Table 17 shows how the Town's median incomes relate to the County's. In 2000, the Town's median family income was about 87% of the County's and the Town's median household income was 81% of the County's.

Table 17: Trends in Median Income based on 1990 and 2000 U.S. Census Sample Data³⁴

MEDIAN INCOME 1990 AND 2000	FRIDAY HARBOR	SAN JUAN COUNTY	DIFFERENCE BETWEEN TOWN AND COUNTY	TOWN INCOME AS A PERCENTAGE OF COUNTY INCOME
1990 median family income	\$35,119	\$36,851	\$1,732	95%
2000 median family income	\$45,208	\$51,835	\$6,627	87%
1990 median non-family income	\$17,927	\$18,317	\$390	98%
2000 median non-family income	Not provided in 2000 U.S. Census Economic Profile			
1990 median household income	\$26,202	\$31,278	\$5,076	84%
2000 median household income	\$35,139	\$43,491	\$8,352	81%

DISTRIBUTION OF INCOME

Using 1990 and 2000 US Census numbers, Figure 6 shows the distribution of Friday Harbor and San Juan County households with regard to their median household income. Generally, San Juan County's households were slightly more affluent than Town households were. This may be a reflection of the County's higher percentage of family households versus non-family households.

According to 1990 and 2000 U.S. Census sample data, 38% of San Juan County households (which includes Town residents) earned below \$25,000 in 1990. In 2000 this number dropped to 26%. More specifically, 46% of Town of Friday Harbor residents claimed to be earning less than \$25,000 in 1990. This number also decreased in 2000 to 38%.

In 1990 San Juan County, on the whole, had 38% of households earning between \$25,000 to \$50,000. In 2000, this decreased to 30%. In 1990 35% of Town of Friday Harbor households were earning between \$25,000 and \$50,000 and in 2000 this number decreased to 25%.

San Juan County had approximately 25% of their households earning a median income above \$50,000 in 1990. In 2000 this increased dramatically to 43%. Only 118 households or 17% of all households in the Town of Friday Harbor had a median household income above \$50,000 in 1990. In 2000, 324 households or 36% were earning above \$50,000.

Some of these increases in income are due to inflation, however overall it appears the 1990's were prosperous for the residents of San Juan County and Friday Harbor.

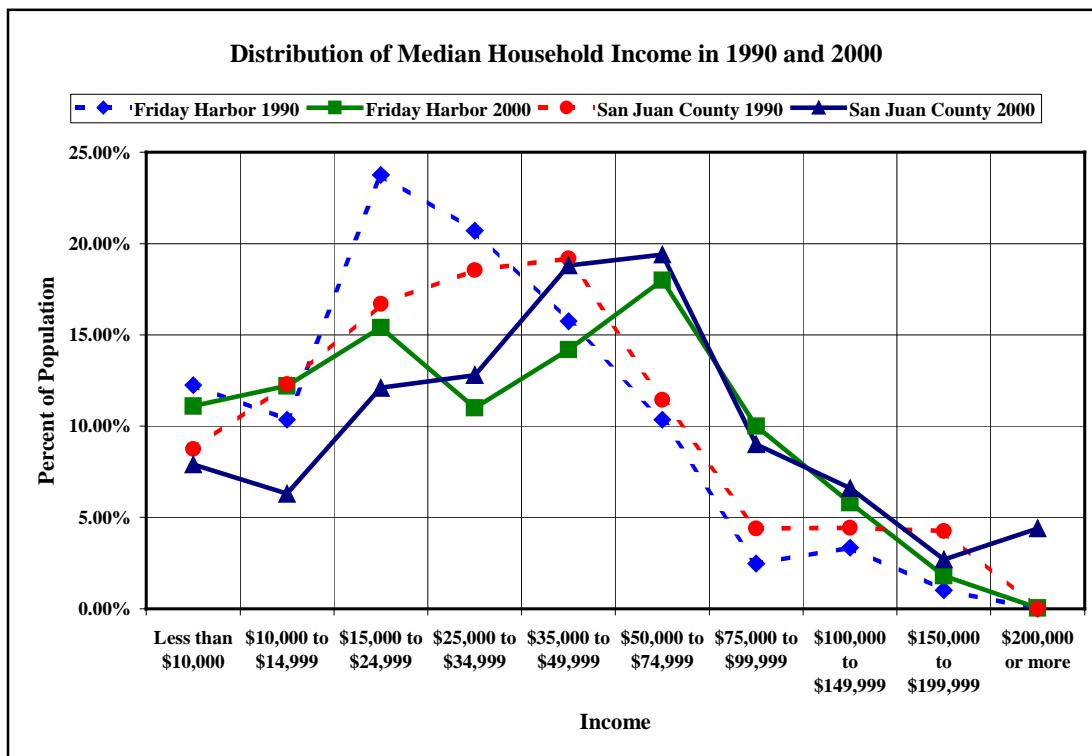


Figure 6: Distribution by Percent of Population of Town of Friday Harbor and San Juan County's 1990 and 2000 Median Household Income³⁵ (For details see Table 18)

MEDIAN INCOME

In February of 1996, the Town of Friday Harbor conducted an Income Survey in order to demonstrate that the Town qualified for the Washington State Community Development Block Grant Program (CDBG). To qualify, the Town of Friday Harbor needed to demonstrate that at least 51% of Friday Harbor were considered low income (80% of median family income). The reported high-income levels associated with San Juan County had previously disqualified the Town for the CDBG Program. Due to the belief that the population characteristics of the Town of Friday Harbor are different from the rest of San Juan County, an income survey was conducted.

The study used the estimated 1995 San Juan County median family income limits to determine whether or not a household was low income. The survey method was simple and non-intrusive in order to provide a high accuracy rate; also use of volunteers achieved successful interviews with 41% of the area's total estimated households. The

results of the survey showed that 64.4% of Friday Harbor households were low income and that 63.4% of persons in the area had low incomes.³⁶

The accuracy of this Income Survey is supported by data from Census data, which provides the distribution of household income at the Town level. Based on simple calculations, 67% of Town of Friday Harbor households reported their income to be below \$34,999 in 1989 and 46% reported their income to be below \$25,000. Therefore 67% of the Town's households were low income, or are below the County's median family income, which agrees with the 1996 Income Study conducted by the Town of Friday Harbor. Table 18, displays the distribution of income, plus the median household and family income for both the Town of Friday Harbor and for San Juan County in 2000. Again, the 2000 U.S. Census income data appears to agree with the Town Study, as approximately 63% of Town households earn below the County's median family income of \$51,835.

Table 18: Distribution of 2000 Median Household Income³⁷

2000 US CENSUS	FRIDAY HARBOR	% POPULATION	SAN JUAN COUNTY	% POPULATION
Households	900		6,468	
Less than \$10,000	100	11.10%	509	7.90%
\$10,000 to \$14,999	110	12.20%	408	6.30%
\$15,000 to \$24,999	139	15.40%	781	12.10%
\$25,000 to \$34,999	99	11.00%	831	12.80%
\$35,000 to \$49,999	128	14.20%	1,219	18.80%
\$50,000 to \$74,999	162	18.00%	1,256	19.40%
\$75,000 to \$99,999	90	10.00%	579	9.00%
\$100,000 to \$149,999	52	5.80%	424	6.60%
\$150,000 to \$199,999	16	1.80%	174	2.70%
\$200,000 or more	4	0.04%	287	4.40%
Median Household Income		\$35,139.00		\$43,491.00
Median Family Income		\$45,208.00		\$51,835.00

MEDIAN HOUSEHOLD INCOME LIMITS

Table 19 outlines the 2002 *income limits* for both very low income and low income households, based on estimated San Juan County median family income. *Very low income* is defined as households whose income is 50% or less than the median income and *low income* is the category given to households earning 50% - 80% of the median income. Income limits are created and delineated by household size; a 4-person household is used as the base number, and incrementally depreciated for

1, 2 and 3 person households and increased for households with over 4 persons.

Therefore, based on the figures in Table 19, a four-person household would be considered *very low income* if the total household income was less than \$29,350. This same size household would be thought as *low income* if the household income was between \$46,950 and \$29,350. Generally, those earning less than 80% of the median income qualify for housing through local community land trusts.

Table 19: 2002 Income Limits for San Juan County³⁸

2002 INCOME LIMITS FOR SAN JUAN COUNTY BASED ON MEDIAN FAMILY INCOME OF \$58,700								
Annual Median Income	Household size (persons)							
	1	2	3	4	5	6	7	8
Very Low Income (50% of median)	\$20,550	\$23,500	\$26,400	\$29,350	\$31,700	\$34,050	\$36,400	\$38,750
Low Income (80% of median)	\$32,850	\$37,550	\$42,250	\$46,950	\$50,700	\$54,450	\$58,250	\$62,000

Source: HUD and Washington Community Trade and Economic Development

AVERAGE ANNUAL WAGE

As mentioned previously, use of San Juan County's median family income may not be an accurate description of household income for the Town of Friday Harbor due to the Town's high percentage of non-family households. Also, San Juan County's high percentage of investment income skews the median income calculations along with raising the cost of housing and services available; this is most visible when the area's annual average wage is considered.

Data provided by the Bureau of Economic Analysis, located in Table 19, highlights the disparity between San Juan County's average income earned from employment and the County's estimated median income. In 2000, San Juan County's average annual wage per job was \$23,171, the fifth lowest in the State. Washington State's average wage was \$37,430, which is \$14,259 more than San Juan County's average wage. Table 20, also shows the trends in average annual wage for San Juan County and Washington State beginning in 1990. In 1990, San Juan County had an average wage of \$15,006 and Washington

State's average was \$22,828, a difference of almost \$7,822. The difference between San Juan County's average wage and Washington State's average wage almost doubled during the last decade.

According to 2000 U.S. Census sample data for the Town of Friday Harbor, median earnings for male, full time (year-round) workers are \$35,625. Median earnings for female, full time workers are much lower at \$24,741 dollars. San Juan County earnings are reportedly very similar to the Town's, with males earning \$36,250 and females earning \$26,516. Employment status was also provided by the 2000 U.S. Census sample data. It concluded that 58.8% of all San Juan County residents (over 16 years old) are in the labor force, and 68.8% of all Town residents are in the labor force. The 2000 Census also found that 64.5% of San Juan County families, who have children under 6 years old, have both parents in the work force and that 79.5% of Town of Friday Harbor families, with children under 6 years old, have both parents in the work force.

Table 20: Trends in San Juan County's Average Annual Wage per Job ³⁹

AVERAGE ANNUAL WAGE PER JOB					
YEAR	SAN JUAN COUNTY	% INCREASE	WASHINGTON STATE	% INCREASE	DIFFERENCE SJC AVERAGE WAGE AND WA STATE
1990	\$ 15,006		\$ 22,828		\$ (7,822)
1991	\$ 16,439	9.55%	\$ 24,149	5.79%	\$ (7,710)
1992	\$ 17,584	6.97%	\$ 25,856	7.07%	\$ (8,272)
1993	\$ 18,193	3.46%	\$ 26,127	1.05%	\$ (7,934)
1994	\$ 18,860	3.67%	\$ 26,744	2.36%	\$ (7,884)
1995	\$ 19,215	1.88%	\$ 27,825	4.04%	\$ (8,610)
1996	\$ 19,406	0.99%	\$ 29,256	5.14%	\$ (9,850)
1997	\$ 19,947	2.79%	\$ 31,136	6.43%	\$ (11,189)
1998	\$ 20,826	4.41%	\$ 33,453	7.44%	\$ (12,627)
1999	\$ 22,470	7.89%	\$ 35,998	7.61%	\$ (13,528)
2000	\$ 23,171	3.12%	\$ 37,430	3.98%	\$ (14,259)

EMPLOYMENT

Wages in San Juan County and Friday Harbor are much lower than the average for Washington State due to high employment by the service and retail industry in the region. Table 20 provides a look at the average employment and wage by industry for San Juan Island (specifically, the 98250 Zip Code). The table leaves out details for industries that only have a few firms and if included would disclose confidential data about the firm, also absent is government employment data.

According to the 1999 data in Table 21, retail trade employs almost 30% of the workforce, and the service industry employs over 31%. Together the retail and service industries employ over 60% of the workforce on San Juan Island. The majority of this occurs in the Town of Friday Harbor. Unfortunately, the wages paid in the retail trade average \$15,050 a year, and in the

service trade, \$17,914 each year (service industry wage may not include tips). These two industries provide about 50% of total yearly wages paid on San Juan Island.

The construction industry has been busy during the past decade, as can be seen from the increase in housing units in the County. In 1999, construction provided an average of 325 jobs and employed almost 17% of the workforce. The wages paid to employees in the construction industry are substantially higher than the service and retail industries with the reported pay averaging out to \$25,789 annually. Construction contributed over 21% of the total wages paid in 1999. The finance, real estate and insurance industry also paid well in 1999, with an annual average wage of almost \$30,000. However this industry only employs 6.6% of the workforce, yet it still provided about 10% of the total wages paid.

**Table 21: San Juan Island 1999 Employment and Wage by Industry
(Does not include Government employment)⁴⁰**

98250 ZIP CODE		1999 PRIVATE COVERED EMPLOYMENT AND WAGES BY INDUSTRY				
INDUSTRY	TOTAL FIRMS	AVG MONTHLY EMPLOYED	% OF WORKFORCE	AVG ANNUAL WAGE	TOTAL WAGES PAID	% OF TOTAL WAGES PAID
AGR./FORESTRY, FISHING	*	*	N/A	*	*	N/A
CONSTRUCTION	92	325	16.58%	\$ 25,789	\$ 8,383,446	21.65%
INSURANCE, REAL ESTATE, FINANCE,	27	130	6.63%	\$ 29,276	\$ 3,791,295	9.79%
MANUFACTURING	22	86	4.39%	\$ 24,349	\$ 2,102,126	5.43%
MINING	*	*	N/A	*	*	N/A
RETAIL TRADE	99	584	29.80%	\$ 15,050	\$ 8,787,812	22.69%
SERVICES	129	617	31.48%	\$ 17,914	\$ 11,052,691	28.54%
TRANS-COMM- PUBLIC UTILITIES	19	84	4.29%	\$ 22,216	\$ 1,864,298	4.81%
WHOLESALE TRADE	12	68	3.47%	\$ 16,683	\$ 1,138,644	2.94%
TOTAL	428	1,960	96.63%	\$ 19,753	\$ 38,721,459	95.86%

A * indicates data hidden to protect individual firm identity.
Source: Washington State Employment Security Division

From January 1998 to December 2000, the average unemployment rate for San Juan County equaled 3.9%. However, the seasonal nature of the Islands creates very different unemployment rates throughout the year. For instance, January 2000's unemployment rate was 6.3% with 5,110 people employed. In August of 2000, the unemployment rate was down to 1.8% and 6,910 people were employed. Most recent employment figures for January 2002 show San Juan County's unemployment rate to be 7.1%.⁴¹

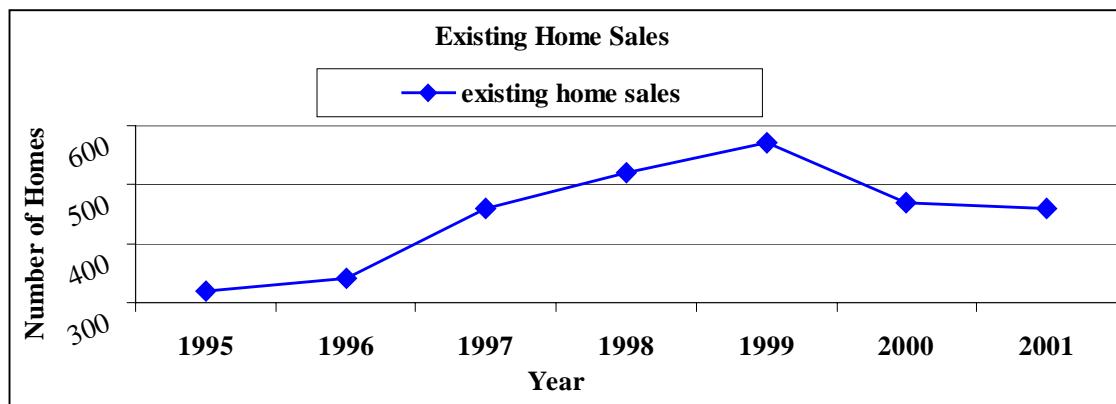
Considering that a high percentage of the County's employment is seasonal, and based

in the service and retail industry, it is understandable that many resident's gross income is lower than most other Washington counties. Unfortunately, home and land prices in the area do not reflect the average wage paid to workers living in the County.

The recreational, scenic, and rural amenities offered in the San Juan Islands has made the area attractive for retirees and for seasonal residents wishing to have a second home on the islands. This has driven the cost of housing very high leaving working residents struggling to achieve home ownership moreover it also makes rental prices a challenge for many to afford.

CURRENT HOUSING ENVIRONMENT

HOME VALUES AND SALE PRICES



Figures 7: Existing Home Sale Trends⁴²

San Juan County is known to have the highest property values in the State of Washington. The estimated median home sale price was \$300,000 during the fourth quarter of 2000, which is about \$50,000 more than King County's median home sale price for the same time.⁴³ Figures 5 and 6 describe the existing home sales and average median home sale prices for San Juan County during the past six years. Figure 7 shows that the amount of home sales increased dramatically between 1995 and 1999. Since then they have decreased slightly.

Figure 8, highlights the dramatic rise in average home sale prices which occurred during the last years of the century. The average median home sale price remained under \$200,000 between 1995-1998, then in 1999 the average median home sale price rose dramatically to approximately \$240,000 and has remained in this range ever since.

According to U.S. Census 2000 sample data, the median value of a housing unit in the Town of Friday Harbor is \$178,700 and in San Juan County the median value is over \$100,000 more, at \$291,800.

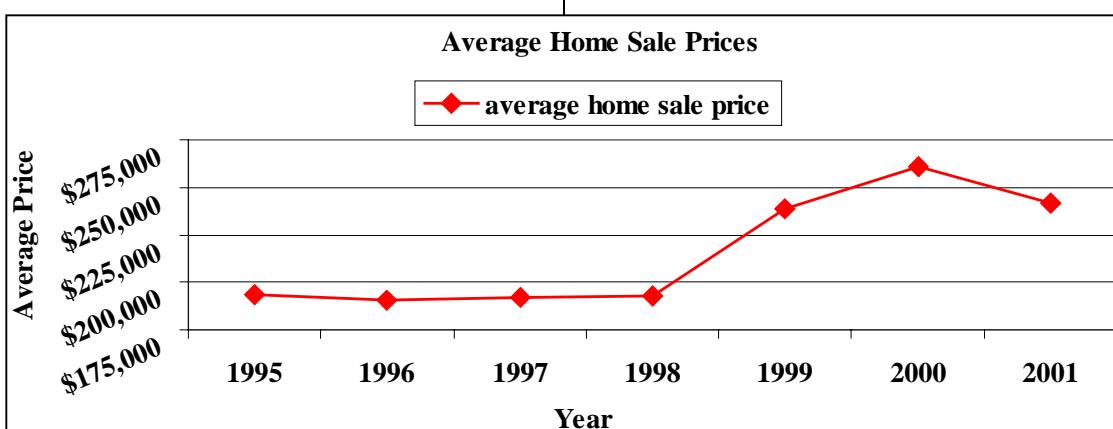


Figure 8: Median Home Sale Prices⁴⁴

The current housing market on San Juan Island can be better understood by looking at Table 22. Of the 127 homes currently on the market, only 26 are listed under \$200,000, and the majority, are priced between \$200,000 and \$500,000. There are also 36 homes priced between \$500,000 and \$1,000,000 and 11 homes listed above a million dollars. Only 11 homes were sold in the early part of 2002, all priced below \$500,000. There is also plenty of land available for sale on San Juan Island. Of the 112 parcels, 57 are listed below \$200,000, and 41 between \$200,000 and \$500,000. There are only a few parcels priced above \$500,000. 11 lots have sold this year, with all but 1 priced below \$200,000.

Town of Friday Harbor specific real estate prices vary as they do elsewhere, however there are much less estate sized homes and acreage available in Town than in the County. According to a local real estate agent, most of the real estate available in the Town of Friday Harbor is single family homes on small lots, with prices

ranging from \$195,000 to \$450,000. There are only a few small homes in the \$159,000 to \$179,000 range. There are also condominiums, generally priced between \$149,000 to \$350,000.⁴⁵

During the month of March 2002, three bedroom homes in the Town of Friday Harbor were listed online or in the paper for \$165,000 (manufactured home), \$189,000, \$229,000, to \$249,000. There was also a 3-bedroom home on 1.75 acres listed at \$539,000. Five residential lots in Town were priced at \$66,000, \$75,000, \$135,000, \$140,000 and \$160,000. There were two condominiums priced at \$198,000 and \$265,000, and a new complex of 2-bedroom condominiums was (see figure 7) listed at \$279,950 each. Marine condominium slips (moorage) were listed for sale between \$17,500 to \$36,000.

The disparity between home /land prices, and the average wage paid to residents in San Juan County is quickly creating an environment brimming with affordable housing needs.

Table 22: San Juan Island Housing Market 2002

SAN JUAN ISLAND REAL ESTATE 2002 "SnapShot" Synopsis For The Period Ending: 2/28/02			
HOMES LISTED/SALE PRICE	HOMES CURRENTLY ON THE MARKET	HOMES SOLD THIS MONTH	HOMES SOLD TO DATE THIS YEAR
Over \$1,000,000	11	0	0
\$500,000 - \$1,000,000	36	0	0
\$200,000 - \$500,000	54	3	8
Under \$200,000	26	0	3
LAND LISTED/SALE PRICE	LAND CURRENTLY ON THE MARKET	LAND SOLD THIS MONTH	LAND SOLD TO DATE THIS YEAR
Over \$1,000,000	4	0	0
\$500,000 - \$1,000,000	10	1	1
\$200,000 - \$500,000	41	0	0
Under \$200,000	57	5	10
TOTAL LISTINGS CURRENTLY ON THE MARKET			239
TOTAL LISTINGS SOLD TO DATE			22

Source: Northwest Multiple Listing Service shown at http://www.dianegiesy.com/island_info/friday_harbor.html

HOUSING CONDITIONS

Based on 2000 US Census data, housing conditions in the Town of Friday Harbor are relatively good. There are 144 existing structures that were built before 1939, 84 were built in the 1940's and 1950's, and 88 in the 1960's. During the intense growth of the 1970's 207 structures were built and 163 more were added in the 1980's. Between 1990 and 1994, 160 housing units were built and another 212 were added between 1995 and 2000, for a grand total of 372 housing

units built during the 1990s. Out of the 1,058 housing units present during the 2000 census, there were no housing units lacking complete plumbing facilities, and only 5 lacking kitchen facilities. Almost 100% of the units were attached to the Town's water system and public sewer. The primary heating source used was electric heat (80%), with some relying on wood (8.3%) or oil (8.8%).

RECENT CONSTRUCTION

The Town experienced a construction boom during the five years between 1997 and 2001. There were 36 single-family residences built, 14 mobile/manufactured homes installed and 9 foundations laid. Approximately 40 new multi-family units were built. This includes three duplexes, one 15-unit apartment complex and another 18-unit complex. Figure 9 is a picture of the Gateway Development currently under construction.

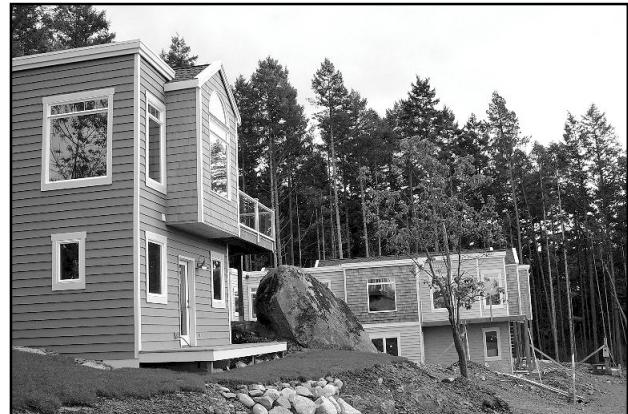


Figure 9: New Gateway Development

RENTAL HOUSING OPTIONS

The Town of Friday Harbor has numerous multi-family housing units located within its boundary, many of which are relatively affordable. According to the planning staff of the Town of Friday Harbor, there are approximately 261 units, besides the rent-controlled apartments, which are considered affordable. There are 93 multi-family units that are considered out of the range for lower income households.

Available rentals in the newspaper in February/March 2002 range in price from

\$500 to \$1,100 for various sizes and locations. Of the few single family residences located in town and advertised in the paper, the monthly rental prices ranged from \$800 for a 1-bedroom, to \$1,100 for a 3 bedroom, all the way up to \$1,500 for a 3 bedroom waterfront home.⁴⁶

Based on the 2000 U.S. Census base rent in the Town of Friday Harbor is reported to be \$601 dollars a month, and for the County base rent is \$607 dollars.

AFFORDABLE HOUSING

Housing is considered affordable when occupants are spending 30% or less of their gross household income on housing costs. Housing costs for homeowners include mortgage principal and interest, property taxes, property insurance, and utilities. Housing costs for renters are based on rent and utility costs.

Based on 1990 and 2000 US Census data, Figure 10 shows the percentage of household income being spent by Town of Friday Harbor residents for housing costs. In 1990, approximately 42% of residents said they spent less than 20% of their gross

income on housing, in 2000 this was down to 30% of the population. In 1990, 24% said they spent between 20%-30% of their income on housing and this remained about the same in 2000. In 1990, 29% of households believed they were spending over 30% of their household income on housing costs. Unfortunately, in 2000 41% of households stated they are paying over 30% per month for their household costs.

As expected, the increase in home prices has made it more difficult for Town of Friday Harbor residents to find affordable housing

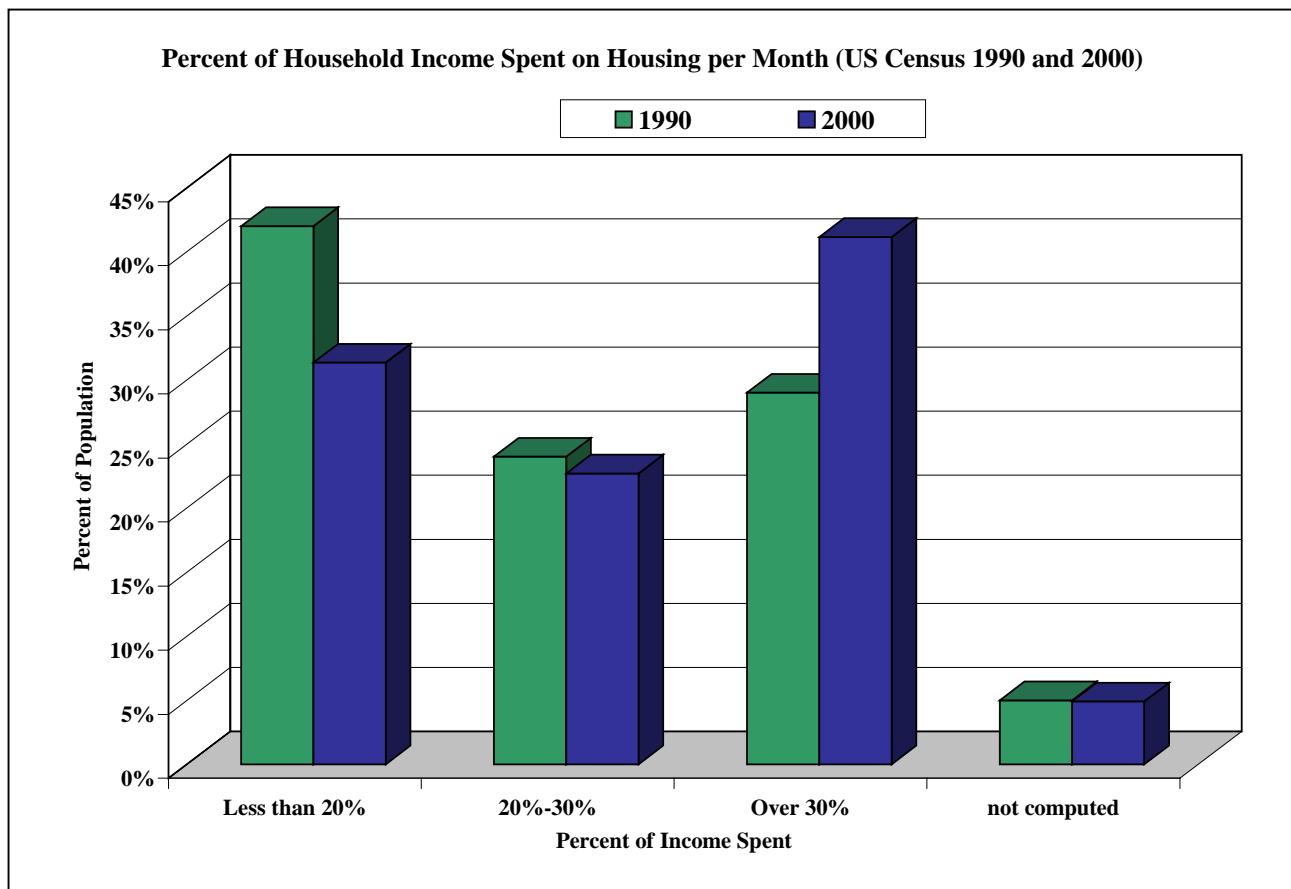


Figure 10: Percentage of Household Income Spent by Town of Friday Harbor Residents for Housing Costs in 1990 and 2000 (U.S. Census)

More specifically, there is a distinct difference between renter and owner monthly housing costs in the Town of Friday Harbor. In 2000, 38% of those who own their homes were spending less than 20% of their income on housing (down from 59% in 1990), 25% were spending between 20%-30% (up from 21% in 1990) and 35% were spending over 30% (up from 20% in 1990). For those renting their homes the percentages are quite different. Only 25% of renters were spending less than 20% of their income on housing costs (down from 30% in 1990), 21% had housing costs between 20%-30% (down from 26% in 1990), and an incredible 47% were spending over what is considered affordable (up from 35% in 1990).

Conceivably this means that the Town of Friday Harbor was lacking affordable

housing for 47% of its renting residents in 2000. Considering that the Town's population and housing prices are still expanding, it is possible even more of the Town's population are lacking affordable housing.

Based on 2000 U.S. Census sample data, monthly housing expenses as a percentage of household income are higher in the Town of Friday Harbor than in San Juan County. Figure 11, highlights the differences between Town and County household incomes. Approximately 40% of County households pay less than 20% of their monthly income on housing costs, almost 10% more than Town households and approximately 35% of County households are paying over 30% of their income for housing.

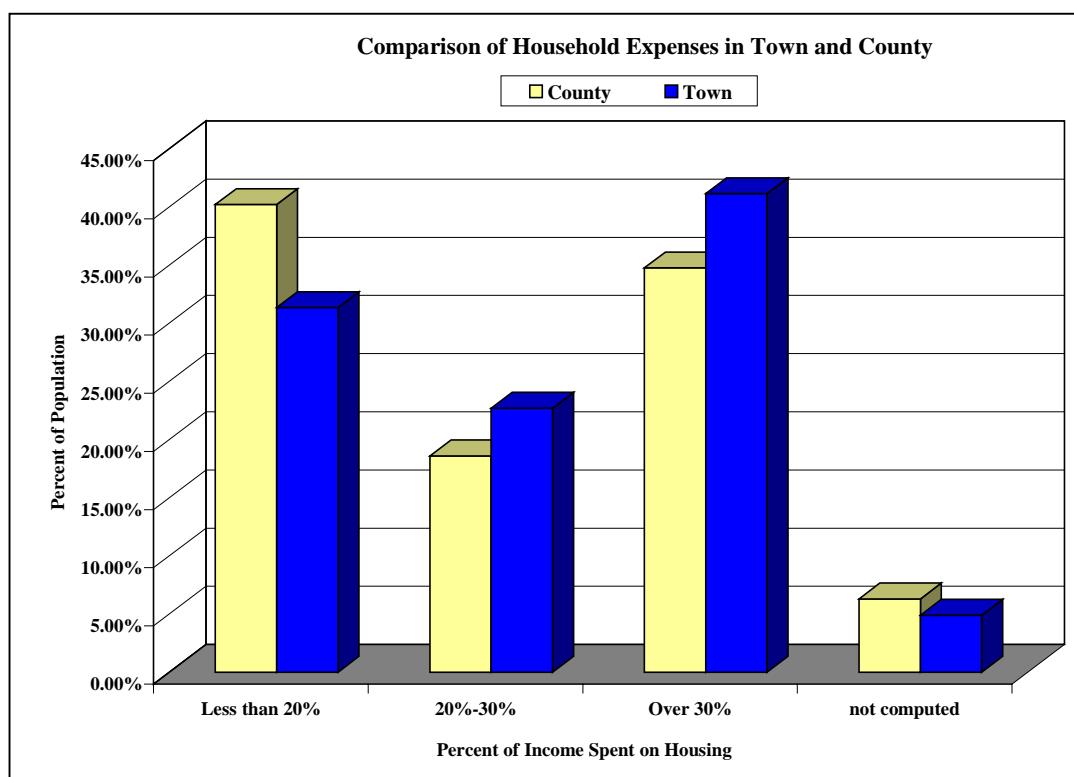


Figure 11: Percent of Household Income Spent on Housing Costs – 2000 Comparison of San Juan County and Town of Friday Harbor (U.S. Census)

PUBLICLY FINANCED HOUSING

Currently, located in the Town of Friday Harbor are seven multi-family complexes providing publicly financed housing, totaling 140 dwelling units. Two of these complexes provide apartments for individuals 62 years old or above and for those who are disabled. These complexes are Gerard Park (20 units) and Island Meadows (19 units). In March 2002, there were no vacancies at Gerard Park, and there were six people on their waiting list. Island Meadows had three vacancies and no waiting list, which is unusual according to a telephone interview with the manager.

The other publicly financed complexes are Friday Harbor Village (25 units), Harbor View (20 units), Islewood (18 units), Rosewood, see Figure 12, (18 units) and Surina Meadows (20 units). Friday Harbor Village has two units vacant; the others are all full. There is currently no waiting list for any of the above units. Table 23, shows each complex's rental rates, amount of each size

unit, and how many units are given rental assistance or are available for those with HUD assistance.

Some of these publicly financed projects were constructed under the FmHA Section 15 program. This program lends money at low interest rates to developers who, in turn, agree to rent the apartments at specified below-market rates for at least twenty years. Each apartment is assigned a base rate, which is based on construction and maintenance costs of the building and apartment size. Actual rent depends on whether the apartment is rental-assisted. For rental-assisted units, if the base rent is greater than 30% of annual gross income (AGI) the tenant will pay only 30% of their AGI for rent. The difference between that amount and the base rent is paid to the landlord through a subsidy program. For non-rental assisted units, actual rent is either the base rate or 30% of the AGI, whichever is higher.

Table 23: Publicly Financed Housing in the Town of Friday Harbor

APARTMENT COMPLEX	ONE BEDROOM	TWO BEDROOM	THREE BEDROOM	FOUR BEDROOM	RENTAL ASSIST UNITS	HUD UNITS
*IslandMeadows Rent	17 \$390-\$576	2 \$425-\$607	0	0	5 30% of income	5
*Gerard Park Rent	18 Base \$412	2 Base \$470	0	0	16 30% of income	0
F.H. Village Rent	0	7 \$650	12 \$750	6 \$810	3 30% of income	2
Harbor View Rent	12 \$448-\$676	8 \$465-\$717	0	0	6 30% of income	3
Islewood Rent	8 \$436-\$631	10 \$473-\$662	0	0	5 30% of income	1
Surina Meadows Rent	4 \$420-\$665	14 \$478-\$740	2 \$535-\$810	0	20 30% of income	0
Rosewood Rent	4 \$475-\$675	10 \$520-\$730	4 \$580-\$830	0	18 30% of income	0
<i>*APARTMENTS FOR THOSE 62+ OR DISABLED</i>						

Income qualifications are established in two ways, depending on whether the project developer received tax credits as part of the project financing. If the project developer received tax credits, the renter's household income must fall under specified levels depending on household size. If the developer did not receive tax credits, the income limit is set differently. Tax credits were granted to all of the Friday Harbor projects except Harbor View.

The 2002 income limits to qualify for rental of a publicly financed unit are based on County median family income (see Table

18, page 20). For most of the publicly financed units in the Town of Friday Harbor an applicant's income must be less than 60% of the median family income determined for the County. Currently, a family of four's total income must be below \$35,220 to qualify to live in most of the aforementioned housing complexes. Once they qualify, then their monthly rent is determined based on their annual gross income. For most of the units, if a renter begins to earn more than 60% of the median family income, they will be forced to move out of their apartment.

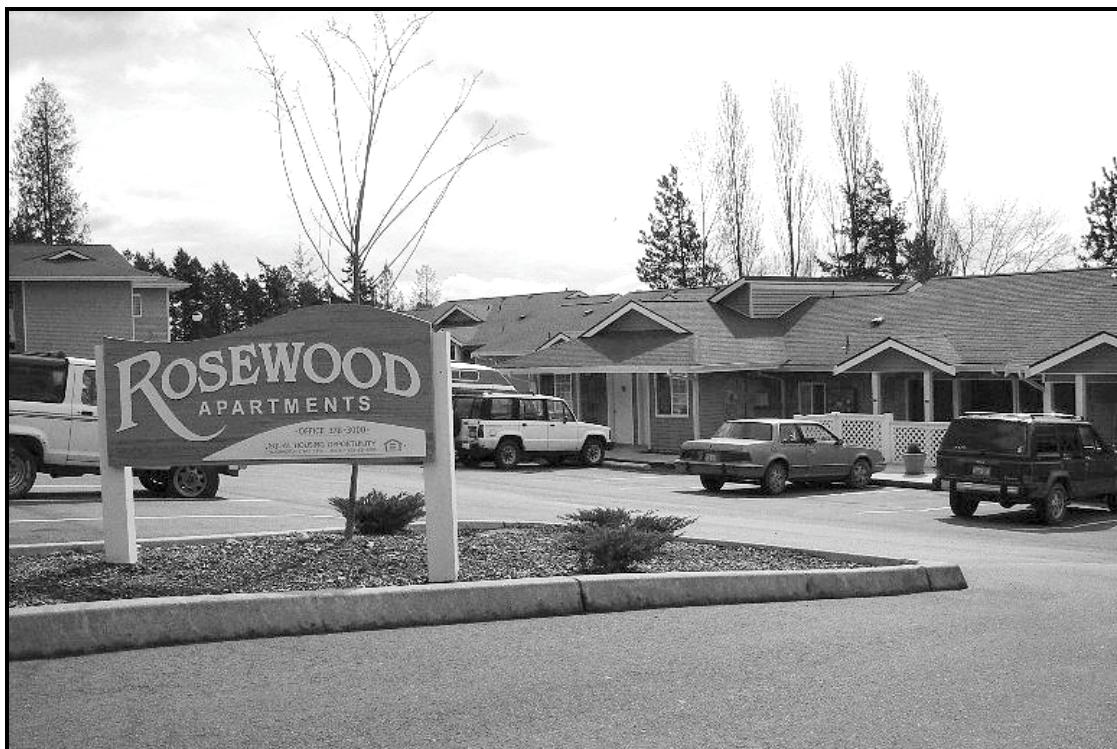


Figure 12: Rosewood Apartment Complex, Town of Friday Harbor

AFFORDABLE HOUSING PROGRAMS

SAN JUAN COUNTY HOUSING ADVISORY BOARD

San Juan County created an advisory body charged with looking into affordable housing needs and options for the islands. The board meets monthly, studies issues and provides recommendations to the Board of County Commissioners. The Housing Advisory Board also administers a revolving loan fund, which provides \$30,000 toward the down payment on a home, interest free, for qualified applicants. According to John

Manning, Director of the San Juan County Health and Community Services Department, the main problem with the revolving loan fund is that there are too few affordable houses available in the County for those who qualify for the program. Therefore, even if applicants are given an interest free down payment, they are unable to afford the mortgage payments.

SAN JUAN ISLAND COMMUNITY LAND TRUSTS

The San Juan Island Community Land Trust is in the beginning phases of their first project on Carter Street in the Town of Friday Harbor. This project is planning to provide 15 single-family homes within a community setting; Figure 13 is their site plan.⁴⁷ The homes will be either 2 or 3 bedroom, 1100 and 1300 square feet respectively. The property is zoned multi-family and the units will be sold as condominiums. Currently, the Community

Land Trust has an option for the purchase of the land. The structures will not be built with the help of a sweat equity program.

The Trust held five community meetings with approximately 50 people in attendance, and according to Arnie Klaus, Director of the San Juan Community Land Trust, about half of them are very interested in home ownership. As of March 12th, 2002, there were 15 applicants.



**Figure 13: San Juan Island Community Land Trust Large Site Plan
Designed by El Baylis for the Proposed Salal Project in Friday Harbor**

HOMES FOR ISLANDERS

Homes for Islanders is a non-profit organization attempting to provide affordable housing options for people on San Juan Island. They are hoping to begin an 8 home project in the Town of Friday Harbor at the end of Grover and Hunt St. Each home would be on 1/3 of an acre. Homes for Islanders keeps home prices low by requiring substantial sweat equity from the future home-owners, and by building all eight homes at the same time; people work together to build their homes. Each of the designs provides for a 1200 square foot house and no garage. To keep the homes affordable, there is an equity stipulation (a percentage that will be required to be given

back to Homes for Islanders) for future sales of the homes. The longer the home is owned the lower the equity stipulation becomes. According to a phone interview with René Polda, one of the organization's board members, there is interest in their program and they have not even advertised it. She believes there is a huge need for affordable single family homes that will give people the ability to move away from apartment living. The largest problem facing Homes for Islanders is finding land to develop homes on, what they need smaller lot sizes to decrease the price of the land, thus making the homes more affordable.

POSSIBLE COTTAGE COMMUNITY

Farhad Ghatan, a local housing advocate, is planning to build a complex of six cottages on Blair St. based on a highly successful model called Third Street located in Largely, Washington. These cottages are smaller

than most single family residences as they only have one bedroom plus a loft. He is hoping to include deed restrictions on future sales of these homes to keep them affordable for subsequent owners.

AFFORDABLE HOUSING LAND USE TECHNIQUES

High demand from seasonal visitors and second homeowners has raised the price of housing out of reach for many local residents. In order to prevent the loss of the local families and workers, the local governments will need to be proactive in their efforts to provide affordable housing options. Use of land use techniques can help to increase the development of affordable

housing for low to moderate-income residents. A quick description of a few of these methods is provided below. Most of the included information was found in the report “Affordable Housing Techniques, A Primer for Local Government Officials” available on the Municipal Research and Services website.⁴⁸

UPZONING

For example, the Town of Friday Harbor recently applied the use of a land use technique called upzoning to assist in the creation of more apartments, duplexes and condominiums, with the belief that some of them will be affordable. *Upzoning*, is the selective rezoning of residential land to allow greater density (measured by the number of housing units permitted on a parcel of land). The Town chose to raise the density allowed within all of the Town’s multi-family zones from 9 units per acre to

14 units per acre. One of the main benefits of upzoning is that increasing density can reduce land and site development costs for developers on a per dwelling unit basis. One of the main policy issues with higher density developments is the need for more attention to be placed on design in order to ensure that developments blend in with the surrounding community. Communities may oppose upzoning for many reasons, including increased traffic congestion, and impact on property values.

INCLUSIONARY ZONING

Initially, there were recommendations that the Town use inclusionary zoning or density bonuses within their multi-family zones to increase the likelihood that developments would have affordable housing. *Inclusionary zoning* is a technique that provides new developments with density bonuses for selling or creating a portion of the units for low to moderate income households. Thus, additional units are built through density bonuses instead of the purchase of more land. Inclusionary zoning can either be made mandatory or

voluntary and they usually contain provisions defining low income eligibility requirements, pricing of affordable units, and restrictions on resale of these affordable units. Some of the benefits of inclusionary zoning are that it reduces the expenditure of local tax dollars to fund the construction of affordable housing units, it avoids the problems of over concentration and stigmatization of affordable housing units and is therefore more acceptable to the community.

ACCESSORY DWELLING UNITS

Another technique for providing affordable housing is allowing the development of accessory dwelling units. An *accessory dwelling unit* is an additional living unit, including a separate kitchen, sleeping and bathroom facilities, attached or detached from the primary residential unit, on a single-family lot. Accessory dwelling units are a relatively easy way to increase the amount of affordable housing units available and also allows home owners added rental income to help offset the costs

of rising property taxes and mortgages. Accessory apartments provide for affordable options within single family zones. Neighborhood concerns regarding declining property values, exterior appearance of the accessory units and impacts on parking and traffic from density increases can become issues that must be dealt with. Regulations regarding size, appearance and concentration of units can reduce community concerns.



Figure 14: New Cottage Community in City of Shoreline Washington (www.cottagecompany.com)

COTTAGE HOUSING ZONE

A unique zoning method utilized in the City of Langley, Washington and also in the City of Shoreline is the Cottage Housing Development (CHD) Zoning code. This is an innovative technique that recognizes that a 1 or 2 bedroom home, with less than 975 square feet of living area, should not be treated the same as a typical 2,000-3,000 square foot home. The municipal code for the cottage housing zone is very detailed with requirements that half of the maximum allotted 12 cottages (per acre) have first floors that cover no more than 800 square feet and the other half 650 square feet. Each

cottage must be next to a common area, have front and rear yards that are 5 and 10 feet respectively, and meet certain height and roof pitch requirements. There are also provisions for parking and open space. Figure 14 is a picture of the new cottage community in the City of Shoreline, and Figure 15 is the site plan for this cottage community. These types of developments are winning praise for their ability to increase population density while preserving appropriate architectural style and scale as well as a sense of community.⁴⁹



Figure 15: Site Plan for Shoreline Cottage Community (www.cottagecompany.com)

Any of the above techniques can be applied within single family zones, as well as within multi-family zones. Discussions with local affordable housing advocates all stated that there is a serious need for affordable single-family housing and for assistance with home ownership. There was also discussion of the need for affordably priced land to assist in the creation of affordable single-family homes. Use of either upzoning inclusionary zoning or the Cottage Housing Development Zoning, within selected single-family zones can assist to create more options for affordable housing in the Town of Friday Harbor.

COUNTY-WIDE FAIR SHARE HOUSING ALLOCATIONS

One method of planning for affordable housing is to develop a fair share housing program between the Town of Friday Harbor and San Juan County. Fair share housing programs are designed to ensure equitable distribution of affordable housing for low income people throughout a jurisdiction. Pierce County has a fair share housing program that uses a worksheet that determines each jurisdiction's affordable housing need. The existing need is determined by the number of households earning less than 95% of the County median income and spending 30% or more of it on gross housing costs. The worksheet then adjusts the need using the amount of low income jobs in the jurisdiction, and the low

and moderate income housing stock available to determine an adjusted existing need. The worksheet then examines projected fair share needs and adjusts them using the same parameters. This determines the total fair share allocation for each jurisdiction.⁵⁰

The Town of Friday Harbor Comprehensive Plan Housing Goal 3 aims toward working cooperatively with San Juan County to address the need for affordable housing on San Juan Island. Having an agreed upon fair share housing formula to determine the Town and the County's responsibility for affordable housing on San Juan Island could assist with future affordable housing issues.

RESIDENTIAL DWELLING UNIT INVENTORY AND PROJECTED DEMAND

METHODOLOGY

Data sources for this section are the Town of Friday Harbor's database, *landuse.mdb*, as it existed in Jan and Feb 2002, and San Juan County's Assessors Database, *RPASRL012102.dbf*, which was obtained from San Juan County on 1/20/2002. Data used in this project reflects

the state of the Town's data as of that date and county data as delivered.

An Excel file named *2002DevelopmentPotential.xls* used external data links to the iteration of *landuse.mdb* discussed above to access the source data queries and crosstabs that provide the basis for this project.

HOUSING INVENTORY AND ASSESSED VALUES

Table 24 and Maps 1 through 4 provide a snapshot of the Town of Friday Harbor's housing inventory and the assessed land and building values, based on San Juan County' assessors database.

Housing inventory within the Town of Friday Harbor is primarily single family (442 units) and multi-family (397 units) homes. There are also a 144 residential condos (also considered multi-family residences), 54 marine condos (boat slips), 73 mobile homes, and approximately 65 liveaboard boats.

The assessed values listed for the Town's residential condos are between \$34,725 and \$188, 561. The marine condos, located at Cannery Village and Capron's Marina, are assessed a value somewhere between \$22,820 and \$49,374. Many of these marine condos are home to liveaboard boaters. The Port of Friday Harbor is home to approximately 40-50 liveaboard boaters, see Figure 16. Also, there are numerous liveaboard boaters living out at anchor, near the Town of Friday Harbor.



Figure 16: Example of the Town of Friday Harbor's Alternative Housing Options – A Liveaboard Boat

Table 24: Town of Friday Harbor Housing Inventory and Assessed Values⁵¹

HOUSING TYPE	COUNT	AVG. ASSESSED VALUE (LAND)	AVG. ASSESSED VALUE (BUILDINGS)
SINGLE FAMILY HOMES	442	See map 1	See map 3
MULTI-FAMILY UNITS (LESS CONDOS)	397	See map 2	See map 4
RESIDENTIAL CONDOS	144	\$34,725.10	\$118,561.54
MOBILE HOMES (TRAILERS)	73	N/A	N/A
MARINE CONDOS (POSSIBLY USED FOR LIVEABOARD HOUSING)	54	\$22,820.56	\$49,374.26
LIVEABOARD BOATS	65	N/A	N/A

Source: San Juan County Assessors Database

Maps 1 and 2 on pages 58 and 59, show the values for single family and multi-family residential lots, without improvements, where there is coincidence between the Town's parcel number and the county's parcel number. All value data is from the County Assessor's database as delivered to the Town in March 2002. As one might

expect the highest valued properties are located along the waterfront/shoreline and in the downtown business core area.

Assessed improved values for single-family and multi-family residences are best understood by examining Maps 3 and 4 on pages 60 and 61.



Figure 17: New Multi-Family Development in Town

LAND USES IN TOWN OF FRIDAY HARBOR ZONES

Map 5 located on page 62 in the appendix shows the current zoning map for the Town of Friday Harbor. Zones are distinct geographic areas into which the land area of the Town is divided for the purpose of regulating land use. There are 9 zones used in the Town of Friday Harbor, they are:

- Commercial (CO)
- Light Industrial (IN)
- Light Manufacturing (LM)
- Multifamily Residential (MF)
- Professional Service Commercial (PS)

- Public Service (PU)
- Utility (UT)
- Shoreline Public Accommodation (SA)
- Single Family Residential (SF)

In general, new land uses in each zone match the zone designation, i.e. Single Family Residential is the location where detached housing is to be located and built. Table 25 indicates the current land uses within the Town's zones, some parcels are split zoned. This occurs where a lot is split into two zoning designations.

Table 25: Current Land Uses Throughout Town of Friday Harbor Zones

LAND USES WITHIN ZONES (TOTAL PARCELS)												
ZONE	TOTAL PARCELS	BED AND BREAKFAST	COMMERCIAL	LIGHT INDUSTRIAL	LIGHT MFG	MULTI-FAMILY	OTHER	PUBLIC AUTHORITY	PROFESSIONAL SERVICE	PUBLIC UTILITY	SINGLE FAMILY	VACANT
Commercial	184		78	12		6	25	9	20		12	22
Light Industrial	41		6	16					3		2	14
Light Manufacturing	17		1		1	1	2	1	2			9
Multi-Family Residential	135	7		2		48	5		1		41	31
Multi-Family/Light Industrial Split Zone	1						1					
Multi-Family /Professional Service Split Zone	3			1			1				1	
Professional Service	48					3	5		22		9	9
Professional Service/ Light Industrial Split Zone	1								1			
Utility	6						6					
Public Service	3						3					
Shoreline Public Accommodation	11		4			3					2	2
Single Family Residential	532		1	2		13	11		4	1	375	125

HOUSING AFFORDABILITY

Table 19 on page 21, in the Income and Wage section, provides the 2002 income limits of very low income (50% of median family income) and low income (80% of median family income) households, based on size, for San Juan County. Based on

these 2002 income limits, the allowable monthly expenses for housing (30% of income) in San Juan County were determined. They are displayed below in Table 26.

Table 26: Monthly Expenses Allowed for Housing to be Considered Affordable

ALLOWABLE MONTHLY EXPENSES (30% OF INCOME) FOR HOUSING FOR SAN JUAN COUNTY BASED ON THE 2002 INCOME LIMITS (SEE TABLE 19)								
Allowable Monthly Expense	Household size (persons)							
	1	2	3	4	5	6	7	8
Very Low Income (50% of median)	\$514	\$588	\$660	\$734	\$793	\$851	\$910	\$968
Low Income (80% of median)	\$821	\$939	\$1,056	\$1,174	\$1,268	\$1,361	\$1,456	\$1,550

Table 27 shows the monthly amount left for housing after a household with one person has paid a minimum monthly utility bill (\$241.00) for power, water, sewer, storm water, solid waste and phone services in the Town. A very low income individual would have \$273.00 remaining for their housing expenses after paying monthly utility expenses, and a low income person would have \$580.00 remaining to afford their housing costs.

Income limits are based on a median family income of \$58,700 (4-person household). If the same calculations were done based on San Juan County's 2000 average wage per job of \$23,171, the results would be slightly different. An individual earning \$23,171 would only have \$579 available for all monthly housing costs. Subtracting the basic utility rates paid in the Town of Friday Harbor this person would need to find housing for approximately \$338 a month.

Table 27: Available Monthly Expenses for a 1-Person Household after Utility Expenses

AVAILABLE MONTHLY INCOME AFTER UTILITIES EXPENSES <i>Based on 1- person household</i>		
ALLOWABLE MONTHLY HOUSING COSTS (30% OF INCOME)	UTILITY EXPENSES (MONTHLY) WATER, SEWER, STORM WATER, SOLID WASTE, TELEPHONE, POWER (BASE + MIN. USE)	MONTHLY INCOME AVBL FOR HOUSING
Very Low Income	\$514	\$241
Low Income	\$821	\$580

HOME OWNERSHIP POSSIBILITIES

In order to examine ownership of affordable housing in the Town of Friday Harbor, a hypothetical scenario was developed to determine the minimal amount needed for someone to afford their own single-family home. Manufactured homes were chosen as the hypothetical structure because they are the least expensive option. An entry-level mobile/manufactured home was selling for \$37,000 to \$40,000 in February 2002.

The maximum amount available for the cost of affordable housing was determined based on a 0% down payment, a 7.5% interest rate and a 30-year term.⁵² These calculations determined that a very low income person could spend a maximum of \$44,000 for a home, and a low income person could spend up to \$83,000.

Besides the cost of the structure, there are other costs associated with installation of manufactured homes. According to the Town's building inspector, Nolan Campbell, the basic installation costs for a manufactured home include \$3,000 for transportation costs, foundation costs of \$4,000, and \$500 for skirting the home once it has been set on the foundation. It will also cost \$8,496 for all necessary permits and utility hookups. Which adds up to \$15,996 in total site development costs. Table 28 lists the site development costs for entry-level manufactured home installation in the Town

of Friday Harbor. Note that this does not include the price of the home or the land to put it on.

Table 28: Site Development Costs for Manufactured Home Installation⁵³

SITE DEVELOPMENT COSTS	
Transportation	\$3,000
Foundation	\$4,000
Skirting	\$500
Permits & hookups	\$8,496
Total	\$15,996

In the course of determining the real estate cost portion of the affordability equation it became apparent that at real estate values of \$200,000 per acre or less (unimproved assessed value) it might be possible to create parcels small enough that lots could be priced at about \$25,000. There are actually vacant and under-developed residential parcels within the town that when subdivided at or near existing multi-family density levels could yield small lots with an assessed value of approximately \$25,000 currently. A high density (approximately 8 units per acre) single family residential zone does not exist in the Town, at this time, however analysis of affordability at this density level is useful for planning purposes because it represents one approach that could actually be implemented.

Table 29: Scenario for Possible Home Ownership for Very Low and Low Income Residents

AMOUNT AVAILABLE FOR HOUSING AFTER SITE COSTS AND HYPOTHETICAL AFFORDABLE REAL ESTATE COSTS				
MAX. COST AFFORDABLE HOUSING 7.5% @ 30 YRS, WITH ZERO DOWN⁵⁴		LESS SITE DEVELOPMENT COSTS	LESS REAL ESTATE COSTS (\$25,000 1/8 ACRE LOT)	AMT. AVAIL. FOR HOUSING
Very Low Income	\$39,000	\$15,441	\$25,000	-\$1441
Low Income	\$83,000	\$15,441	\$25,000	\$42,559

The net result of the affordability analysis constructed in Table 29 is that it may be possible for low income families to acquire affordable entry level housing within the Town if certain zoning changes are implemented. By the same analysis it appears that very low income families will not be able to acquire housing without some form of direct financial assistance. The average assistance required for a Very Low Income household to purchase a home is in the range of \$35,000.00 to \$40,000.00 per family per dwelling while Low Income families will just barely be able to afford a manufactured/mobile home.

Map 6, on page 63, was created to show the potential sites where low income development is possible. The Potential Low Income Development Sites map portrays single-family and multi-family parcels that may be developed at a cost reachable by low income families based on assessed unimproved land value and the following assumptions:

1. That very small parcels of land contribute to affordability.
2. Parcel costs in the vicinity of \$25,000 would allow affordable

housing development.

3. Larger parcels with land values at or below \$200,000.00 per acre could be subdivided at densities of 8 units per acre to achieve small parcel costs in the vicinity of \$25,000.00 per parcel.
4. These larger parcels, where there is not significant value in existing improvements, are possible candidates for low income development.
5. Improvement values of less than \$75,000.00 per parcel are the break point for "significance" for this analysis.

This map indicates the available options for creation of affordable housing within the Town of Friday Harbor. However, some changes in zoning and use of some incentives may be necessary to entice affordable developments.

One approach to affordable housing that has not been investigated in the course of this study is the use of alternative materials and techniques. The Town may find some value in investigating the extent to which such materials and techniques could be applied to cost savings and energy savings.

MAXIMUM POTENTIAL RESIDENTIAL UNIT DEVELOPMENT

Table 30 describes the Town of Friday Harbor's existing and gross potential for residential housing based on current land inventory. Table 30 assumes maximum possible development, including infill, to allowable density (maximum 4 units per acre Single Family Residential (SFR) and maximum 14 units per acre Multi Family Residential (MFR)) as currently allowed in the Friday Harbor Municipal Code. For those zones where ancillary residential use (a dwelling unit that is subordinate to the principal use of the property) is allowed the potential maximum development of residential use was provided by Town's Department of Community Development staff.

At maximum density there is a potential for an additional 551 single family

residential units, and an additional 1,023 multi-family units. Within other zones, there is potential for another 79 residential units. Bringing the total potential additional residential units to 1,653 units. Given the current average household size of 2.13 individuals per housing unit, the maximum population of the Town with current density allowances and zoning boundaries would be 5,708 people. Maximum density with current zoning designations will result in a total of 962 single family units, 1,522 multi-family residences, and 188 additional housing units in other zones.

Appendix maps 7 through 11 on pages 64 through 68 provide a visual interpretation of where these potential additional residential units can be located.

Table 30: Town of Friday Harbor Maximum Residential Unit Development

MAXIMUM RESIDENTIAL UNIT DEVELOPMENT POTENTIAL MAXIMUM DENSITY INCLUDING INFILL WITH CURRENT ZONING DESIGNATIONS	EXISTING DWELLING UNITS	POTENTIAL ADDITIONAL UNITS	TOTAL POTENTIAL UNITS
Single Family Residential	411	551	962
Multi-Family Residential	499	1,023	1,522
Professional Service	30	24	54
Commercial (ancillary existing plus 30)⁵⁵	57	30	87
Light Manufacturing (ancillary existing plus 13)⁵⁶	2	13	15
Light Industrial (ancillary existing plus 12)⁵⁷	7	12	19
Shoreline Accommodation	13	0	13
Total	1027	1,653	2,680
Projected population @ 2.13 individuals per DU			5,708

PROJECTED 20 YEAR DEMAND FOR RESIDENTIAL UNITS

Table 6 on page 11 in the population projection section, estimates the possible population for the Town of Friday Harbor for the next 20 years, based on the Town's adopted growth rate of 1.4% per year. Given that the growth rate remains at or below 1.4%, the Town will need to accommodate almost 700 new residents by 2022. San Juan Island is expected to have an increase in population of 4,336 people by 2020.

San Juan County is finding it challenging to fulfill the affordable housing needs of its residents due to high land and home prices. The County is hoping that the Town of Friday Harbor, as the only Urban Growth Area (UGA) on San Juan Island, is capable of and willing to accommodate a portion of San Juan Island's affordable housing needs. Which relieves the County of their Growth Management Act requirements to provide affordable housing on San Juan Island. The County's expected shortfall of Low and Very Low Income units for the next 20 years is 446 units.⁵⁸

Although the Town experiences the same high home values and land prices as the County, the Town as a designated UGA, has the ability to zone for higher densities to meet the housing needs of its residents. Higher densities in the Town will, however, result in demands for unplanned capital expenditures to improve the needed infrastructure.

Table 31 describes the projected demand for new housing units in the Town based on a growth rate of 1.4%. The demand was determined by multiplying the current inventory of dwelling units by the expected 1.4% growth rate and calculated for 20 years, then divided by the Town's average household size of 2.13 persons per household. Calculations were based on the current inventory of units within each zone; therefore the potential demand is also described as such. The 20 year potential demand for additional single family residences is 138 units and for multi-family the demand is for 114 more units. Demand within the other zones requires additional 50 units, for a total of 295 units.

Table 31: Projected 20 YEAR DEMAND FOR RESIDENTIAL UNITS

PROJECTED 20 YEAR DEMAND FOR RESIDENTIAL UNIT DEVELOPMENT *	
ASSUMING NO NONCONFORMING DEVELOPMENT e.g. SFR IN MFR	
ZONE	POTENTIAL DEMAND
Single Family Residential	138 units
Multi-Family Residential	114 units
Professional Service⁵⁹	20 units
Commercial⁶⁰	21 units
Light Manufacturing⁶¹	1 unit
Light Industrial⁶²	1 unit
Shoreline Accommodation	7 units
Total Potential 20 yr. Demand for Residential Units	295 Units

**Potential demand was determined by multiplying the current inventory by the Town of Friday Harbor's adopted growth rate (1.4%), divided by the average household size of 2.13 and calculated for 20 years. Calculations were based on the current inventory of units within each zone, therefore the potential demand is also described as such*

CAPACITY FOR ADDITIONAL RESIDENTIAL UNITS

Table 32 summarizes the Town of Friday Harbor's capacity for residential units at both maximum build out and for the next 20 years. Table 32 also presents the amount of housing units that will need to be affordable based on a 64% need (1996 Town of Friday Harbor Income Study). These numbers were developed with current need for affordable housing at zero. However, it should be assumed that there is already a current need for approximately 41% more affordable housing units in the Town (see Figure 10 page. 28).

There is capacity to accommodate 1,653 more housing units within the current Town limits. Of these total units, 1,058 will be needed for very low and low income residents. The Town is projected to need 295

housing units within the next 20 years, and of those 189 will need to be affordable. If you subtract the Town's 20 year need from its total capacity, the surplus capacity of 1,358 units (of which 869 need to be affordable). Therefore, providing there is sufficient capital facilities available, it is numerically feasible for the Town to accommodate the County's shortfall of Very Low and Low Income housing units.

If the Town of Friday Harbor accommodates San Juan County's request for the placement of their 446 units of very low and low income housing, it will leave the Town with a residual capacity of 423 more affordable housing units for the years following 2022.

Table 32: Summary of the Town of Friday Harbor's Capacity for Growth

SUMMARY OF TOWN OF FRIDAY HARBOR'S GROWTH CAPACITY		
Total additional Development Capacity at Maximum Build Out	1653 Units	
<i>*Percent that need to be affordable (multiplied by 64%)</i>		1058 Units
20 Year Demand	295 Units	
<i>*Percent that need to be affordable (multiplied by 64%)</i>		189 Units
Potential Residual Capacity	1358 Units	
<i>*Percent that need to be affordable (multiplied by 64%)</i>		869 Units
<i>*64% determined from the Results of the 1996 Income and Wage Study</i>		

ACREAGE REQUIREMENTS

The Town of Friday Harbor currently has 43 vacant acres available in the Multi-Family Residential (MFR) zone and 135 vacant acres in the Single Family Residential (SFR) zone. These vacant acres do not include parcels that are underdeveloped. During the next twenty years, these vacant areas will need to accommodate 295 housing units, 189 of which need to be affordable for very low and low income households. Table 33 outlines how many acres are required to accommodate the Town's projected housing needs.

Table 33 uses the ratio of 30% multi-family acres to 70% single-family acres to determine how the housing needs can be allotted between the MFR and SFR zones (based on their current allowed densities). A hypothetical SFR zone is also included in

Table 33, to provide a picture of how using a higher density SFR unit would accommodate the needed housing units. According to Table 33 the Town can easily accommodate its own 20 year projected residential unit needs within the current zones and density allowances. Only 6.3 acres, out of the 43 vacant acres, in the multi-family residential zones will be needed to produce 30% of the 295 units needed. 52 acres, out of the 135 vacant acres, in the single-family zone will be needed to fulfill the need for 70% of the 295 units. If a high-density single family residential zone is created only 26 acres of the vacant SFR zone will be needed. Minus San Juan Island's affordable housing needs, current planning within the Town of Friday Harbor appears to be quite adequate.

Table 33: Acreage Requirements in Multi-Family and Single-Family Residential Zones to Accommodate Projected Need for 20-Year Demand for Housing Units

ACREAGE REQUIREMENTS FOR TOWN OF FRIDAY HARBOR 20 YEAR HOUSING NEEDS					
Based on current zone distribution pattern of 30% in MFR Zone and 70% in SFR Zones	Projected Need in Units by 2022	MFR acres req. at 14 units /acre @ 30% of total need	SFR acres req. at 4 units /acre @ 70% of total need	OR	Hypothetical Zone - SFR acres req. at 8 units/acre @ 70% of total need
Friday Harbor 20 Year Housing Needs	295 units	6.3 acres	52 acres		26 acres
Vacant Acreage Available		43 acres	135 acres		135 acres
Residual Capacity		36.7 acres	83 acres		109 acres

The Town's capacity to provide very low and low income level housing for San Juan Island's housing shortfall will consume the Town's entire remaining multi-family residential vacant acres. This assumes that the very low and low income housing will all be situated in the multi-family zone.

Table 34 indicates that after the Town's projected housing is accommodated for in the multi-family zone, there are 36.7 vacant acres remaining. 32 acres will be needed to place 446 more housing units in the zone, at 14 units per acre. This will overextend the Town's supply of vacant MFR land, leaving only 4.7 acres vacant.

The Town of Friday Harbor's Comprehensive Plan requires that the Town be able to accommodate growth which is 20% greater than projected. Thus, 20% of each zone should be vacant so as to limit market forces from raising land values. If the amount of vacant acres in a zone falls

below 20%, then the zone or the Urban Growth Boundary should be enlarged.

There are approximately 100 gross acres in the multi-family zone; requiring 20 acres to remain vacant to limit market forces from raising the price of multi-family land higher than it already is. If the San Juan Island's affordable housing needs are accommodated into the Town of Friday Harbor's multi-family zone, there will be a 15.7 acre shortfall. This shortfall will require the Town to increase the amount of land in their multi-family zone, which may then require expanding the UGA. If the Town does increase their multi-family zone, it will throw their residential land use ratio of 70% land zoned single-family acres to 30% of residential land zoned multi-family out of balance.

The other options available for accommodating the projected volume include rezoning, infill and re-development.

TABLE 34: ACREAGE CAPACITY IN MULTI-FAMILY RESIDENTIAL ZONE TO ACCOMMODATE SAN JUAN ISLAND VERY LOW AND LOW INCOME HOUSING SHORTFALL

ACREAGE REQUIREMENTS FOR SAN JUAN ISLAND VERY LOW & LOW INCOME NEEDS		
ASSUMING LOW INCOME HOUSING IS ONLY AVAILABLE IN MULTI-FAMILY ZONES	Need	MFR acres req. at 14 units /acre @ 100% of total need
San Juan Island Housing needs shortfall	446 units	32 acres
Vacant Acreage Available (after TOFH needs)		36.7 acres
Residual Capacity		4.7 acres
Required Market Factor (20% of gross acreage of MFR Zone)		20 acres
Shortfall of MFR Acreage		(15.3 acres)

CAPITAL FACILITIES (WATER)

In 2001 the Town calculated a “buildout water budget” to determine if a proposed increase in multi-family residential density from 9 units per acre to 14 units per acre could be provided with water service from the existing supply. This study characterized water use by account for single family residential uses where every dwelling unit is metered and by area for other zones. For example, in Commercial zones where there are multiple disparate uses per building and there is only one water meter for the entire building it is not possible to characterize water use per individual class of occupant. Therefore, the water use per developed acre in the Commercial zone was averaged and then extrapolated to undeveloped property in the Commercial zone to provide a “buildout” projection. This methodology presupposes that the character of development is likely to remain the same.

In the multi-family residential zone the average density at the time of this study was 6.78 units per acre for all residential units in the zone, far below the proposed, and subsequently adopted, density of 14 units per acre. The “water budget” calculated

projected water use at both existing MFR density and the increased MFR density. Subsequently average density of all residential units in the multi-family residential zone has increased to 8.36 units per acre for developed acres.

This section investigates the Town’s ability to provide potable water necessary to accommodate residential development at the maximum allowable density rather than existing density patterns. The dwelling unit count in Table 35 was combined with water consumption data for multi-family and single family residence zone accounts to determine approximate per dwelling unit water consumption for multi-family residential and single family residential dwelling units. This per dwelling unit consumption was then multiplied by the projected number of new dwelling units under this scenario to obtain projected water use. Table 36, displays the projected water use per zone for the next 20 years and Table 37 provides an analysis of projected residential water use, based on maximum allowable densities.

Table 35: Number of Dwelling Units in Zones

Zone	TOTAL DWELLING UNITS	MULTI-FAMILY	SINGLE FAMILY	ANCILLARY RESIDENTIAL USE
Commercial	57	23	12	22
Light Industrial	6		2	4
Light Manufacturing	2	2		0
Multi-Family Residential	499	448	41	10
Multi-Family /Professional Service Split Zone	8	6	1	1
Professional Service	30	17	9	4
Professional Service/ Light Industrial Split Zone	1	0	0	1
Shoreline Accommodation	13	9	2	2
Single Family Residential	411	36	368	7
Total Residential Use	1027	541	435	51

TABLE 36: 20 YEAR PROJECTED WATER BUDGET PER ZONE

2001 WATER BUDGET PROJECTED WATER USE PER ZONE FOR NEXT 20 YEARS					
2000 ANNUAL WATER USE PER ZONE	5 years	10 years	15 years	20 years	
Single Family	18,639,842	1,304,789	2,609,578	3,914,367	5,219,156
Multi Family	19,087,760	1,336,143	2,672,286	4,008,430	5,344,573
Shoreline Accommodation	707,030	49,492	98,984	148,476	197,968
Professional Service	4,274,390	299,207	598,415	897,622	1,196,829
Commercial	23,628,401	1,653,988	3,307,976	4,961,964	6,615,952
Public Utility	3,282,270	229,759	459,518	689,277	919,036
Light Manufacturing	499,020	34,931	69,863	104,794	139,726
Light Industrial	1,611,220	112,785	225,571	338,356	451,142
Totals	71,729,933	5,021,095	10,042,191	15,063,286	20,084,381
Out of Town	27,988,127	1,959,169	3,918,338	5,877,507	7,836,676
Sum of existing consumption plus projected consumption for both in town and out of town.	99,718,060	106,698,324	113,678,588	120,658,853	127,639,117
Correction Factor from Dec. 2000 Water Consumption and Production Report (4,976,929)	104,694,989				
Projected Annual Consumption based on growth rate of 1.4%.		111,675,253	118,655,517	125,635,782	132,616,046
14 unit add on in MFR (See 2001 Water Budget)	30,540,416	2,137,829	4,275,658	6,413,487	8,551,316
Total projected annual Water consumption		113,813,082	122,931,176	132,049,269	141,167,362
2002 SJC (446 unit add on @41,576 gal annual consumption per unit)					18,543,087
Projected total Annual consumption at 20 years					159,710,449
85% of sustainable yield					142,800,000
<i>Annual MFR Water use per unit (from 2002 developmentpotential.xls)</i>					<i>33,614</i>
<i>Annual SFR Water use per unit (from 2002developmentpotential.xls)</i>					<i>49,539</i>
<i>Average Use Per Unit</i>					<i>41,576</i>
<i>The 2001 Water Budget was developed for the Planning Commission when they were investigating changing MFR density from 8 units to 14 units per acre. The 2001 Water Budget used individual accounts and development capacity to characterize build-out demand in SFR and MFR. The other zones were projected by taking existing water consumption per acre on developed property and extrapolating that consumption to undeveloped acreage within the individual zones. This aggregate consumption was then combined with existing and projected out of town use. Finally, as at the time of the study the average MFR density was approximately 7 units per acre, the projected MFR usage was doubled to align with 14 units per acre development density. The results were tested for consistency with existing consumption patterns resulting in the 4.9 mg correction factor.</i>					
<i>(See //alis/users/jws/tfh/waterbudget/Water Budget Methodology.doc and WaterBudget.xls)</i>					

Table 36, from the water budget developed in 2001, displays the projected water use per zone for the next 20 years. These numbers are based on the premise that the nature and pattern of water use that exists today will continue throughout the zones as development occurs. These are not maximum density scenario numbers. At the time these data were generated the Town had not adopted a 14 unit per acre density in Multi-Family Zones. Subsequently the 14 unit density was adopted and this change is reflected in these data. This table shows that combining the Town's "natural" growth with the added demand from an additional 446 units will place the Town at a annual water consumption level that requires implementation of mandatory conservation measures as described in FHMC 13.16.020(A).

Table 37 displays projected annual demand based on a maximum density

buildout scenario. Projected use, for all zones combined, would increase to approximately 171 million gallons per year while the sustainable yield of the Town's water system is only 168 million gallons per year. Approximately 18.5 million gallons per year of this demand could be attributed to accommodating the County's very low and low income housing shortfall of 446 units.

Further data regarding the Town's water consumption and production can be found in Appendix Figure 1, page 56. Appendix Figure 2 on page 57 shows the Town's projected water needs and Appendix Figure 3, also on page 57, presents the scenario where 446 more units are using the Town's water supply. According to these graphs, the addition of the County's 446 units will cause demand for water to meet the level for 85% sustainable yield in 2022.

Table 37: Projected Annual Demand for Water at Maximum Buildout

PROJECTED ANNUAL DEMAND FOR WATER AT MAXIMUM BUILDOUT <i>Does not include split zones</i>			
ZONE	AVERAGE ANNUAL USE PER ACRE (GALLONS)	TOTAL ACRES IN ZONE	PROJECTED ANNUAL USE PER ZONE (GALLONS)
Single Family	145,136	258.32	37,491,531
Multi-Family (14 units per acre)	533,401	100.77	53,750,818
Shoreline Accommodation	195,312	8.57	1,673,823
Professional Service	256,258	22.06	5,653,051
Commercial	389,843	76.35	29,764,513
Public Utility	100,714	32.59	3,282,269
Light Manufacturing	55,385	17.18	959,245
Light Industrial	52,261	38.82	2,028,772
Totals		554.66	134,604,022
Out of Town	75,440		31,382,913
Correction Factor (WaterBudget.xls)			4,976,929
Projected Buildout Total Annual Water Demand			170,963,864
Projected Shortfall			2,963,864
Source (See //alis/users/jws/tfh/waterbudget/Water Budget Methodology.doc and WaterBudget.xls)			

CAPITAL FACILITIES (SANITARY SEWER)

In September 2000 the Town contracted with Brown and Caldwell Engineering to update it's 1995 General Sewer Plan and Wastewater Facilities Engineering Report. The objectives of the update included:

- Review of the Town's planning policies
- Revision of population, flow and load projections
- Identification of regulatory requirements
- Evaluation of the existing wastewater treatment system
- Develop and evaluate alternatives for system improvements and expansion
- Develop a recommended plan for improvements over the planning period.

Table 38: Sewer Plan Pop. Estimates

SEWER PLAN POPULATION ESTIMATES		
	2015 Pop. Estimate	OFM + Growth rate Estimate
2001 Sewer Plan Update	2472	2438

The planning horizon for the general sewer plan is 2015. Table 38 displays the population projections used for the 2001 Sewer Plan Update.

The adopted 2001 update to the General Sewer Plan envisions a 2015 population of 2,472 and a buildout population of 5,120. The plan envisions a sewer service area that includes only the existing urban growth area as depicted in the 2001 Town Comprehensive Plan. Population projections based on OFM and the adopted growth rate indicate a 2015 population of approximately 2,438. There is, however, a buildout population of 6,114 possible within the corporate boundary at maximum legal density given current dwelling unit occupancy loads. Table 39 shows that the projected buildout population of the Town will exceed the design buildout capacity of the new as yet unbuilt wastewater facility.

Table 39: Sewer Buildout Estimate

SANITARY SEWER BUILDOUT ESTIMATES	
2001 Sewer Plan Update	5,120
Maximum Density	5,708

CAPITAL FACILITIES (STORMWATER)

Stormwater is the result of rainfall runoff from impervious surfaces in urban areas. Stormwater is a concern because as rain falls and runs off of impermeable surfaces, pollutants associated with the urban environment are transported to surface waters where they may damage aquatic organisms and reduce the aesthetic value of the water body. Stormwater runoff is the primary transport mechanism for non-point source pollution. Non-point pollution can be generated by land uses and activities. The Town's non-point pollution sources primarily include nutrients, pesticides, oil, grease and heavy metals.

According to the Town's adopted 1997 Stormwater Management Plan, there are many segments of the Town of Friday Harbor's stormwater drainage basins that are inadequate for 2 year storms and are often significantly undersized for 25 year storms. Development and future growth in the Town will cause the volumes of stormwater runoff and peak discharge rates to increase as a direct result of the expansion of impervious surface area. As a result non-point pollution

increases. The Stormwater Management Plan states that:

"the major types of non-point pollution sources in the Town of Friday Harbor are related to urban development and transportation-related activities...Conversion of existing open space to commercial and residential development will increase the probable negative impact on water quality in Friday Harbor which results from non-point pollution.⁶³"

It also points out that multi-family residences and commercial/industrial development have a greater impact on the quality and quantity of stormwater runoff.

Based on the conclusions provided in the Stormwater Plan, future growth will require investment in stormwater capital improvements to control and runoff to protect the waters surrounding the Town from pollution.

CAPITAL FACILITIES (TRANSPORTATION)

Analysis of the potential transportation impacts of increased residential density was undertaken. Projected trip counts are based on Sections 210 and 220 of the ITE Trip Generation Manual 4th edition. The Trip Generation Manual postulates an average weekday trip frequency of 10.062 Trip Ends for Single Family Residential Dwellings and 6.103 Trip Ends for Multi-Family Residential. The Trip Generation Manual define Trip Ends as the total of all trips entering and all trips leaving a designated land use or building over a given period of time. Table 40 describes the Town's adopted Street and Intersection Level of Service Standards as described in Table 5-3 in the Comprehensive Plan.

Trip ends attributable to existing, in Town, residential populations are approximately 7,886. The maximum density development/re-development of the residential sections of the Town would result

in an increase in projected trip ends to approximately 18,967.

At traffic count Location 5 (600 block of Spring Street) average daily vehicle trip counts in August are approximately 5,765. This location is a central point between such attractions as the local food market, Post Office, gas station and middle/high school. Therefore it is a reasonable place to use for traffic impact analysis purposes.

The adopted Level of Service (LOS) C for traffic at this location is 7,000 to 10,000 vehicles per day. At 12,000 vehicles per day LOS E is reached. While it is impossible to determine actual vehicle trip impacts without knowing where development is to be located it is not unreasonable to assume that a 240% increase in residential vehicle trips daily would not result in a commensurate increase on a centrally located arterial. This would be in addition to increases attributed to growth in the county.

TABLE 40: ADOPTED COMPREHENSIVE PLAN STREET AND INTERSECTION LEVEL OF SERVICE STANDARDS

LEVEL OF SERVICE (LOS) STANDARDS	A/B	C	D	E
Arterial Intersection Average Delay (Time in seconds)	0 to 20 seconds	20 to 45 seconds	45 to 90 seconds	> 90 seconds
Average Annual Daily Traffic (Spring St.)	< 7,000	7,000 to 10,000	10,000 to 12,000	>12,000
Average Annual Daily Traffic (other arterials)	<2,500	2,500 to 4,500	4,500 to 7,500	> 7,500

FINDINGS

While the Town of Friday Harbor is the center of commerce on San Juan Island the wealth generated thereby generally does not accrue to the residents of the Town. By every form of measurement available from Federal, State, County and Town governments, the income reported by Town citizens is at best 2/3 of the income reported by county residents. Incomes from wages are even lower.

This creates a seemingly insurmountable barrier for young people, those of lesser means and wage earners when it comes to achieving home ownership or even finding affordable rentals. Below are three possible approaches to solving this problem:

- Pay a wage adjustment that allows workers to afford to live here.
- Densify the Town to the point that small lots and more compact living arrangements make entry level housing possible and hope that market forces don't drive the price up.
- Subsidize housing for the Low and Very Low income brackets.

Clearly, each of these approaches has attendant problems. For one, the Town has no authority to require that businesses and governments pay a livable wage. To date businesses and governmental employers have managed to keep a workforce without confronting the wage/income issue. For the service, retail, and tourism industries this is becoming harder to do. It is also becoming a problem for those in mid-level professional occupations, particularly those with families.

Regarding densification, the Town's projected 20 year need for 295 new dwelling units, of which 189 need to be low income, appears to be a manageable quantity for the Town to accommodate. However, inclusion of the County's 446 units of very low and

low income housing needs would require densifying the Town to the point that affordability is available; which raises numerous other issues.

- This causes conflicts with the Town's adopted vision statement.
- The Town's Comprehensive Plan requires that they provide for existing and projected housing needs of all economic segments of the community.
- It will consume the existing inventory of multi-family residential land.
- It puts the Town in the position of needing to violate the land use ratios in the Municipal Code (17.04.050) in order to achieve the necessary MFR "Market Factor" as required by GMA and the Town's Adopted Comprehensive Plan.

Unless the "desirability" of living in Town is commensurately degraded, market forces are still likely to drive the price of housing outside the "affordable" parameters. Further the provision of necessary municipal services to accommodate this density is difficult if not impossible to pay for out of revenues alone. In some cases, such as water supply there are legitimate questions as to whether the "supply problem" is solvable.

With assessed land values averaging \$150,000 an acre for single family and \$124,000 an acre for multi-family and construction costs reaching \$100 per sq. ft. or more, construction of affordable housing is a substantial challenge. Some developers are turning to condominiumization of the land to avoid plat costs in higher density MFR development.

The reality is that accommodation of San Juan County's very low and low income housing shortfall, within the 20 year planning horizon, more than doubles the

Town's growth rate and skews the community heavily toward the lower income bracket. Further this accommodation means that:

- Within the 20 year planning period traffic counts double.
- Demand on the Town's sustainable water supply will exceed its capacity to supply the existing obligations within the corporate boundary.
- The life of the as yet unbuilt upgraded sewer plant will be shortened.
- The additional development will increase and the volume and degrade the quality of stormwater entering the bay thus requiring some form of treatment.

There are sections of the Town where it is theoretically possible to raise density to a level that supports affordability. These areas are either vacant or so underdeveloped that redevelopment costs can be managed. Increasing the density in the Town necessary to provide for the Town's projected needs as well as the County's needs will require substantial infill development along with vacant land development.

One potential solution is to discuss enlarging the urban growth area (UGA). Enlarging the UGA raises many issues, including who will serve the urban growth area. Extension of Town facilities will likely be more expensive than densification within the existing service area. Is the County willing to provide the resources to either serve an expanded UGA or a densified Town service area?

The County's Comprehensive Plan states that the County will do nothing directly to actually provide affordable housing. By default, the County expects the Town of

Friday Harbor to solve one of the most difficult problems facing San Juan Island.

To accomplish this, the Town could direct development toward affordability using many land use techniques. For example, the Town could allow for density bonuses in single family zones provided affordable housing units are included and rely on market forces to provide the housing. Another form of assistance could come from the creation of a revolving low interest loan fund, from general fund revenues, to mitigate the up front cost of utility hookups. A long term option would be to develop a fair-share housing program with San Juan County for future allocation and provision of affordable housing on San Juan Island. These are only a few of the many methods available to increase the availability of affordable housing for local residents, however to succeed there will need to be political will as well as community support.

The last major housing challenge facing the Town and an area not addressed in this report, is the ability to provide large parcel, estate quality housing for the more affluent end of the spectrum. Fortunately the issues involved with providing this class of residential land are more easily solved and do not require subsidization.

In conclusion, providing for a wide range of housing opportunities over the next 20 years for the Town's projected growth is a manageable problem within the scope of the Towns current and planned capital facilities. Accommodating the County's very low and low income housing shortfall on San Juan Island would alter the community, deplete capital facility resources, and expend land in the multi-family zone.

APPENDIX

TABLES

Appendix Table 1: Existing home sales and average home sale prices

SAN JUAN COUNTY	2001	2000	1999	1998	1997	1996	1995
Existing home sales	460	470	570	520	460	340	320
Average home sale price	\$241,300	\$261,000	\$239,000	\$188,250	\$191,875	\$190,875	\$193,500

Washington State University Center for Real Estate Research, quoted in Seattle PI article "San Juans are home to biggest income-housing price gap in state" David Fisher, Saturday April 7, 2001.

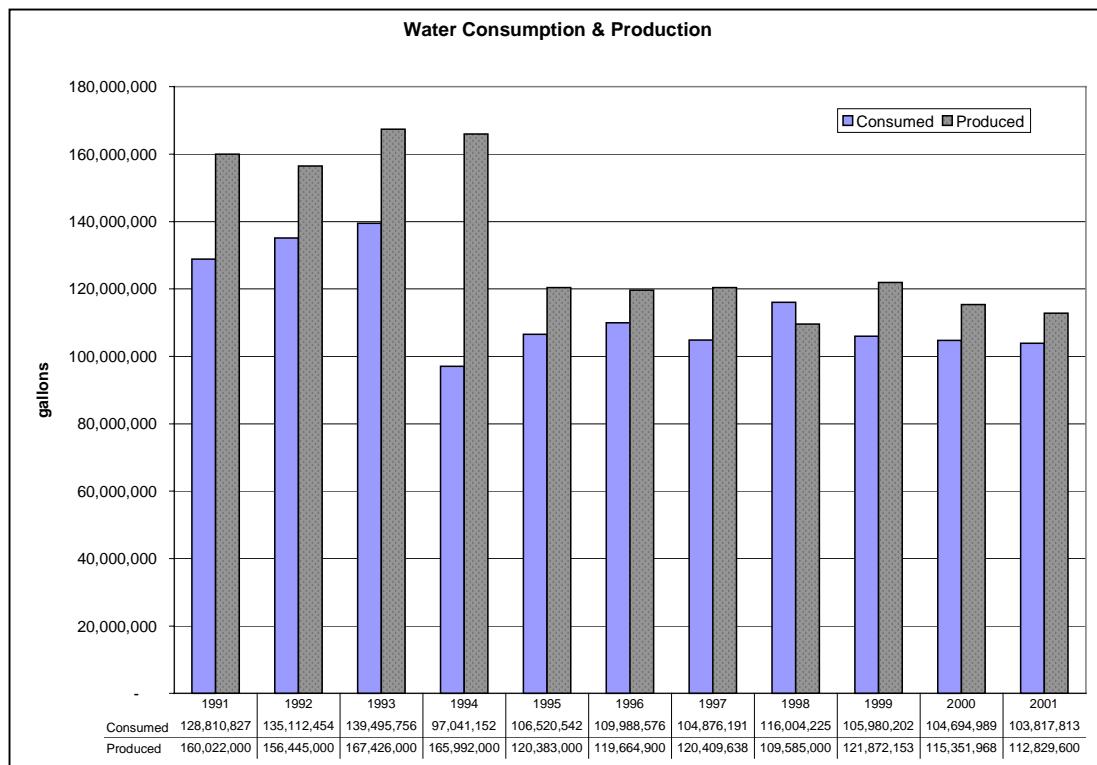
Appendix Table 2: Household Income Ranges

INCOME CATEGORY	INCOME RANGE
Very Low Income	Up to 50% of median income
Low Income	50% to 80% of median
Moderate Income	80% to 95% of median
Middle Income	95% to 120% of median
Upper Income	Above 120% of median

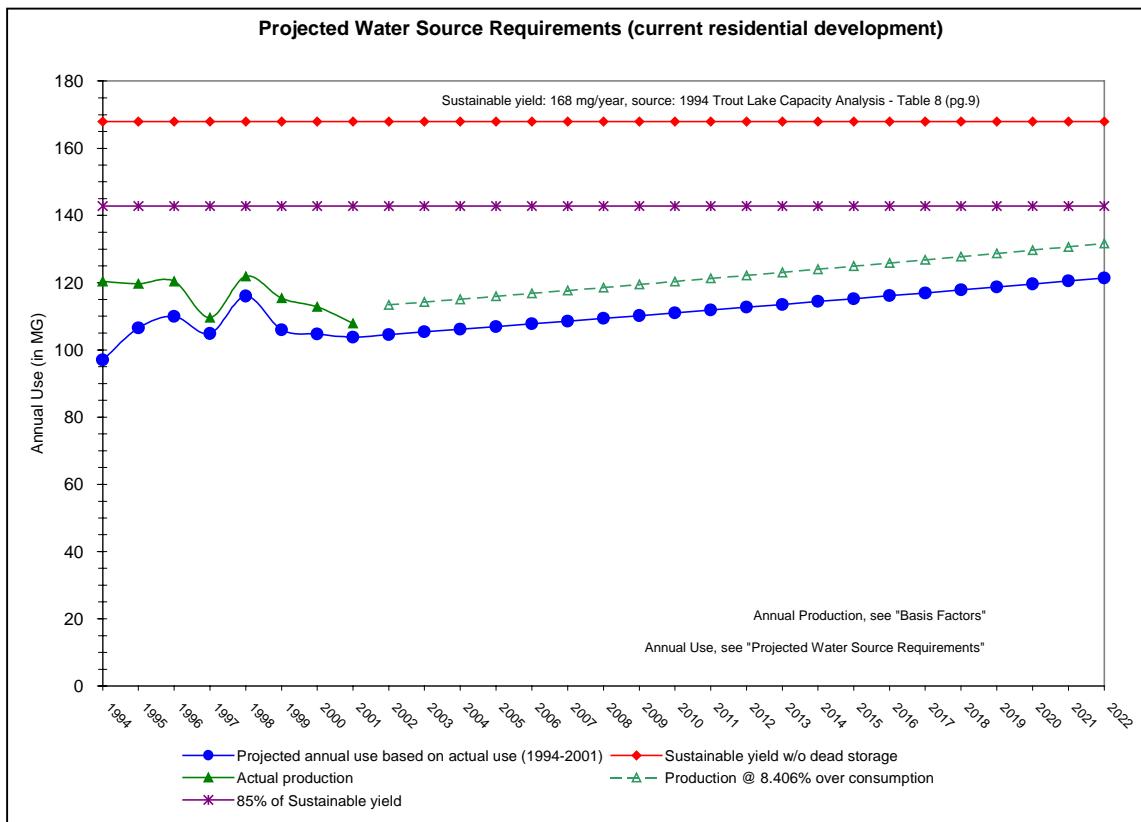
SAN JUAN COUNTY URBAN GROWTH AREA STAFF REPORT

FIGURES

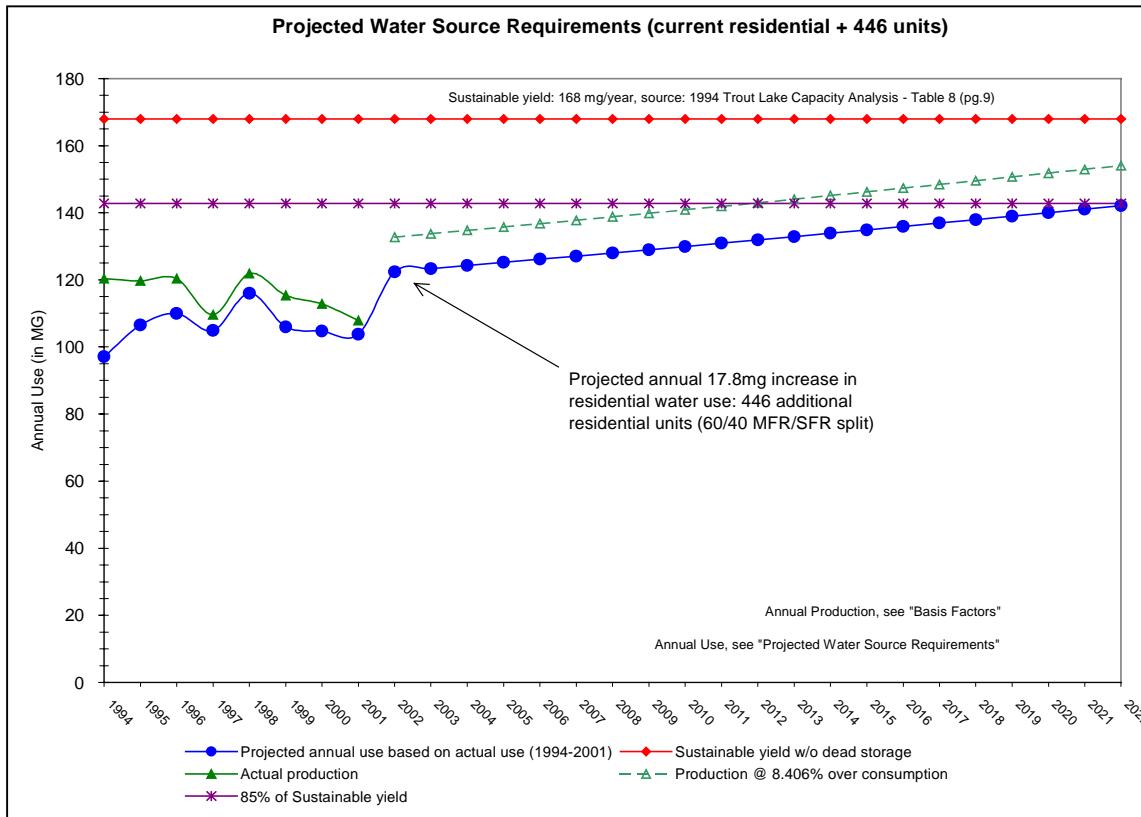
Appendix Figure 1: Town of Friday Harbor Water Annual Consumption and Production



Appendix Figure 2: Town of Friday Harbor Projected Water Source Requirements

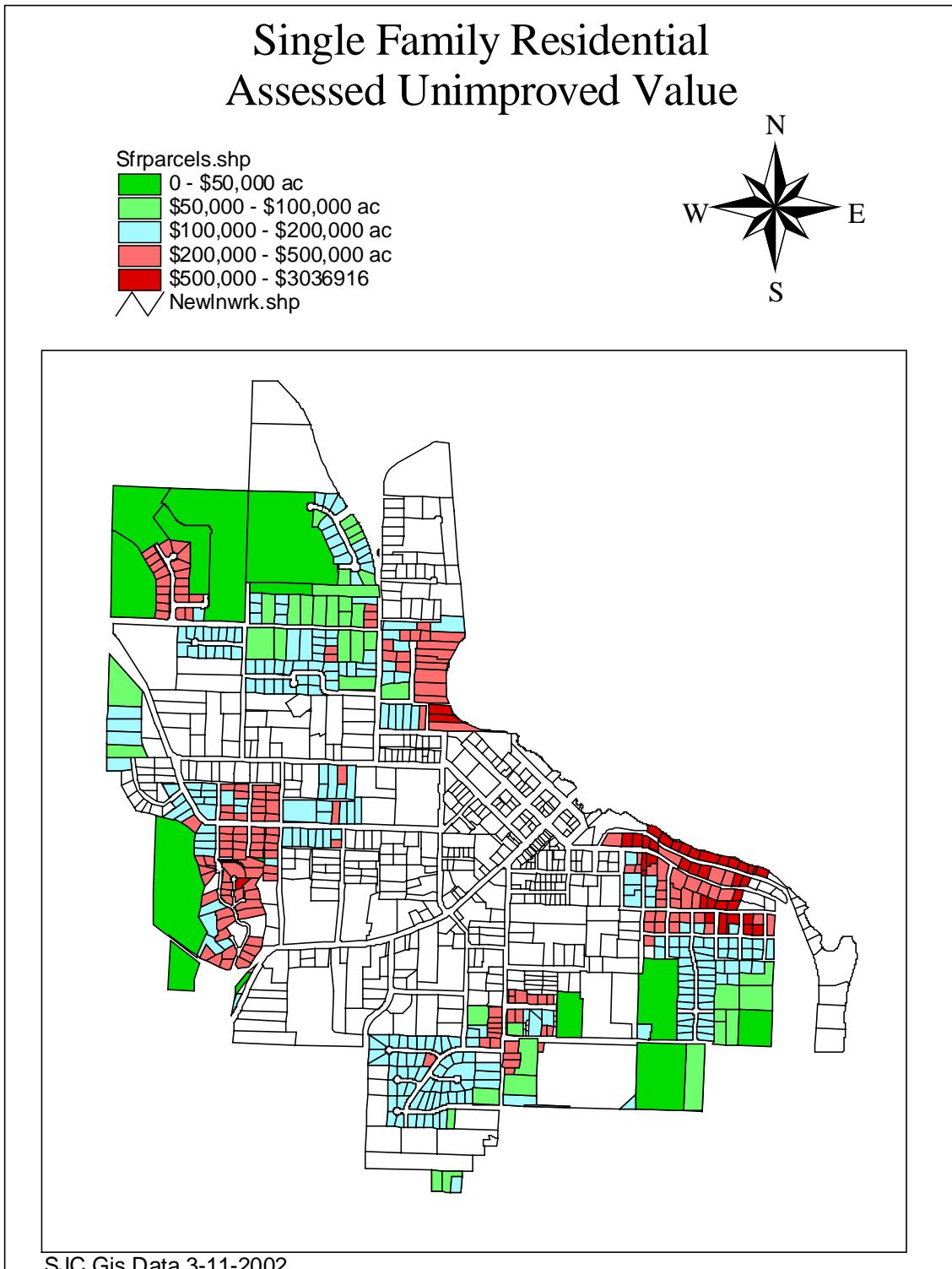


Appendix Figure 3: Town Projected Water Source Requirements + County's 446 units



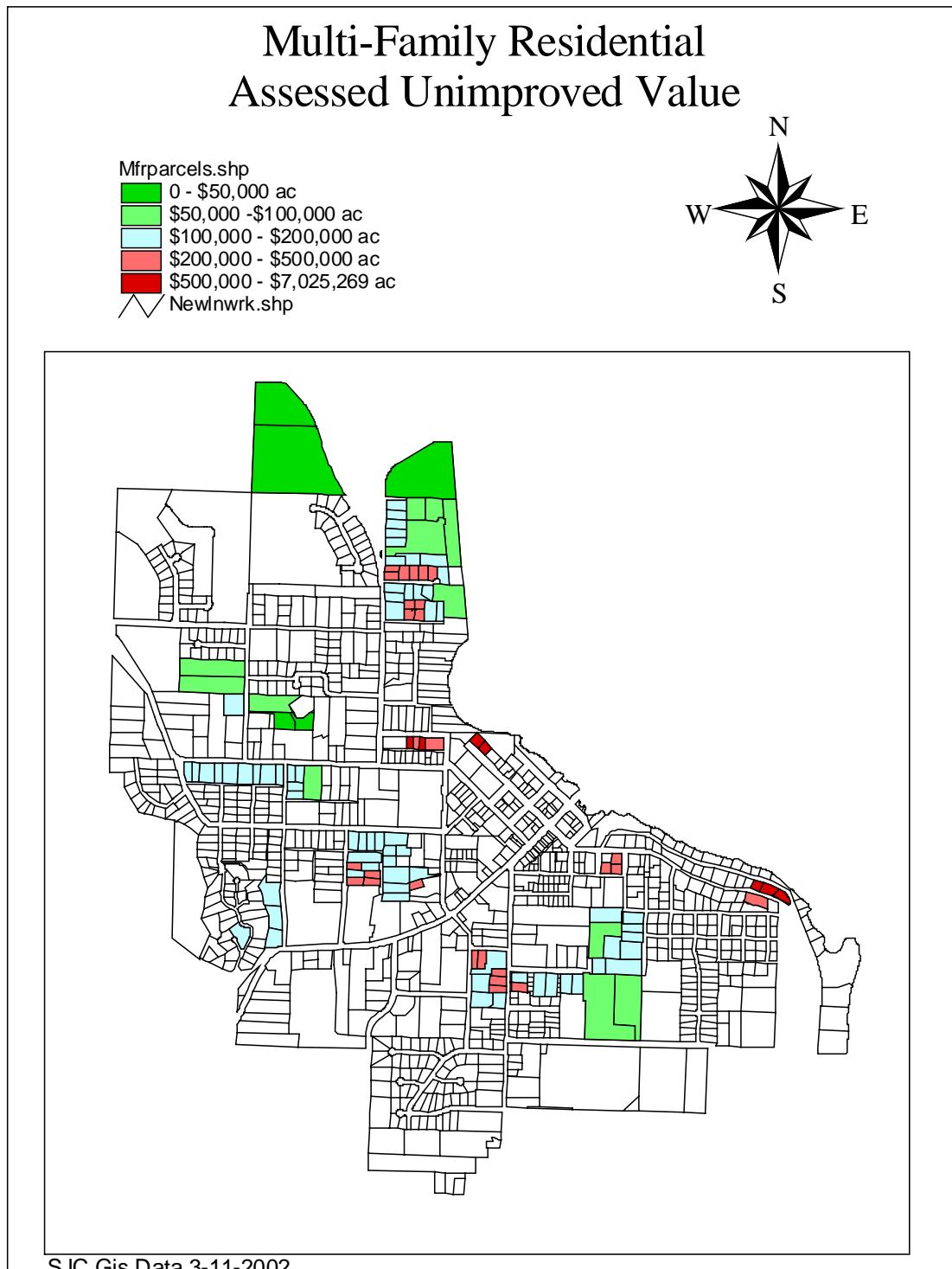
MAPS

Map 1: Town of Friday Harbor Single Family Residential Assessed Unimproved Value



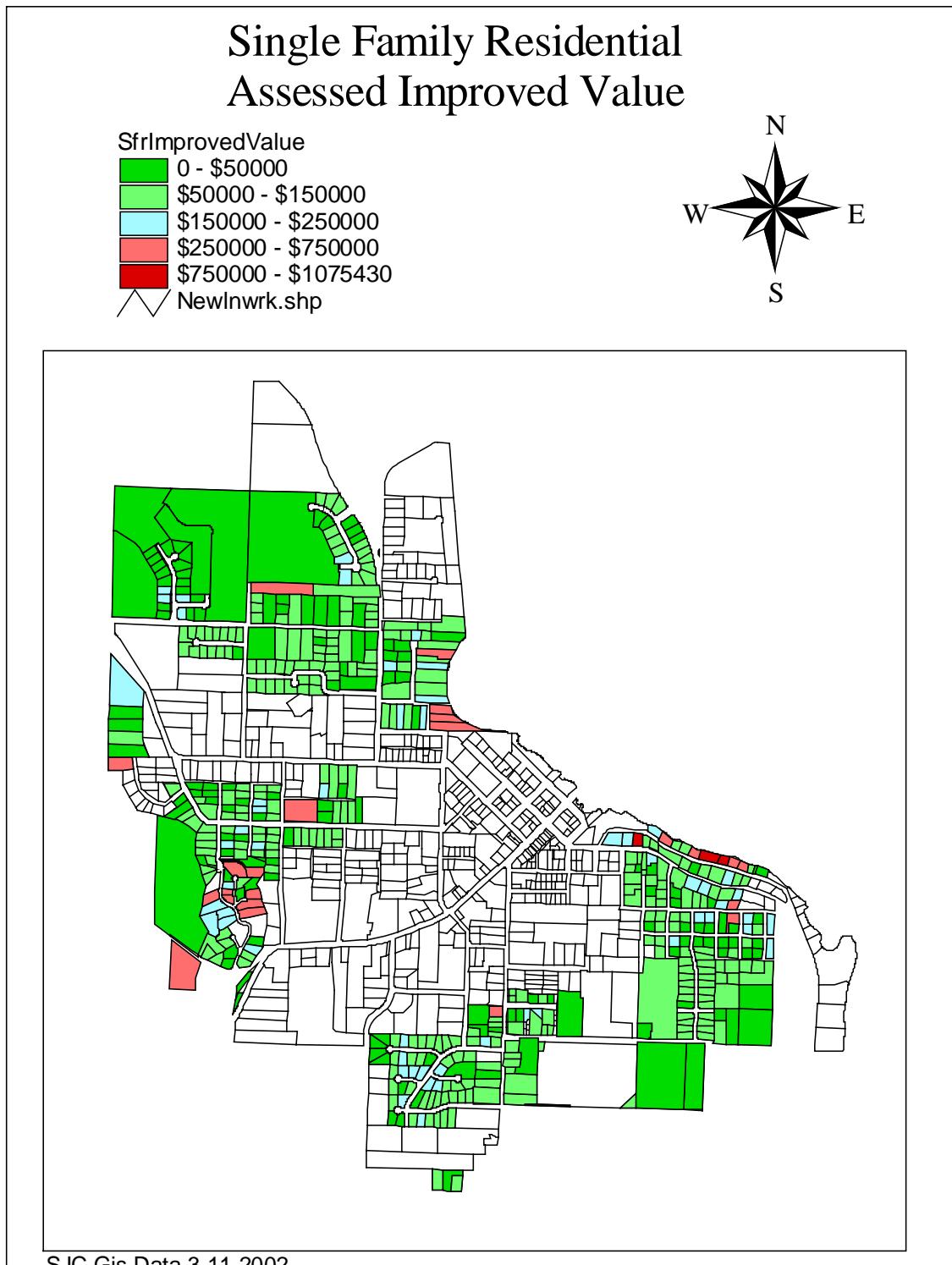
Map 1 shows the per acre value of single family residential lots, without improvements, where there is coincidence between the Town's parcel number and the county's parcel number. All value data is from the County Assessor's database as delivered to the Town in March 2002.

Map 2: Town of Friday Harbor Multi-Family Assessed Unimproved Value



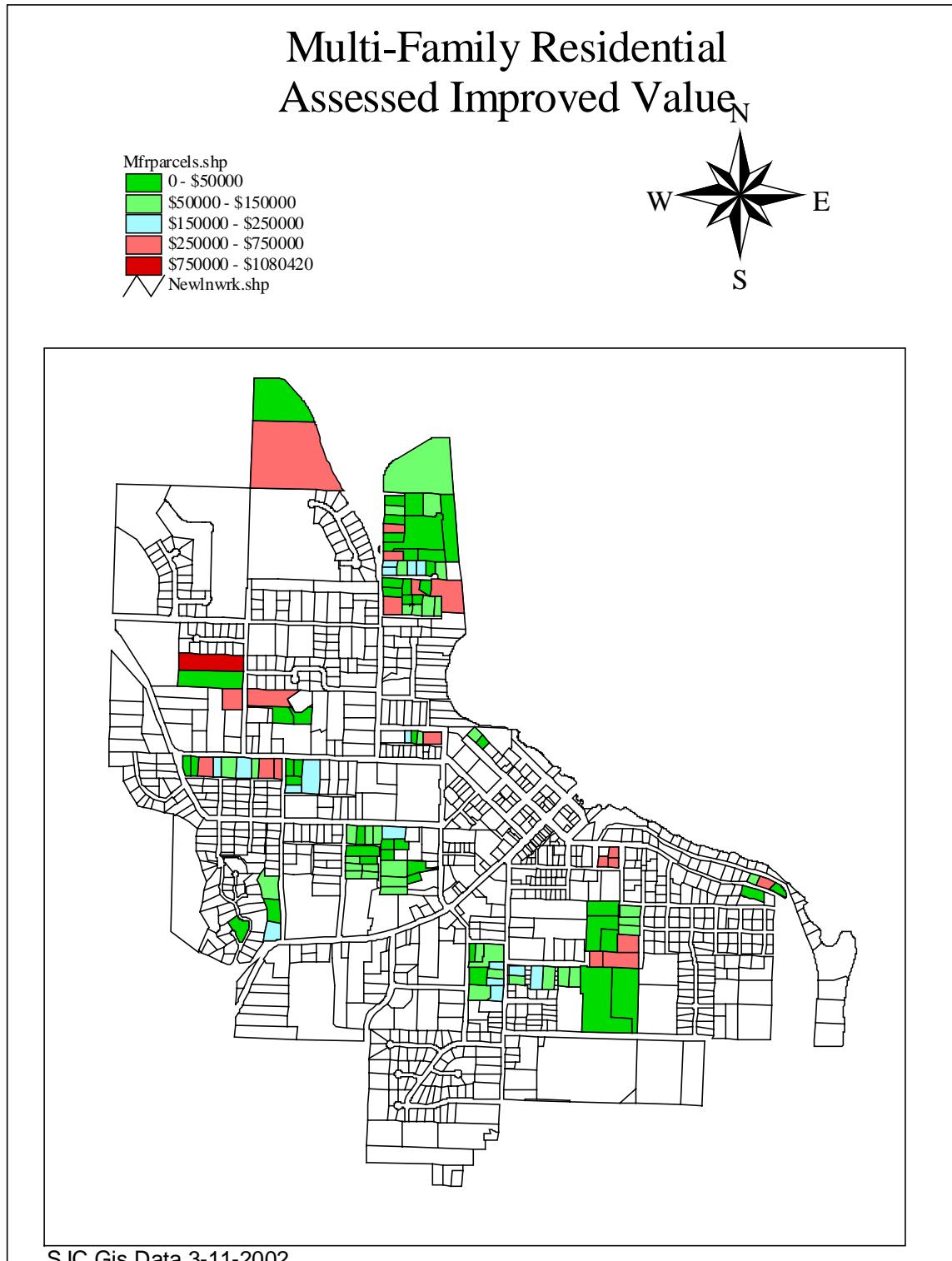
Map 2 shows the per acre value of multi-family residential lots, without improvements, where there is coincidence between the Town's parcel number and the County's parcel number. All value data is from the County Assessor's database as delivered to the Town in March 2002.

Map 3: Town of Friday Harbor Single Family Residential Assessed Improved Value



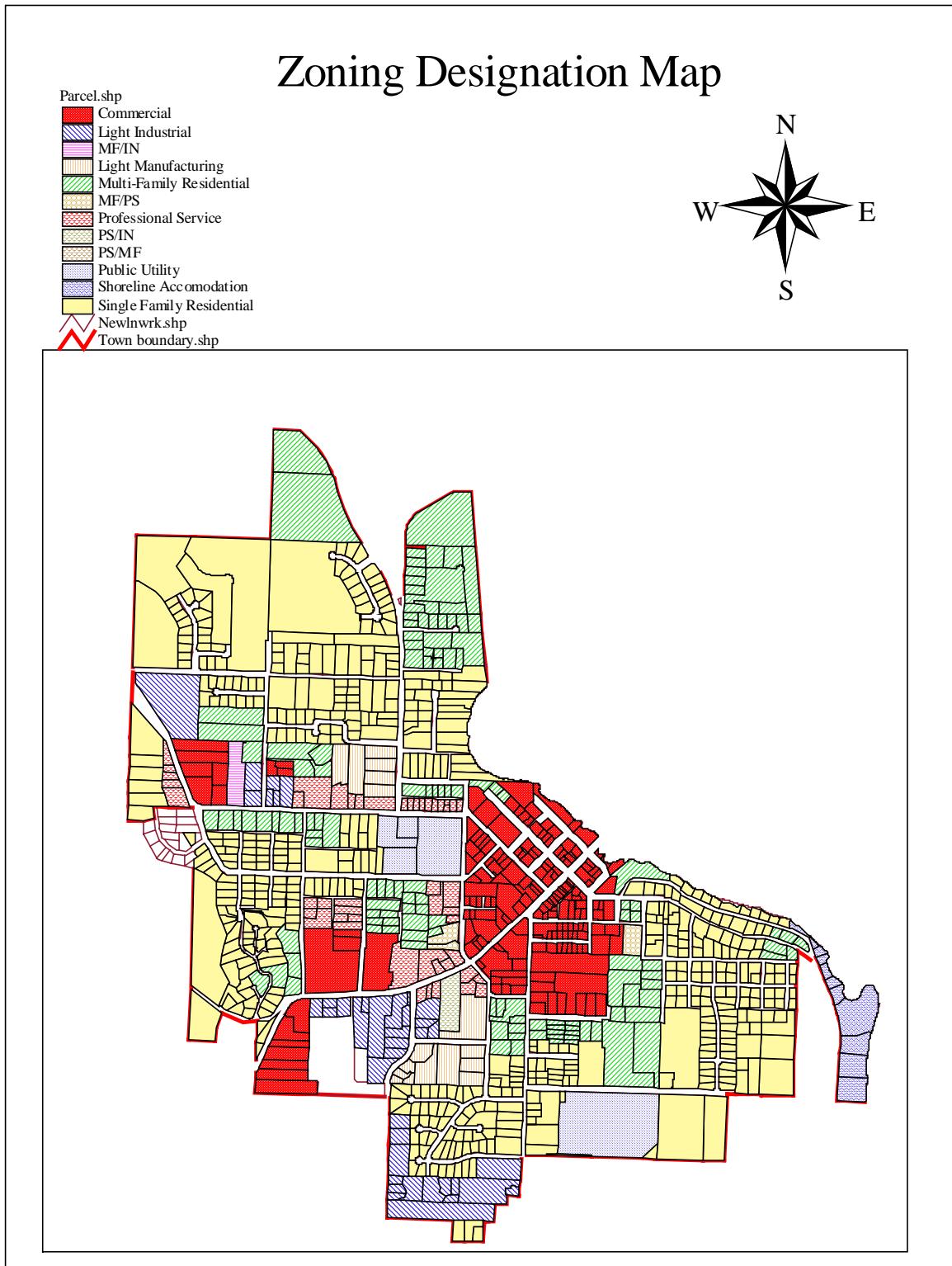
Map 3 shows the per acre value of single family residential lots, with improvements, where there is coincidence between the Town's parcel number and the County's parcel number. All value data is from the County Assessor's database as delivered to the Town in March 2002.

Map 4: Multi-Family Residential Assessed Improved Value



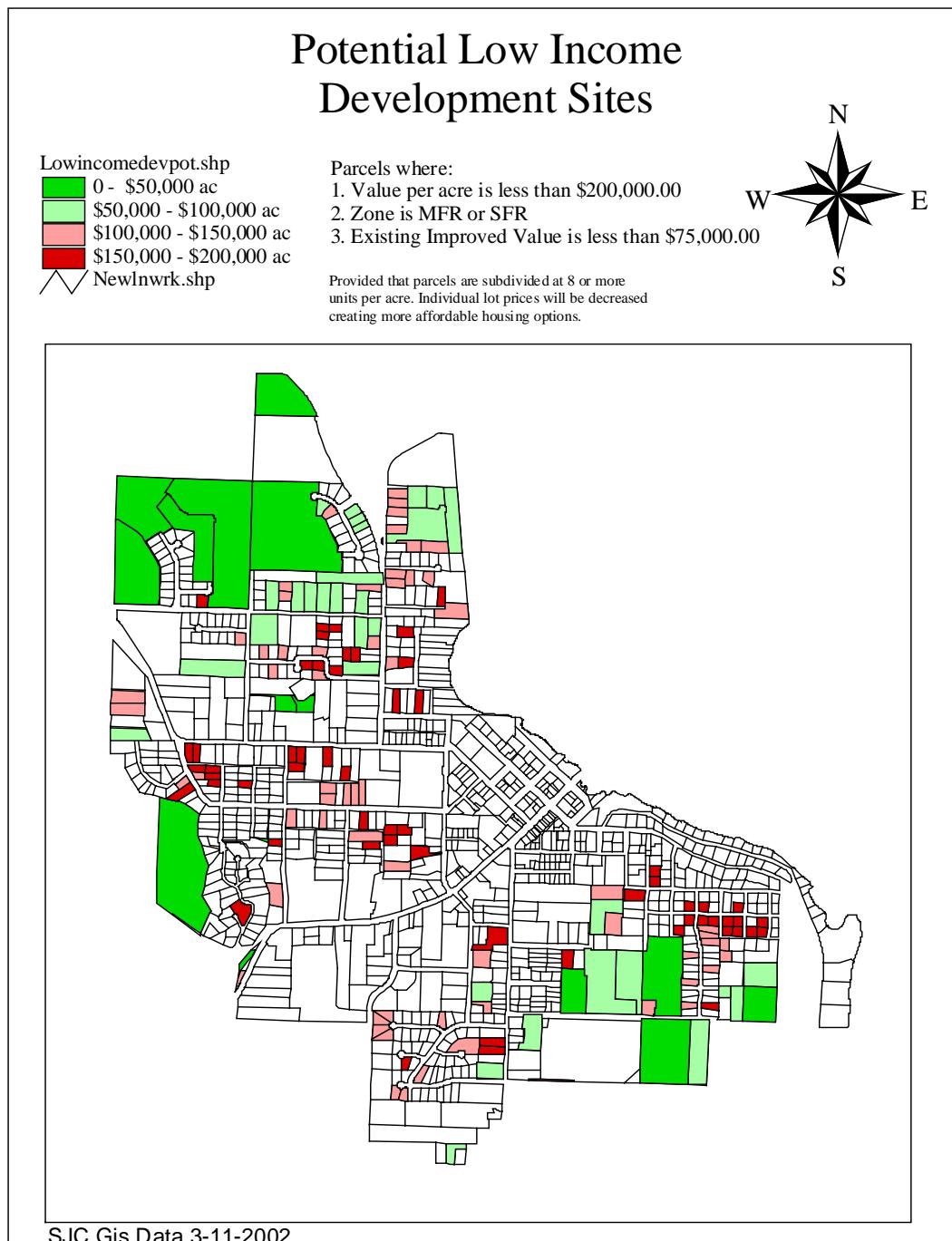
Map 4 shows the per acre value of multi-family residential lots, with improvements, where there is coincidence between the Town's parcel number and the County's parcel number. All value data is from the County Assessor's database as delivered to the Town in March 2002.

Map 5: Town of Friday Harbor Land Use Zoning Map



Map 5 shows the Town of Friday Harbor's Land Use Zoning Designation Map, as it was on 04-01-02

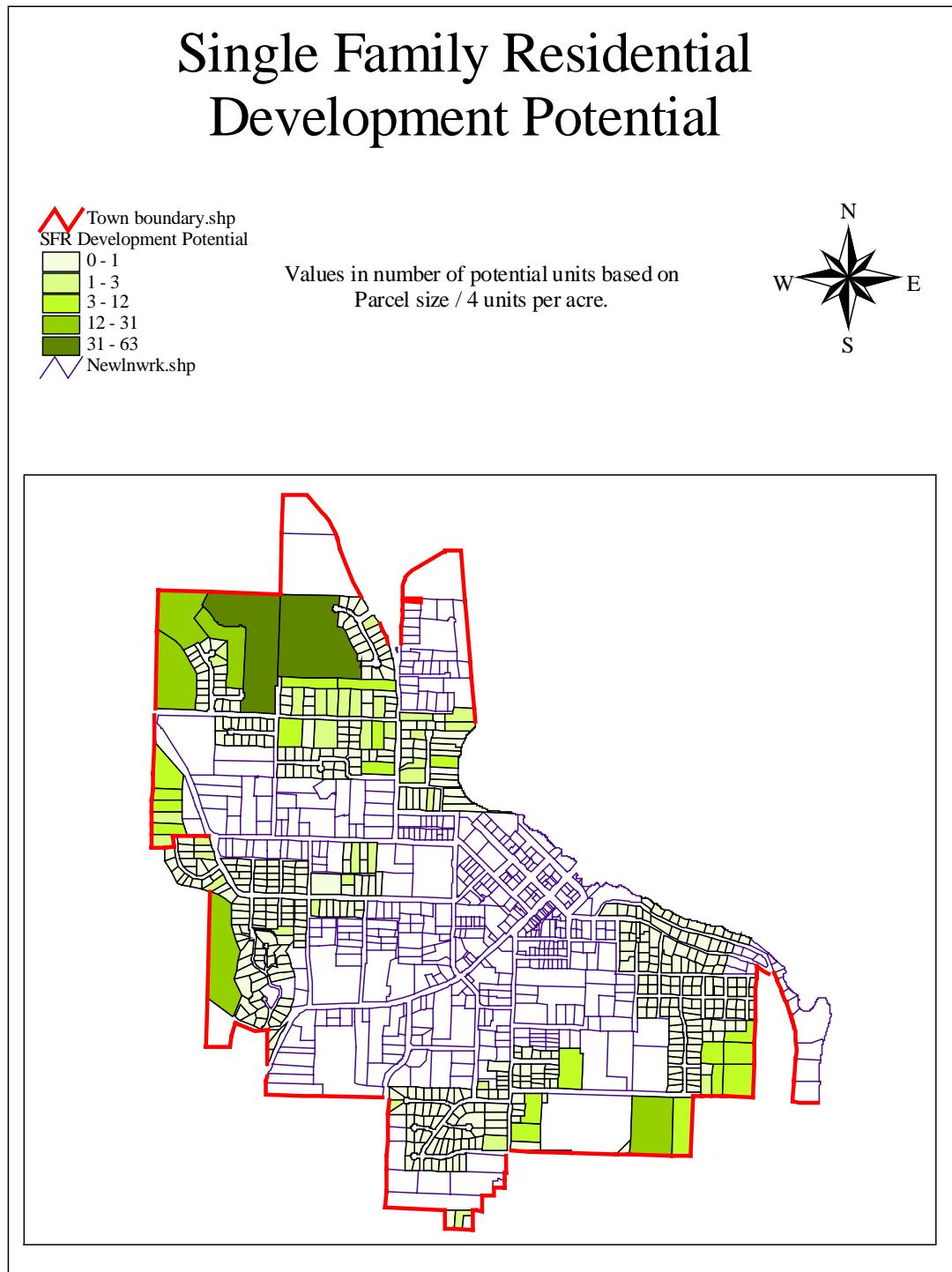
Map 6: Potential Low Income Development Sites in Friday Harbor



This map portrays parcels that may be developable at a cost reachable by Low Income families based on assessed unimproved land value and the following assumptions:

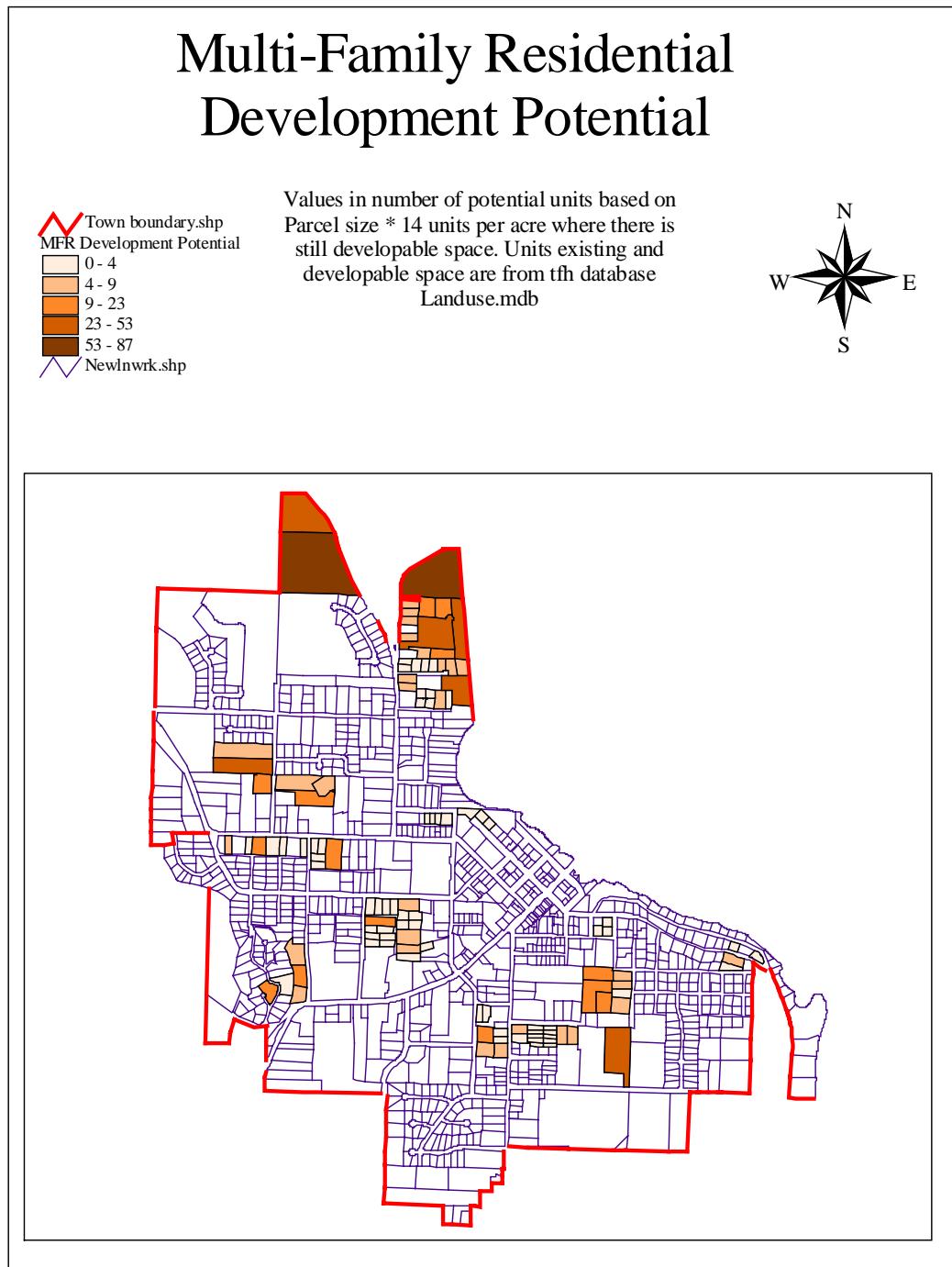
1. That very small parcels of land contribute to affordability.
2. That parcel costs in the vicinity of \$25,000 would allow affordable housing development.
3. That larger parcels that have land values at or below \$200,000.00 per acre could be subdivided at densities of 8 units per acre to achieve small parcel costs in the vicinity of \$25,000.00 per parcel.
4. That these larger parcels, where there is not significant value in existing improvements, are possible candidates for Low Income Development.
5. That improvement values of less than \$75,000.00 per parcel are the break point for "significance" for this analysis.

Map 7: The Town of Friday Harbor's Single Family Residential Development Potential



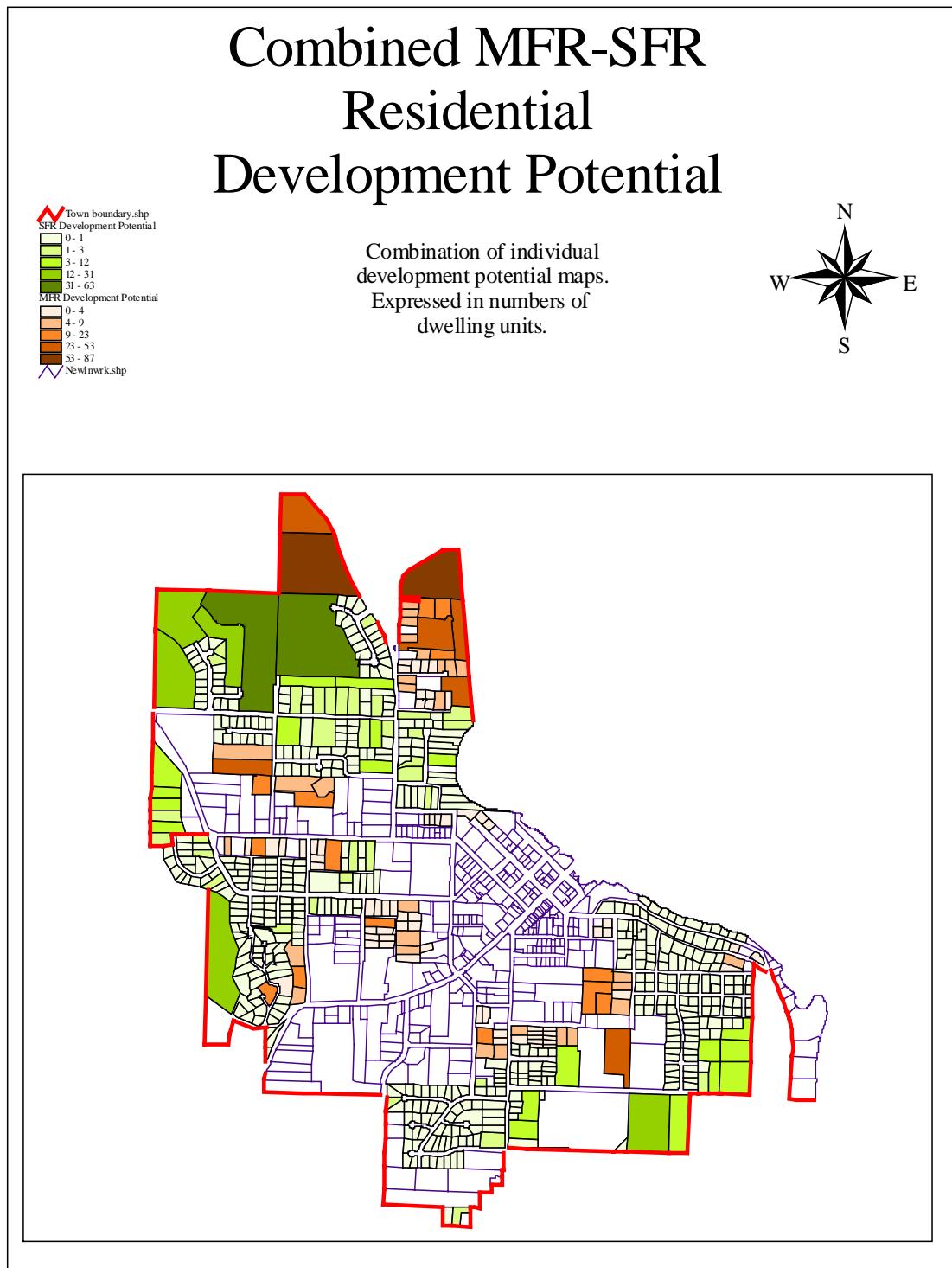
Map 7 portrays the development potential in terms of units that could be developed. The source for this map is a database query the asks *landuse.mdb* to show all the parcels within the corporate boundary where the zone is single family residential and calculate the potential development in units by using the total parcel size minus the developed size with the result divided by 4 units per acre.

Map 8: The Town of Friday Harbor's Multi-Family Residential Development Potential



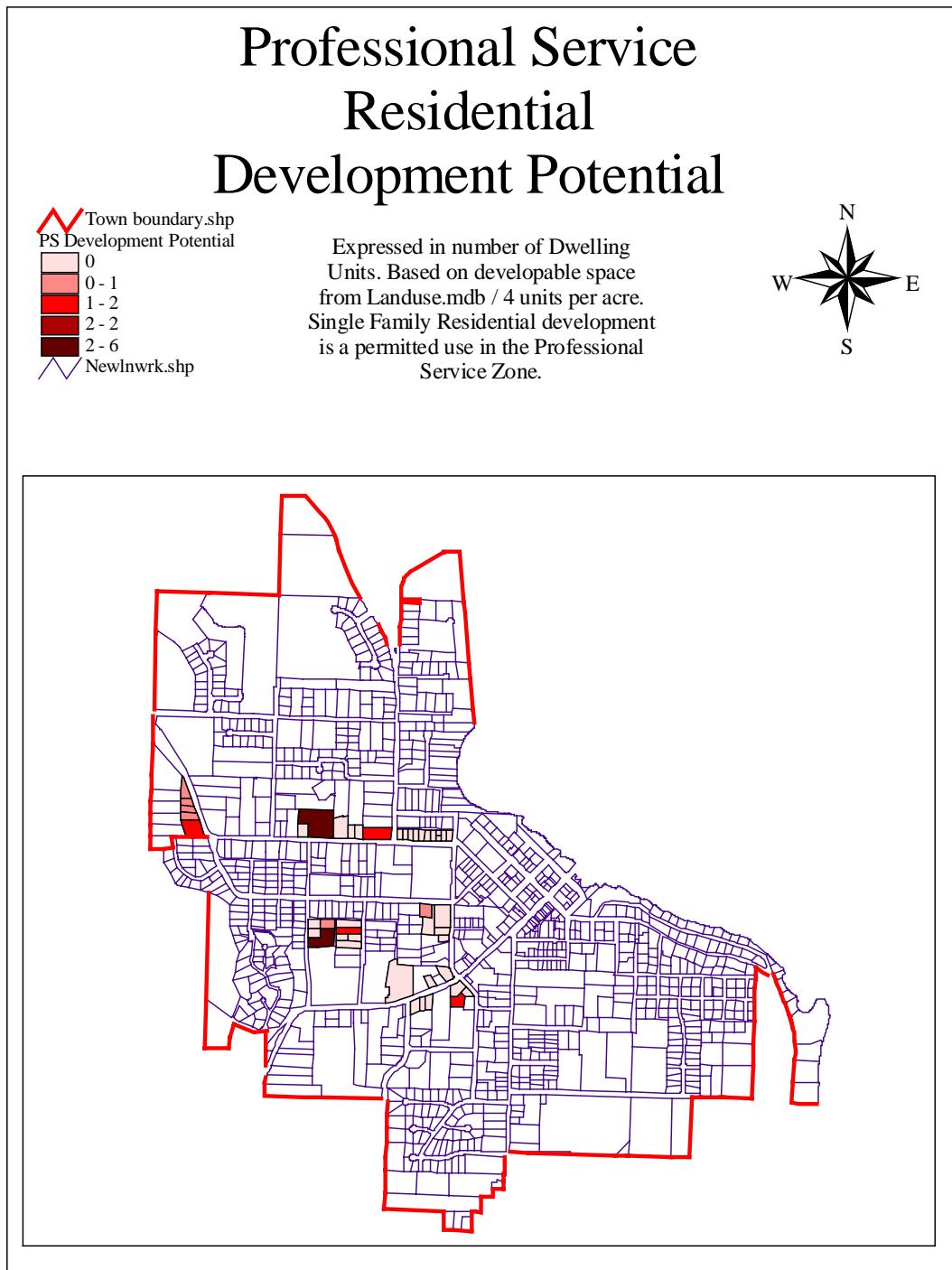
Map 8 portrays the development potential in terms of units that could be developed. The source for this map is a database query that asks *landuse.mdb* to show all the parcels within the corporate boundary where the zone is multi-family residential and calculate the potential development in units by using the total parcel size times 14 units per acre minus the number of units that currently exist where the result is positive. Some parcels are already developed at far greater densities than 14 units per acre so these parcels would return a negative development potential.

Map 9: The Town of Friday Harbor's Combined Multi-family and Single-Family Residential Development Potential



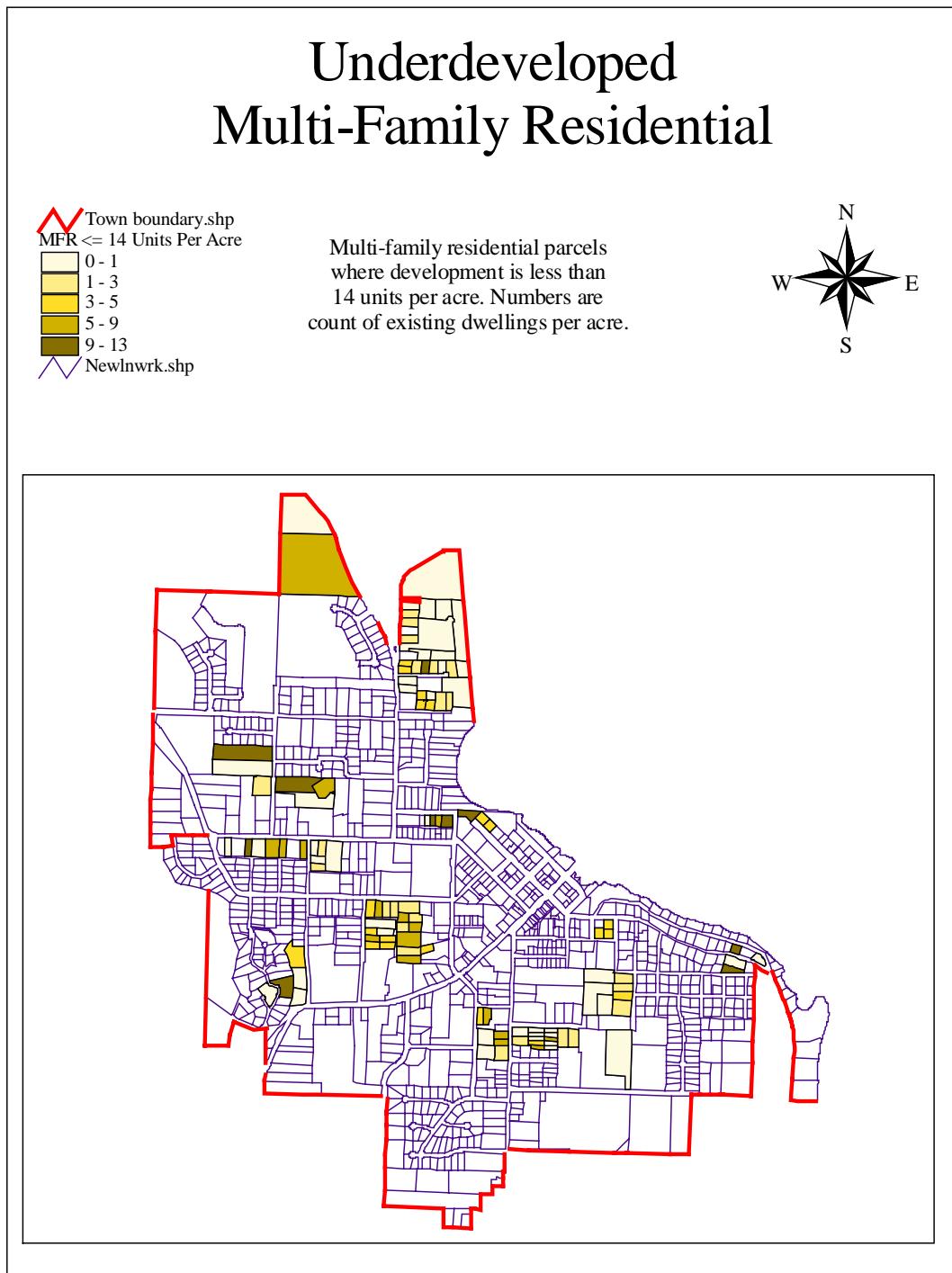
Map 9 combines the single family and multi-family maps into one map to portray areas of the Town where higher density residential development may be more feasible.

Map 10: The Town of Friday Harbor's Professional Residential Development Potential



Map 10 portrays residential development potential within the professional service zone using the same method described under single family residential development potential above. Residential development is an allowed use in the Professional Service zone.

Map 11: Multi-family Parcels in the Town of Friday Harbor that are Underdeveloped



Map 11 highlights the parcels where actual development in the Multi-Family Residential zone is less than the allowed 14 units per acre. Under some circumstances these parcels may be candidates for infill or redevelopment within the next 20 years.

GLOSSARY

Listed in order of appearance in the document

Some definitions provided by US Census Summary File 1 Technical Documentation, 2000

Affordable Housing - when occupants are spending 30% or less of their gross household income on housing costs. Housing costs for home owners include mortgage principal and interest, property taxes, property insurance, property insurance, and utilities. Housing costs for renters are based on rent and utility costs.

Annual average wage per job – determined by dividing the total wages paid in an area by the annual average employment in that area.

Ancillary residential use – A dwelling unit that is subordinate to the principal use of the property where that principal use is nonresidential.

Average - This measure represents an arithmetic average of a set of values. It is derived by dividing the sum (or aggregate) of a group of numerical items by the total number of items in that group.

Average Household Size – A measure obtained by dividing the number of people in households by the number of households (or householders).

Dwelling unit - a suite of one or more rooms containing living, sleeping, bathing and cooking facilities for occupancy by one family

Family Household – is a householder living with one or more people related to him or her by birth, marriage, or adoption.

Group quarters – Long-term living situations that do not reflect ordinary household life. The building structure containing the population is considered a facility-not a housing unit. Group quarters are situations where unrelated people sleep or eat together or have their meals prepared for them in a common kitchen. Group quarters include dormitories, nursing homes, barracks, mental and correctional facilities. If 10 or more unrelated people live in a house, the population is considered group quarters.

Household – A household includes all the people who occupy a housing unit. A housing unit is a house, a apartment, a mobile home, a group of rooms, or a single room occupied as separate living quarters. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated people who share living quarters.

Householder – One person in each household is designated as the householder. This is frequently the person in whose name the house is owned or being rented.

Housing unit - a house, an apartment, a mobile home, a group of rooms, or a single room occupied as separate living quarters.

Income limits - Based on estimated median family incomes, the income limits determine who is considered very low income and low income households. Very low income is defined as households whose income is 50% or less than the median income and low income is the category given to households earning 50-80% of the median income.

Median – This measure represents the middle value or the average of the two middle values in an ordered list of data values. The median divides the total frequency distribution into two equal parts: one-half of the cases fall below the median and one-half of the cases exceed the median.

Median income - the amount found when you divide the income distribution into two equal groups, half having incomes above the median, half having incomes below the median. Most frequently used are median family income (based on family households only) and median household income (based on all households, family and non-family).

Non-family household – is a householder living alone or with non-relatives only.

Non-point source pollution – Generated by a type of land use or activity. Town non-point pollution sources may include nutrients, pesticides, oil, grease and heavy metals.

Stormwater – the runoff from residential, commercial, and other urban areas. As rain falls and runs off of impermeable surfaces, pollutants associated with the urban environment are transported to surface waters where they may damage aquatic organisms and reduce the aesthetic value of the water body. Stormwater runoff is the primary transport mechanism for non-point source pollution.

Tenure – is used to describe whether a housing unit is owned or rented. A housing unit is "owned" if the owner or co-owner lives in the unit, even if it is mortgaged or not fully paid for. All other occupied units are classified as "rented," including units rented for cash rent and those occupied without payment of cash rent.

Zone – Distinct geographic areas into which the land area of the town is divided for purposes of regulating land use.

ENDNOTES

¹ 1980 Friday Harbor/San Juan Co. population source www.ofm.wa.gov/pop6890/pop8090.pdf.
1980 WA State population source www.ofm.wa.gov/poptrends/poptrendtoc.htm.
1990/2000 population source www.census.gov.

² Source: OFM Forecasting 1995 GMA Projections and Comparisons

³ San Juan County Profile, Labor Market and Economic Analysis Branch of Washington State Employment Security Department, September, 1999.

⁴ San Juan County Profile, Labor Market and Economic Analysis Branch of Washington State Employment Security Department, September, 1999.

⁵ US Census 2000

⁶ 2000 US Census

⁷ "Accessing and Using Census 2000 Data" Dec. 14th, 2000 PowerPoint presentation by Linda Clark, US Census Bureau

⁸ US Census 2000

⁹ US Census 2000

¹⁰ Town of Friday Harbor Comprehensive Plan, revised 10/1/01. p 3-2

¹¹ Friday Harbor and San Juan County estimates from Office of Financial Management; 100% counts for both County and Town from 1990 and 2000 Census

¹² Friday Harbor and San Juan County estimates from Office of Financial Management; 100% counts for both County and Town from 1990 and 2000 Census.

¹³ Friday Harbor and San Juan County estimates from Office of Financial Management; 100% counts for both County and Town from 1990 and 2000 Census.

¹⁴ Town of Friday Harbor Comprehensive Plan

¹⁵ San Juan County Comprehensive Plan

¹⁶ 2001 population projections source http://www.ofm.wa.gov/2001pop/pop_2001_final_2.xls.
San Juan County population projections based on OFM/Forecasting Population Projections for Washington Counties: Medium Series. Friday Harbor 1990-2001 population figures per OFM Friday Harbor/San Juan County population projections based on Town and County Adopted Growth Rates (1.4% and 2.2% respectively).

¹⁷ Source 1990 & 2000 Census

¹⁸ Source 1990 & 2000 Census

¹⁹ Source 1990 & 2000 Census

²⁰ US Census Current Population Survey (CPS) - Definitions and Explanations
<http://www.census.gov/population/www/cps/cpsdef.html>

²¹ Source 1990 & 2000 Census

²² US Census Current Population Survey (CPS) - Definitions and Explanations
<http://www.census.gov/population/www/cps/cpsdef.html>

²³ Source 1990 & 2000 Census

²⁴ US Census Current Population Survey (CPS) - Definitions and Explanations
<http://www.census.gov/population/www/cps/cpsdef.html>

²⁵ Source 1990 & 2000 Census

²⁶ Source 2000 Census

²⁷ Source 2000 Census

²⁸ Source 2000 Census

²⁹ Source 1990 & 2000 Census

³⁰ US Census Current Population Survey (CPS) - Definitions and Explanations
<http://www.census.gov/population/www/cps/cpsdef.html>

³¹ San Juan County Profile, Labor Market and Economic Analysis Branch of Washington State Employment Security Department, September, 1999.

³² San Juan County Profile, Labor Market and Economic Analysis Branch of Washington State Employment Security Department, September, 1999.

³³ <http://www.bea.doc.gov/bea/regional/reis/drill.cfm>

³⁴ 1990 and 2000 data based on U.S. Census sample data

³⁵ 1990 and 2000 U.S. Census

³⁶ Larsen, Nancy and Dubail, Steven, Town of Friday Harbor Income Survey, Report for State of Washington Department of Community, Trade & Economic Development. February, 1996

³⁷ 2000 U.S. Census data DP-3 Profile of Selected Economic Characteristics

³⁸ Income limits from <http://www.huduser.org/datasets/il/fmr02/hud02wa.pdf> also from the Washington State Office of Community Development

³⁹ Bureau of Economic Analysis Regional Accounts Data Local Area Personal Income <http://www.bea.doc.gov/bea/regional/reis/drill.cfm>

⁴⁰ Washington State Employment Security Division 1999 Industry Employment and Wages by Zip located at <http://www.wa.gov/esd/lmea/download/download.htm>

⁴¹ Washington State Employment Security Department Labor, Market and Economic Analysis April 1, 2001

⁴² WCRER Estimates and U.S. Department of Commerce, 2002

⁴³ Washington State University Center for Real Estate Research, quoted in Seattle PI article "San Juans are home to biggest income-housing price gap in state" David Fisher, Saturday April 7, 2001.

⁴⁴ WCRER Estimates and U.S. Department of Commerce, 2002.

⁴⁵ Diane Giesy, ReMax, http://www.dianegiesy.com/island_info/friday_harbor.html

⁴⁶ The Journal of the San Juans, Classifieds Wednesday, February 27, 2002

⁴⁷ <http://www.hometrust.org/>

⁴⁸ "Affordable Housing Techniques A Primer for Local Government Officials", March 1992 - Report No. 22 <http://www.mrsc.org/textaht.htm#upzoning>

⁴⁹ Humphrey, Linda; "*Cottage Industry*" Metropolitan Home Magazine March/April 2000

⁵⁰ City of Gig Harbor, Comprehensive Plan, adopted November 28th, 1994. Appendix 4

⁵¹ San Juan County Assessor Database

⁵² <http://www.ewmortgage.com/mortgage/>

⁵³ Campbell, Nolan, Per Conversation February 2002.

⁵⁴ <http://www.ewmortgage.com/mortgage/>

⁵⁵ Jones, Warren, Per Conversation January 2002.

⁵⁶ Jones, Warren, Per Conversation January 2002.

⁵⁷ Jones, Warren, Per Conversation January 2002.

⁵⁸ Analysis of Proposed Urban Growth Areas (UGAs), Activity Centers, and Residential Activity Centers, San Juan County Planning Department, August 9, 2000

⁵⁹ Jones, Warren, Per Conversation January 2002.

⁶⁰ Jones, Warren, Per Conversation January 2002.

⁶¹ Jones, Warren, Per Conversation January 2002.

⁶² Jones, Warren, Per Conversation January 2002.

⁶³ Town of Friday Harbor Stormwater Management Plan, March 1997, p. 5-7