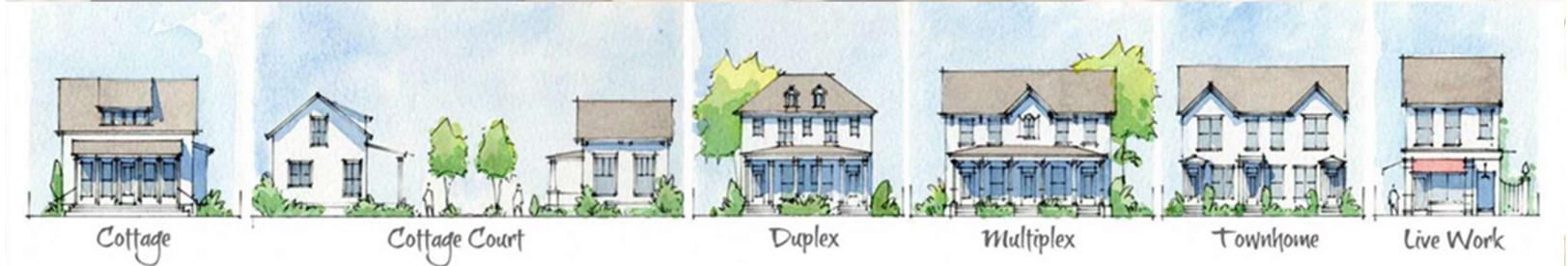


# Mason County Housing Needs Assessment

## Report

December 2022



# ACKNOWLEDGEMENTS

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Mason County is focused on new opportunities to provide safe and affordable housing. This work is funded through HB 1406. The findings contained are intended for land use planning purposes and depict trends and forecasts of housing needs throughout Mason County. This Housing Needs Assessment reflects input received from the Project Advisory Committee and community stakeholders and FCS GROUP (project consultant). We specifically recognize and appreciate the time and commitment provided by the following individuals.

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## GLOSSARY

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**Accessory Dwelling Unit (ADU):** A small living space located on the same lot as a single-family house.

**Affordable For-Sale Housing:** An owner-occupied dwelling with an annual housing cost (mortgage payments, utilities, property taxes, etc.) that equates to no more than 30% of household income.\*

**Affordable Rental Housing:** A dwelling that is rented by a person or household whose monthly housing costs, including utilities other than telephone, do not exceed 30% of the household's monthly income. If income-restricted or government supported, U.S. Housing and Urban Development (HUD) income restrictions vary by family size.\*

*\*A healthy housing market includes a variety of housing types that are affordable to a range of household income levels. However, the term “affordable housing” is often used to describe income-restricted housing available only to qualifying low-income households. Income-restricted housing can be located in public, non-profit or for-profit developments. It can also include housing vouchers to help pay for market-rate housing (see “Vouchers” below for more details).*

**American Community Survey (ACS):** This is an ongoing nationwide survey conducted by the U.S. Census Bureau. It is designed to provide communities with current data about how they are changing.

**Area median income (AMI):** This term refers to area-wide median family income calculations provided by the federal Department of Housing and Urban Development (HUD) for a county or region. Income limits to qualify for affordable housing are often set relative to AMI in this report, unless otherwise indicated.

**Buildable Lands Inventory (BLI):** An assessment of the capacity of land to accommodate forecasted housing and employment needs.

**Buildable Residential Land:** Includes land that is designated for residential development that is vacant and part-vacant and not constrained by existing buildings or environmental issues.

**Rent Burdened:** Defined by US Department of Housing and Urban Development (HUD) as households who spend over 30% of their income on rent.

**Cottages:** Small, single-level, detached units, often on their own lots and sometimes clustered around pockets of shared open space. A cottage is typically under 1,000 square feet in footprint.

**Density:** Defined by the number of housing units on one acre of land.

**Development density:** Expected number of dwelling units (per acre) based on current zoning designations.

**Fair market rent (FMR):** HUD determines what a reasonable rent level should be for a geographic area and sets this as the areas FMR. Housing choice voucher program holders are limited to selecting units that do not rent for more than fair market rent.

**Family:** A group of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together.

**Group Quarters:** People living in shared housing facilities, such as a college dormitory, military barrack, nursing home or temporary shelter are not considered households and are counted as group quarters population.

**High Density:** Lots with the average density of 12+ dwelling units per acre. Best suited for multifamily housing such as apartments and condominiums.

**Housing Unit (or Dwelling Unit):** A house, an apartment or other group of rooms, or a single room is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters; that is, when the occupants do not live and eat with any other person in the structure and there is direct access from the outside or common hall.

**Household:** Consists of all people that occupy a housing unit. The people can be related, such as a family or unrelated. A person living alone is also a household.

**HUD:** Acronym for US Department of Housing and Urban Development, the federal agency dedicated to strengthening and supporting the housing market.

**Low Density:** Lots with an average density of 3-5 dwelling units per acre. Best suited for family housing such as single-family detached homes.

**Low-Income:** Families designated as low-income may qualify for subsidized housing and/or income-based deed-restricted housing units. HUD classifies families based on median family income levels as shown below:

Income Category	Household Income*
Extremely low-income	30% of MFI or less
Very-low income	30-50% of MFI
Low income	50-80% of MFI
Moderate income	80-100% of MFI
Above median income	> 100% of MFI

\* Median Family Income (MFI) for the HUD defined market area.

**Manufactured Housing:** A type of prefabricated home that is largely assembled of site and then transported to sites of use. The definition of the term in the United States is regulated by federal law (Code of Federal Regulations, 24 CFR 3280): "Manufactured homes are built as dwelling units of at least 320 square feet in size, usually with a permanent chassis to assure the initial and continued transportability of the home. The requirement to have a wheeled chassis permanently attached differentiates "manufactured housing" from other types of prefabricated homes, such as modular homes.

**Median Family Income (MFI):** The median sum of the income of all family members 15 years and older living in the household. Families are groups of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family. Median income of non-family

households tends to be lower than for family households. In this report both MFI and AMI refer to the U.S. Department of Housing and Urban Development Area Median Family Income (AMI) unless otherwise specified.

**Medium Density:** Lots with the average density of 6-12 dwelling units per acre. Best suited for small lot housing such as single family attached, townhomes, plexes and cottages.

**Middle Housing:** Housing types that are generally attainable for households earning less than 120% of the area median income level. Typically includes plexes (2-4 units per structure), townhomes, apartments, accessory dwellings, cottage homes and manufactured homes.

**Mixed Use:** Characterized as two or more residential, commercial, cultural, institutional, and/or industrial uses into one combined building or building(s) on the same parcel of land.

**Multi-Family Housing:** Stacked flats in a single buildings or groups of buildings on a single lot with 5 or more units per structure. Parking is shared, and entrance to units is typically accessed through a shared lobby.

**Part-vacant land:** Unconstrained land that has some existing development but can be subdivided to allow for additional residential development.

**Permanent Resident Population:** This refers to the count of all people (citizens and noncitizens) who are living in the location at the time of the census. People are counted at their usual residence, which is the place where they live and sleep most of the time.

**Plexes:** two to four separate dwelling units within one structure on a single lot. In most instances each duplex, triplex or quadplex unit has its own separate entry.

**Residual Land Value:** The amount a developer would typically be willing to pay for the land/site in order to build a specific real estate improvement based on underlying assumptions and market conditions.

**Seasonal dwellings:** These units are intended by the owner to be occupied during only certain seasons of the year. They are not anyone's usual residence. A seasonal unit may be used in more than one season; for example, for both summer and winter sports. Published counts of seasonal units also include housing units held for occupancy by migratory farm workers. While not currently intended for year-round use, most seasonal units could be used year-round.

**Severely Cost Burdened:** Defined US Department of Housing and Urban Development (HUD) as households who spend over 50% of their income on housing.

**Single Family Attached:** Residential structures comprised of two to four housing units with a shared wall that separates each unit. "Attached" duplexes require a single building permit for both dwelling units.

**Single Family Detached:** Free standing residential building, unattached, containing separate bathing, kitchen, sanitary, and sleeping facilities designed to be occupied by not more than one family, not including manufactured and mobile homes.

**Subsidized Housing:** Public housing, rental assistance vouchers, and developments that use Low-Income Housing Tax Credits (LIHTC) are examples of subsidized housing. Subsidized housing lowers overall housing costs for its occupants. Affordable housing and subsidized housing are different even though the terms are sometimes used interchangeably.

**Tenure:** Tenure refers to the ownership of the housing unit in relation to its occupants. According to the U.S. Census Bureau, a housing unit is “owned” if the owner or co-owner(s) live in the unit, even if it is mortgaged or not fully paid for. A cooperative, condominium or mobile home is “owned” only if the owner or co-owner lives in it. All other occupied housing units are classified as “rented.”

**Townhome (also known as duplexes, rowhouse, etc.):** Attached housing units, each on a separate lot, and each with its own entry from a public or shared street or common area.

**Unstably Housed:** Any individual or family who 1) Is at-risk of losing their housing. 2) Have been notified to vacate current residence or otherwise demonstrate a risk of losing current housing, and 3) Lacks the resources or support networks to obtain other permanent housing.

**Vacant housing unit:** A housing unit is vacant if no one is living in it at the time of enumeration unless its occupants are only temporarily absent. Units temporarily occupied at the time of enumeration entirely by people who have a usual residence elsewhere are also classified as vacant.

**Vacant land:** Vacant and part-vacant land identified within the local buildable land inventory that is not developed and unconstrained for future planned residential development.

**Vouchers (Tenant-based and Project-based):** HUD provides housing vouchers to qualifying low-income households to off-set a portion of their rents. These are typically distributed by local housing authorities. Vouchers can be “tenant-based,” meaning the household can use them to help pay for market-rate housing in the location of their choice. The tenant pays the difference between the fair market rent and 30% of the tenant’s income. Or vouchers can be “project-based,” meaning they are assigned to a specific building.

# I. INTRODUCTION

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## Purpose

Communities across the nation are facing unprecedented challenges with providing safe and affordable housing for people at all income levels. In response, Mason County continues to pursue policies and planning activities aimed at understanding housing needs and implementing local actions to preserve affordable housing and foster additional housing development.

The Mason County Housing Needs Assessment (HNA) examines current housing conditions; forecasts long-term housing needs; and identifies potential policies that support a fair and equitable housing environment. The HNA process included a review of current land use and public facility plans, and local development regulations to determine existing conditions and perceived barriers to new development. Community input through stakeholder interviews and meetings with the Mason County Housing & Behavioral Health Board served to identify issues and to discuss potential policies designed to increase production of affordable and market-rate housing.

**The overall goal of the Housing Needs Assessment is to help focus community efforts on the most critical local housing issues.**

The Mason County Housing Needs Assessment is intended to identify long-term housing needs and to analyze and recommend housing policy strategies that will help foster new housing opportunities for households of all income. The policies and practices discussed in this Memorandum are intended to build upon the efforts already undertaken by Mason County and the City of Shelton.

**The four primary objectives of the Housing Needs Assessment aim to:**

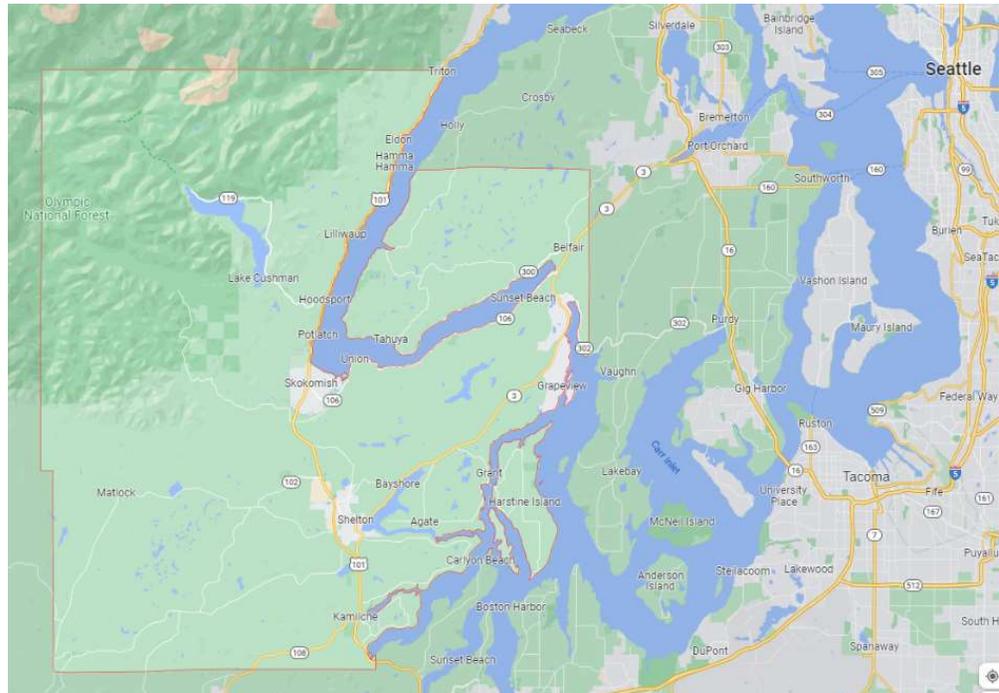
- 1. Evaluate housing options and recommend housing needs that will inform the Housing Chapter of the Comprehensive plan and identify the highest needs for affordable housing in Mason County.**
- 2. Inform the community on its housing needs for households that are low and very low income.**
- 3. Aid officials in assigning priority and resources to the housing needs identified.**
- 4. Provide a necessary guide in developing appropriate housing policies, programs, and strategies.**

## Regional Context

Because housing markets are rarely contained within a single jurisdiction, a regional perspective is necessary to understand market dynamics. For example, if safe and affordable housing is not sufficient in one community, people are likely to search for housing in nearby jurisdictions rather than leave the region altogether.

The focus of this HNA is on Mason County, which includes the urban areas of Shelton, Belfair and Allyn and unincorporated portions of Mason County. While Mason County overall is relatively rural in nature, the proximity to Pierce and King counties has made it an attractive destination for people who want to escape the high cost of living in those urban counties (the latest HUD data indicates fair

market rent for a one-bedroom apartment in Mason County is 20% less expensive than in Pierce County and 44% less expensive than in King County). As discussed later in this report, Mason County has seen an influx of new residents and second-home buyers since the beginning of the global Covid pandemic (2020+) which has exacerbated the housing market imbalance.



## Recent Accomplishments

Mason County and the City of Shelton have already taken significant steps to address housing challenges and to create new development opportunities. Recent accomplishments include:

- In 2018, the **Mason County Housing Authority Board of Commissioners established a local Housing Authority Fund** (per RCW 35.83) for supporting affordable housing initiatives, generating revenues and accounting for expenditures.
- In 2019 the **City of Shelton partnered with Quixote Communities to provide 30-units of supportive housing for homeless veterans** in the form of a “tiny home” village on publicly owned property. The project is slated for completion in 2023.
- In 2019, **Mason County convened for a Workforce Housing Summit**. The event included presentations and discussions with local and state housing experts and major local employers. The *2019 Workforce Housing Summit* report provides a central resource for data, recommended actions, and information regarding housing issues in Mason County.
- **The Belfair UGA Subarea Plan and Planned Action EIS Ordinance** was adopted in March 2022. The adoption of these documents enabled Mason County to amend its land use code to accommodate an increase in housing development within the Belfair UGA.
- **Shelton recently completed updates to the municipal development code to lower barriers to housing development** within city limits, including lowering the minimum lot size in its most broad residential zone (Neighborhood Residential), lowering restrictions on Accessory/Secondary Dwelling Units in the zone, and allowing for the provision of duplex and triplex residential structures in more places within the zone.

- **Mason County now provides rent assistance and eviction prevention programs** to residents experiencing housing instability.
- **The Mason County Community Services division maintains a robust summary of housing resources** on its website ranging from shelter locations, food resources, and contact information for providers in the County.
- **This Housing Needs Assessment for Mason County is a major step in understanding and defining the current challenges and opportunities facing Mason County.** It is recommended that the report findings be circulated widely and discussed with local officials to generate momentum needed to spur positive change and actions that lower barriers to development of affordable housing.

## Approach

The process used to create this HNA report is illustrated in the following graphic and included:

- **Housing Needs Projection** based on current demographic and socio-economic trends and population projections to determine housing needs in the county over the next 20 years. These projections also included affordability considerations for at-risk subpopulation groups.
- **Economic and Infrastructure Assessment** of commute patterns of local workers and residents and current economic conditions. Public facility providers were interviewed, and facility master plans were reviewed to determine the general sufficiency of water, sanitary sewer, and power infrastructure required to accommodate projected housing demand.
- **The Housing Policy Assessment** included a review of current local housing policies and identification of potential regulatory and financial incentives that the County and City of Shelton should consider for increasing the affordable housing supply.
- **Community Engagement** with input from county and city planners and engineers as well as local developers, real estate lenders and brokers that are actively involved in the housing market. Outreach and coordination meetings were also held between consultants and County and City of Shelton staff and the Mason County Housing & Behavioral Health Board to review, advise, and refine key findings and recommendations. A list of stakeholders that provided input is provided in **Appendix A**.

## HNA Work Plan Approach



## II. COMMUNITY OVERVIEW

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### Population

Mason County continues to set yearly record high population levels and has added over 5,000 residents over the last decade (2010-2020). According to OFM, Mason County population had 65,750 year-round residents in 2021 (**Exhibit 1**). Mason County experienced a record increase in net immigration of 1,020 people in 2019 with a smaller increase of 719 people in 2020 (OFM). Several factors, including broader regional growth, increasing share of remote workers, and quality of life, are driving recent population increases in Mason County.

The unincorporated portions of Mason County account for 84% of the total residents. The City of Shelton (pop. 10,410) is the largest city. Other major rural service centers include Shelton UGA (pop. 3,751), Allyn UGA (pop. 2,221) and Belfair UGA (pop. 1,054).

**Exhibit 1: Population Trends (2010-2020)**

Population Trends				
	2010	2020	2021	CAGR
Washington	6,724,540	7,707,047	7,766,975	1.32%
<b>Mason County Total</b>	<b>60,699</b>	<b>65,726</b>	<b>65,750</b>	<b>0.73%</b>
City of Shelton	9,834	10,371	10,410	0.52%
Shelton UGA	3,717	3,751	*	0.09%
Allyn UGA	1,972	2,221	*	1.20%
Belfair UGA	987	1,054	*	0.66%
Other Unincorp. Mason County	44,189	48,329	*	0.90%

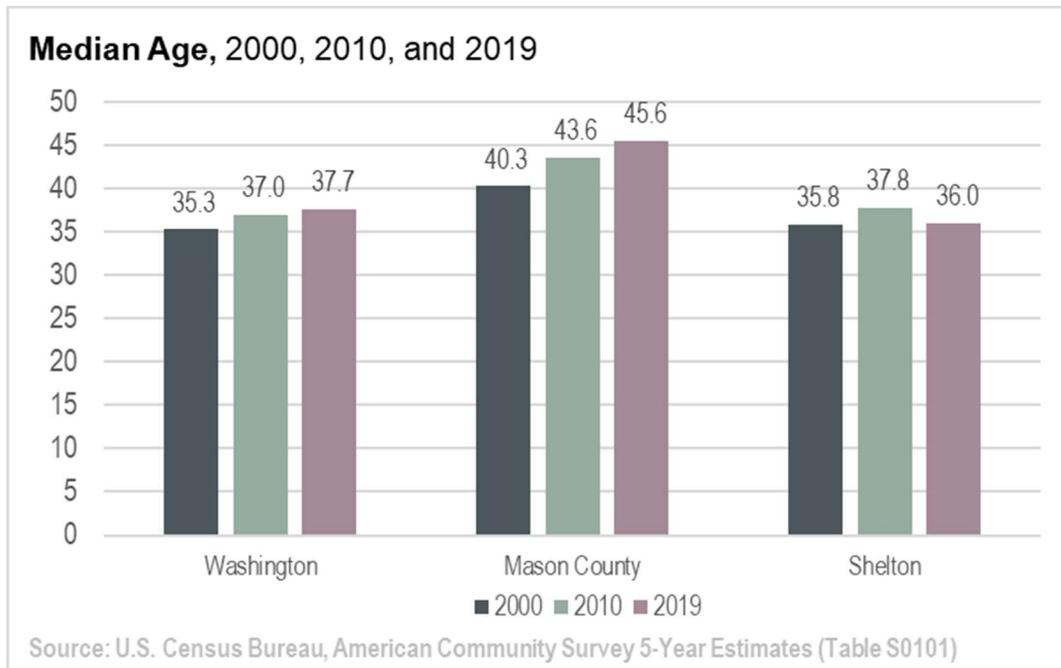
**Source:** Washington State Office of Financial Management Intercensal Estimates ; April 1, 2021

**CAGR:** Compound Annual Growth Rate

**Note:** \* Data for unincorporated communities is not provided.

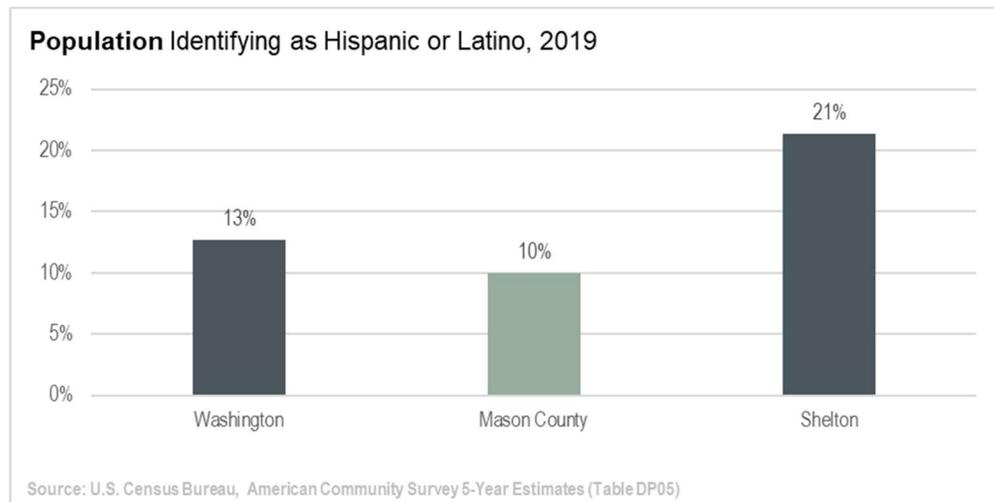
The median age of Mason County residents (45.6) has increased steadily for nearly two decades. However, the median age in Shelton (36) is well below the county and statewide (37.7) figures (**Exhibit 2**).

**Exhibit 2: Population Age, Washington, Mason County, Shelton, 2000-2019**



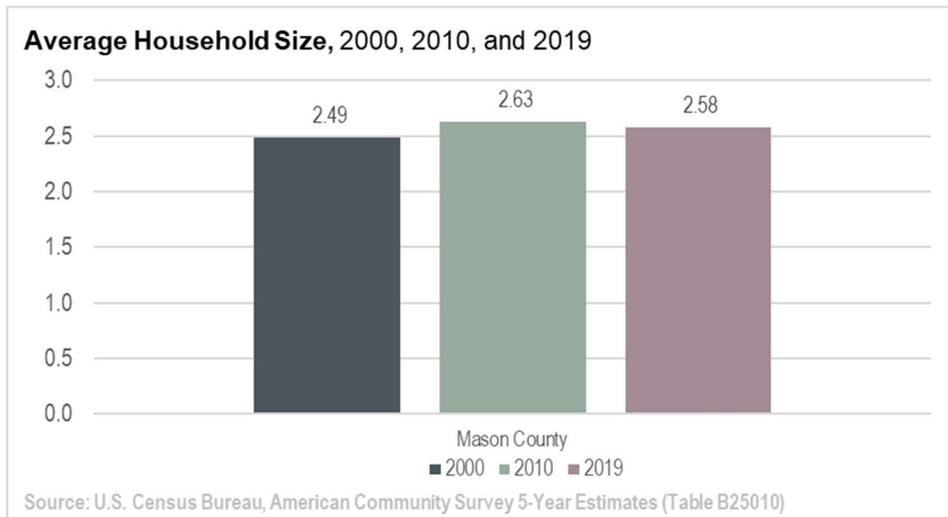
The largest ethnic group in the area includes the Hispanic/Latino segment. Hispanic/Latino population accounts for 10% of all residents within the County compared with 13% statewide. In Shelton, Hispanic/Latino residents account for 21% of the population (**Exhibit 3**).

**Exhibit 3: Population Identifying as Hispanic or Latino, Washington, Mason County, Shelton, 2019**



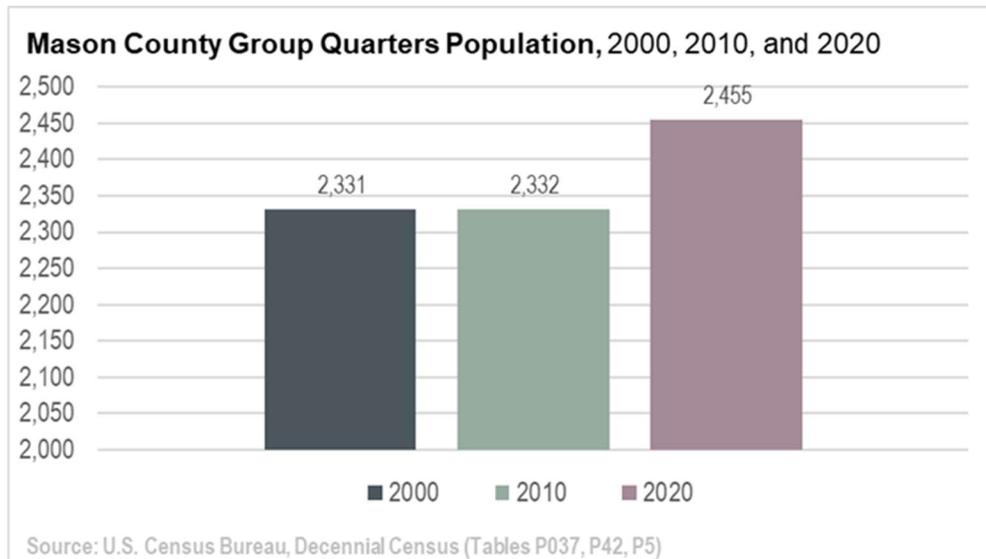
Average household size in Mason County remained relatively steady over the last two decades, ranging between 2.49 and 2.63 residents per household. In 2019, there were 2.58 residents per household, slightly above the statewide average of 2.55 (**Exhibit 4**). In Shelton, where the average household size has steadily increased, the 2019 average household size was 2.76.

**Exhibit 4: Average Household Size**



The number of Mason County residents living in group quarters (institutionalized settings including state prison and cognitive care establishments) increased slightly over the last decade to 2,455 (**Exhibit 5**). This represents a 3.7% share of total county population in 2020, which is above the statewide average of 2.1%. It is estimated that approximately 1,100-1,300 people living in group quarters were inmates at the Washington Correction Center in Shelton.

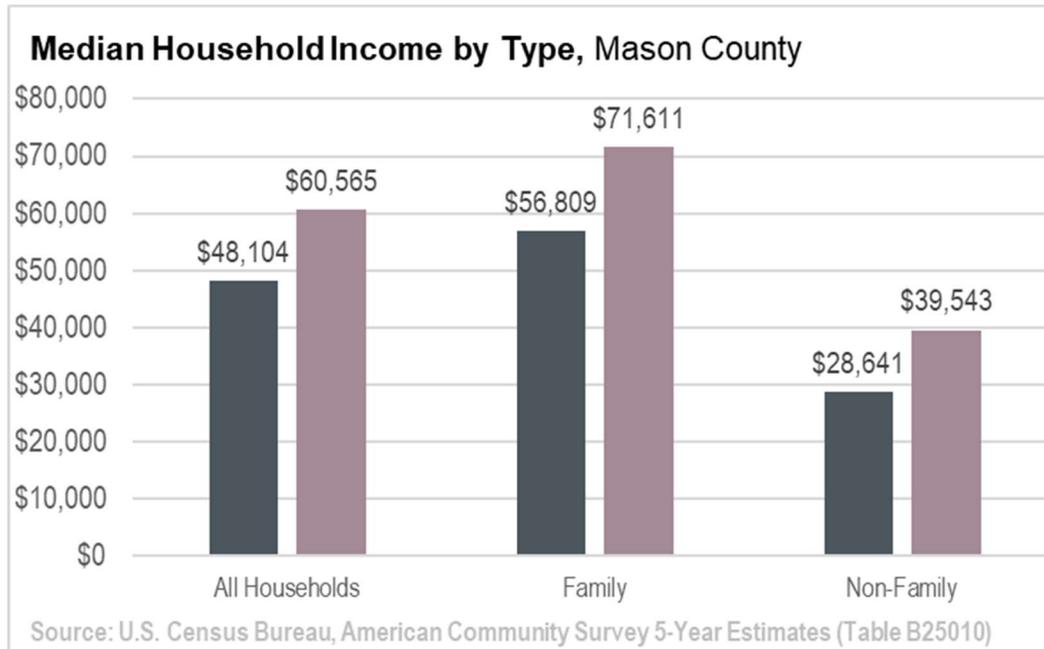
**Exhibit 5: Group Quarters Population**



Income levels in Mason County have risen substantially over the last decade, especially among non-family households whose median income increased by 38% between 2009 and 2019 (**Exhibit 6**). Median income for non-family households increased to \$39,543 in 2019. The median income for

family households increased to \$71,611 in 2019<sup>1</sup>. Presently, 2.5% of residents of Mason County receive some form of SSI assistance.

**Exhibit 6: Median Household Income by Household Type, Mason County, 2009 and 2019**



## Housing Cost Burdens

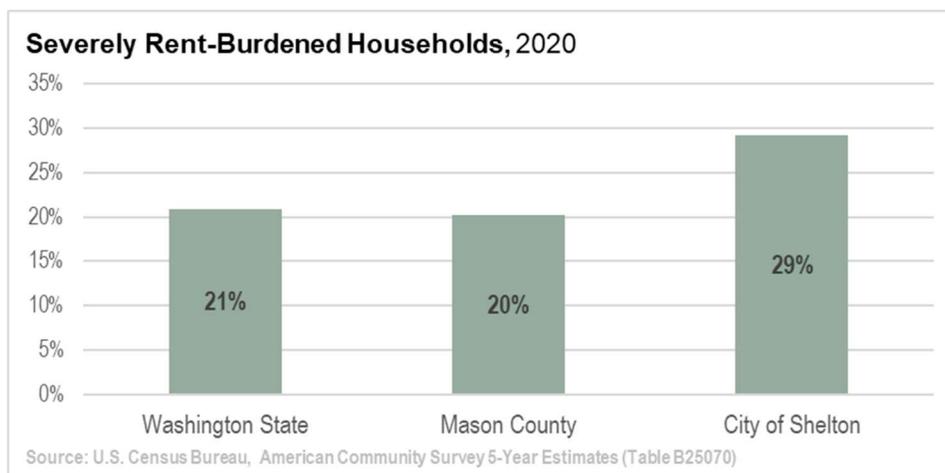
According to U.S. Housing and Urban Development (HUD), households are considered to be “rent burdened” if they pay over 30% of their income on rent. Households are “severely rent burdened” when they pay over 50% of their income on rent.

As shown in **Exhibit 7**, about **20%** of the renter households in Mason County were severely rent burdened in 2020, which compares favorably to Washington state as a whole (21%). However, within the City of Shelton, nearly 3 out of 10 rental households (29%) were severely rent burdened in 2020. More recent socio-economic indicators portend a rising share of severely rent burdened households for 2021 and 2022, as rents tend to rise faster than income levels.

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<sup>1</sup> Census money income is defined as income received on a regular basis (exclusive of certain money receipts such as capital gains) before payments for personal income taxes, social security, union dues, Medicare deductions, etc. Therefore, money income does not reflect the fact that some families receive part of their income in the form of noncash benefits, such as food stamps, health benefits, subsidized housing, and goods produced and consumed on the farm.

**Exhibit 7: Severe Rent Cost Burden, Mason County**



It should be noted that there are other factors referenced by HUD that impact “affordability” more than just house rent/price and number of bedrooms. Costs also account for neighborhood school quality, public safety, and access to jobs and amenities. The percentage of income standard for housing affordability may not fully consider the effects of housing and neighborhood quality. Housing that may appear affordable based on cost alone, for example, might be far from employment centers, increasing the percentage of income a household dedicates to transportation. A household may also choose a low-quality housing unit or a low-opportunity neighborhood to reduce housing costs.

As a result, the conventional measure of affordable housing likely underestimates the number of households who are burdened by combined housing and transportation costs as well as the number of households in need of quality affordable housing”

Like many rural communities across the U.S., an increasing share of Mason County households are experiencing economic hardship as the overall cost of living rises faster than income levels.

Since the War on Poverty began in 1965, the Federal Poverty Level (FPL) has provided a standard for determining the proportion of people living in poverty in the U.S. Despite the FPL’s benefit of providing a nationally recognized income threshold for determining who is poor, its shortcomings include the fact that the FPL is not based on the current cost of basic household necessities, and except for Alaska and Hawaii, it is not adjusted to reflect cost of living differences across the U.S. In fact, federal poverty statistics indicate that the number of Mason County households living in poverty decreased by 15.7% since 2010.

In recognition of the shortcomings associated with federal poverty statistics, the United Way now provides a new measure of economically distressed households struggling in each county in a state. This effort provides a framework to measure households that do not earn enough to afford basic necessities, with a population segment

called ALICE (Asset Limited, Income Constrained, Employed). The ALICE methodology takes into account the total cost of household essentials – housing, childcare, food, transportation, technology,

and health care, plus taxes and a 10 percent contingency. ALICE data are calculated separately for each county, and for six different household types. For more information, please check out:

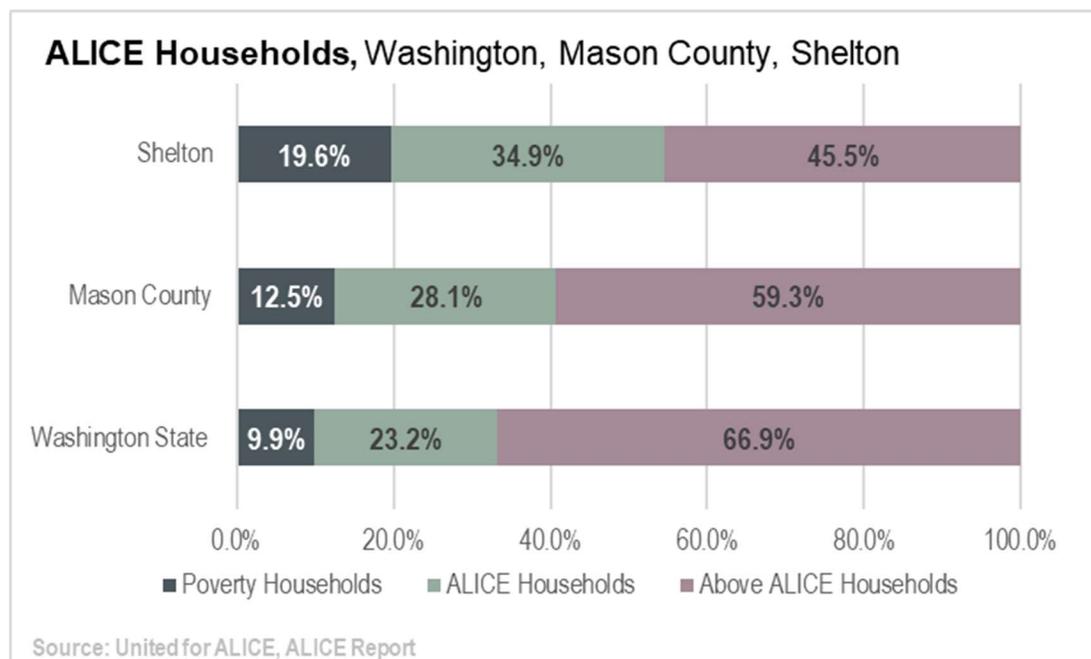
<https://www.unitedforalice.org/methodology>

In 2018, 41% of the households in Mason County were either living in poverty or classified in the ALICE category, which is well above the Washington state average of 33% (**Exhibit 8**).

Measures of "economic deprivation" are tracked by the WA Dept. of Health and Social Services for each county. Recent Mason County benchmarks from 2020 include:

- Eligible students for free/reduced price lunch have shown little change over past 3 years with a range of 55.9 in 2018 to 54.3 in 2020 (per 100 students enrolled in lunch programs).
- Temporary Assistance to Needy Families (TANF) child support (per 100 children 1-17 of age) has shown slight increase from 7.6 in 2018 to 8.1 in 2020.
- Food Stamp recipients (per 100 persons of all ages) has also shown a measured increase from 22.7 in 2018 to 23.8 in 2020.

**Exhibit 8: Poverty and ALICE Households, Washington, Mason County, City of Shelton,**



2018

## Homeless Residents

According to the U.S. Department of Housing & Urban Development (HUD), a person is considered homeless if they are:

- Fleeing Domestic Violence
- Sleeping in an area or structure not meant for human habitation (e.g., outside, vehicle, etc.)

- Staying in an emergency shelter or in a transitional housing program

Recent Point-in-Time Counts for Mason County indicate that the total number of unsheltered and sheltered homeless residents in Mason County included approximately 238 people in 2022 (**Exhibit 9**). Mason County HNA Advisory Committee members indicated that the number of homeless residents within the county may be much higher than what the Washington Dept. of Commerce survey data suggests. Surveys tend to omit residents that are living in “transitional locations” (such as staying with friends or relatives) due to limited available housing options and/or inadequate income levels.

**Exhibit 9: Point in Time Homeless Count, Mason County, 2022**

	Persons	Households
...in households with no minors under 12	135	132
...in households with at least one minor under 12	103	35
...in youth households with no adults over 25	-	-
<b>TOTAL</b>	<b>238</b>	<b>167</b>

Source: Washington Dept. of Commerce.

While the latest point-in-time counts did not include subpopulation estimates of homeless residents, the results from the prior counts indicated that homeless and unstable housing extends to seniors, persons with disabilities and veterans.

The overall at-risk population within these subgroups is depicted in **Exhibit 10**.

**Exhibit 10: Mason County Population and Households by At-Risk Subgroup, 2021\***

Subgroup	Persons	Households
Homeless families with children	103	35
Homeless families no kids	135	132
Individuals with mental illness	2,679	1,088
Veterans	7,829	5,220
Persons with disabilities	12,553	6,276
Senior Citizens (65+)	15,381	10,415
Victims of domestic violence	22,938	11,095

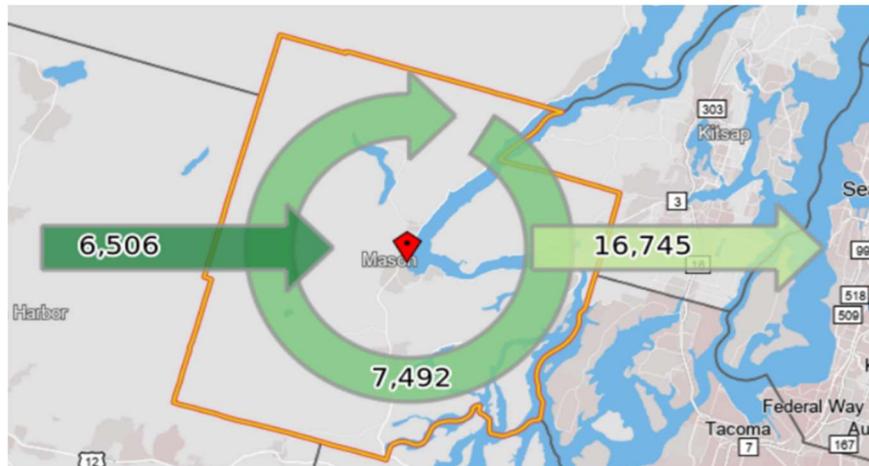
Sources: U.S. Census, American Community Survey, National Statistics on Domestic Violence, Wounded Warrior.org; WA Dept. of Commerce.

## Workforce Commuting Patterns

Mason County is home to an estimated 66,768 people and nearly 14,000 jobs. Historically, the economy was driven primarily by the timber and fishing industries, with more recent gains in the services and retail sectors.

Over half (53%) of the jobs in Mason County are filled by local county residents. Approximately 4 in 10 workers commute less than 10 miles to their job. A slightly higher share (43%) commute 10 and 50 miles each way (**Exhibit 11**).

**Exhibit 11: Work Commute Characteristics, Mason County, 2019**



## Employment by Place of Work

Employment (as measured by at-place-of-work jobs covered by unemployment insurance) within Mason County is growing across most job sectors with the exception of industrial trade. Overall, the county added 391 jobs between 2010 and 2020 (**Exhibit 12**). Between 2010 and 2020, the industrial sector lost 446 jobs while the retail sector added 427 jobs. During this time frame the government sector added 279 jobs and the services sector added 121 jobs.

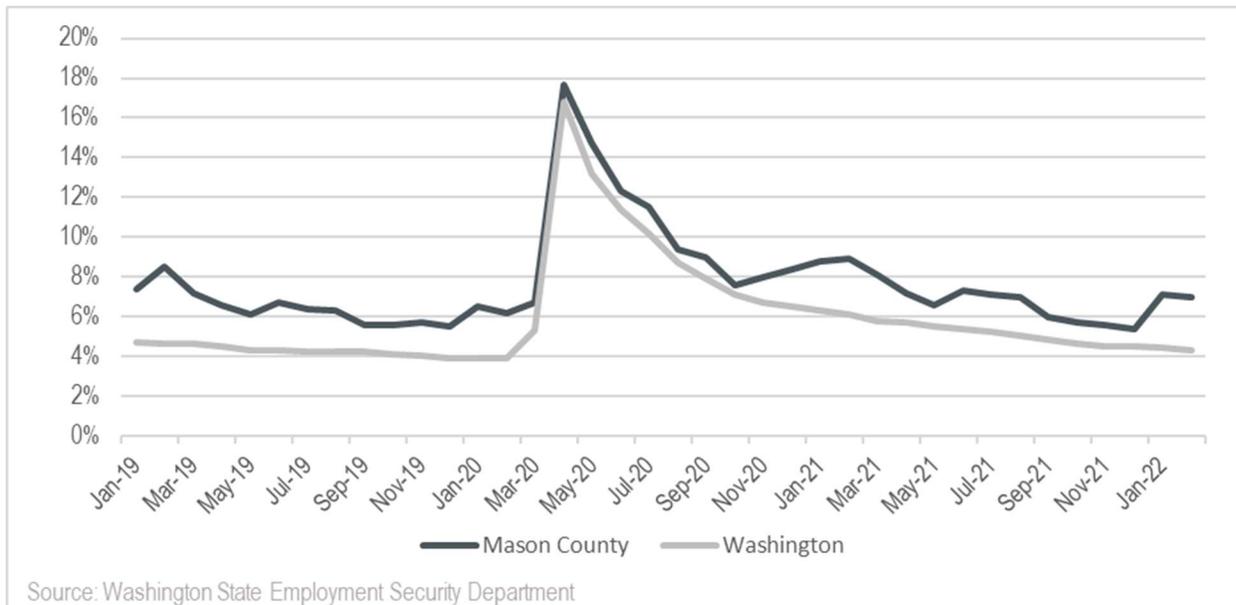
**Exhibit 12: Employment Trends in Mason County, 2010 to 2020**

Sector	2010 Emp.	2015 Emp.	2020 Emp.	Change	AGR
Industrial	3,020	2,690	2,574	(446)	-1.6%
Retail	1,416	1,765	1,853	437	2.7%
Service	3,735	3,720	3,856	121	0.3%
Government	5,245	5,483	5,524	279	0.5%
<b>Total</b>	<b>13,416</b>	<b>13,658</b>	<b>13,807</b>	<b>391</b>	<b>0.3%</b>

Source: Washington State Employment Security Department. AGR = average annual growth rate.

Mason County is now facing relatively higher unemployment levels than the state as whole. As of January 2022, the county had an unemployment rate of 7% compared with the statewide average of 4.3% (**Exhibit 13**). It should be noted that the official unemployment count includes workers that have been actively looking for work over the past 12 months. As such, it excludes workers that are under-employed or have decided to leave the workforce due to personal reasons.

**Exhibit 13: Unemployment Rates in Mason County, Washington State**



**Exhibit 14** below shows average wages for industries throughout Mason County. The average wage in the county is \$48,957 per year. Wage leaders in the county include Finance and Insurance (\$76,241 per year), Professional and Technical Services (\$67,489 per year), and Government (\$62,630 per year).

**Exhibit 14: Average Wages, Mason County**

Industry	Average annual wage
Total	\$48,957
Agriculture, forestry, fishing and hunting	\$53,156
Utilities	\$25,005
Construction	\$42,133
Manufacturing	\$45,016
Finance and insurance	\$76,241
Real estate and rental and leasing	\$26,805
Professional and technical services	\$67,489
Administrative and waste services	\$38,626
Educational services	\$23,169
Healthcare and social assistance	\$36,489
Arts, entertainment, and recreation	\$23,893
Accommodation and food services	\$25,806
Other services, except public administration	\$33,021
Government	\$62,630

Source: 2021 Washington ESD QCEW Data

### III. HOUSING CONDITIONS AND NEEDS

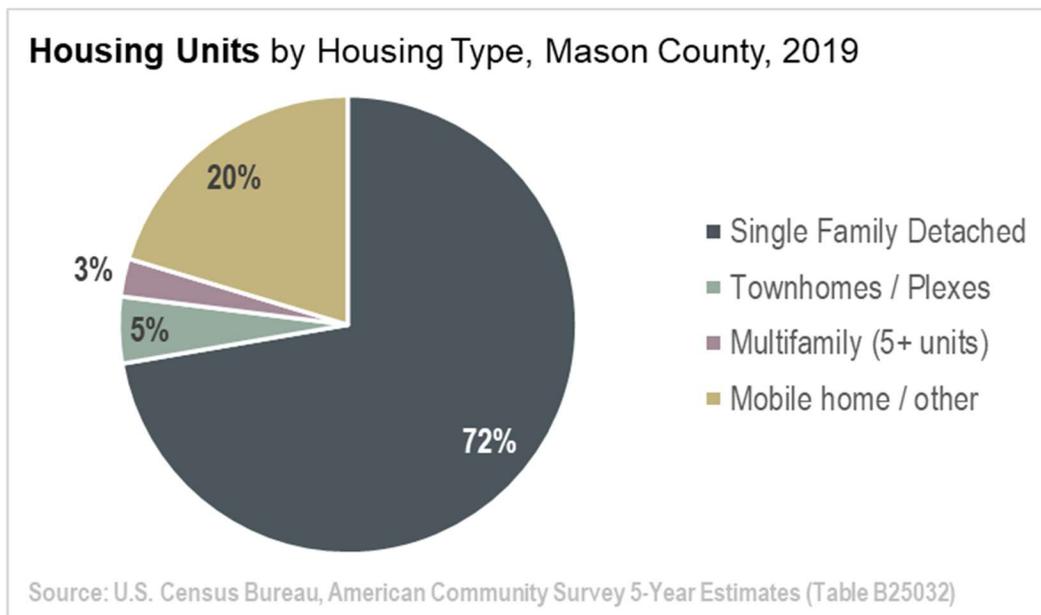
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#### Existing Inventory

Local housing inventory and tenancy patterns shed light on housing conditions and demand preferences. In 2019, there were 33,503 housing units in Mason County of which 24,278 units were classified as occupied and 9,225 units were not occupied by permanent year-round households. It is estimated that nearly all of these 9,225 housing units are used as seasonal second homes or investment properties.

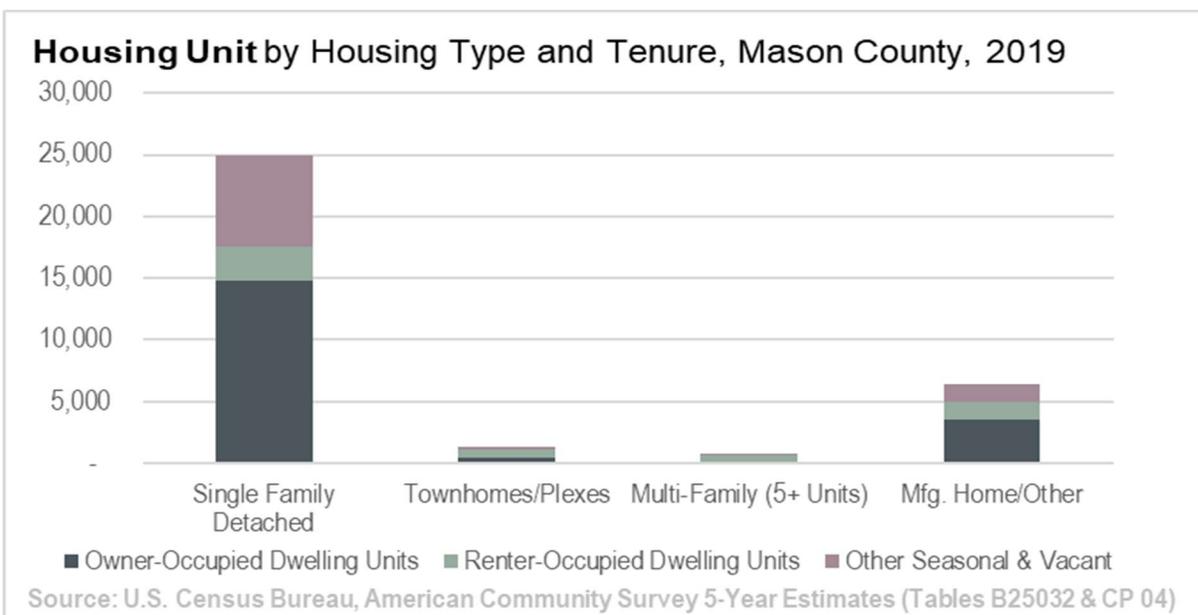
Like most counties in Washington, single-family detached housing is the most prevalent housing type representing 72% of the housing stock. The remaining inventory in Mason County includes mobile homes (20%), townhomes and plexes (5%), and multi-family (3%), as shown in **Exhibit 15**.

**Exhibit 15: Existing Housing Mix**



Owner-occupied housing units represent 77% of the housing inventory while renter-occupied units account for the other 23% of the inventory (**Exhibit 16**).

Exhibit 16: Existing Housing Tenancy, 2015-2019, Mason County



The current overall housing vacancy rate in Mason County is estimated at 1%. However, over 1 in 4 homes in Mason County (27% of the entire housing inventory) are used as second homes or seasonal housing by out-of-county residents. The second home inventory represents 9,225 housing units in Mason County. The share of seasonal housing in Mason County is now much higher than nearby Jefferson County (21%), Kitsap County (7.8%), Pierce County (6.8%), and Thurston County (5.6%). While there is no accurate count of short-term rentals in Mason County, interviews with real estate professionals indicate that the short-term rental market (units rented on a daily, weekly, or monthly basis) is fairly limited in the county, with the exception of some waterfront properties marketed through websites such as AirB&B or VRBO.

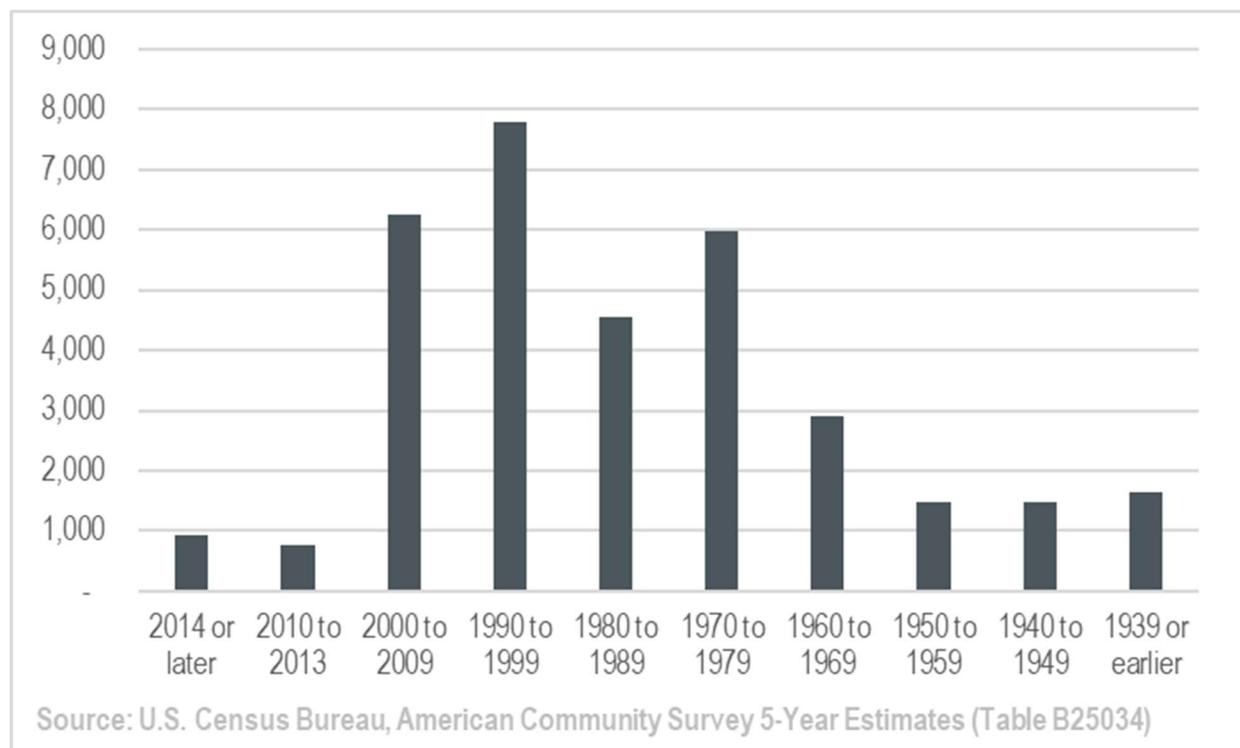
**Exhibit 17** reflects housing units by year of construction. As of 2018, the median age of all housing units in Mason County was 28 years (built in 1990). However, the median age for the rental housing inventory was much older at 39 years (built in 1979).

In comparison with statewide averages, the median age of owner-occupied housing in Mason County was 26 years compared with 35 years for the state. The median age for rental housing in Mason County is slightly older than the state (39 years for Mason County vs. 35 years for the state).

According to the U.S. Department of Housing and Urban Development (HUD), today's manufactured homes have an average life expectancy of 30–55 years, depending on the level of maintenance.

**With a current inventory of over 6,700 mobile homes, it is likely that many if not most of these units will need to be refurbished or replaced over the next 20 years.**

**Exhibit 17: Dwelling Units by Year Built, Mason County**



## Subsidized and Income-Restricted Units

Mason County has taken a proactive role in providing affordable housing to low income citizens for over five decades. The Housing Authority of Mason County, doing business as the Mason County Housing Authority, was organized in 1972. It operates a Rural Development property, which includes 109 subsidized housing units. Most properties were built in the late 1970's, including Goldsborough Cove (20 units), Fairmont Cove Apartments (40 units), and Pine Gardens (28 units). The most recent development includes a Section 8 property that was built in 1996 named Kneeland Park Apartments.

The Mason County Housing Authority has also partnered with the Bremerton Housing Authority to help manage Section 8 Housing Voucher programs, which currently include:

- MCH Authority's 109 Units
- HUD Section 8 Project Based Units = 28
- USDA Units = 60
- Tax Credit Units = 21

Government assisted housing with income restrictions are one of the most important types of housing required to ensure that all housing needs are met. Without such units, it is difficult for many low-income households to avoid being cost-burdened. Among these units variety is also necessary to meet a range of household size requirements. Within Mason County in 2022 there were 78 income-restricted subsidized units, split among several locations (**Exhibit 18**).

**Properties Restricted for Residents Earning < 120% MFI, Mason County**

Income Restricted Housing by	
Location	Dwelling units
Shelton	69
Union	3
Belfair	2
Grapeview	2
Hoodsport	1
Shorecrest	1
<b>Total</b>	<b>78</b>

Income Restricted Housing by #		Avg. Rent (Jan. 2022)	
of Bedrooms	Count		
1	20	\$1,098	
2	34	\$1,275	
3	23	\$1,732	
4	1	\$1,800	

Source: Mason County Public Health Dept

***Representatives from the Mason County Housing Authority, Housing Kitsap, and Bremerton Housing Authority indicated that the waitlist for low-income housing vouchers in both Mason County and Kitsap County exceeded 1,000 applicants.***

### New Construction Activity

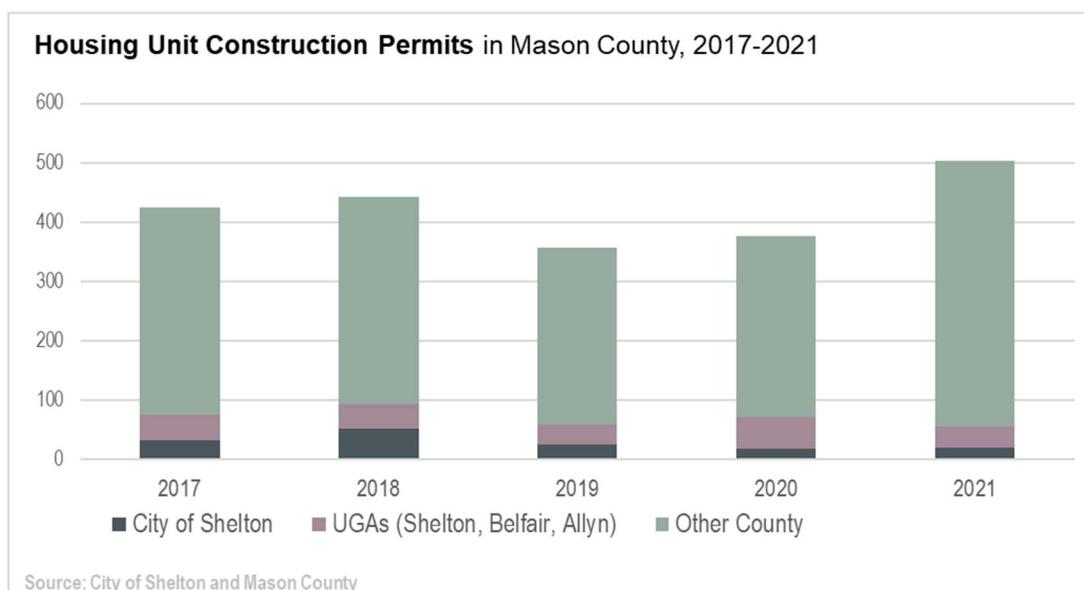
New housing construction permits issued in the County indicate consistent development activity over the past several years. Mason County issued new residential construction permits at an average rate of 392 per year between 2017 and 2021. Within Mason County, the Urban Growth Areas of Shelton, Belfair and Allyn added approximately 42 housing units per year during the past five years.

In the City of Shelton, new housing construction averaged 29 units per year during the same timeframe (**Exhibit 19**). As shown below, most units were single family residential dwellings with a substantial number of mobile home units constructed in the county.

**Exhibit 18: New Residential Housing Units Permitted, Mason County (2017-2021)**

	2017	2018	2019	2020	2021
<b>Shelton Total</b>	<b>32</b>	<b>51</b>	<b>24</b>	<b>17</b>	<b>19</b>
Single-Family Detached	26	47	20	15	19
Plex	6	4	4	2	0
Multi-Family	0	0	0	0	0
Mobile Homes	0	0	0	0	0
<b>Other Mason County Total</b>	<b>472</b>	<b>465</b>	<b>330</b>	<b>352</b>	<b>488</b>
Single-Family Detached	411	427	239	239	315
Plex	6	2	0	0	0
Multi-Family	0	0	0	0	0
Mobile Homes	55	36	91	113	173

Source: City of Shelton and Mason County



## Housing Values and Rents

Home values in Mason County have increased significantly in recent years. As indicated in **Exhibit 20**, median home price indices in Shelton and Belfair increased to \$459,664 and \$501,000 respectively (as of January 2022). In both of these communities, home prices have increased more than 20% annually since 2020. In comparison with other cities in the southern Puget Sound, Mason County home prices are increasing at a much faster rate.

As of February 2022, there were only 77 housing units actively listed for sale in Mason County, of which only 5 units were priced below \$271,000. Hence only 6% of the listed homes would be considered attainable to households earning 80% of the area median income.

**Exhibit 19: Home Value Price Index in Select Markets**

	Jan-20	Jan-21	Jan-22	Annual Change %
Belfair	\$329,000	\$380,000	\$501,000	23.4%
Shelton	\$274,000	\$346,000	\$459,664	29.5%
Olympia	\$355,000	\$411,000	\$510,000	19.9%
Tacoma	\$340,000	\$398,000	\$482,000	19.1%

Source: Zillow.com; analysis by FCS 2/16/22

Currently, the HUD fair market rents within Mason County range from \$710 for an efficiency unit to \$1,529 for a four-bedroom unit, as shown in **Exhibit 21**.

Fair Market Rents, 2022				
Source: U.S. Department of Housing and Urban Development				
<b>\$710</b>	<b>\$938</b>	<b>\$1,069</b>	<b>\$1,504</b>	<b>\$1,529</b>
Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom

**Exhibit 20: Maximum Rent Limits for HOME Projects, Mason County**

	Efficiency	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
Low Home Rent Limit	\$ 691	\$ 740	\$ 888	\$ 1,026	\$ 1,145	\$ 1,263	\$ 1,380
High Home Rent Limit (Max allowed)	\$ 710	\$ 938	\$ 1,069	\$ 1,300	\$ 1,431	\$ 1,561	\$ 1,690
<b>For Information Only:</b>							
Fair Market Rent	\$ 710	\$ 938	\$ 1,069	\$ 1,504	\$ 1,529	\$ 1,758	\$ 1,988
50% Rent Limit	\$ 691	\$ 740	\$ 888	\$ 1,026	\$ 1,145	\$ 1,263	\$ 1,380
65% Rent Limit	\$ 879	\$ 943	\$ 1,133	\$ 1,300	\$ 1,431	\$ 1,561	\$ 1,690

Source: U.S. Housing and Urban Development, June 15, 2022.

## Housing Gap Analysis

An analysis of rental housing demand and supply indicates that there are existing market gaps yet to be addressed by housing builders or developers. As shown in **Exhibit 22**, the most significant market gaps are contained within the upper- and lower-ends of the market. For example, with 2,051 existing rental households in Mason County earning \$50,000+ annual income, the number of available rental units at attainable price levels included only 1,299 units. Hence, there is estimated pent-up demand for approximately 752 quality market-rate rental units at rents upwards of \$1,250 per month (one bedroom units) and \$1,875 or more (for two+ bedrooms).

There is also significant demand for additional lower-cost rental units priced at \$500 or less per month. There are approximately 2,053 rental households in Mason County with incomes below \$20,000 but only 1,402 rental units priced under \$500 per month. This creates a market gap of 651 low-income rental units with an allocation of 60% studio/1 bedroom; 30% 2 bedroom; and 10% 3 bedroom units. As a result of these market gaps, most low-income households are paying well over 50% of their income on inadequate rental housing; which is a factor driving up the share of severely rent burdened households in Mason County.

**Exhibit 21: Rental Housing Market Gap Analysis, Mason County**

Household Income	Category	Affordable Monthly Rent Costs *	Renter-Occupied Households	Estimated Available Rental Units	Pent Up Demand (Market Gap)	Capture Rate for Analysis	Additional Housing (units)
\$75,000 or more:		\$1,875	1,035	505	(752) market rate gap	50%	376
\$50,000 to \$74,999:		\$1,250-\$1,875	1,016	794			
\$40,000 to \$49,999	30% to 60% AMI	\$1,000-\$1,250	961	2,248	Note 1		
\$20,000 to \$39,999		\$500-\$999	665	781			
Less than \$20,000:	30% or below AMI	Less than \$500	1,128	580	(651) subsidized housing gap	50%	326
Zero or Negative Income		Requires subsidy	925	822			
<b>Total</b>			<b>5,730</b>	<b>5,730</b>	<b>(1,403)</b>		<b>702</b>

Source: U.S. Census Bureau, American Community Survey 2013-2018, tables B25103 & B25063; FCS GROUP.

Note 1: Many middle priced units are being occupied by lower-income households or upper-income households at this time.

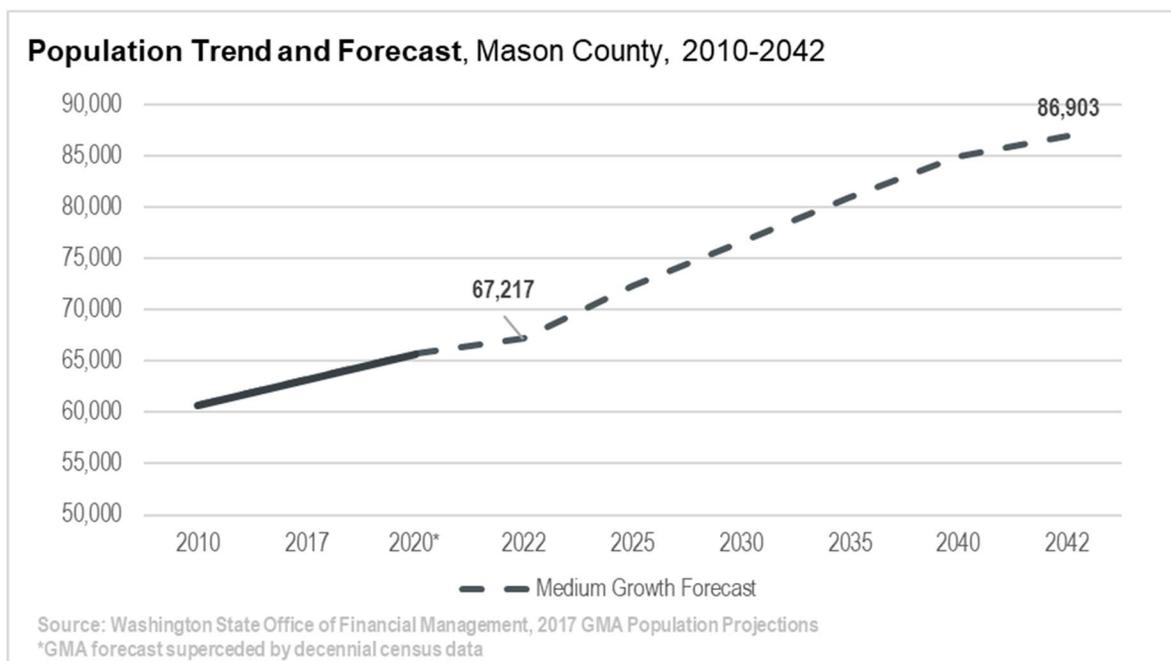
\* Calculated as 30% of income range based on HUD guidelines

## Population Growth Forecast

The medium and upper population growth forecasts provided by the Washington Office of Financial Management (extrapolated to 2042) for Mason County indicate that the county can expect to add between 19,250 and 33,938 residents over the next 20 years. This equates to an annual average growth rate (AGR) of between 1.13% and 1.67%. In light of the fact that county population has historically been increasing at 0.73% annually, the medium growth forecast (1.13% AGR) is utilized for this housing needs assessment (see **Exhibit 23**).

Even with the potential incorporation of Belfair or other areas, the medium growth forecast is assumed to reflect most likely growth rates over the next two decades.

**Exhibit 22: Mason County Population Trend and Forecast (2010-2042)**



## Housing Need Forecast

The baseline housing demand forecast considers net new housing needed to meet additional population growth and the mix of housing types that would most likely address future market requirements. The housing needs for Mason County take into account the following factors:

- Medium-growth forecast of the net new permanent population expected to be added over the next 20 years throughout Mason County (per the Washington Office of Financial Management).
- Current average household size (2.58 people per occupied dwelling).
- Seasonal housing share based on current estimates (27.5%)
- Conservative capture rates of the current housing shortfall for market rate rental apartments
- Potential for development of additional government-subsidized housing.
- Current allocation of population that resides in group quarters arrangements (3.7%)
- Long range plans to provide adequate infrastructure (water, sewer, and road capacity) to create new planned unit developments or single-family subdivisions.

The baseline forecast reflects a range in housing types to address market preferences and demand for more attainably priced “middle housing” types, such as apartments, plexes, manufactured homes and accessory dwellings.

As indicated in **Exhibit 25**, the baseline forecast assumes 11,573 net new housing units are constructed in Mason County over the next 20 years. This includes:

- 7,345 housing units for permanent year-round residents
- 2,791 seasonal housing units for part-time residents
- 371 market-rate apartments to address current demand shortfalls
- 326 government-assisted housing units for year-round residents. Note, this is a financially constrained forecast based on current funding sources. Actual demand is likely to exceed this estimate if adequate federal grant funding is provided.
- Shared housing for 735 people living in group quarters arrangements, such as assisted living, congregate care, transitional housing, emergency housing, etc.

**Exhibit 23: Mason County Net New Housing Needs by Type: 2022-2042**

Mason County			
	2022	2042	
	estimate	forecast	Change
Mason County Population	67,217	86,903	19,687
Less Group Quarters (3.7%)	2,511	3,246	735
Pop in Households	64,706	83,657	18,951
Avg. Household Size	2.58	2.58	
Households (year round)	25,080	32,425	7,345
Vacancy and Seasonal Housing Assumption	27.5%	27.5%	2,791
Growth-related Housing Demand (dwelling units)	34,610	44,746	<b>10,137</b>
Plus Pent-Up Demand for Market Apts.			376
Plus Pent-Up Demand for Gov't Assisted Units			326
Plus Group Quarters Demand			735
Total New Housing Demand			<b>11,573</b>

### Housing Replacement Demand

In addition, to the baseline housing need, there will be a need to replace or refurbish an estimated 3,200 mobile homes (a portion of nearly 6,400 existing dwellings that are now reaching the end of their useful life). For analysis purposes, it is assumed that 50% of these units will need to be replaced over the next 20 years

### Projected Housing Demand by Income Level

Near-term and long-term housing demand by income level is reflected in **Exhibit 25**. Over the next five years, we would anticipate that housing demand will be driven by a significant amount of pent-up market demand for rental housing, particularly market-rate apartments and government-subsidized dwellings of diverse sizes ranging from small studio apartments to 1, 2 and 3 bedroom homes.

**Exhibit 24: Mason County Net New Housing Needs by Type: 2022-2042**

Housing Attainability Level	5-Yr Housing Need	6- 20-Yr Housing Need	Total Housing Need	Representative Housing Products
Upper (120% or more of MI)	1,013	3,038	4,051	Standard Homes, Townhomes
Upper Middle (80% to 120% of MI)	955	1,360	2,315	Cottage Homes, Townhomes, Apartments
Lower Middle (60% to 80% of MI)	434	1,302	1,736	Plexes, Mfgd. Homes, Apts.
Very Low (30% to 60% of MI)	347	1,042	1,389	Accessory Dwellings, Govt Assisted
Extremely Low (less than 30% of MI)	289	868	1,157	Accessory Dwellings, Govt Assisted
Group quarters & Special needs	231	694	926	Govt Assisted, Transitional Shelters
<b>Total</b>	<b>3,269</b>	<b>8,304</b>	<b>11,573</b>	

**Source:** estimates by FCS based on prior tables and stated assumptions.

**Exhibit 25** represents a potential allocation of future housing demand by submarket. This preliminary target allocation of housing demand takes into account current and projected population forecasts, and housing needs reflected by the Belfair Planned Action EIS, as well as emerging market trends identified herein. It should be noted that the community of Belfair has recently made a significant investment in sewer and transportation infrastructure. These investments are expected to increase near-term residential capacity in Belfair. In response, Mason County has adopted a preferred land use alternative aimed at creating new mixed-use and residential development opportunities in Belfair.

**Exhibit 25: Projected Net New Housing Demand by Subarea**

Housing Type	City of Shelton	Shelton UGA	Allyn UGA	Belfair UGA	Other Rural County	Total
Single Family Detached	428	2,058	1,218	578	4,282	8,564
Townhomes / Plexes	255	74	44	21	69	463
Multi family (5+ units per structure)*	492	46	27	13	-	579
Mfg. homes and cottages	197	368	218	103	1,082	1,967
<b>Total</b>	<b>1,371</b>	<b>2,546</b>	<b>1,507</b>	<b>715</b>	<b>5,434</b>	<b>11,573</b>

**Source:** allocation derived from Washington OFM, City of Shelton, and Belfair UGA Planned Action EIS; and current market trends. \* includes group quarters units.

## IV POLICY CONSIDERATIONS

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### Planning Policies

To meet Washington Growth Management Act (GMA) requirements, the City of Shelton, and communities of Allyn, Belfair and other unincorporated areas should plan to accommodate at least 11,573 additional housing units over the next 20 years.

Actual housing demand will likely surpass this long-range forecast by 3,200 units over 20 years once replacement demand for aging mobile homes is considered.

***It is recommended that this Housing Needs Assessment be adopted by resolution.***

The adopted HNA would result in new housing targets for Mason County. This would necessitate a series of Comprehensive Plan consistency edits. A preliminary set of edits to tables and figures is provided in **Appendix B**.

Once adopted, Mason County can utilize the findings contained herein to amend the Housing Element of the Comprehensive Land Use Plan with new goals and policies aimed at fostering housing production at all income levels. New actions are needed to encourage a wider mix of housing types, with particular emphasis on safe and affordable housing.

A list of potential policy actions that are considered “best practices” are provided in **Appendix C**. It is recommended that Mason County continue to work with the City of Shelton and local residents and housing stakeholders to implement some of these actions during or prior to the next periodic update of the Mason County Comprehensive Plan.

### Affordable Housing Strategies

***It is recommended that Mason County follow the approach used by the Bremerton Housing Authority to formally appeal the current HUD-calculated income limits for determining housing voucher eligibility levels.***

HUD income levels are used to determine fair market rents which in turn determines the value of housing vouchers. The wide variance between HUD income limits for Kitsap County (median income \$102,500) and Mason County (\$77,200) is significant. And this results in a large variance in current HUD fair market rents as shown in the following table for 2021-22.

Location	Efficiency	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
Mason County	\$779	\$1,029	\$1,173	\$1,652	\$1,659	\$1,931	\$2,183
Kitsap County	\$1,406	\$1,639	\$2,116	\$2,920	\$3,488	\$4,012	\$4,535

While appealing the current HUD calculated income levels for Mason County will come with a legal and technical cost, the benefits to low income households would be significant for many years.

## Create New Funding Resources

Mason County and the City of Shelton have also concurrently implemented a new source of funding for affordable housing by adopting the supplemental **Document Recording Fee** (SHB 2060) **and the Affordable Housing Sales Tax Credit** (HB 1406, RCW 82.14.540).

The Affordable Housing Sales Tax Credit enables Mason County and the City of Shelton to “capture” a portion of the state sales tax revenue that was generated during the base year (2019) to be utilized as a credit for funding eligible infrastructure projects and activities that support affordable housing.

It is estimated that the Sales Tax Credit program will generate over \$200,000 annually for programs and services that help increase affordable housing.

***It is recommended that new funding sources for affordable housing be further evaluated and adopted.***

A list of funding resources available to local governments and housing authorities (non-profit organizations) is provided in **Exhibit 27 and Appendix D**.

While it is beyond the scope of this HNA to recommend specific funding resources and requirements, there are at two additional affordable housing funding techniques that the Washington State Legislature has authorized which are described below (preliminary analysis of each provided in **Appendix E**).

### Affordable Housing Levy (RCW 82.52.105)

This legislation allows cities and counties to seek voter approval for up to a \$0.50 levy milage rate to be used for eligible affordable housing developments and related infrastructure.\*

- Property tax – additional levy up to \$0.50 per \$1,000 assessed valuation.
- Revenues restricted to finance affordable housing for “low-income” and “very low-income” households.
- Requires simple majority voter approval.
- Subject to \$10 constitutional limit but not \$5.90\*

*\*The affordable housing levy is not subject to the \$5.90 local limit, but it is subject to the \$10 constitutional limit and may be subject to prorationing if the \$10 limit is exceeded. In the event that both a county, and a city or town within the county, pass affordable housing levies, the combined rates of these levies may not exceed \$0.50 per \$1,000 of assessed valuation in any area within the county. If the combined rates exceed \$0.50, the levy of the last jurisdiction to receive voter approval must be reduced or eliminated so that the combined rate does not exceed \$0.50.*

Preliminary analysis by FCS indicates that the unincorporated area within Mason County generated approximately \$10,978,000,000 in assessed property value (AV) in 2020. If Mason County were to participate in this program for affordable housing at the maximum level of \$0.50 per \$1000 AV, the gross annual revenue could exceed \$5.4 million.

Similarly, the incorporated area within the City of Shelton generated approximately \$1,196,000,000 in assessed property value (AV) in 2020. If the participated in this program at the maximum level of \$0.50 per \$1000 AV, the gross annual revenue could exceed \$500,000.

### Affordable Housing Real Estate Excise Tax (HB 1219, RCW 82.46.035 and 2011)

This program allows counties to apply a 0.25% tax surcharge on real estate transactions for all areas within the county (including City of Shelton). No public vote is required.

- REET tax – additional tax of up to 0.25% on real estate transactions.
- This program is set to expire at the end of 2026 (unless extended by the WA state legislature).
- Funds are be utilized for affordable housing projects. Limitations apply to the use of funds for public capital facility construction and maintenance.

Preliminary analysis by FCS indicates that Mason County and the City of Shelton generated a combined total of approximately \$240 million in non-exempt real estate sales transactions in 2021. Based on this level of sales activity, the 0.25% REET surcharge would have generated over \$600,000 in gross revenues that year.

### Other Funding Techniques

There are several additional funding programs that may be considered to leverage private investment in housing throughout Mason County. This includes utilizing local funding to leverage federal and state public grants and loans through the Washington State Housing Commission, and Washington State Housing Trust Fund. Please refer to **Appendix C** for a more complete list of local, state, and federal funding resources.

### Next Steps

This Housing Needs Assessment is an important step in updating Mason County's growth needs for housing and related actions to help foster additional safe and affordable housing for all income levels. With adoption of this HNA document, Mason County is in a better position to seek state and federal grants for updating local plans and regulations; and leveraging public and private investment for new housing.

**Exhibit 26: Affordable Housing Funding Programs in Washington**

Funding Source	Funding Focus	Required Use of Funds	Income Restrictions
Low Income Housing Tax Credits (LIHTC)	Affordable Housing & Homelessness	Creation of new units	60% of the Area Median Income (AMI) or below
Washington State Housing Trust Fund	Affordable Housing & Homelessness	Preservation, creation of new units, and supportive services	80% of the AMI or below with special focus on those at 30% of AMI or below
State Authorized Sales Tax	Affordable Housing	Development of new units & housing-related services	60% of the AMI or below
Housing Choice Voucher (Section 8)	Affordable Housing	Subsidizing rents	50% of the AMI or below
Community Development Block Grants (CDBG)	Affordable Housing	Renovations to housing stock & affordable home ownership opportunities	80% of the AMI or below
HOME Investment and Partnership Program	Affordable Housing	Development and maintenance of affordable units, subsidized rents	50% of the AMI or below
Affordable Housing Property Tax Levy	Affordable Housing	Programs identified in local affordable housing plans	50% of the AMI or below
HB 1406 Funds	Affordable Housing	Local investments in affordable housing	60% of city median family income
HUD Continuum of Care Program	Homelessness	Housing and wrap-around services for the homeless	N/A
Document Recording Fees	Homelessness	Development of homeless housing units, homelessness prevention activities	N/A
Mental Illness and Drug Dependency Tax	Homelessness	Housing and wrap-around services for mentally ill or drug addicted residents	N/A
Real Estate Excise Tax (REET)	Affordable Housing & Homelessness	Development, planning, property acquisition, maintenance of affordable housing, especially for the homeless	N/A
Lodging Tax (Hotel/Motel Tax)	Workforce Housing	Paying down debt issued to fund transit adjacent workforce housing.	N/A
Public Private Partnerships	Workforce Housing & Business Development	Usually entails private construction of housing or commercial on public land	Varies

Source: Association of Washington Cities and Municipal Research Service Center; and FCS GROUP.

## APPENDIX A: HOUSING STAKEHOLDER PARTICIPANTS

In addition to feedback received from interim meetings/presentations with the Mason County Board of Health and the **Mason County Housing & Behavior Health Advisory Board**, interviews were conducted with the following local, regional and state housing stakeholders:

- James Burnett, Mason County Housing Authority
- Kyle Cronk, President/CEO of the South Sound YMCA
- Jim Morrell, Peninsula Credit Union CEO
- Katrina Kahler-Wilson, Community Action Council Housing Program Director
- Colleen Carmichael, Quixote Communities Executive Director
- Justin Holzgrove, Director of Engineering & Utility Services Mason PUD
- Emily Grossman, Washington State Department of Commerce Policy Advisor
- Janine Stevens, Bremerton Housing Authority (also manages Mason County vouchers)
- Betty Sue Jamison, Housing Kitsap (also manages Self Help Program with Mason County)
- Jill Stanton, Bremerton Housing Authority, Executive Director

## APPENDIX B: DRAFT COMPREHENSIVE PLAN CONSISTENCY EDITS

In order to ensure consistency between the findings contained in the Mason County Housing Needs Assessment and the Mason County Comprehensive Plan, it is recommended that County planning staff work with the City of Shelton planning staff and housing stakeholders to refine long range housing capacity targets. The following tables are identified for potential replacement to provide consistency with growth assumptions provided by the Washington Office of Financial Management, City of Shelton and Belfair UGA Plan.

**Remove Table 1**

**Table 1. Mason County Population Growth Assumptions: 2016-2036**

	2016	2036	Population Increase	Percent Increase
<b>Mason County Total</b>	<b>62,320</b>	<b>83,800</b>	<b>21,480</b>	<b>34%</b>
City of Shelton	10,070	16,200	6,130	61%
Shelton UGA	3,740	7,220	3,480	93%
UGA: Alyn	1,990	3,290	1,300	65%
UGA: Belfair	1,000	6,510	5,510	551%
Rural County	45,520	50,580	37,900	83%

**Replace Table 1 as follows:**

**Table 1. Mason County Population Growth Assumptions: 2016 and 2020-2042**

	2016	2020	2022 est	2042	Population Increase	Percent Increase
Mason County Total	62,320	65,726	67,217	86,903	19,687	29%
City of Shelton	10,070	10,371	10,606	16,200	5,594	53%
Shelton UGA	3,740	3,751	3,836	7,220	3,384	88%
UGA: Alyn	1,990	2,221	2,271	3,290	1,019	45%
UGA: Belfair	1,000	1,054	1,078	6,510	5,432	504%
Rural County	45,520	48,329	49,425	53,683	4,258	9%

Source: Mason County Housing Needs Assessment, Washington Office of Financial Management, City of Shelton, and Belfair UGA Plan.

**Remove Table 14**

Area	Additional Population	Share of Population Growth	Percent of Total Land Area
Shelton Urban Growth Area*	9,610	45%	1.5%
Belfair Urban Growth Area	5,510	26%	0.4%
Alyn Urban Growth Area	1,300	6%	0.1%
Fully Contained Community Reserve	600	3%	0%
RAC - LAMIRDS	400	2%	<1%
Rural Lands	4,060	19%	63%
<b>Total County</b>	<b>21,480</b>	<b>100%</b>	

\* includes City of Shelton

**Replace Table 14 as follows...**

Area	Additional Population	Share of Population Growth	Percent of Total Land Area
Shelton City + Urban Growth Area*	8,978	46%	1.5%
Belfair Urban Growth Area	5,432	28%	0.4%
Alyn Urban Growth Area	1,019	5%	0.1%
Fully Contained Community Reserve	600	3%	0%
RAC - LAMIRDS	400	2%	<1%
Rural Lands	3,258	17%	63%
<b>Total County</b>	<b>19,687</b>	<b>100%</b>	

\* includes City of Shelton

**Remove Table 15**

	2016 Housing Units	2036 Housing Units	Number of New Housing Units	% Increase
<b>2016 Housing Units</b>				
<b>Mason County Total</b>	<b>33,400</b>	<b>44,000</b>	<b>10,650</b>	32%
City of Shelton	3,900	5,000	1,150	29%
Urban Growth Areas (Allyn, Belfair, Shelton)	3,000	6,600	3,600	120%
Rural County	26,500	32,400	5,900	22%

**Replace Table 15 as follows...**

	2016 Housing Units	2022 Housing Units*	2042 Housing Units	New Housing Units (2022- 2042)	% Increase (2022-2042)
<b>Mason County Total</b>	<b>33,400</b>	<b>35,503</b>	<b>47,076</b>	<b>11,573</b>	35%
City of Shelton	3,900	4,043	5,316	1,273	33%
Urban Growth Areas (Allyn, Belfair, Shelton)	3,000	3,210	7,978	4,768	159%
Rural County	26,500	28,250	33,782	5,532	21%

\*estimate as of January 1, 2022.

**Remove Table 16**

Area (all acres in net acres)	Residential Capacity	Non Residential Capacity	Total Capacity
<b>Urban Growth Areas</b>	<b>3,100</b>	<b>1,710</b>	<b>4,810</b>
Shelton UGA**	1,650	1,430	<b>3,080</b>
Belfair UGA***	1,652	564	<b>2,216</b>
Allyn UGA**	220	30	<b>250</b>

\* Exclusively non-residential.

\*\* Net acres excludes unavailable lands, unsuitable lands; 20 percent roads & 25% market factor.

\*\*\* See Belfair UGA Plan and EIS. Excludes unavailable and unsuitable lands and applies discount factor.

**Replace Table 16 with 2022 estimates as follows...**

Area (all acres in net acres)	Residential Capacity	Non Residential Capacity	Total Capacity
<b>Urban Growth Areas</b>	<b>3,312</b>	<b>1,710</b>	<b>5,022</b>
Shelton UGA**	1,597	1,430	<b>3,027</b>
Belfair UGA***	1,640	564	<b>2,204</b>
Allyn UGA**	75	30	<b>105</b>

\* Exclusively non-residential.

\*\* Net acres excludes unavailable lands, unsuitable lands; 20 percent roads & 25% market factor.

\*\*\* See Belfair UGA Plan and EIS. Excludes unavailable and unsuitable lands and applies discount factor.

## APPENDIX C: POTENTIAL POLICY MEASURES

This table includes a list of local city and county “best practices” measures for accommodating housing development. Mason County and the City of Shelton should consider some of these measures during their next scheduled update of their Comprehensive Land Use plans.

Action Number	Description
<b>Amend Local Zoning Regulations</b>	
Z-1: Reduce Minimum Lot Sizes	Amend lot characteristic standards, such as setback requirements, lot size averaging, etc. to remove barriers to the development of a wider range of housing.
Z-2: Require a Minimum Density	Create a minimum density standard in all residential zones. Example: minimum density standard of at least 70% of maximum density permitted in any residential zone.
Z-3: Up-zoning	Develop criteria and a process for identifying land to up-zone (or rezone) to meet the deficit of land for multifamily development. The criteria may include considerations of location, transportation access, access to and capacity of infrastructure, site size, development constraints, and other relevant criteria.
Z-4: Increase Building Height	Evaluate removing maximum density standards and building height limitations.
Z-5: Integrate or Adjust FAR Standards	Floor area ratio (FAR) is the ratio of a building's total floor area (gross floor area) to the size of the piece of land upon which it is built. Since FAR focuses entirely on building massing, it's often seen as a good alternative to density regulations (maximum number of lots or dwelling units per acre) in multifamily and mixed-use zones.
Z-5a: Increase Allowed Housing Types	Encouraging a larger variety of housing types including plexes and smaller scale multifamily development.
Z-6a: Cottage Housing	Allow cottages to be developed in clusters with shared central amenities (such as open spaces) to allow for the development of small single-family detached housing.
Z-6b: Duplexes, Triplexes and Fourplexes	Allow triplexes and quadplexes in single-family zones, possibly using a form-based code approach to regulate the development of these units.
Z-6c: Townhouses	Allow townhomes in single-family zones, possibly using a form-based code approach to regulate the development of these units.
Z-6d: Courtyard Apartments	Allow courtyard apartments in single-family zones, possibly using a form-based code approach to regulate the development of these units.
Z-6e: Micro-housing	Allow micro-housing in single-family zones, possibly using a form-based code approach to regulate the development of these units.
Z-7: Increase or Remove Density Limits	Evaluate removing maximum density standards.
Z-8: Revise ADU Standards	Evaluate changing development standards for accessory dwelling units, including changing the size limit.
Z-9: Offer Density and/or Height Incentives for Desired Housing	Density bonuses for development of deed-restricted affordable housing.
<b>Other Regulatory Standards</b>	

R-1: Reduce Off-Street Parking Requirements	Evaluate reductions to off-street parking requirements for multifamily housing, including housing serving seniors and other populations that may have lower car ownership.
R-2: Relax Ground Floor Retail Requirements	Relax or eliminate requirements for ground floor retail in mixed use developments.
R-3: Reduce Setbacks, Lot Coverage and/or Impervious Standards	Amend lot characteristic standards, such as setback requirements, lot size averaging, etc. to remove barriers to the development of a wider range of housing.
R-4: Adopt Design Standards	Communities adopt design standards on a neighborhood or citywide basis to promote design consistent with their vision. Design standards in themselves do not create additional housing but are helpful to assist new forms or high-density housing fit in communities.
R-5: Use a Form-Based Approach	Adopt a form-based code approach to regulate the development of small apartments, cottages, tiny houses, and desired multifamily housing types in more zones.
R-6: PUD/PRD and Cluster Subdivisions	Identify opportunities to streamline the process and standards for designing and approving planned developments
R-7: Manufactured Home and Tiny House Communities	Manufactured homes must be allowed on all single-family lots and must not be regulated differently than site-built housing, but jurisdictions may require certain standards.

### Economic Displacement Strategies

ED-1: Community Land Trusts	A community land trust (CLT) is a non-profit organization, owned by a collective of community members, which buys and holds land within a neighborhood. It may raise funds through public or private sources to build structures on this land to be used for community purposes or to be sold to low- or moderate-income residents.
ED-2: Need-based Rehabilitation Assistance	Need-based rehabilitation assistance helps low-income, disabled, or senior residents make needed home repairs and safety upgrades by offering favorable financing terms or time-limited tax abatements to qualified homeowners.
ED-3: Down Payment Assistance	Down payment or assistance programs proactively address barriers to home ownership by offering no-interest or low-interest capital for qualified buyers.
ED-4: Property Tax Assistance Programs	Provide limited property tax exemption for low-income households.

### Cultural Displacement Strategies

CD-1: Grants/Loans to Directly Support Small Businesses	Washington state law establishes local governments' authority to support businesses by using a variety of programs.
CD-2: Financing Ground Floor Commercial	Cities and counties can use federal and private funds to finance ground floor commercial space.
CD-3: Preservation Development Authorities (PDA) and Ports	PDAs, as quasi-public corporations, serve and are accountable to the public and administer public funds, while having the flexibility of a corporation. PDAs are particularly useful for developing and maintaining the ground floor space for commercial and arts activities and leasing to businesses and nonprofits.
CD-4: Commercial Community Land Trust	Nonprofit corporations secure and maintain access to land for public benefit, in this case, to preserve affordable commercial space.

CD-5: Community Benefits/Development Agreements	Development agreements, or community benefits agreements, are voluntary, negotiated contracts between a developer and a city/county that specify the public benefits the development will provide and each parties' responsibilities. They can achieve affordable housing, affordable commercial space, community gathering space and other public amenities
CD-6: Micro-retail and Flexible Cultural Space Design	Preservation of existing affordable space is typically most effective for maintaining affordability, but if you must build new or adapt a space, design the ground floor with nontraditional commercial uses in mind.
CD-7: Business Incubators, Co-working Spaces and Artisan/Makers Spaces	These types of shared workspaces allow businesses, artists/artisans, and nonprofits to pool resources in a shared space and spark collaboration.

### Permitting Process Improvements

P-1: SEPA Threshold Exemption	Flexible thresholds in SEPA rules allow local governments to increase the number of dwelling units exempt from SEPA review.
P-2: SEPA Infill Exemption	RCW 43.21C.229 allows a city or county planning under GMA to adopt an infill exemption if the comprehensive plan was already subject to environmental analysis through an environmental impact statement (EIS).
P-3: Subarea Plan with Non-Project EIS	A sub-area plan can attract higher density housing to a community that desires to increase development in its urban center or by a major transit stop.
P-4: Planned Action	A community planning under GMA can develop a planned action EIS or threshold determination <sup>18</sup> to facilitate development consistent with local plans and mitigation measures (see more under "When and Where Applicable").
P-5: Protection from SEPA Appeals on Transportation Impacts	RCW 43.21C.500 provides an option to protect SEPA decisions from appeal for impacts to transportation elements of the environment when the approved residential, multifamily or mixed-use project in a GMA city or town is consistent with the locally adopted transportation plan, subject to locally adopted impact fees, and If Washington State Department of Transportation (WSDOT) determines the project would not present significant adverse impacts to the state-owned transportation system.
P-6: Permitting Process Streamlining	Providing an efficient, predictable, and user-friendly permitting process can encourage new housing construction by reducing potential confusion or perception of risk among developers as well as lowering their administrative carrying costs.
P-7: Subdivision Process Streamlining	Identify opportunities to streamline the process and standards for designing and approving subdivisions.

### Affordable Housing Incentives

A-1: Multifamily Tax Exemption	Provide limited multifamily tax exemptions to incentivize the development of higher density housing
A-2: Density Bonuses for Affordable Housing	Density bonuses for development of deed-restricted affordable housing.
A-3: Alternative Development Standards for Affordable Housing	Relax development regulations in return for affordable housing development as an incentive. (ex. reduce minimum parking requirements (see R-1 Reduce Off-Street Parking) for projects that include affordable housing.)
A-4: Fee Waivers for Affordable Housing	Waiving some, or all, fees (ex. impact fees, utility connection fees and project review fees) for income-restricted units can be a valuable incentive for encouraging the creation of income-restricted affordable units.

A-5: inclusionary Zoning	Requires a portion of the units within a new development be set aside as affordable housing. This tool will often be combined with property tax exemptions, fee waivers, or development bonuses to offset the cost of affordable housing units. Careful consideration should be employed when enacting inclusionary zoning. Note: A number of studies, including those analyzing the IZ Ordinance in Portland, have shown that IZ suppresses, rather than increases, the creation of new housing. If IZ is proposed, the financial components need to be calculated to ensure that the inclusionary rate is not too high for the offsets provided and that overall housing production increases as a result
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### Funding Options for Affordable Housing Development

F-1: Local Option Taxes, Fees, and Levies	Jurisdictions may provide direct project funding, through grants or loans, to encourage the production of income-restricted affordable housing (ex. local housing tax levy, sales and use tax, Real Estate Excise Tax (REET2)).
F-2: Local Housing Trust Fund	Create affordable housing fund to accumulate and dedicate funding for housing purposes.
F-3: "Found Land": Surplus Land and Other Opportunities	Local agencies may designate surplus property for housing and mixed use development that includes an affordable element.
F-4: Partner with Local Housing Providers	A partnership with a housing nonprofit can be established to acquire naturally occurring affordable housing such as foreclosures and expansion of vacant property registration program for housing rehabilitation or purchase.

### Other Strategies

0-1: Strategic Infrastructure Investment	Ensure that the City's Capital Improvement Plan includes funding for infrastructure improvements and maintenance necessary to support residential development.
0-2: Simplify Land Use Designation Maps	One way to make it easier to make changes to zoning and encourage a variety of housing types is to simplify the land use map and the implementing zoning map.
0-3: Local Programs to Help Build Missing Middle Housing	Offer homeowners a combination of financing, design, permitting or construction support to build ADUs or to convert a single-family home into a duplex, triplex or fourplex where those housing types are authorized. The idea is that a city may help property owners by identifying lenders, providing stock designs, and helping property owners develop housing.
0-4 : Strategic Marketing of Housing Incentives	Actively promoting the type of development, the community desires can include communicating the intention for new and innovative affordable housing, defining the benefits and development potential within the community, and collecting data that helps to tell the story and addresses perception issues.
0-5 : Temporary Emergency Housing	Review the local demographics for the lowest income segments and assess strategies to plan for those. Are regulations needed to ensure this housing is safe and healthy? Do they respond to strategies in countywide plans for reducing homelessness?

### Strategies to Mitigate Physical Displacement

PD-1: Strategic Acquisition and Financing of Existing Multifamily Development	To better retain affordable housing, cities, counties, and housing authorities can catalog naturally occurring affordable housing and housing with income restrictions or covenants that are about to expire.
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<p>PD-2: Support Third-party Purchases of Existing Affordable Housing</p>	<p>Using public resources to empower trusted institutions can preserve or create affordable housing and space for community-serving organizations and businesses.</p>
<p>PD-3: Notice of Intent to Sell/ Sale Ordinance</p>	<p>A "Notice of Intent to Sell" ordinance requires owners of multifamily buildings to provide official notification to tenants and local housing officials. The notice gives public authorities the opportunity to plan for a potential purchase in the interest of preserving housing that serves low- or moderate-income residents.</p>
<p>PD-4: Foreclosure Intervention Counseling</p>	<p>Foreclosure intervention counselors serve as intermediaries between homeowners and financial institutions to advocate for at-risk homeowners in need of budgeting assistance, refinanced loan terms or repaired credit scores. Cities can use affordable housing funds to support these programs.</p>
<p>PD-5: Mobile Home Park Preservation and Relocation Assistance</p>	<p>The Washington State Department of Commerce offers a manufacture/mobile home relation assistance program that provides financial resources to assist displaced residents, particularly those who meet low-income thresholds.</p>
<p>PD-6: Mobile Home Park Conversion to Cooperative</p>	<p>The Washington State Housing Finance Commission, in partnership with Resident Owned Communities (ROC) Northwest and ROC USA, offers the financial tools and expert guidance for manufactured-housing ("mobile-home") communities to become self-owned cooperatives.</p>
<p>PD-7: Tenant Relocation Assistance</p>	<p>Local governments, authorized by WAC 365-196-835 and detailed in RCW 59.18.440, can pass an ordinance that requires developers, public funds, or a combination of the two to provide relocation funds for those displaced by development of new housing in upzoned areas.</p>
<p>PD-8: Just Cause Eviction Protections</p>	<p>Local jurisdictions can pass just cause eviction protections that mandate that landlords provide tenants a legally justifiable reason when being asked to vacate.</p>
<p>PD-9: "Right to Return" Policies for Promoting Home Ownership</p>	<p>A "right to return" policy works to reverse the effects of past physical displacement by providing down payment assistance for first-time homebuyers who can prove that they have been victims of displacement. Programs may prioritize cases of displacement by direct government action.</p>
<p>PD-10: Regulation Short-term Rentals</p>	<p>A first step is to track STR activity by requiring registration and reporting from owners of these units. Policy regulations should prioritize actions that reduce the likelihood of converting long-term rentals into STRs.</p>

## APPENDIX D. FUNDING RESOURCES FOR AFFORDABLE HOUSING

Agency	Program	Description
Washington State Department of Commerce (Commerce)	Housing Trust Fund	Provides state and federal funds for affordable housing construction and preservation. HOME Investment and Partnership Program funds are also awarded through the Housing Trust Fund Process.
Commerce	Connecting Housing to Infrastructure Program (CHIP)	The program helps affordable housing projects connect to water, sewer, and stormwater infrastructure by paying for waived connection fees, the infrastructure to connect to regional water, sewer, or stormwater systems, or for on-site stormwater facilities. Up to \$1M in funding per project. Applications outside Seattle/King County are given priority.
Commerce	Weatherization	Commerce contracts with local agencies that weatherize low income homes and apartments.
Commerce	Washington (WA) Foreclosure Fairness Program	Provides homeowner foreclosure assistance for offering free housing counseling, civic legal aid, and foreclosure mediation.
Commerce	Mobile/ Manufactured Home Relocation Assistance Program	Reimburses costs of mobile and manufactured home relocation up to \$7,500 for a single-section home and \$12,000 for a multi section home. Also reimburses for demolition, removal, and down payment for another manufactured home.
Commerce	Consolidated Homeless Grant (CHG)	The CHG provides resources to fund homeless crisis response systems to support communities in ending homelessness. Grants are made to local governments and nonprofits. Funding is from document recording fees authorized through the Homeless Housing and Assistance Act.
Commerce	Brownfield Revolving Loan Fund (BRLF)	Provides technical assistance and low interest loans for cleanup activities on contaminated properties for redevelopment activities, including affordable housing development.
WA Department of Archeology and Historic Preservation (DAHP)	Federal historic tax credit program	A 20% Federal income tax credit on the qualified amount of private investment spent on certified rehabilitation of a National Register listed historic buildings.
Washington State Housing Finance Commission (WSHFC)	Low Income Housing Tax Credits (LIHTC)	The nine percent Low-Income Housing Tax Credit Program (LIHTC) allocates federal income tax credit to developers to encourage the construction and rehabilitation of affordable multifamily housing. Housing credit is allocated through an annual competitive process in which projects are evaluated and scored according to the Commission's established criteria.

WSHFC	Multifamily bond programs	Multifamily Housing Bonds with 4% Low Income Housing Tax Credit provides access to bond and tax credit financing for affordable housing developers.
WSHFC	Bond financing for non-profit facilities	Helps 501(c)(3) nonprofits save money through lower-interest loans for construction, capital improvements and equipment.
WSHFC	Manufactured home community investment program	The Commission helps preserve manufactured home communities by allowing them to purchase and manage their communities.
WSHFC	Land acquisition (for housing non- profits)	The Land Acquisition Program assists eligible nonprofit organizations in Washington state to purchase land suited for either multifamily or single family affordable housing development.
WSHFC	Home mortgage loan programs	The Commission currently operates two mortgage loan programs: Home Advantage and House Key Opportunity and eleven down payment assistance programs. The Commission works through a network of participating lenders who originate and close the loans.
WSHFC	Down payment assistance	Programs vary, but the Commission offers down payment assistance loans for homebuyers who use the Commission's programs.
WSHFC	Homeowner-ship education programs	Through local partnerships, WSHFC helps homebuyers learn how to purchase and maintain a home. Commission-sponsored homebuyer education seminars are free; open to the public; and include information about the Commission's first mortgage programs, down payment assistance, and other loan programs. Seminars are accepted by all affordable housing loan programs as meeting or exceeding educational requirements.
WSHFC	Sustainable Energy Programs	The Commission offers several ways to affordably develop energy-efficient buildings, upgrade existing buildings and create or conserve energy. Smaller loans are available through the Energy Spark home loan program. The Sustainable Energy Trust (SET) provides low interest loans for energy efficiency or renewable energy projects and a tax-exempt or tax credit bond for larger projects (over \$1 Million).

<p>US Department of Housing and Urban Development (HUD)</p>	<p>Section 8, Public Housing</p>	<p>The "Section 8" housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single family homes, townhouses and apartments.</p> <p>Public (site-based) housing provides decent and safe rental housing for eligible low-income families, the elderly and persons with disabilities. Public housing comes in all sizes and types, from scattered single-family houses to high rise apartments for elderly families.</p>
<p>HUD</p>	<p>Home Rehabilitation Loan Program (HRLP) (2018)</p>	<p>Provides deferred loans to rural, low-income households that need repairs and improvements on their primary residence for health, safety, or durability. Funding for the loan program comes from the Washington Capital Budget.</p>
<p>HUD</p>	<p>Continuum of Care (CoC) Program</p>	<p>The CoC program provide funding for efforts by nonprofit providers, and State and local governments to quickly rehouse homeless individuals and families.</p>
<p>HUD</p>	<p>Emergency Solutions Grants (ESG)</p>	<p>Grants of federal funds to provide street outreach, emergency shelter, rental assistance, and related services.</p>
<p>HUD</p>	<p>Section 811 Project Rental Assistance (PRA) demonstration</p>	<p>Federal funds provide project- based rental assistance. The program creates collaboration between Commerce and Department of Social and Health Services (DSHS) that will increase rental housing units for persons with disabilities by integrating Section 811 PRA assisted units within existing, new, or rehabilitated multifamily properties.</p>
<p>HUD</p>	<p>Tenant-Based Rental Assistance (TBRA)</p>	<p>Uses federal funds to support communities providing utility, deposit, and ongoing rental assistance. Eligible households are referred to TBRA through local coordinated entry systems.</p>
<p>HUD</p>	<p>Community Development Block Grant (CDBG)</p>	<p>Provides federal funds for the following activities: housing rehabilitation, homeownership assistance, local connections to sewers and affordable housing plans. Can NOT fund new housing construction but can fund infrastructure in support of new affordable housing.</p>

HUD	Indian Community Development Block Grant (ICDBG) Program	Provides direct grants for use in developing viable Indian Communities, including decent housing, a suitable living environment and economic opportunities, primarily for low and moderate income persons.
US Department of Agriculture (USDA) Rural Development	Single Family Housing Guaranteed Loan Program	Assists approved lenders in providing loans to low- and moderate-income households for adequate, modest, decent, safe, and sanitary dwellings as their primary residence in eligible rural areas. The program provides a 90% loan note guarantee to approved lenders in order to reduce the risk of extending 100% loans to eligible rural homebuyers.
USDA Rural Development	Single Family Housing Direct Home Loans (Section 502 Direct Loan Program)	This program , also known as the Section 502 Direct Loan Program, assists low- and very- low-income applicants to obtain decent, safe, and sanitary housing in eligible rural areas by providing payment assistance to increase an applicant's repayment ability. Payment assistance is a type of subsidy that reduces the mortgage payment for a brief time. The amount of assistance is determined by the adjusted family income.
USDA Rural Development	Single Family Housing Repair (Section 504 Home Repair) Loans and grants	This program provides loans to very-low-income homeowners to repair, improve or modernize their homes, or grants to elderly very-low-income homeowners to remove health and safety hazards.
USDA Rural Development	Rural Community Development Initiative (RCDI) Grants	RCDI grants are awarded to help support housing, community facilities and community and economic development projects in rural areas. Can be used to provide training, such as homeownership education, or technical assistance, such as strategic plan development.
Community Development Financial Institution	New Market Tax Credit Program	Permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs) in low-income communities. Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low- income communities. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.
Rural Community Assistance Cooperation (RCAC)	Housing Development (non-profits)	RCAC provides support to develop rental or for sale affordable housing and community facilities in the rural west. Support includes technical assistance in LIHTC, USDA Rural Development 515, 514/516, HOME, CDBG, AHP, tax-exempt bonds, state housing trust funds, project-based Section 8, local and state resources, and conventional financing

RCAC	Section 523 Mutual Self Help Housing	Low-income borrowers work together under the guidance of a non-profit public housing entity (self-help grantee) to build each other's homes. With a construction supervisor on site, building groups perform at least 65% of the construction work required (known as "sweat equity"). In most cases, the grantee also manages the construction loans, develops the building site, provides homeownership training, offers building plans, qualifies the borrower for his/her mortgage and markets the program in the service area.
Local	Sales and use tax for affordable housing	A local vote, or council approval (as of 2020), would authorize a local sales and use tax of up to 0.1 percent per dollar spent. Funds must be used for construction of affordable housing or behavioral health- related facilities for named groups with incomes of 60% or less of county median income.
Local	Free or discounted public land	Public agencies (local government or utility) can discount or gift land they own for "public benefit," defined as affordable housing for households up to 80% AMI.
Local	Affordable housing property tax levy	A local vote may authorize a levy of up to \$0.50 per \$1,000 assessed value for up to ten years to finance affordable housing for very low income households (equal to or under 50 % AMI). Must declare an affordable housing emergency and have an affordable housing financing plan. Program was expanded in 2020 to allow the use of revenues to include affordable homeownership, owner-occupied home repair, and foreclosure prevention programs for "low-income" households up to 80% of median income.
Local	Affordable and Supportive Housing Sales and Use Tax	RCW 82.14.540 created a revenue-sharing partnership between the state and counties and cities for affordable and supportive housing investments. It authorized a local sales tax option that is a credit against the state sales tax rate of 6.5%. Housing and services may be provided only to persons whose income is at or below 60% of the median income of the city or county imposing the tax.
Local	Sales and Use Tax for Chemical Dependency, Mental Health Services or Therapeutic Courts	RCW 82.14.460 authorized counties to levy a one-tenth of one percent sales and use tax to fund new mental health, chemical dependency, or therapeutic court service. Any county may impose a mental health and chemical dependency sales tax up to 0.1% for mental health and drug treatment purposes.

Local	Real Estate Excise Tax 2 (REET 2)	A 0.25% REET which may be imposed by any city, town or county fully planning under the Growth Management Act (GMA), to be used for "capital projects" specified in the capital facilities plan element of the jurisdiction's comprehensive land use plan, including affordable housing projects through January 1, 2026. Jurisdictions may only use a portion of REET funds on affordable housing.
Local	Impact fee waivers	Impact fee waiver for up to 1 of fees for permanently restricted affordable housing (for rental or purchase) for households earning less than or equal to 80% AMI. 80% may be waived; but if 100% of fees are waived, 20% must be paid with other public money. A school district receiving impact fees must approve any exemption.
Local	Multifamily tax exemption program	12-year property tax exemption on the value of improvements for 4+ new or rehabilitated, rental or ownership housing units if at least 20% of units are affordable to households earning 115% AMI or less. Must define a "residential targeted area" within an urban center within which the exemption would apply.
Local	Fee waivers for water or sewer connection	Waiver or delay of tap-in charges, connection, or hook-up fees for low-income persons for water, sanitary or storm sewer, electricity, gas, or other utility.
Local	Sewage and solid waste fees	Assistance for sewer and solid waste fees.
Local	Affordable Housing Incentive Programs	Any GMA city or county may enact or expand affordable housing incentive programs through development regulations or conditions on rezoning or permit decisions, or both, on residential, commercial, industrial, or mixed-use development. The program may include mandatory or optional elements, such as density bonuses within the urban growth area, height, and bulk bonuses, fee waivers or exemptions, parking reductions, expedited permitting, or mandatory amount of affordable housing provided by each development.

Local	Community Revitalization Financing (CRF)	The CRF authorizes creation of tax increment areas where community revitalization projects and programs are financed by diverting a portion of the regular property taxes imposed by local governments within the tax increment area.
Local	Local Infrastructure Financing Tool Program (LIFT)	Provides funding for local infrastructure using sales tax, property tax and selected other excise tax increases generated by an economic development project as part of a revenue development area designated by the sponsoring local government.
Local	Local Revitalization Tool (LRF)	Authorizes cities and counties to create "revitalization areas" and allows certain revenues to be used for payment of bonds issued for financing local public improvements within the revitalization area.
Local	Deferral of property tax	A claimant may apply to defer payment of 50% of special assessments or real property taxes, or both, provided the household's combined disposable income is \$57,000 or less and the claimant must have paid one-half of the total assessments and taxes for the year.
Local	Tax deferral for retired persons	Allows eligible agencies to provide tax relief to eligible households (less than 75% AMI).
Local	Tax deferral for certain people	Property tax exemption for seniors or veterans with certain qualifications.

## APPENDIX E: PRELIMINARY FUNDING EVALUATION

The following tables represent a preliminary analysis of potential revenue that could be generated from new funding sources for affordable housing.

### Affordable Housing Funding Option A

#### Mason County Local Prop. Tax for Affordable Housing Analysis, 2020\*

Year	Total Estimated Assessed Valuation (\$M)	Mason County Gen. Govt. Levy	Mason County Property Tax Revenue	Affordable Housing Local Option **	Est. Annual Revenue from Local Option **
2020	\$10,978	\$1.03225	\$11,332,055	\$0.50	\$5,489,000

Source: Office of the WA State Auditor, Financial Intelligence Tool.

\*Data reflects unincorporated areas only.

\*\* Voter approval required, limited to 10 years, for affordable housing.

### Affordable Housing Option B

#### Mason County Real Estate Excise Tax Option for Affordable Housing Analysis\*

Year	Assessed Property Sales Valuation (\$M)	Mason County REET tax	Mason County REET Revenue (\$M)	City of Shelton REET Revenue (\$M)	Combined County and City REET Revenue (\$M)	REET Affordable Housing Local Option **	Annual Revenue from Local Option **
2018	\$135.8	1.78%	\$2.40	\$0.25	\$2.65	0.25%	\$339,549
2019	\$141.6	1.78%	\$2.50	\$0.29	\$2.79	0.25%	\$354,014
2020	\$180.6	1.78%	\$3.20	\$0.22	\$3.42	0.25%	\$451,608
2021	\$241.7	1.78%	\$4.27	\$0.44	\$4.71	0.25%	\$604,129

Source: Office of the WA State Auditor, Financial Intelligence Tool.

\*Data reflects revenue from city and unincorporated areas combined.

\*\* Affordable housing REET fund. No voter approval required, only allowed through 2026.

### Other Potential Strategies to Foster Housing Development

Tax Increment Financing districts for funding infrastructure near Belfair or Shelton.

Partnerships with Housing Non Profits and public land owners