

July 5, 2016 DRAFT

HOUSING ELEMENT

I. INTRODUCTION

An adequate supply of housing for all sectors of the population is essential to realizing the intent of Chelan's Comprehensive Plan: development that will maintain and enhance the City's quality of life. It is becoming more and more difficult for residents of Chelan to pay for housing. Housing prices in Chelan County have risen considerably in the past two decades. Data from the Washington Center for Real Estate Research show that the median house sale price in Chelan County rose from \$118,400 in 1995¹ to \$249,400 in the first quarter of 2016,² a rate of increase of roughly 5.3% per year. Buying a house is out of reach for much of Chelan's population. Rental housing has also become more expensive relative to household income than it was when this element was last updated in 2009.

This Housing Element represents the City of Chelan's housing policy plan for the next 20 years (2017-2037). It includes information about the City's population and its housing stock and land supply, an assessment of housing needs, and goals and policies directed toward facilitating an adequate supply of affordable housing. It is one piece of the City's comprehensive plan—a piece that will be integral to supporting the community's long-term success.

Planning context

Washington State's Growth Management Act (GMA) requires each county and city fully plan under the act to include a housing element in its comprehensive plan. The GMA calls for:

A housing element ensuring the vitality and character of established residential neighborhoods that: (a) Includes an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth; (b) includes a statement of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, including single-family residences; (c) identifies sufficient land for housing, including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group homes and foster care facilities; and (d) makes adequate provisions for existing and projected needs of all economic segments of the community.³

Housing is the fourth of the GMA's thirteen goals:

¹ Washington State University. College of Business. Washington Center for Real Estate Research. Custom report. <http://www.wcer.wsu.edu/WSHM/buildOwnReport.aspx>. Accessed October 17, 2008.

² Washington Center for Real Estate Research. *Washington State's Housing Market—First Quarter 2016*. <http://realestate.washington.edu/wp-content/uploads/2016/07/main.pdf>. Accessed July 3, 2016.

³ RCW 36.70A.070(2). <http://app.leg.wa.gov/RCW/default.aspx?cite=36.70A.070>. Accessed July 3, 2016.

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

In accordance with GMA, Chelan County and the cities within the county have adopted County-Wide Planning Policies (Appendix A). The County-Wide Planning Policies include a series of “Policies addressing the need for affordable housing for all economic segments of the population and the adoption of parameters for the distribution of affordable housing.” Those policies informed the development of this housing element.

Housing vision

The Steering Committee that guided the development of the 2009 Housing Element agreed on the following vision statement. The vision won support during the public review process and is hereby adopted as the City of Chelan’s housing vision.

Housing Vision

The Housing Element of the City of Chelan Comprehensive Plan is intended to provide a policy framework that will encourage development of a diversity of housing to create a vibrant and healthy selection of housing types in the City, housing options for all income levels, and preservation of thriving neighborhood environments. The Community Housing Steering Committee recognizes a growing shortage of affordable housing (including rentals and owner-occupied dwellings) in the City and its Urban Growth Area (UGA), and a shortage of special needs housing. The Committee recommends that *the City of Chelan provide regulatory guidance and incentives to actively encourage the development of:*

- Housing for people earning at or below 110% of the median income level—“working class housing”
- Special needs housing (senior housing, assisted living facilities, ADA accessible homes)
- Affordable, well-maintained rentals

Livability and neighborhood planning

This Housing Element uses two terms that may be unfamiliar: “livability” and “neighborhood planning.” Generally, the term “livable” refers to communities that are safe, pleasant, and pedestrian and bicycle friendly. Limiting sprawl and accommodating appropriate mixed-use development are also sometimes considered hallmarks of livability. Livability is one of the community housing priorities identified during the City’s 2008 visioning process. It is discussed in the Needs Assessment.

Neighborhood planning involves detailed planning for individual neighborhoods—typically established neighborhoods that are changing or are likely to change as the City’s population grows. Neighborhood planning may address issues like infill development, sidewalks and other pedestrian facilities, and neighborhood-specific design and development standards to ensure that new development is consistent with neighborhood character. Neighborhood planning gives residents the opportunity to participate in planning to preserve the character and vitality of their neighborhoods. It is addressed in the housing policies near the end of this element.

⁴ RCW 36.70A.020(4). <http://app.leg.wa.gov/RCW/default.aspx?cite=36.70A.020>. Accessed July 3, 2016.

Community housing manual

When the City last updated its housing element, in 2009, it also adopted a Community Housing Manual. The manual is intended to serve as the City's housing action plan, offering guidance to policymakers, landowners, developers, development organizations, staff members, and the general public. It explains specific strategies and actions that can be used to implement the City's housing policies and meet its housing goals. The manual is a separate document and has been designed so that materials can be added or removed as new information becomes available, new programs are begun, and action items are completed.

II. INTENT

The primary purpose of the Housing Element is to provide information and policy guidance that will support the City's housing vision. The Housing Element is intended to provide City residents, policy makers, developers, and staff members with an understanding of population data, local housing market conditions, and land available to meet housing needs to enable them to participate effectively in planning for and meeting those needs. It includes goals and policies that have been developed in response to identified needs and that reflect the community's priorities.

The Housing Element is intended to support the City in maintaining quality of life, keeping neighborhoods livable, and retaining the character of existing neighborhoods. It is also intended to guide all steps of the planning process, including amendments to development regulations and development standards, in support of the GMA's housing goal. As noted above, the City has developed a Community Housing Manual that is intended to work with the Comprehensive Plan.

While the private sector, which includes developers, builders and lenders, is responsible for the majority of housing development and financing, the City's leaders can guide development via the Comprehensive Plan. Although the housing element is the part of the Comprehensive Plan that is most directly focused on housing, other elements address housing and related issues as well.

- The Land Use Element contains a Residential Sub-Element with its own goals and policies that address housing and land supply. (The policies include density standards: 2-4 units/acre for single-family zones, and 2-18 units/acre for multi-family zones.) The Residential Sub-Element should be used along with this Housing Element to address the City's housing needs
- The Economic Development Element includes an action plan for strengthening the economy—in part to provide the incomes residents need to pay for rent or qualify for a home loan
- The Transportation Element provides for safe, convenient multi-modal transportation that is developed concurrently with new development and serves the needs of individual residential neighborhoods as well as the city as a whole

The Housing Element is intended to function as an integrated part of the whole Comprehensive Plan.

The goals and policies contained in this Element represent the community's recommendation for the provision and development of housing in the City and, ultimately, its UGA. The Housing Element establishes the conditions under which the housing industry (public and private) will operate, and establishes policies to meet the community's housing needs and achieve the stated goals.

Commented [MSOffice1]: The bullet items below should be reviewed once the Land Use, Economic Development, and Transportation elements have been developed, to be sure they are still accurate.

III. PROCESS

This housing element was developed in 2016 and adopted in 2017 as part of the City of Chelan’s periodic GMA update. The process of developing the element is described in this section.

Demographic profile

The City developed a demographic profile, based primarily on data from the U.S. Census and the Washington State Office of Financial Management (OFM), for use in assessing the City’s housing needs over time. The profile has been incorporated in this element and includes information about current and projected population, household size and housing tenure, income, and employment.

Inventory and analysis

The housing inventory and analysis draws on many sources to evaluate the current housing situation in Chelan and anticipated changes over the 20-year planning period for which this Housing Element has been developed (2017-2037). As with the demographic profile, much of the information came from the U.S. Census and the OFM. Data from the Washington Center for Real Estate Research (WCRER) were also used, as were several local sources of information, which are described below.

2014-2016 analyses

The City expanded its UGA in 2014 and then reduced the size of the UGA in 2015. City staff and consultants conducted several analyses in conjunction with the expansion processes. At this writing, the City anticipates reducing the size of its UGA again in 2016.

In 2016 Chelan County developed a land-use capacity analysis (titled “Appendix B: Land-Use Capacity Analysis” and contained in this plan as Appendix) as part of the process of updating its comprehensive plan and analyzing the Urban Growth Boundaries within the county. The analysis includes information about each of the cities within the county. Some of the information about Chelan was used in this Housing Element; the City also conducted some analyses of its own. The City used the following information from the County’s land-use capacity analysis:

- 2017 population
- 2037 population projection
- Residential zoning vacant land. The County’s analysis was based on the City’s 2015 UGB; the City conducted additional analysis based on the proposed 2016 UGB

The City conducted its own land-demand analyses, including analyses of population and dwelling needs and ancillary housing demand.

Using the results of the County’s land-use inventory and City data related to the anticipated 2016 UGB amendment, the City calculated the land supply in each of four zoning districts in the City and its UGA: Single-Family Residential, Multi-Family, Tourist Accommodations, and the Special Use Districts. The resulting land-supply information was used to develop a build-out analysis that compares the capacity for new residential development with the City’s expected population in 2037. The residential build-out analysis is incorporated in the Comprehensive Plan as Appendix .

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Windshield survey

In the summer of 2008, the City conducted a windshield survey of 11 neighborhoods in and around the downtown core. Although somewhat out of date, information from the survey has been used in this edition of the Housing Element.

The purpose of the survey was to evaluate housing condition and land availability in the City, and to evaluate the potential for using neighborhood planning and other planning tools to address specific housing needs and issues. The neighborhood boundaries were defined using professional judgment, with the possibility of future zone changes and infill development in mind.

The windshield survey evaluated housing condition and the availability of vacant and underused land. The methodology, survey form, neighborhood map, and a summary of findings are incorporated in the City's Community Housing Manual. Summary outcomes can be found under the heading "Housing Condition."

Zoning district review

The locations of multi-family zoning districts, and development standards within those districts, are issues that arose when the periodic GMA-update process was begun in 2006. The 2009 Housing Element update included an informal review of multi-family zone locations, based in part on the windshield survey findings and a neighborhood tour by the Steering Committee. The housing element does not contain specific zone-change recommendations. It does include policies related to neighborhood planning and review of the zoning map to provide for changes that will support the City's housing goals.

Needs assessment

The needs assessment draws on the Demographic Profile, the Inventory and Analysis, and additional affordability analyses to summarize Chelan's most important housing issues. It also includes a discussion of the City's priorities for addressing those issues.

Steering committee

The City convened a Steering Committee in 2008, to guide development of the previous edition of this element and the associated housing manual (described in the Introduction). This element includes some references to the work of that committee. The Steering Committee re-convened in [2010 and] 2011 to work on housing element implementation projects, including standards for infill development, emergency and transitional housing, and mobile and manufactured home parks.

Public workshop

The City hosted a workshop during the Planning Commission's [date] meeting, to brief the Planning Commission and members of the public on the status of the Housing Element update, including preliminary outcomes of the inventory and needs assessment, and to receive comments and guidance. Comments received during the workshop were used in developing and prioritizing options for meeting the City's housing needs.

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City Council briefing, workshops and hearings

Staff briefed the City Council on the progress of the Housing Element update during the Council's [date] meeting. Key issues, options for meeting housing needs, drafts of the vision, goals, and policies, and outlines of the housing element and housing manual were on the agenda. Council entertained public input at a workshop on [date] and accepted final public comment at a hearing on [date] for a final decision on the Housing Element.

Open house and Planning Commission hearing

A draft of this housing element was presented for discussion and comment during the Planning Commission's [date] meeting. The draft was available for public review beginning on [date]. Public comment was invited during the workshop. Planning Commission conducted a public hearing on [date] to receive public input. The hearing was continued to [date] to solicit agency comments through a 60 day review period. The Planning Commission recommended approval of the housing element as presented.

State agency review

The draft housing element was sent to state agencies for review, per GMA requirements, on [date]. The City did not receive any agency comment by the end of the comment period on [date].

SEPA review

The City prepared a SEPA checklist on [date] so that it could be submitted to state agencies for review along with the draft housing element. The City issued a Determination of Non-Significance on [date]. No comments were received during the public comment period.

IV. DEMOGRAPHIC PROFILE

Population

This section includes estimates of the current and future population of the City of Chelan and its UGA. The current population estimate and population projections in this section were used to estimate the need for housing in Chelan during the 20-year planning period for which this Housing Element was prepared (2017-2037).

The 2037 population estimate was negotiated with Chelan County in 2015.⁵ In its population projections released in 2012, Washington State's Office of Financial Management (OFM) projected a population ranging from 76,099 (low) to 115,285 (high) in Chelan County in 2037.⁶ Chelan County and the cities within the county have chosen to use the "medium" growth projection—88,026—for Growth Management planning. Based on that projection, the County has adopted a population allocation that anticipates a population of 4,880 in the Chelan UGA by

⁵ Craig Gildroy, personal communication; Chelan County Resolution 2015-112

⁶ From "2012 County projections, one-year intervals," downloaded May 21, 2016 from <http://www.ofm.wa.gov/pop/gma/projections12/projections12.asp>.

2037.⁷ The City would be expected to be able to house that many people within its UGA (including both the City and the unincorporated UGA) in 2037.

Table 1, below, shows the City’s population as reported in the 1990, 2000, and 2010 censuses; a 2015 population estimate for the City; a 2017 population estimate for the Chelan UGA (including the City and its unincorporated UGA); and the anticipated population of the UGA in 2037.

Because the size of Chelan’s UGA has changed twice since the last Housing Element update (first in 2014 and again in 2015), and is expected to change again in 2016, no estimate of the population of the UGA prior to 2017 has been given—it would not provide a meaningful comparison. Also, the separate populations of the City and the unincorporated UGA have not been estimated because the City can be expected to annex parts of its UGA during the next 20 years. The total population of the UGA is the relevant number for housing planning.

Table 1: Change in Population, 1990-2037⁸

Year	City	Total (City + unincorporated UGA)
1990	2,969	–
2000	3,526	–
2010	3,890	–
2015	4,060	–
2017	–	4,465
2037	–	4,880

At the time of this writing, the City anticipates excluding about 745 acres from its UGA in 2016. That reduction in size may have some effect on population; however, much of the land to be excluded from the UGA is undeveloped, so the effect is not expected to be significant. As will be shown in the Needs Assessment, the city’s land supply will remain adequate to accommodate the anticipated population.

Growth rates

The population of the City of Chelan grew at an average rate of 0.80% per year from 2010 to 2015⁹—less than half the 2000-2008 growth rate of 1.66%, which was used in the last Housing Element update. Chelan County’s population grew at an average rate of 0.71% during the same period.¹⁰

The OFM projects a growth rate ranging from 0.45% to 1.39% for Chelan County over the next 20 years. Given the recent growth rate, which is slightly higher than the OFM’s “medium” estimate, the County’s population is likely to continue to grow at a rate of well under 1% per

⁷ Chelan County Resolution 2015-112

⁸ 1990-2000, 2008 element; 2010, census; 2015-2037, OFM

⁹ Washington. Office of Financial Management. Forecasting and Research Division. *Population Change and Rank for Cities and Towns, April 1, 2010 to April 1, 2015*. <http://www.ofm.wa.gov/pop/april1/default.asp>. Accessed May 31, 2016.

¹⁰ *ibid*

year. However, some segments of the population are expected to grow faster than the population as a whole.

The expected rate of population growth for people age 60 and up in Chelan County is nearly three and a half times the average growth rate, at 2.28% per year.¹¹ Perhaps more significant in terms of planning for housing type and location is the projected growth rate among people age 70 and up—4.97%, more than seven times the rate for the population as a whole.¹² By age 70, homeowners may be thinking of downsizing and seeking housing features such as single-story dwellings, level lots, and easy access to shopping, walking trails, and health-care facilities. OFM estimates for the Lake Chelan School District over the past 15 years show population growth in the neighborhood of 2.8% per year among people age 60 and above, with rates of 3.2-5.0% over the past five years.¹³ The City of Chelan is attractive to retirees, and the data suggest that the City's older population will continue to grow at a rate considerably higher than the overall population growth rate in the City, just as it is expected to do in the County.

The projected rate of growth in the number of people aged 20-34 in Chelan County is lower than the average, a reverse of the trend noted in the last update of the Housing Element.¹⁴ The 35-49 year-old age group is now projected to grow somewhat faster than the population as a whole, at an average rate of 0.98% per year.¹⁵ Because many young people have delayed home buying due to economic conditions, that group may include first-time home buyers and represent a pent-up demand for housing. The projected increases in older and younger residents have important planning ramifications to be addressed in this Housing Element.

County population

In counties with populations greater than 125,000, accessory dwelling units must be allowed in single-family residential areas. The population of Chelan County is projected to remain below 125,000 throughout the period for which this plan has been prepared.¹⁶ The City of Chelan is therefore exempt from the requirement—although the Comprehensive Plan does in fact support accessory dwelling units and they are allowed in Single-Family Residential districts.

¹¹ Washington. Office of Financial Management. Forecasting Division. *County Growth Management Population Projections by Age and Sex: 2010-2040*. 2012. http://www.ofm.wa.gov/pop/gma/projections12/GMA_2012_county_pop_projections.pdf. Accessed May 31, 2016. The OFM publishes age projections in a medium series only, with no high or low projections.

¹² *ibid*

¹³ Washington. Office of Financial Management. Forecasting and Research Division. *Small Area Demographic Estimates (SADE) of the Total Population by Race Category for School Districts*. 2000-2015. April, 2016. Accessed June 28 & 29, 2016.

¹⁴ Washington. Office of Financial Management. 2012 County age and sex projections, five-year intervals and age groups. "Washington State Population Projection: Medium Series, Age Sex Detail." <http://www.ofm.wa.gov/pop/gma/projections12/projections12.asp>.

¹⁵ *ibid*

¹⁶ Washington. Office of Financial Management. April 1, 2015 Population Change and Rank. <http://www.ofm.wa.gov/pop/april1/default.asp>. Accessed May 31, 2016.

Households

Tenure

Housing tenure refers to whether dwelling units are owner- or renter-occupied. The proportion of owner- to renter-occupied housing units can be a good indicator of affordability. It is usually more affordable to rent than to buy housing. Tenure may also be an indicator of housing preferences or population mobility. Changes in tenure can indicate trends in both affordability and mobility. Information about tenure can be useful in planning for services, infrastructure, and the size and distribution of multi-family and single-family zoning districts.

From 1980 to 1990, the ratio of owner-occupied versus renter-occupied housing units in the City of Chelan decreased by almost 5 percentage points. Between 1990 and 2010, there was some fluctuation, but over that 20-year period, the ratio changed very little, decreasing by just 0.3%. The Census Bureau's 2014 American Community Survey (ACS) showed a considerable change, however, indicating an increase of over 14% in owner-occupied housing and a concomitant decrease in units occupied by renters.

Table 2: Housing Tenure—Occupied Housing Units in the City of Chelan¹⁷

Tenure	1980	1990	2000	2010	2014
Owner occupied	62.8%	58.1%	59.3%	58.4%	72.7%
Renter occupied	37.2%	41.9%	40.7%	41.6%	27.3%

Household size

Information about household size is needed to plan for adequate housing for a growing population. Household size affects the number of housing units required to accommodate a given population.

Household size is calculated by dividing the number of people living in households by the number of occupied housing units. People living in households are those not living in group quarters, such as nursing homes or congregate care facilities. The estimated average household size in the Chelan UGA in 2015 was 2.38,¹⁸ a very slight increase from the average household size reported in 2000 (2.35).

Factors that may affect household size include:

- The projected growth in the number of residents over age 60; the households of retirement-age residents are likely to be smaller than average
- Possible changes in the number of Hispanic residents, whose households are likely to be larger than average

¹⁷ 1980-2000 data: City of Chelan Comprehensive Land Use Plan, Amended September 2011. 2010 data: United States Census Bureau. American FactFinder. General Housing Characteristics: 2010: 2010 Census Summary File 1. 2014 data: United States Census Bureau. American FactFinder. Selected Housing Characteristics, 2010-2014 American Community Survey 5-Year Estimates.

¹⁸ Washington State Office of Financial Management, Small Area Estimate Program (SAEP). Calculated using "Estimates of Household Population for Census 2010 Urban Growth Areas" and "Estimates of Occupied Housing Units for Census 2010 Urban Growth Areas." 2015.

A 2007 research brief by the OFM notes that Chelan County is one of six counties in the state in which household size is expected to increase, and goes on to state that “Consistent with 1990-2000 trends, counties with growing Hispanic/Latino populations are associated with the greatest increases in PPH [persons per household] whereas counties with growing retirement age populations are associated with the largest declines.”¹⁹ The expected change in household size related to a growing Hispanic/Latino population is small and has not been projected as far as the next 20 years. In contrast, the population of residents age 60 and older is expected to increase at a very high rate relative to growth in the population as a whole.

Future annexation of developed land within the City’s UGA (which is now in unincorporated Chelan County) is not expected to affect household size. Although household size in the County as a whole is larger than household size in the City, the size difference between households in Chelan’s unincorporated UGA and households within City limits is very slight. The household size above accounts for households both within and outside City limits.

Because changes in household size over the next 20 years are difficult to predict, the analyses in this housing element assume that the size of the average household will remain 2.38.

Group quarters

Census data show that in both 2000 and 2010, 69 people—slightly less than 2% of the 2010 population—lived in group quarters (for example, nursing homes or congregate care facilities) in Chelan. While the number did not change in the 10 years between censuses, the OFM estimates that by 2015 78 people were living in group quarters in the Chelan UGA. As the City’s population continues to age, the need for such facilities may increase.

Income

Median income is used to estimate the ability of residents to afford housing. Median income is somewhat different than average income. Wikipedia offers a good explanation:

Median household income is commonly used to measure the relative prosperity of populations in different geographical locations. It divides households into two equal segments with the first half of households earning less than the median household income and the other half earning more.²⁰

A now-obsolete Wikipedia entry explains why median income is more valuable than average income:

The median income is considered by many statisticians to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. Mean income (average) is the amount obtained by dividing the total aggregate income of a group by the number of units in that group.²¹

¹⁹ Kimpel, Thomas and Theresa Lowe. “Estimating household size for use in population estimates.” Washington. Office of Financial Management. Population Estimates and Projections: Research Brief No. 47. 2007. <http://www.ofm.wa.gov/researchbriefs/2007/brief047.pdf>, accessed May 31, 2016.

²⁰ *Wikipedia: The free encyclopedia*. <https://en.wikipedia.org/wiki/Median_household_income_in_Australia_and_New_Zealand>. Accessed May 21, 2016.

²¹ *Wikipedia: The free encyclopedia*. <http://en.wikipedia.org/wiki/Median_household_income>. Accessed September 19, 2008.

The Growth Management Act (GMA) encourages cities to use income ranges consistent with local county-wide planning policies, or to use HUD definitions if there are no local definitions. Chelan County’s county-wide planning policies do not include specific income ranges. The income ranges established by the HUD are as follows²²:

- Extremely low income: at or below 30% of median income
- Low income: between 30% and 50% of median income
- Moderate income: between 50% and 80% of median income
- Middle income: between 80% and 95% percent of median income

All of the ranges are intended to be based on HUD median income and adjusted for household size.²³ For the purpose of this Housing Element—to plan for affordable housing, rather than to establish housing payment limits—the City of Chelan will use median income from the U.S. Census Bureau’s ACS, and the income levels will not be adjusted for household size. Also, because the City’s housing vision includes encouraging the development of housing for people earning up to 110% of median income, “middle income” will be defined as between 80% and 110% of median income.

The ACS reports a median household income in the City of Chelan of \$36,901 in 2014.²⁴ Chelan’s UGA includes housing located outside of the City limits, in areas where incomes may be slightly higher than those reported within the city.²⁵ Because the difference is small and there are no readily available income data for the UGA as a whole, \$36,901 will be used for analyses in this element. Table 3, below, shows, economic groupings based on that figure.

Table 3: Economic Groupings by Percentage of Median Income

Economic Grouping	Income
Extremely low income	No more than \$11,070
Low income	No more than \$18,451
Moderate income	No more than \$29,521
Middle income	No more than \$40,591

Table 4, below, shows household income ranges as reported in the 2014 ACS and the percent of median income represented by each range. The income ranges reported by the Census do not correlate exactly with the economic groupings used by HUD, but the data below give a rough idea of the number of households in each of the economic groupings above.

²² Growth Management Act — Procedural Criteria for Adopting Comprehensive Plans and Development Regulations: Housing Element. Chapter 365-196-410 WAC. <http://apps.leg.wa.gov/WAC/default.aspx?cite=365-196-410>. Accessed May 21, 2016.

²³ 24 CFR 91.5 - Definitions. https://www.hudexchange.info/resources/documents/24CFRPart91_11.21.11.pdf.

²⁴ US Census Bureau. American FactFinder. Selected Economic Characteristics: 2010-2014 American Community Survey 5-Year Estimates. Accessed May 21, 2016.

²⁵ Census data for the Chelan Census County Division (CCD), which includes Holden, Lucerne, and Chelan Falls estimate a 2014 median household income of \$38,317. US Census Bureau, American FactFinder. Accessed June 15, 2016.

Table 4: Economic Groupings by Percent of Households²⁶

Income range	Number of households	Percent of households	Percent of median income
Less than \$10,000	168	10.2%	Up to 27%
\$10,000 to \$14,999	109	6.6%	27-41%
\$15,000 to \$24,999	235	14.2%	41-68%
\$25,000 to \$34,999	221	13.4%	68-95%
\$35,000 to \$49,999	203	12.3%	95-136%
\$50,000 to \$74,999	339	20.5%	136-203%
\$75,000 to \$99,999	201	12.2%	203-271%
\$100,000 to \$149,999	114	6.9%	271-406%
\$150,000 to \$199,999	7	0.4%	406-542%
\$200,000 or more	53	3.2%	Over 542%
Total households	1,650		

Employment

Table 5 shows 2014 employment statistics for the City of Chelan and Chelan County. The county data have been included because many analyses are not available at the city level, and because the City's UGA includes unincorporated lands.

Table 5: 2014 Employment by Industry

Industry	City of Chelan 2014 ²⁷	Chelan County 2014 ²⁸
Agriculture, forestry, fishing and hunting, and mining	10%	12%
Construction	5%	7%
Manufacturing	8%	5%
Wholesale trade	7%	5%
Retail trade	13%	12%
Transportation and warehousing, and utilities	4%	6%
Information	0%	2%
Finance and insurance, and real estate and rental and leasing	4%	5%
Professional, scientific, and management, and administrative and waste management services	6%	8%
Educational services, and health care and social assistance	27%	21%
Arts, entertainment, and recreation, and accommodation and food services	11%	11%
Other services, except public administration	0%	4%
Public administration	5%	3%

As the data illustrate, in both the City of Chelan and Chelan County, education, health care, and social assistance dominate local industry and employment, followed by retail trade, entertainment and visitor services, and agriculture and related fields. The Washington State

²⁶ United States Census Bureau. American FactFinder. DP03: Selected Economic Characteristics, 2010-2014 American Community Survey. Accessed June 15, 2016.

²⁷ U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates for Chelan City, Washington. Accessed May 30, 2016 via American FactFinder.

²⁸ *A Profile of Demographics: Chelan County, Washington*. May 30, 2016. Headwaters Economics (www.headwaters.org)

Employment Security Department’s “Chelan and Douglas Counties Profile” notes that health services is an industry that pays relatively well, while retail trade, accommodation and food services, and agriculture tend not to pay as well—in part because they offer seasonal or part-time employment.²⁹

According to the U.S. Bureau of Labor Statistics³⁰ and the Washington State Employment Security Department³¹, unemployment rates vary seasonally in Chelan County. Unemployment tends to be lowest in July, September, and October, and highest in January and February. The July, September, and October unemployment rates have dropped steadily since 2010. From January 2014 through March 2016, unemployment rates have ranged from 4.1% in September 2015 to 8.4% in February 2014. Since 1990, the average (year-round) unemployment rate has varied from 4.9% to 10.9%.

Both pay rates and seasonality of employment affect residents’ ability to pay for housing.

V. INVENTORY AND ANALYSIS

Housing Inventory

In addition to generally available sources, the housing inventory is based on data gathered and analyses performed by City and County staff, as described in Section III under the heading “Inventory and Analysis.”

Numbers and types of dwelling units

The numbers of existing dwelling units in the City and its UGA provide a basis for estimating the number of new dwellings that will be required to house the population as it grows over the next 20 years. Information about the types of dwelling units can also be used to understand the City’s capacity to house its population over time, and to inform decisions about what types of housing to plan for.

In 2015, the OFM estimated that there were 2,871 housing units in the Chelan UGA,³² of which 1,823 were occupied.³³ The UGA used for the analysis does not include the 2014 and 2015 changes to the UGA, which added four housing units,³⁴ bringing the estimated 2015 total to

Commented [MSOffice5]: Confirm with Craig

²⁹ Meseck, Donald W., Chelan and Douglas Counties Profile. Updated December 2015.

<https://fortress.wa.gov/esd/employmentdata/reports-publications/regional-reports/county-profiles/chelan-and-douglas-counties-profile#industry>, accessed May 30, 2016.

³⁰ Bureau of Labor Statistics, Local Area Unemployment Statistics. Unemployment rate: Chelan County, WA. Extracted May 30, 2016.

³¹ Washington State Employment Security Department. “Resident Civilian Labor Force and Employment in Chelan County,” May 24, 2016.

³² Washington Office of Financial Management, Small Area Estimate Program. Estimates of Total Housing Units for Census 2010 Urban Growth Areas. <http://www.ofm.wa.gov/pop/smallarea/default.asp>. Accessed June 18, 2016.

³³ Washington Office of Financial Management, Small Area Estimate Program. Estimates of Occupied Housing Units for Census 2010 Urban Growth Areas. <http://www.ofm.wa.gov/pop/smallarea/default.asp>. Accessed June 18, 2016.

³⁴ City of Chelan Planning and Building Department. “Proposed Urban Growth Boundary Removal Options” map, provided to consultant July 28, 2014; Staff report: 2015 Urban Growth Area Modification Request, dated August 19, 2015. Confirmed by Craig Gildroy, personal communication, [redacted], 2016. [Not yet confirmed]

2,875. Within the City of Chelan, the OFM estimated there were 2,617 housing units in 2015,³⁵ as shown in Table 6, below.

Table 6: Housing units by type

Single-family	Multi-family	MH/special	TOTAL
1,741	784	92	2,617

Housing units that are not occupied include units for rent or for sale, units that have been rented or sold but have not yet been occupied, and units for seasonal, recreational, or occasional use (seasonal housing). In Chelan, the percentage of seasonal housing units is high. The 2010 Census reports 2,516 housing units in the City, of which 914 were vacant—694 (28%) of those for seasonal use.³⁶

The OFM estimates there were 242 housing units in Chelan’s unincorporated UGA, of which 154 (64%) were occupied, in 2015.³⁷ Of the 36% of units in the unincorporated UGA that were vacant, the percentage reserved for seasonal use is not known. Within the city limits, 75% of the vacant housing units were for seasonal use. Assuming that 75%-90% of the vacant housing units in the unincorporated UGA are for seasonal use gives a range of 27%-32% of total housing units in the unincorporated UGA reserved for seasonal use. The analyses in this housing element assume that 30% of housing units in the UGA as a whole will be for seasonal use throughout the planning period—that is, they will not be available to house Chelan’s year-round residents.

Housing condition

The condition of a community’s housing stock affects both the quality of life of residents and the potential for new development in established neighborhoods. An assessment of housing condition can provide information about:

- The ability of the existing housing stock to provide adequate housing. How much of the population is living in housing that is in sub-standard condition? Are there areas in which residents may need assistance with housing repairs?
- The desirability of existing neighborhoods for new construction (including infill, accessory dwelling units, and other density-enhancing housing). Are there areas in which housing condition may discourage new investment—neighborhoods in which people are unlikely to want to live because of the condition of houses and lots?
- The likelihood that existing housing stock will be replaced—perhaps with higher-density housing, or perhaps with seasonal housing that does not meet the needs of full-time residents. Older housing units in sub-standard condition are more likely to be demolished and replaced with new structures.

³⁵ Washington Office of Financial Management, Forecasting & Research Division. *2015 population trends*. September 2015. “Table 8: Housing Units by Structure Type for Cities, Towns, and Counties April 1, 2010 and April 1, 2015.” <http://www.ofm.wa.gov/pop/april1/poptrends.pdf>. Accessed June 18, 2016.

³⁶ U.S. Census Bureau. American FactFinder. Chelan City Profile of General Population and Housing Characteristics: 2010. 2010 Demographic Profile Data. Accessed July 4, 2016.

³⁷ Washington Office of Financial Management, Small Area Estimate Program. Estimates of Total Population for the Unincorporated Portion of Urban Growth Areas. <http://www.ofm.wa.gov/pop/smallarea/default.asp>. Accessed June 15, 2016.

- Trends in housing construction. What neighborhoods are developing most quickly? Where are single-family and multi-family housing being built? Where is there a preponderance of housing units that are likely to be used seasonally rather than by full-time residents?

This housing element includes information about two measures of housing condition: age and physical condition.

The Census Bureau tracks the age of structures. The age of housing units can demonstrate trends. As the table below shows, the number of housing units in the City of Chelan has been growing relatively steadily for several decades. However, because of the high proportion of seasonal residences being built, the number of new housing units does not necessarily indicate that there will be adequate or affordable housing for the City’s residents.

Table 7: Age of Housing Units in the City of Chelan³⁸

When built	Number of housing units
1939 or earlier	290
1940-1949	216
1950-1959	274
1960-1069	242
1970-1979	336
1980-1989	385
1990-1999	337
2000-2009	346

In addition, the 2008 windshield survey provided information about the physical condition of single-family houses in selected neighborhoods in and near the City of Chelan’s downtown. The table below shows the numbers of standard and sub-standard housing units in each of the eleven neighborhoods as of 2008. More detailed information, including a map, can be found in the City’s Community Housing Manual.

Table 8: Condition of Single-Family Housing Units

Neighborhood	% Standard	% Substandard
1—Carroll/Ogden	88.9	11.1
2—South Chelan	72.6	27.4
3—East of Sanders	63.9	36.1
4—West Chelan	66.7	33.3
5—Hospital District	57.4	42.6
6—Highlands	69.4	30.6
7—Harvey Tracts	54.4	45.6
8—Riverview	60.0	40.0
9—Lakeside	71.0	30.0
10—Highway Corridor	54.2	45.8
11—Original Town	49.4	50.6

³⁸ U. S. Census Bureau, American FactFinder. Selected Housing Characteristics: 2010-2014 American Community Survey 5-Year Estimates. <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>. Accessed June 18, 2016.

While somewhat outdated, the information above provides information that can be of use in evaluating the condition of Chelan’s existing housing stock and identifying needs. The housing condition survey results have been used to identify needs (in the Needs Assessment section of this element) and actions (in the City’s Community Housing Manual).

Vacancy rates

Vacancy rates (the proportion of vacant to occupied housing units) are an excellent measure of the relationship between housing supply and demand. While opinions vary, three to seven percent is usually considered an adequate vacancy rate to provide residents with some choice in housing. A rate lower than three percent indicates a tight housing market.

The table below shows rental vacancy rates for the City of Chelan derived from the 1990, 2000, and 2010 censuses.

Table 9: Changes in Rental Vacancy Rates

	1990 ³⁹	2000 ⁴⁰	2010 ⁴¹
City of Chelan	11.5%	5.8%	17.3%

The vacancy rates reported in the census show considerable fluctuation over a period of 25 years. While the 2010 data suggest a substantial over-supply of rental housing, they probably reflect conditions that no longer exist and, indeed, may never have existed.⁴² In the United States as a whole, rental vacancy rates peaked around 2009 and have dropped steadily since.⁴³ It is unlikely that the 2010 data accurately represent rental housing availability in Chelan. The Washington Center for Real Estate Research (WCRER) reports an apartment vacancy rate in Chelan County of 2.0% as of Spring, 2016.⁴⁴ Local real estate agents report a very tight rental market in which vacancies are filled quickly.⁴⁵ An article posted on Go Lake Chelan late in 2015 also reports

³⁹ United States. Bureau of the Census. 1990 Census of Population and Housing. Chelan City, Washington. Summary Tape File 1. http://factfinder.census.gov/servlet/DTTable?_bm=y&-context=dt&-ds_name=DEC_1990_SF1_U&-mt_name=DEC_1990_SF1_U001&-mt_name=DEC_1990_SF1_U002&-mt_name=DEC_1990_SF1_U003&-mt_name=DEC_1990_SF1_U005&-mt_name=DEC_1990_SF1_U006&-mt_name=DEC_1990_SF1_U007&-CONTEXT=dt&-tree_id=100&-all_geo_types=N&-geo_id=16000US530195&-search_results=16000US530195&-format=&-lang=en. Accessed September 17, 2008.

⁴⁰ United States. Bureau of the Census. 2000 Census of Population and Housing. Chelan City, Washington. Summary Tape File 1. http://factfinder.census.gov/servlet/DTTable?_bm=y&-context=dt&-ds_name=DEC_2000_SF1_U&-CONTEXT=dt&-mt_name=DEC_2000_SF1_U001&-mt_name=DEC_2000_SF1_U003&-mt_name=DEC_2000_SF1_U004&-mt_name=DEC_2000_SF1_U005&-tree_id=4001&-redoLog=false&-all_geo_types=N&-geo_id=16000US5311615&-search_results=16000US5311615&-format=&-lang=en. Accessed September 17, 2008.

⁴¹ U.S. Census Bureau. General housing characteristics: 2010. 2010 census summary file 1. <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>. Accessed June 18, 2016.

⁴² The Census data report a margin of error for the 2010 vacancy rate data of 15.6%±.

⁴³ U.S. Census Bureau. Housing vacancies and homeownership [Housing vacancy survey]. Annual and Quarterly Charts of Rental and Homeowner Vacancy Rates and Homeownership Rates. Figure 1: Annual rental and homeowner vacancy rates for the United States: 1968 to present. <http://www.census.gov/housing/hvs/data/charts/fig01.pdf>. Accessed June 18, 2016.

⁴⁴ Washington Center for Real Estate Research. *Washington Apartment Market*. Spring 2016. <http://realestate.washington.edu/wp-content/uploads/2016/04/spring-2016.pdf>. Accessed July 3, 2016.

⁴⁵ Personal communications, Joe Collins, June 18, 2016; Myrt Griffith, June 21, 2016.

that availability of rental housing is low.⁴⁶ The same article cites the high cost of multi-family construction and lack of municipal water service to areas where land costs are lowest as reasons for the scarcity of rental housing in Chelan.

The vacancy rate for owner-occupied dwellings has continued to drop, as shown in the table below.

Table 10: Changes in Owner-Occupied Housing Vacancy Rates

	1990 ⁴⁷	2000 ⁴⁸	2010 ⁴⁹
City of Chelan	6.0%	5.0%	3.5%

The U.S. Census Bureau’s American FactFinder lists estimated homeowner vacancy rates in Chelan of 3.5-4.3% from 2010-2012, but by 2013 the rate has dropped to 0%.⁵⁰ A June, 2016 review of Chelan Multiple Listings shows few houses for sale that would be considered affordable for residents earning 110% of median income or less.

Housing costs

Median values of owner-occupied housing units in Chelan, as listed in the U.S. Census Bureau’s American FactFinder, are shown below. It is worth noting that the margin for error in the intercensal estimates is high.

Table 11: Median value of owner-occupied housing units in Chelan⁵¹

2010	2011	2012	2013	2014
\$332,000	\$354,800	\$361,000	\$327,200	\$289,500

A number of sources provide additional information about the cost of buying a house in Chelan:

- Zillow reports that as of May, 2016, the median price of a house in Chelan was \$264,700⁵²
- Trulia lists a median sale price for a house in Chelan as \$271,000 for the month ending June 22, 2016.⁵³
- The WCRER gives the following median house prices in Chelan County: 1st quarter of 2016, \$249,400⁵⁴; 3rd quarter of 2015, \$280,900⁵⁵

⁴⁶ Go Lake Chelan. “The Chelan Housing Crunch: Dear Employees, You can’t afford to live here.” Posted October 26, 2015. <http://www.golakechelan.com/the-chelan-housing-crunch-dear-employees-you-cant-afford-to-live-here/>. Accessed June 25, 2016.

⁴⁷ City of Chelan Comprehensive Land Use Plan. Amended September 2011.

⁴⁸ United States Census Bureau. General Housing Characteristics: 2000. Census 2000 Summary File 1 (SF1) 100-Percent Data. Accessed June 25, 2016.

⁴⁹ United States Census Bureau. General Housing Characteristics: 2010. 2010 Census Summary File 1. Accessed June 25, 2016.

⁵⁰ United States Census Bureau. American FactFinder. Selected Housing Characteristics. 2010, 2011, 2012, 2013, 2014. Accessed June 25, 2016.

⁵¹ United States Census Bureau. American FactFinder. Selected Housing Characteristics. 2010, 2011, 2012, 2013, 2014. Accessed June 25, 2016.

⁵² Zillow. Chalen home prices & values. Zillow Home Value Index. <http://www.zillow.com/chelan-wa/home-values/>. Accessed June 25, 2016.

⁵³ Trulia. Chelan Real Estate Market Overview. http://www.trulia.com/real_estate/Chelan-Washington/. Accessed June 25, 2016.

- A review of online listings of homes in Chelan in June, 2016 indicated that roughly a dozen homes were listed for \$200,000 or less.

Median rent paid in Chelan, as listed in the U.S. Census Bureau’s American FactFinder, was \$665 in 2014. It is worth noting that the margin for error in the inter-censal estimates is high; and that rent amounts reported may include subsidies. A number of sources provide additional information about rental costs (and availability) in Chelan:

- The WCRER lists the average apartment rent in Chelan County in Spring, 2016 as \$1,078—the highest in Washington State outside King and Snohomish counties⁵⁶
- On July 3, 2016, Craigslist lists seven rentals in Chelan, Chelan Falls, and Manson, with monthly rents ranging from \$700 to \$2,500
- On the same date:
 - Trulia lists a single rental, priced at \$1,695 per month
 - The *Lake Chelan Mirror* classified ads list no rentals in the Chelan area
 - Homes.com lists no rentals in the Chelan area

Land Availability: Supply and Demand

While the sections of this element that address numbers and types of dwelling units and vacancy rates provide information about the availability of existing housing units, land availability has to do with the amount of land available for construction of new housing.

In 2016, the City of Chelan conducted a land-use inventory and a residential build-out analysis to estimate the amount of land available to accommodate population growth in the City and its UGA. The land-use inventory focused on land supply, while the build-out analysis compared supply with anticipated demand to assess the City’s ability to accommodate its expected population over time.

Land supply is calculated by estimating the amount of vacant residential land and then applying reduction factors to determine how much of that land is likely to be developable. Reduction factors account for land that is not likely to be developed because:

- It is too steep to be developed
- It will be needed for roads, open space, parks, or other public purposes
- It is not likely to be available—for instance, because the owner is holding it as an investment or is using an undeveloped lot for extra backyard or garden space

Land supply calculations also include a factor for seasonal residences that will not be available to accommodate permanent residents of the City, and a market safety factor. The market safety factor is included to ensure that land supply is not so tightly restricted that it contributes significantly to higher housing costs or drives development away from the City. Incorporating a

Commented [MSOffice6]: This section will need to be updated to reflect the analyses the city conducts

⁵⁴ Washington Center for Real Estate Research. Housing market snapshot: State of Washington and counties: First quarter 2016. <http://realestate.washington.edu/wp-content/uploads/2016/05/snapshot1.pdf>. Accessed June 25, 2016.

⁵⁵ Washington Center for Real Estate Research. Housing market snapshot: State of Washington and counties: Third quarter 2015. <http://realestate.washington.edu/wp-content/uploads/2015/05/snapshot3q15.pdf>. Accessed June 25, 2016.

⁵⁶ Washington Center for Real Estate Research. *Washington Apartment Market*. Spring, 2016. <http://realestate.washington.edu/wp-content/uploads/2016/04/spring-2016.pdf>. Accessed July 3, 2016.

market safety factor creates a margin within which the housing market can operate more fluidly than it could if it were constrained by the supply of land.

The 2016 land-use inventory includes a tally of the amount of undeveloped land in each of the zoning districts in the City and its UGA. It is incorporated in the Comprehensive Plan as Appendix .

Commented [MSOffice7]: This section will need to be updated to reflect the analyses the city conducts

Land demand is calculated by estimating the amount of developable land needed to accommodate the projected population of an area over a given period of time—in the case of this Housing Element, 20 years. An estimate of land demand relies on the following factors:

- Projected population size
- Anticipated household size
- Housing density

The projected population of the City and its UGA in 2037 is 4,880. (For more information, see the “Population” section of the Demographic Profile, above.) The estimated household size is 2.38. (For more information, see the “Household Size” section of the Demographic Profile, above.) Thus, the City and its UGA will need to accommodate 2,009 housing units (including both new and existing housing) by 2037. The amount of land needed to accommodate the new housing units will depend on the density at which housing is developed.

Housing density will vary depending on location within the planning area. It is the most flexible of the three land-demand factors, and one that the City can affect with zoning regulations and programs to promote higher density. The 2016 residential build-out analysis assumes densities of three units/acre in Single-Family Residential (R-L), Tourist Accommodations (T-A), and Special Use (SUD) zoning districts and nine units/acre in areas zoned Multi-Family Residential (R-M). However, actual densities may be lower, especially in R-M zoning districts.

The residential build-out analysis focused on the four zoning districts listed above—those in which residential development is most likely. The analysis estimated how much of the undeveloped land in each district would be likely to be available for development of full-time residences during the 20 years following the analysis; how many dwelling units that land would be able to accommodate (based on the density assumptions noted above); and how many people could be housed in those dwelling units. The City has additional capacity for residential development outside the four residential zones.

- The City hopes to accommodate additional housing in the downtown area, which is not considered in the land-supply analysis. Although the downtown area is largely developed, there is potential for new housing there, including:
 - Accessory Dwelling Units (ADUs)
 - Infill housing
 - New, higher-density housing to replace older units

In 2012 the City adopted a Downtown Master Plan and form-based code for the downtown area. The form-based code allows for flexibility in density, which is not accounted for in the land-supply analysis

- The City’s Warehousing and Industrial (W-I) District Action Plan calls for allowing some housing in the W-I district, which is not considered in the land-supply analysis

The build-out analysis is incorporated in the Comprehensive Plan as Appendix .

Table 12: Build-Out Figures

	Number of year-round housing units	Number of new residents who can be housed on undeveloped land in the City and its UGA
2016 build-out analysis	1,445	3,438

Commented [MSOffice8]: Figures will need to be adjusted to account for 2016 reductions in acreage, by zoning district

Given an estimated population in 2017 of 4,465 in the City and its UGA, the land available is adequate to accommodate the expected population growth at the densities assumed in the build-out analysis.

Commented [MSOffice9]: This will need to be adjusted to account for the population of the 2016 UGA reduction and expansion areas

Table 13: Land Supply/Demand Comparison

	Number of people
Estimated 2017 population of the City and its expanded UGA	4,465
Additional population that can be accommodated in the City and its expanded UGA, based on build-out analysis	3,438
Population the City can accommodate (in existing and new housing)	7,903
Projected 2028 population	4,880
Excess capacity (7,903-4,880)	3,023

Commented [MSOffice10]: This whole table will need to be adjusted to account for the population of the 2016 UGA reduction and expansion areas, and the reduced acreage in the R-1 and SUD districts

Availability of Facilities and Services (Infrastructure)

Water and sewer capacities can be found in the City of Chelan Water System Plan and General Sewer Plan (both of which are described in the Capital Facilities Plan Element of this Comprehensive Plan and adopted by reference as part of the Comprehensive Plan). The water system plan was updated in 2007 and the sewer system plan was updated in 2008. However, both plans were developed using Urban Growth Boundaries that have since been changed or will be changed by the time this comprehensive plan is adopted. They are scheduled for updating in 2009 or 2010.

Commented [MSOffice11]: This section needs to be updated

The Transportation Element of this Comprehensive Plan provides for transportation concurrency. The Capital Facilities Plan Element includes an inventory of other public facilities and services, and more information about infrastructure.

Special needs housing

Special needs housing includes housing for low income, disabled and elderly people. For qualified low-income households, there are currently 73 rental units in the City of Chelan with some type of rent assistance or low-income qualification. Sixteen houses have been built for and sold to lower-income families. Most of the low-income housing units have waiting lists. For those in need of senior or assisted living, there are 74 units ranging in price from \$420 to \$4,845 per month.

The following paragraphs provide a more detailed inventory of the current special needs housing options in Chelan.

Casa Guadalupe

Casa Guadalupe is located in South Chelan, and run by the Diocese of Yakima. There are 31 rental apartments for people and families who earn 80% or less of the median income level.

Housing Authority of Chelan County and the City of Wenatchee

Chelan Bluff

Year-round agricultural housing located at 1135 S. Bradley Street. Built by the housing authority in 2007; owned and managed by the housing authority. Twenty-two units; rent (as of summer, 2016): \$647/2 bedroom, \$710/3 bedroom. All tenants receive rental assistance. Five families on wait list (down from 34 in 2008).

Chelan Gardens

Senior housing; located at 210 W. Gibson. Built in 1980 and purchased by the housing authority in 2003. Sixteen units; rent (as of summer, 2016): \$640/1 bedroom. Tenants receive rental assistance. Forty-four individuals on wait list (up from nine in 2008).

Gibson Gardens

Multi-family housing located at 309 E. Gibson. Built in 1976 and purchased by the housing authority in 2003. Twenty units; rent (as of summer, 2016): \$659/1 bedroom, \$723/2 bedroom, \$786/3 bedroom. Tenants receive rental assistance. One hundred forty-three families on wait list (up from 82 in 2008).

Lake Chelan Community Apartments

Senior/Disabled Housing located at 410 E Gibson and owned by the housing authority. Twenty-eight units; rent (as of summer, 2016): \$526/1 bedroom. Most tenants receive rental assistance. Five individuals on wait list (as compared to three vacancies and no wait list in 2008).

Riverview Homes

Located at the corner of Iowa and Bradley. Built in 2004 by the housing authority and the Columbia Valley Housing Association. Sold to qualified first-time, low-income buyers. Sixteen single-family houses. Original selling price range: \$128,000-\$134,000. Houses can only be resold to qualified low-income buyers.

Heritage Heights

Heritage Heights is an assisted living facility operated by a private non-profit and located next door to the hospital. It typically has a short waiting list for its 30 units, and the current price range for those units is \$3,795 to \$4,845 per month. Heritage Heights accepts Medicaid.

Trends

The inventory and analysis suggest a number of trends that will affect the City of Chelan's ability to provide adequate housing to all segments of its population:

- Continued growth in the number of seasonal housing units
- A growing disparity between income and housing costs
- An ongoing shortage of rental housing
- An aging population, which may present special housing needs

Needs associated with those trends will be discussed in the Needs Assessment, below.

Locations of Multi-Family Zoning Districts

When the previous GMA-update process was begun in 2006, a number of residents expressed concern about multi-family housing in established single-family neighborhoods. In 1998, the residential neighborhoods surrounding Chelan’s downtown core were zoned for multi-family housing. Since that zone change, several new multi-family structures have been built. In some cases, residents have felt that the new buildings had a deleterious effect on the character and livability of the neighborhoods in which they were built.

To address those concerns, the 2008 housing visioning process included an informal review of multi-family zone locations. The overall character of the neighborhoods that have been most affected by multi-family development—Carroll/Ogden and South Chelan—was evaluated subjectively by staff, consultants, and the Steering Committee members. Housing condition, as reported in the windshield survey, was also a factor. No decisions about changing the current zoning have been made. However, neighborhood planning and more formal zoning district review are included in the policies in this element to provide a basis for the zoning map and development standards to preserve neighborhood character and support livability. The City has addressed the challenges in recent years by:

- Undertaking neighborhood planning in South Chelan
- Developing a Downtown Master Plan and adopting downtown land use regulations to promote higher density development that preserves neighborhood character in Chelan’s downtown core
- Adopting townhouse and infill development regulations

Programs and Resources

The 2009 Community Housing Manual lists programs and services that provide housing assistance in Chelan County.

VI. HOUSING NEEDS

Introduction

This section draws on the Demographic Profile and the Inventory and Analysis, and uses additional qualitative and quantitative assessments to portray the City of Chelan’s housing needs. It also includes a discussion of the approaches that the City has prioritized for meeting those needs.

Needs

Availability

Current needs

In Chelan in 2016, very low vacancy rates for rental housing, coupled with high costs for both rental and owner-occupied housing, suggest a need for more housing units for full-time residents.

The tight market is not due to a lack of land or of investment capital. There has been considerable new construction in recent years; however, much of it is intended for seasonal use and is beyond the means of most local residents.

The city's 2008 windshield survey identified neighborhoods in and near the City of Chelan's downtown in which the condition of many housing units is substandard. Many are older neighborhoods. Over time, substandard housing units may continue to deteriorate, reducing the overall quality of the City's housing stock.

Need for additional housing units based on population growth over time

Based on the City's current and anticipated populations, the City of Chelan will need to accommodate an additional 415 people by 2037—a population increase that will require an estimated 174 new housing units. At the expected densities (three dwelling units per acre [DUA] in Single-Family Residential, Tourist Accommodations, and Special Use zoning districts and nine DUA in Multi-Family Residential districts), the City's current UGA is adequate to accommodate the projected population.

If the rate of population growth is greater than expected, the City can accommodate more housing units by making changes in land use designations, densities, or the size of its UGA. Over time, the City may want to consider the following options for housing its growing population:

- Increasing density
 - By zoning more land for multi-family residential use
 - By increasing the allowed density in other zoning districts
 - By using incentives to encourage increased density in all residential zoning districts
- Changing zoning, allowed uses, or development standards to encourage housing development
- Expanding its UGA

The goals and policies in this housing element provide direction regarding the City's options, and the housing manual explains specific techniques that may help the City accommodate growth while meeting the community's other goals.

Affordability

Washington's Growth Management Act (GMA) requires cities to make adequate provisions for existing and projected needs for all economic segments of the community.⁵⁷ Section 365-196-410 of the Washington Administrative Code (WAC) defines affordable housing as follows⁵⁸:

- In the case of dwelling units for sale, affordable housing has mortgages, amortization, taxes, insurance and condominium or association fees, if any, that consume no more than thirty percent of the owner's gross annual household income
- In the case of dwelling units for rent, affordable housing has rent and utility costs, as defined by the county or city, that cost no more than thirty percent of the tenant's gross annual household income

⁵⁷ RCW 36.70A.070(2)(d). <http://apps.leg.wa.gov/rcw/default.aspx?cite=36.70A.070>. Accessed July 3, 2016.

⁵⁸ WAC 365-196-410(2)(e)(i). <http://apps.leg.wa.gov/WAC/default.aspx?cite=365-196-410>. Accessed July 3, 2016.

Two quantitative measures of affordability are discussed below. “Affordability based on income level” uses the definition above to evaluate housing affordability relative to the median income in Chelan. The “Housing Affordability Index” evaluates purchasing power based on income and selling prices in Chelan County.

Affordability Based on Income Level

The table below is based on the estimated median household income given in the demographic profile: \$36,901. Insurance is assumed to cost \$500 per year. Tax rates are based on current rates for residential properties in the City of Chelan.⁵⁹ Mortgage calculations are based on a 30-year mortgage with a fixed rate of 3.85%, using an online simple mortgage calculator available at www.mortgage-calc.com. A 20% down payment is assumed.

Table 14: Mortgage Affordability Based on Income Level

Earnings as a percentage of median income	Household Income (HI)	Affordable Annual Cost (30% of HI)	Tax and Insurance	Affordable Mortgage Payment ⁶⁰	Affordable Property Value	Down Payment
50%	\$18,451	\$5,535	\$1,396	\$345	\$91,875	\$18,375
80%	\$29,521	\$8,856	\$1,987	\$572	\$152,500	\$30,875
110%	\$40,591	\$12,177	\$2,578	\$800	\$213,125	\$42,625

According to the calculations above, a household earning 50% of median income (the upper limit of the “low-income” bracket) could afford a house priced at \$91,875. A household earning 80% of median income (the upper limit of the “moderate-income” bracket) could afford a house priced at \$152,500, and a household earning 110% of median income (about in the middle of the “middle-income” bracket) could afford a house priced at \$213,125. In all cases, those figures assume that the buyer can afford the 20% down payment. A comparison between the amount residents can afford to pay and the cost of houses in Chelan (as reported in Section V. of this element, Inventory and Analysis) reveals a very significant gap. A household income of nearly \$50,577—137% of median income—would be required to afford a house costing \$268,000—an estimate of the median price in June, 2016.⁶¹ Although low interest rates currently make home-buying more affordable than it was when this element was last updated, buying a house remains out of reach for many residents of Chelan.

The same approach can be used to assess rental housing affordability. The table below uses the same assumptions about household income and affordable annual housing cost as did the mortgage affordability table. Utility costs are estimated.

⁵⁹ Personal communication, Chelan County Assessor’s Office

⁶⁰ Affordable annual cost minus tax and insurance

⁶¹ Based on a rough average of median selling prices reported by Zillow and Trulia; see Inventory and Analysis for more information.

Table 15: Rental Affordability Based on Income Level

	Household Income (HI)	Affordable Annual Cost (30% of HI)	Utilities	Affordable Monthly Rent ⁶²
50%	\$18,451	\$5,535	\$1,200	\$361
80%	\$29,521	\$8,856	\$1,800	\$588
110%	\$40,591	\$12,177	\$2,400	\$815

As reported in Section V. of this element, Inventory and Analysis, the median rent in Chelan County in Spring, 2016 was \$1,078⁶³—a cost that would be affordable for a household earning \$51,120, or 139% of the median household income. Assuming rents are similar in the City of Chelan, rental housing is now about as affordable as for-purchase housing. And, as noted under the heading “Vacancy Rates” in the Demographic Profile, rental housing is in short supply, regardless of cost.

Housing Affordability Index

The Housing Affordability Index (HAI) was established by the National Association of Realtors (NAR) to gauge the financial ability of consumers to buy a house. When the index is 100 there is a balance between the family's ability to pay and the cost. Higher numbers indicate that housing is more affordable; lower numbers indicate that it is less affordable.

Each quarter, the Washington Center for Real Estate Research calculates the HAI for households earning the median income and for first-time buyers in each county in the State. For households earning the median income, a reading of 100 means the household can qualify for a mortgage on a typical median-priced existing single-family home. For first-time buyers, assumed to be earning 70% of median income, a reading of 100 means the household can carry the mortgage on a house that costs 85% of the median price. The table below shows the most recent figures for Chelan County, along with figures from 2005 and 2008.^{64, 65}

Table 16: Housing Affordability—Chelan County

	2 nd quarter 2005	1 st quarter 2008	4 th quarter 2015 ⁶⁶
Households earning median income	143.8	92.8	153.1
First-time buyers	83.0	53.8	86.2

⁶² Affordable annual cost minus utilities

⁶³ Washington Center for Real Estate Research. *Washington Apartment Market*. Spring, 2016. <http://realestate.washington.edu/wp-content/uploads/2016/04/spring-2016.pdf>. Accessed July 3, 2016.

⁶⁴ Washington State University. College of Business. Washington Center for Real Estate Research. *Housing Affordability Index: State of Washington and Counties: Time Trend*. http://www.wcerer.wsu.edu/WSHM/2008Q1/TRND_08Q1.pdf. Accessed October 9, 2008.

⁶⁵ Washington State University. College of Business. Washington Center for Real Estate Research. *Housing Affordability Index: First-Time Buyers: State of Washington and Counties: Time Trend*. http://www.wcerer.wsu.edu/WSHM/2008Q1/FRST_08q1.pdf. Accessed October 9, 2008.

⁶⁶ University of Washington. Runstad Center for Real Estate Studies. Washington Center for Real Estate Research. *Washington State's Housing Market: Fourth Quarter 2015*. <http://realestate.washington.edu/wp-content/uploads/2015/08/main2.pdf>. Accessed June 15, 2016.

The indices show that housing in Chelan County is now more affordable than it was 10 years ago. The dramatic decline in affordability of a few years ago has reversed, making Chelan County much more affordable for both households earning the median income and first-time buyers.

It is worth noting that income levels in the City of Chelan tend to be lower than those in the County as a whole, and housing costs tend to be higher. Therefore, housing is likely to be less affordable in the City than is indicated by the index numbers for all of Chelan County. However, the picture is much brighter than it was when the Housing Element was last updated in 2009. Because the HAI for first-time buyers is still well below 100, younger adults may still have a difficult time buying houses.

Special Needs

As noted in the demographic profile, the expected population growth rate for people over age 60 is nearly three and a half times the average growth rate, and the rate among people age 70 and up is even higher. As they age, older residents often have special housing needs. Some may require group quarters, such as assisted living facilities; others may be interested in accessible dwellings, built without stairs and with other special features. Low maintenance may become a priority, as may easy access to public transportation and to services.

There may also be needs for safe and transitional housing over time. Appropriate land use designations, development standards, and programs (including incentive programs) can increase the likelihood that the market will meet the community's various special housing needs. Since the 2009 Housing Element update, the City has made several changes to its development standards with potential to meet special housing needs, including adopting a form-based code for the downtown area and adopting townhouse, infill, and emergency and transitional housing regulations. The form-based code, townhouse, and infill regulations all support denser development in the downtown core, close to public transportation and services.

Summary and Analysis

Although the supply of land will be adequate throughout the planning period, market forces may not ensure that there is adequate housing in the City of Chelan and its UGA even for households in the upper income brackets—those earning 120% or more of median income. Mortgages are already out of reach of all but more affluent buyers, and the continued demand for seasonal housing is likely to blunt the market's response to the needs of full-time residents—especially those whose earnings fall below the median. Rental housing is both expensive and scarce, and there appears to be little incentive for developers to meet the need—probably due at least in part to high land values. Other factors may include the high cost of multi-family construction and lack of municipal water service to areas where land costs are lowest.

The City of Chelan has a pressing need to provide additional low-cost and moderate-cost housing. As the supply of land in the UGA diminishes over time, the discrepancy between income levels and housing costs is likely to grow, making it increasingly difficult for residents to find adequate and affordable housing. Residents who are priced out of the local housing market will need to commute if they continue to work in Chelan, increasing pressure on the transportation system and contributing to sprawl.

Community priorities

Regulatory policies and programs alone cannot ensure that everyone has access to adequate, affordable housing. This section of the Housing Element addresses the community priorities that came out of the 2008 housing visioning process, including the work of the Steering Committee.

Affordable Housing

The Steering Committee members recognized that, because the gap between income levels and housing costs is so great, it will not be realistic for the City to address all of the housing needs within the planning area. The City's top priority will be to facilitate an increase in the stock of housing that is affordable to households earning 110% of median income or less.

Rental Housing

Although housing rental costs are high, renting is more accessible than buying for many people because no down payment is needed. Maintaining an adequate stock of rental housing is a high-priority means of meeting housing needs, especially the need for affordable housing. Of special importance will be ensuring an adequate supply of land suitable, and zoned, for multi-family residential development. Chelan has adopted a number of regulations intended to remove barriers to development of affordable rental housing, including accessory dwelling unit, infill, and downtown land use and development regulations.

Mobile Home Parks

High-quality, well-maintained manufactured-housing parks are another way of addressing the need for housing that is affordable to lower-income residents while retaining high standards that contribute to neighborhood character and community livability. In 2012 the City adopted manufactured-housing-park standards as one means of removing barriers to adequate housing.

Special housing needs

Anticipating the special housing needs of the City's growing senior population and providing for an adequate land supply and incentives to support the market in meeting those needs will also be a priority for the City.

Livability

Livability refers to the environmental and social quality of an area, and is strongly dependent on the quality of the built environment. In residential neighborhoods, the condition of housing units plays a strong role, as do factors such as the presence or absence of sidewalks and street trees, traffic safety, community identity, and connection to the larger community via roads and pedestrian corridors. As noted on the Victoria Transport Policy Institute's web site, "Community livability directly benefits people who live in, work in or visit an area, increases property values and business activity, and it can improve public health and safety."⁶⁷

Retaining neighborhood character and a livable community are high priorities for the City of Chelan. The City has explored neighborhood planning as one means of retaining the desirable characteristics of existing neighborhoods while promoting infill and redevelopment that have the

⁶⁷ Victoria, BC, Canada. Victoria Transport Policy Institute. *Community Livability: Helping to Create Attractive, Safe, Cohesive Communities: TDM Encyclopedia*. <<http://www.vtpi.org/tm/tm97.htm>>. Accessed October 10, 2008.

potential to increase housing stocks in areas in which infrastructure is already developed. The city has also adopted infill development regulations intended to promote infill and redevelopment while retaining neighborhood character. Supporting landowners in maintaining and repairing existing housing may be another means of keeping Chelan livable.

The City's Role

While the City has a role in facilitating development of adequate, affordable housing, especially through its development regulations, developing, owning, and managing housing is not a priority.

VII. GOALS AND POLICIES

The following five goals are intended to support the City's housing vision (stated in the Introduction). Housing policies follow, in four categories.

GOAL 1: Affordable housing in good condition for moderate and middle income residents

GOAL 2: Livable neighborhoods

GOAL 3: Diverse housing options

GOAL 4: Adequate special needs housing

GOAL 5: Private industry meets housing needs; the City provides leadership and support

A. AFFORDABLE HOUSING

Policy A.1

The City's efforts to promote and retain affordable housing should be focused on the needs of full-time residents earning 110% of median income or less.

Rationale: Other agencies and nonprofit organizations address the housing needs of low-income residents. Addressing the needs of moderate and middle income residents is an appropriate and realistic role for the City. Focusing on the needs of residents who earn up to 110% of median income will enable the City to address the needs of working-class families as well as lower-income residents.

Policy A.2

Special housing types (such as cottage housing, accessory dwelling units, townhouses, and zero-lot-line development) should be encouraged in developing areas and in existing neighborhoods where such housing can be developed while retaining or enhancing neighborhood character and livability.

Rationale: Special housing types can help meet a share of the housing demand while increasing density. Higher density reduces infrastructure costs; it also promotes active lifestyles and multi-modal transportation, enhancing livability. By encouraging such housing types, the City can further housing, land use, and transportation goals.

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Policy A.3

The City should encourage development and retention of affordable, well-maintained rental housing.

Rationale: Rental housing can be an affordable alternative for those who cannot afford to buy houses or condominiums.

Policy A.4

The City should allow mobile home parks in one or more zoning districts and should adopt and enforce development and maintenance standards to keep housing condition and livability high in the parks and the neighborhoods in which they are located.

Rationale: Mobile home parks are an affordable housing option that increases density. Higher density reduces infrastructure costs; it also promotes active lifestyles and multi-modal transportation, enhancing livability. Maintaining high standards will increase neighborhood acceptance of mobile home parks, encourage further investment in the neighborhoods in which they are located, and promote livability and a high quality of life.

Policy A.5

Where appropriate, the City should use incentives and other means to make sure that affordable housing units stay affordable.

Rationale: Without adequate safeguards, housing developed to meet affordable housing needs may be converted to market-rate housing. Incentives and other actions to support affordable housing will not result in long-term change unless the housing stays affordable. Investing in long-range solutions is an appropriate role for the City.

B. HOUSING CONDITION

Policy B.1

Where neighborhood planning supports retention of existing housing stock, the City should support maintenance and upkeep of that stock by sponsoring housing rehabilitation programs offered by state and federal governments and nonprofit agencies.

Rationale: Good-quality housing encourages investment in existing neighborhoods, as well as improving residents' quality of life. Developing new housing in existing neighborhoods may increase density, and it is likely to reduce infrastructure costs and to promote active lifestyles and multi-modal transportation, enhancing livability. Maintaining existing infrastructure helps to retain the historical quality and character of Chelan neighborhoods.

Policy B.2

The City should establish standards for special needs housing, including housing that will meet the needs of the City's aging population, to ensure that such housing is well integrated in the community and complies with ADA standards.

Rationale: Standards will support the community in accommodating diverse sectors of the population in established as well as new neighborhoods, strengthening the community while retaining neighborhood character.

C. PLANNING

Policy C.1

The City's Urban Growth Area should provide adequate, appropriately-zoned land for special needs housing, including housing that will meet the needs of the City's aging population

Rationale: Accommodating diverse sectors of the population will enable elders and others with special needs to remain in the community. Providing adequate land will help to increase the supply of special-needs housing, and increase its affordability.

Policy C.2

The City should regularly assess the size of its Urban Growth Area (UGA) and increase the size as needed to maintain an adequate supply of appropriately zoned land.

Rationale: An adequate supply of land will help control land costs. A UGA that is too small may put artificial pressure on land prices by restricting competition in the land market.

Policy C.3

The City should regularly review its zoning map and zoning districts and make any changes needed to encourage a mix of housing types that will retain the character of existing neighborhoods, advance the City's housing goals, and support the City's overall land use plan.

Rationale: Well-thought-out zone changes can support development of new housing as well as retention of livability, efficient urban services, and appropriate development patterns. Introduction of a new zoning district (for instance, a medium-density residential district) could provide more options in both established and developing areas, including the option of a buffer between areas of higher and lower density.

Policy C.4

The City should use neighborhood planning to develop locally-supported action plans for existing neighborhoods.

Rationale: New, higher-density housing in existing neighborhoods can meet housing, land use, and transportation goals efficiently and effectively. Neighborhood planning is a means of involving residents in planning for their neighborhoods so that the best features of those neighborhoods are retained and new housing is appropriate and accepted. Where revitalization or redevelopment may be desirable, neighborhood planning can build support and ensure that the needs and desires of the people who live and work in the neighborhood are considered, and their knowledge of their neighborhoods is put to use.

Policy C.5

The neighborhood planning process should include the option of neighborhood-specific design standards, including standards that limit building height and size.

Rationale: Building design can affect the character and livability of existing neighborhoods. Standards may be needed to protect existing neighborhoods. Neighborhood-specific design standards can fulfill multiple objectives, furthering the City's other land-use, housing, and

transportation goals and policies while responding to the specific qualities of a particular neighborhood.

Policy C.6

Diversity in single-family housing types should be encouraged throughout the City.

Rationale: Diversity enhances neighborhood character and livability by providing options for households of different ages and sizes. Flexibility will allow landowners and developers to take advantage of the terrain by choosing housing types suitable to varied slopes, substrates, and lot sizes.

D. STRATEGIC ACTION

Policy D.1

City staff should take an active role in promoting the City’s housing goals, including outreach, coordination, and initiating programs (such as an infill development program or incentive programs), changes in development regulations, and other actions.

Rationale: Through partnerships and a variety of regulatory and non-regulatory actions, the City can further the city’s housing goals without a direct investment in new housing.

Policy D.2

The City should actively participate in the Housing Authority of Chelan County & the City of Wenatchee.

Rationale: The Housing Authority can meet identified local needs that will not be met by the private sector, and help to access federal HUD grant funds for renovation and affordability. The effectiveness of the City’s representative on the Housing Authority’s board will be enhanced by coordination with policymakers and staff.

Policy D.3

Where appropriate, the City should work in partnership with other public entities to facilitate use of surplus public land (including land owned by the City and by other entities, such as the Chelan County PUD) for affordable housing development.

Rationale: The cost of land is a barrier to affordable housing development; government-to-government action may make land available at below-market cost.