PLANNING COMMISSION
March 18, 2025
6:30 PM
Planning Commission

a. Call to Order

b. Pledge of Allegiance

c. Roll Call

d. Consent Agenda

1. Minutes from Feb. 18, 2025 Planning Commission Meeting
2. Minutes from Feb. 25, 2025 Planning Commission Meeting

e. General Public Comments

Please keep comments to three minutes or less. Because state law prohibits the use of city facilities for the purpose of supporting or opposing a campaign or ballot proposition, we respectfully request that public comment not make reference to such matters.

Written comments will be accepted by letter or via email at nmcgowan@sedro-woolley.gov Attn: 'Public Comment.' until 4:30pm the day before the meeting.

f. Public Hearing(s)

g. Unfinished Business

1. Review Land Capacity Analysis to include an overview of assumptions and densities, accounting for critical areas and other factors.

h. New Business

1. Comprehensive Plan Update: Review housing strategies and options to meet the 20-year housing targets.

i. Adjournment

PLANNING COMMISSIONERS

Pat Huggins | Matthew Desvoigne | Danielle Freiberger
Joe Fattizzi | Jessica Jasper | Joe Franett | Cassandra Sexson

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The City of Sedro-Woolley also complies with applicable state laws and doesn't discriminate on the basis of creed, gender, gender expression or identity, sexual orientation, marital status, religion, honorably discharged veteran or military status, or the use of a trained dog guide or service animal by a person with a disability.

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Planning Commission Agenda Item

Agenda Item No.: d.1.

Date: March 18, 2025

From:

Subject: Minutes from Feb. 18, 2025 Planning Commission Meeting

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RECOMMENDED ACTION:

ISSUE:

BACKGROUND/SUMMARY INFORMATION:

FISCAL IMPACT, IF APPROPRIATE:

ATTACHMENTS:

1. 02.18.2025 - PC Minutes

Regular Meeting of the Planning Commission
February 18, 2025 - 6:30 PM

a. Call to Order

Planning Commissioner Chair, Joe Franett, called the meeting to order at (6:32PM).

b. Pledge of Allegiance

c. Roll Call

Commissioners Present:

- Commissioner Joe Franett
- Commissioner Jessica Jasper
- Commissioner Pat Huggins
- Commissioner Danielle Freiberger

Commissioners Online:

- Commissioner Joe Fattizzi
- Commissioner Cassandra Sexson
- Commissioner Matthew Desvoigne

Staff Present:

- Planner Nicole McGowan
- Assistant Planner Ashton Sandoval Oaks
- Community Development Director Tom Glover
- Permit Technician Nicole Pfluger

d. Consent Agenda

1. Minutes from January 21, 2025 Planning Commission Meeting

Minutes from January 21st, 2025 Planning Commission Meeting approved as written.

e. General Public Comments

Please keep comments to three minutes or less. Because state law prohibits the use of city facilities for the purpose of supporting or opposing a campaign or ballot proposition, we respectfully request that public comment not make reference to such matters.

Written comments will be accepted by letter or via email at nmcgowan@sedro-woolley.gov Attn: 'Public Comment.' until 4:30pm the day before the meeting.

6:35PM Opened General Public Comments.

- No online participants.
- Participants in attendance did not have General Public Comments.
- Staff did not receive any written comments.

6:36PM Closed General Public Comments.

f. Public Hearing(s)

1. Proposed Amendments to Title 17 SWMC to Update Parking Standards

Assistant Planner Ashton Sandoval Oaks gave a brief overview of the proposed amendments to Title 17 SWMC to Update Residential Parking Standards.

Planning Commissioner Chair, Joe Franett, opened Public Hearing Comments at (6:39PM).

- Madison Bowman, Project Planner with BYK Construction, summarized their submittal for Public Hearing comment regarding the proposed updates to residential parking standards.
- No Public Hearing Comment letters were received.
- No online participants.

Planning Commissioner Chair, Joe Franett, closed Public Hearing Comments at (6:44PM).

Assistant Planner Ashton Sandoval Oaks summarized revisions made to the proposed amendments to Title 17 SWMC to Update Residential Parking Standards.

Planning Commissioners suggest that staff make changes to the following:

1. To strike 17.36.050 SWMC subsection E.
2. Defining loading facility in 17.04.030 SWMC.
3. 17.36.030 SWMC subsection C for B to both read 'See table above'.
4. Corrections to 17.04.030 SWMC for the definition of "Central Business District Core" to read, to the 'west' by Puget Avenue.

Proposed Amendments to Title 17 SWMC to Update Parking Standards will proceed to City Council with the proposed changes.

g. Unfinished Business

1. Proposed Amendments to Chapter 2.90 and Title 17 SWMC to Add Regulations for Cottage Clusters

Planner Nicole McGowan covered the requested changes to the proposed amendments to Chapter 2.90 and Title 17 to add regulations for Cottage Clusters. Summarizing changes to strike the last sentence from 17.120.060(A), as well as making affordability changes such as making traffic impact fees exempt and expanding plan review exemption for projects that are 100% affordable.

- After reviewing proposed amendments to Chapter 2.90 and Title 17 SWMC to Add Regulations for Cottage Clusters, Staff and Planning Commissioners, propose 4 changes prior to Public Hearing.
    1. Paragraph 2 of 17.120.040 to add Chapter 2.90 SWMC.
    2. For 17.120.050(C) change verbiage from cottage to dwelling unit as there are multiple types of housing allowed.
    3. 17.120.050(L) to change verbiage 'such as a river' to 'natural barrier'.
- Discussion of moving parking standards for cottage clusters to Title 17 SWMC Parking Standards in the future.

2. Draft Vision Statement for 2025 Comprehensive Plan Update

- Staff and Planning Commissioners review the most updated 2025 Comprehensive Plan Vision Statement after changes were made following City Council review.
- Planning Commissioners were tasked with reviewing and drafting suggested changes to the current draft of the vision statement, emailing suggestions to Planner Nicole McGowan in preparation for the Vision Statement Workshop the following week at a Special Planning Commission Meeting.

h. New Business

i. Information/Discussion Items

1. Importance of Checking Email Regularly & Meeting Attendance

- Planning Commissioners Ipads are being replaced with Laptops.
- Planning Commissioners feel that if there are communications attempted outside the ordinary timeframe, they should receive additional communications to their work or

private emails so as not to miss any unexpected communication.

j. Adjournment

(Time 8:50PM)

ATTEST:	APPROVED:
______________________________	______________________________
Planning Commission Chair	Planning Commission Secretary

Planning Commission Agenda Item

Agenda Item No.: d.2.

Date: March 18, 2025

From:

Subject: Minutes from Feb. 25, 2025 Planning Commission Meeting

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RECOMMENDED ACTION:

ISSUE:

BACKGROUND/SUMMARY INFORMATION:

FISCAL IMPACT, IF APPROPRIATE:

ATTACHMENTS:

1. 02.25.2025 - PC Minutes

Regular Meeting of the Planning Commission
February 25, 2025 - 6:30 PM

a. Call to Order

Planning Commissioner Chair, Joe Franett, called the meeting to order at (6:33PM).

b. Pledge of Allegiance

c. Roll Call

Commissioners Present:

- Commissioner Joe Franett
- Commissioner Joe Fattizzi
- Commissioner Jessica Jasper
- Commissioner Pat Huggins
- Commissioner Cassandra Sexson
- Commissioner Danielle Freiberger

Commissioners Absent:

- Commissioner Matthew Desvoigne

Staff Present:

- Planner Nicole McGowan
- Community Director Tom Glover
- Permit Technician Nicole Pfluger

Staff Absent:

- Assitant Planner Ashton Sandoval Oaks

d. Consent Agenda

e. General Public Comments

Please keep comments to three minutes or less. Because state law prohibits the use of city facilities for the purpose of supporting or opposing a campaign or ballot proposition, we respectfully request that public comment not make reference to such matters.

Written comments will be accepted by letter or via email at nmcgowan@sedro-woolley.gov Attn: 'Public Comment.' until 4:30pm the day before the meeting.

f. Public Hearing(s)

g. Unfinished Business

1. 2025 Comprehensive Plan Vision Statement Workshop 2

- Planner Nicole McGowan navigated Planning Commissioners through timed exercises, cultivating creative participation and inclusivity of thoughts and ideas.
- Throughout the exercise, notes were taken as a group on a single draft, of both what was liked and disliked of the current proposed vision statement.
- Staff collected detailed notes and ideas for proposed changes to refine the Vision Statement.

h. New Business

i. Adjournment

(Time 9:03PM)

ATTEST: APPROVED:

______________________________ ______________________________

Planning Commission Chair Planning Commission Secretary

Planning Commission Agenda Item

Agenda Item No.: g.1.

Date: March 18, 2025

From: Thomas Glover, Community Development Director

Subject: Review Land Capacity Analysis to include an overview of assumptions and densities, accounting for critical areas and other factors.

RECOMMENDED ACTION:
Discussion with possible action

ISSUE:
Land Capacity Analysis review to include an overview of assumptions and densities, accounting for critical areas and other factors.

BACKGROUND/SUMMARY INFORMATION:
LCA and HNA, attached.

FISCAL IMPACT, IF APPROPRIATE:
Not Identified

ATTACHMENTS:
1. Sedro-Woolley Land Capacity Analysis Summary
2. 20250312_Sedro Woolley HNA_Revised Draft

FACET

Formerly DCG/Watershed

Summary Report

Land Capacity Analysis - DRAFT

CITY OF SEDRO-WOOLLEY

AUGUST 1, 2024

Prepared for:

City of Sedro-Woolley
Tom Glover, Community Development Director

Facet Number: 2401.0458

Prepared by:

Facet Contact, Matt Covert
Senior Planner
mcovert@facetnw.com

Mount Vernon Office
2210 Riverside Dr #110
Mount Vernon, WA 98273
360.899.1110

Disclaimer text.

Table of Contents

Tables

1. Overview and Context

1.1 Comprehensive Plan Periodic Update Requirements

The City of Sedro-Woolley is in the process of periodically updating its comprehensive plan as required under the Growth Management Act (GMA). An essential component of the analysis of existing conditions needed to plan for adopted growth allocation targets is the analysis of land capacity, required as part of the comprehensive plan's land use element under Washington Administrative Code (WAC) 365-196-325.

This report evaluates the relationship between the development capacity of tax parcels within city limits under current zoning and the projected need for commercial/industrial (employment) and residential uses over the 20-year planning horizon. The comprehensive plan periodic update deadline is December 31, 2025, and the City is planning for growth out to 2045.

1.1.1 Population and Housing Growth Allocations

The Skagit Council of Governments (SCOG) issued the "Skagit County Population, Housing and Employment Growth Allocations" final report on April 29, 2024. Within that report, growth allocations (population, housing, and employment) are assigned to all cities, unincorporated UGAs, and rural areas out to 2045.

New for the 2025 plan update cycle is the substantive differentiation between the population growth allocation and the housing allocations by income band. The former is based on forecasted countywide population between 2022 and 2045 using the Office of Financial Management's (OFM) Medium-series population projection for the county and then allocated across Urban Growth Areas (UGAs) using a growth rate derived from historical trends between 2012 and 2022.

Table 1. Population Growth Allocations for Sedro-Woolley UGA

UGA	2022 Population	2025 Population	2045 Population Targets	2022-2045 Population Growth	
				Amount	Pct Total Growth
Sedro-Woolley City	12,596	13,236	16,596	4,000	14%
Unincorporated	1,500	1,578	1,986	486	2%
Sedro-Woolley UGA Total	14,096	14,813	18,582	4,486	15%

Source: SCOG, 2024

Housing income band allocations are derived from forecasted population growth as well as the Housing for All Planning Tool, or HAPT, developed by the Washington State Department of Commerce (Commerce) to assist communities in this comprehensive plan update cycle. This tool was developed in response to major changes to the Housing Element requirements in the GMA (RCW 36.70A.070(2)) adopted in House Bill 1220 in 2021 by the Washington State Legislature.

The HAPT model provides three methods for allocating future housing unit needs. Method A distributes calculated countywide growth in housing units or net new units needed by UGA based on the allocation of future population growth and distributes housing need by income band based on the countywide distribution by income band. Method B distributes total future housing units needed by UGA based on the allocation of future population growth and distributes total future housing units by income band based on the countywide distribution. With Method B, net new housing units are calculated by UGA by subtracting existing housing units by income band from total future housing units by income band.

In its "Population, Housing and Employment Growth Allocations" report, SCOG and the Growth Management Act Technical Advisory Committee (GMATAC) select Method A with the following modifications:

- Reduce housing unit allocation within the 0-50% AMI band in the Rural geography or outside of UGAs by 90%. Member feedback indicates that housing unit types are limited in rural areas. While some Accessory Dwelling Unit (ADU) development can be expected, there are limitations to multifamily housing development. Additionally, land costs may be prohibitive for housing within the 0-50% AMI bracket.
- Rebalance the housing unit allocations to ensure that the total by UGA remains consistent with the HAPT Method A output by reallocating the calculated need from the greater-than-120% AMI bracket from each UGA to the rural geography.

On July 10, Commerce released an update to the HAPT tool with the inclusion of Method C, which uses the same approach as Method A but with the following changes:

- All countywide housing needs for 0-50% of AMI and emergency housing needs are allocated only to cities and unincorporated UGAs because new housing at 0-50% AMI is not typically feasible in rural areas, and
- It allows communities to also enter allocation shares of future housing for specific unincorporated UGAs, with an additional option for rural sub-areas.

Commented [MC1]: Will update once I get feedback from city.

The process undertaken by Skagit County and the cities within the County (including Sedro-Woolley) through the Skagit Council of Governments (SCOG) resulted in housing allocations in line with what the outputs of Methodology C would indicate, so the SCOG plans to rely on the Growth Projections and Allocations as outlined in the final report dated April 29, 2024[1].

[1] Skagit Council of Governments. (2024) "Growth Projections and Allocations Final Report." GrowthProjectionsAndAllocationsFinalReport-2024-04-29.pdf (scog.net)

Table 2. Net New Housing Needed by AMI, Sedro-Woolley UGA, 2020-2045

UGA	Net New Housing Need (2020-2045)								Emergency Housing Need (Beds)
	Total	0-30% Non-PSH	0-30% PSH	30-50%	50-80%	80-100%	100-120%	120% +	
Sedro-Woolley City	2,360	741		475	339	181	161	463	43
Unincorporated	287	90		58	41	22	20	56	
Sedro-Woolley UGA Total	2,647	532	299	533	380	203	180	519	

Source: SCOG, 2024

1.1.2 Employment Growth Allocation

The GMATAC confirmed a preference for Scenario 2 for employment allocations as follows:

Table 3. Employment Growth Allocation for Sedro-Woolley UGA, 2022-2045

UGA	2022 Employment	2045 Employment Target	2022-2045 Emp Growth	Pct Total Growth	CAGR
Sedro-Woolley UGA	4,640	7,040	2,399	12%	1.8%

Source: SCOG, 2024

1.2 Existing Plan Capacity

Sedro-Woolley's current comprehensive plan contains a land capacity analysis in Appendix A. This appendix, which will be referenced throughout as it relates to methodology and mapping, reports the following summary of Sedro-Woolley's housing and employment capacity.

Table 4. 2036 Land Capacity in Sedro-Woolley UGA

Zone	Gross Buildable Acres			% Infra-structure	Market Factors		Acres Net Buildable	Jobs/ Acre	DU/ Acre	Added Capacity	
	Vacant	Pt Vacant	Total		Vacant	Pt Vacant				Jobs	DU
R5	176.8	204.8	381.6	25%	15%	20%	235.6	-	5.0	-	1,177
R7	55.4	47.7	103.1	25%	15%	20%	63.9	-	7.0	-	447
R15	13.7	9.5	23.2	25%	15%	20%	14.4	-	15.0	-	216

MC	63.6	16.5	80.1	25%	25%	25%	45.1	20.0	-	901	-
CBD	8.0	1.2	9.2	25%	25%	25%	5.2	20.0	-	103	-
I	47.5	9.7	57.2	25%	25%	25%	32.2	6.5	-	209	-
P	251.2	-	251.2	-	-	-	-	-	-	-	-
OS	6.8	-	6.8	-	-	-	-	-	-	-	-
Total	623.0	289.3	912.3	25%	15%	25%	396.3			1,213	1,840
	Dwelling Unit (DU) to Population Conversion:										
	Residential Occupancy Factor (% of all units)										92.9%
	Occupied Unit Capacity										1,709
	Average Household Size (persons per occupied household)										2.59
	Anticipated Population Capacity (added population to 2036)										4,427

Note: No jobs are allocated to P or OS lands with this buildable land analysis.

Employment potentials with the Northern State site are being addressed separately by the City of Sedro-Woolley.

Source: City of Sedro-Woolley, Washington State Office of Financial Management, and E.D. Hovee & Company, LLC.

1.3 Methodology

Facet adapted the methodology used in the 2015 land capacity analysis, with some modifications as noted in the sections below, which follow the outline from the 2015 LCA.

1.3.1 Zones

The outline below describes the zones included in the analysis. Note that the two overlay zones were implemented since the 2015 LCA was completed.

Residential Zones:

- Residential 5 (R5) – for single-family use at up to 5 DU/acre
- Residential 7 (R7) – primarily single-family at up to 7 DU/acre
- Residential 15 (R15) – allowing single- and multi-family uses at 4-15 DU/acre

Employment Zones:

- Mixed Commercial (MC) – encouraging a mix of commercial with upper level residential
- Transitional Mixed Commercial Overlay (TMCO) – encourage the conversion of underlying zone from Industrial to Mixed Commercial

- Industrial – intended for manufacturing, warehousing, distribution and office uses

Mixed-Use Zones:

- Urban Village Mixed Use Overlay (UVMU) – encourage a compatible mix of commercial and residential development and more diverse types of residential density. Overlays onto the MC zone
- Central Business District (CBD) – allowing all forms of commerce with multi-family housing on upper levels or independent, at 2-4 DU per building for specified locations

Public and Open Space Zones:

- Public (P) – for parks, schools, public infrastructure and related public use
- Open Space (OS) – for parks, recreation, public infrastructure and related public use

The City provided Facet with a zoning shapefile from 2015. Facet extracted a tax parcels shapefile as well as city limits and urban growth area (UGA) shapefiles from Skagit County in July 2024. We added fields for GIS acres, wetland critical area acres, non-wetland critical area acres, GMA jurisdiction, and zoning, selected parcels by location within the city and UGA, and exported these as separate datasets. GMA jurisdiction was calculated for both datasets, GIS acres was calculated via the calculate geometry function using the State Plane North projected coordinate system, and zoning was applied to each parcel by selecting the zoning shapefile by attribute one zone at a time then using that selection to select parcels by location and calculate the current zoning.

1.3.2 Critical Areas

The City of Sedro-Woolley wished to continue calculating critical area constraints at the parcel level. To that effect, Facet created two different critical area shapefiles to conduct spatial analysis on the tax parcels as follows:

- Floodway – all affected area is deducted and considered unbuildable. The water body feature class in WA DNR's hydro dataset was used.
- Steep Slopes – all area affected by high probability of slope instability deducted and considered unbuildable. Facet used the 2017 North Puget LIDAR dataset and conducted a slope analysis, converting to a vector polygon shapefile and deleting all polygons with less than 40 percent slopes from the dataset.
- River/Stream/Creek Buffers – all affected area deducted and considered unbuildable. We used the watercourse feature class in WA DNR's hydro dataset and applied buffers to stream types using Sedro-Woolley's critical areas ordinance and buffered the watercourses and dissolved the features.
- Bonneville Power Administration (BPA) Easement (262.5 feet) – all affected area deducted and considered unbuildable. We used aerial imagery and existing parcel boundaries to estimate the centerline of the easement. A new polyline was created and a buffer of 131.25 feet was applied.

- Puget Sound Energy (PSE) Easement (100 feet) – all affected area deducted and considered unbuildable. We used aerial imagery and existing parcel boundaries to estimate the centerline of the power line corridors for PSE lines. A new polyline was created and a buffer of 50 feet was applied.
- Williams Pipeline Easement (75 feet) - all affected area deducted and considered unbuildable. We used aerial imagery and existing parcel boundaries to estimate the centerline of the pipeline easement. A new polyline was created and a buffer of 37.5 feet was applied.
- Wetlands – deduction of 50% of the buildable area of affected tax lots. We used National Wetland Inventory (NWI) data.

The above critical area features were combined using a series of geometric unions. The union shapefile was split such that areas that were encumbered by wetlands ONLY were extracted to their own shapefile. The remainder were exported as a non-wetland critical areas shapefile. These two critical area mosaic shapefiles were combined via the union tool with the city and UGA parcel shapefiles and acres of these two categories of critical areas were calculated in the wetland critical areas and non-wetland critical areas fields in the parcel shapefiles in the previous step. The non-wetland critical areas acreage of each parcel was subtracted from the GIS acres of each parcel to result in the buildable area of each parcel. Parcels containing a wetland at any level resulted in a 50% reduction in the buildable area calculated above.

- 100-year Floodplain – deduction of 50% of the buildable area of affected tax lots. Online FEMA FIRM maps are not available for the inland areas of Skagit County. Facet used the scans of the paper FIRM maps and georeferenced the image onto the GIS map, using this to manually create a shapefile of the 100-year floodplain. Aerial imagery was used to estimate the floodplain boundary in areas where the floodplain was not mapped due to expansions of city limits since the FIRM maps were created in 1988. This shapefile was used to manually reduce the buildable area of affected parcels by 50%.

1.3.3 Development Status

As with the 2015 land capacity analysis, the goal of this analysis was to determine land supply and development capacity of vacant and partially vacant tax parcels in Sedro-Woolley. We followed the steps laid out below to accomplish this.

1. The GIS shapefiles of parcels in the city and in the UGA, joined with critical areas and buildable area calculated accordingly as described above, were exported to a database file (DBF) and then saved as an Excel spreadsheet.
2. We then extracted all parcels with tax exempt status to a separate tab called "undevelopable – exempt".
3. We filtered the all parcel dataset by zoning district and created a separate tab for each district.
4. Within each tab, several new fields were created for data analysis:

- “Has_Wetland” is a binary field with 1 calculated when wetland acres are greater than 0, and 0 when wetland acres are zero;
- “Developable_Acres” is a field where the GIS acreage is converted to developable acreage by subtracting critical areas acreage from GIS acreage or multiplying GIS acreage by 0.5 depending on the presence of wetlands (see below for details).
- “IsTract” is a binary field representing whether the parcel is coded in the assessor data as an HOA tract (access tract, stormwater tract, open space tract) where 1 represents a parcel that begins with “(27COMAREA)” in the “Neighborho” field.
- “IsVacant” is a binary field representing whether the parcel can be considered vacant.
- “IsPartiallyUsed” is a binary field representing whether the parcel is partially vacant.
- “isBuildable” is a binary field representing whether a parcel that is either vacant or partially vacant based on the following calculations is truly buildable.
- “VacantAcres” is a field that returns the developable acres field value if the “IsVacant” value is 1.
- “PartiallyUsedAcres” is a field that returns the developable acres field value if the “IsPartiallyUsed” value is 1.
- “LandCapacityStatus” – returns four separate values using the above fields based on the categories enumerated below.
- “VacantUnits” (included in parcels with potential residential capacity in the residential zones and in the TMCO and UVMU zones) – calculates the potential yield for parcels where the “VacantAcres” value is above zero by multiplying developable acres by the maximum density in the zone and rounding down.
- “PartiallyUsedUnits” – calculates the potential unit yield for parcels where the “PartiallyUsedAcres” value is above zero by multiplying the developable acreage by the maximum density, rounding down, and subtracting 1 to account for the home located on the lot.
- “Notes” – a text field for describing where calculations were overridden and why.

The following are the land development status categories represented in this analysis:

- Vacant – Vacant tax lots have no structures or have structures with limited value. Consistent with the 2015 LCA, we used tax lots with improvement values under $10,000. We also introduced additional filters of having a land use code greater than or equal to 900 (land use codes for vacant land) and not having a land use code used for mobile home parks, which can sometimes show up as iterations of the same physical parcel with improvement values of zero. We also used the “IsTract” column to code whether the parcel is an HOA tract or a true tax lot. Tracts were removed from consideration as vacant.

- Partially Vacant – Partially vacant tax parcels are those that are occupied, but that contain enough land to be further subdivided without rezoning. We calculated this in the spreadsheet to exclude parcels that are assigned a binary value of 1 for vacant. From that point, two separate calculations were performed for different zone categories:
    - Single-family zones (R1, R5, and R7) – We excluded parcels where the land use code is a duplex or mobile home, the parcel is a tract, and where the vacant binary value is 1. Then, we assigned a value of 1 if the GIS acres of the parcel is greater than or equal to double the minimum lot size in the zone and a value of 0 if the area is less than double the minimum lot size. (The minimum lot sizes are 1 acre in the R1 zone, 0.19 acres in the R5 zone, and 0.138 acres in the R7 zone.)
    - Multifamily and mixed-use zones (R15, TMCO, and UVMU) – We excluded parcels with a vacant binary value of 1, then for the remainder, we assigned a partially vacant value of 1 if the parcel's improvement to land value ratio is less than 0.5 and 0 for an improvement to land value ratio of greater than or equal to 0.5.
- Unbuildable – Land that is overly impacted by critical areas or constraints that preclude development. A parcel is classified as unbuildable (value of 0) in the "IsBuildable" field if:
    - It is more than 90% constrained by all critical areas (wetland plus non-wetland critical areas divided by GIS acres is greater than 0.9); and
    - It has less than 10,000 square feet of buildable land (employment zones) or cannot accommodate the zoned density in a residential zone on a lot with less than 10,000 square feet of buildable area (residential zones).
- Developed – Parcels that return a value of 0 for vacant, partially vacant, and buildable are coded as "developed" in the Land Capacity Status field. HOA tracts are coded as "developed".
- Undevelopable – Exempt – Parcels with a tax exemption were moved to a separate sheet and assigned a land capacity status of "undevelopable – exempt." The parcels owned by the Port of Skagit County in the "core" and "influence" areas of the SWIFT Center Subarea Plan were manually moved to the "P" zone sheet to enable them to be counted in the employment capacity calculations.
- Undevelopable – parks and open space – Parcels with zoning of P and OS were assigned a land capacity status of "undevelopable – parks and open space" (except for the 13 parcels composing the core and influence areas of the SWIFT center, which were originally sorted into the undevelopable – exempt).

1.3.4 Assumptions

The Facet team built off the assumptions from the 2015 LCA as follows:

1.3.4.1 Residential Assumptions

The following table of assumptions and variables describes how this LCA builds on the one completed in 2015, including noting where no changes were made.

Table 5. Residential Assumptions and Changes in 2024 LCA

Variable or Assumption	Allocation or Calculation	Change from 2015 LCA
Zoning – R5, R7, R15, MC, CBD, TMCO, UVMU	2023 zoning shapefile provided by City	Updated with zoning boundaries circa 2023. Added capacity in MC, CBD, TMCO, and UVMU based on municipal code (2015 LCA did not assign residential capacity to commercial zones)
Parcels	Skagit County tax parcel GIS data	July 2024 data download. Jurisdiction manually changed from Skagit County to City of Sedro-Woolley for two recent annexations
Assessor Data	Skagit County Assessor comment delimited (CSV) table download	Downloaded July 2024, joined to GIS tax parcel data using Parcel #
Residential Capacity (in acres for housing units)	Parcel size – existing dwellings – critical areas/easements – infrastructure – market factor	Calculation modified to apply public infrastructure and market factor deductions to the zone rather than individual parcels
Maximum Density	R5 – 5 du/ac R7 – 7 du/ac R15 – 15 du/ac TMCO – 8 du/bldg (assumed 8 du/ac) UVMU – 35 du/ac	TMCO and UVMU added to 2015 assumptions, as these zones did not exist at the time of the 2015 LCA

Variable or Assumption	Allocation or Calculation	Change from 2015 LCA
Average Household Size	2.58 persons per occupied household	US Census Bureau, American Community Survey 5-Year Estimates 2018-2022, Table S1101
Occupancy Rate	96%	Updated from 92.9% figure cited in 2015 LCA
Infrastructure Deduction	25% infrastructure deduction applied at the zone level	Changed from 2015 methodology (deduction no longer applied at parcel level)
Minimum Lot Size	<90% constrained with at least one buildable legal lot	No change
Market Factors	15% vacant land 20% residential partially vacant, large lot 60% residential partially vacant, small lot	Market factors applied at zone level instead of parcel level. Random sampling of partially vacant lots with theoretical capacity of 4 lots or fewer (n=20) checked via aerial imagery and constraints to arrive at separate market factor for small partially vacant lots
Employment in residential zones	No allocation proposed	No change
Planned Residential Developments	No adjustment proposed	No change

Source: E.D. Hovee & Company, LLC, 2015. Additions by Facet

1.3.4.2 Employment Assumptions

Table 6. Employment Assumptions and Changes Made in 2024 LCA

Variable or Assumption	Allocation or Calculation	Change from 2015 LCA
Zoning – MC, CBD, I, TMCO, UVMU	2023 zoning shapefile provided by city	TMCO and UVMU added

Variable or Assumption	Allocation or Calculation	Change from 2015 LCA
Employment land capacity (in acres for jobs)	= parcel size (acres) – existing land in use – critical areas/easements – infrastructure – market factor	Infrastructure and market factor deductions applied at the zone, not the parcel, level. Critical areas adjustments as described in previous section
Employment Density	6.5 jobs/acre industrial 20 jobs/ac commercial and government	No change
Critical Areas and Other Constraints	Deducted out of gross parcel area	As described in previous section on methodology
Infrastructure Deduction	25% of total jobs deducted in each zone	Applied at zone level instead of parcel level
Market Factor	25% deduction	Applied at zone level instead of parcel level
Jobs Allocation by Zone	N/A	Jobs not analyzed by sector
Housing in Employment Zones	8 du/ac for TMCO zone 35 du/ac for UVMU zone	Using density provisions in these zones in Sedro-Woolley Municipal Code (not in 2015 LCA)
Public/Open Space Zoned Land	13 parcels zoned P in SWIFT Center allocated roughly 219 jobs per parcel to arrive at 2,855 job capacity of SWIFT center; no other jobs allocated to these zones	SWIFT center planning was not complete at the time of the 2015 LCA

Source: E.D. Hovee & Company, LLC, 2015. Additions by Facet

2. Land Capacity Analysis Results

The following tables show housing and population (Table 7) and Employment (Table 8) capacity for the City of Sedro-Woolley. Note that while data were analyzed for the unincorporated UGA, current Skagit Countywide Planning Policies prohibit the assignment of urban capacity to unincorporated UGAs because services cannot be extended by cities into their UGAs prior to annexation.

2.1 Housing and Population Capacity

Table 7. Sedro-Woolley Land Capacity for Housing and Population

Zone	Vacant	Partially Vacant	Total	Market Factor	Infrastructure Deduction	Final Housing Units	Population
R5 (large lot partially vacant)	490	708	1,198	983	737	737	1,824
R5 (small lot partially vacant)	0	144	144	58	43	43	107
R7 (large lot partially vacant)	227	418	645	527	396	396	979
R7 (small lot partially vacant)	0	321	321	128	96	96	238
R15	99	38	137	115	86	86	213
R1	0	0	0	0	0	0	0
MC	198	161	359	297	223	223	551
TMCO	19	17	36	30	22	22	55
CBD	26	37	63	52	39	39	96
UVMU	421	296	717	595	446	446	1,103
Total	**1,480**	**2,140**	**3,620**	**2,784**	**2,088**	**2,088**	**5,166**

Source: Facet, 2024

2.2 Employment Capacity

Table 8. Sedro-Woolley Land Capacity for Employment

Zone	Vacant Acres	Partially Vacant Acres	Vacant Jobs	Partially Vacant Jobs	Total	Market Factor	Public Land Deduction	Total Jobs
Central Business District (CBD)	3.65	5.42	68	91	159	119	89	89
Industrial (I)	46.77	11.31	287	58	345	259	194	194
Transitional Mixed Commercial Overlay (TMCO)	2.61	2.17	50	42	92	69	52	52
Mixed Commercial (MC)	26.46	21.20	516	400	916	687	515	515
Urban Village Mixed Use Overlay (UVMU)	12.13	8.50	240	165	405	304	228	228
Public (P), SWIFT Center	10.46	81.00	657	2,198	2,855	n/a	n/a	2,855
Total	**102.06**	**129.60**	**1,818**	**2,954**	**4,772**	**1,438**	**1,078**	**3,933**

Source: Facet, 2024

References

E.D. Hovee & Company, LLC. (2015) "Memorandum. Subject: Sedro-Woolley Buildable Land & Land Capacity Analysis Report." Published as Appendix A-Buildable Lands Report in current adopted Sedro-Woolley Comprehensive Plan. Available at https://cms5.revize.com/revize/cityofsedrowoolley/Departments/Planning/Comprehensive%20Plan/Comp_Plan_Ch_2_Appendix_A-Buildable_Lands_Report.pdf

Skagit Council of Governments (SCOG). (2024) "Skagit County Population, Housing and Employment Growth Allocations." Prepared by Community Attributes Inc. on behalf of Skagit Council of Governments. Published April 29, 2024. Available at https://www.scog.net/Growth_Management/2024/GrowthProjectionsAndAllocationsFinalReport-2024-04-29.pdf

SEDRO-WOOLLEY, WASHINGTON

HOUSING NEEDS ASSESSMENT AND GAP ANALYSIS

2024

OVERVIEW

WHAT IS A HOUSING NEEDS ASSESSMENT?

A housing needs assessment (HNA) is a study conducted to evaluate the current and future housing needs of a particular area, such as Sedro-Woolley. The assessment aims to provide a comprehensive understanding of the housing market. An assessment of housing needs in a community is required as part of the update of the housing element of the Comprehensive Plan. Sedro-Woolley must update its Comprehensive Plan by December 31, 2025.

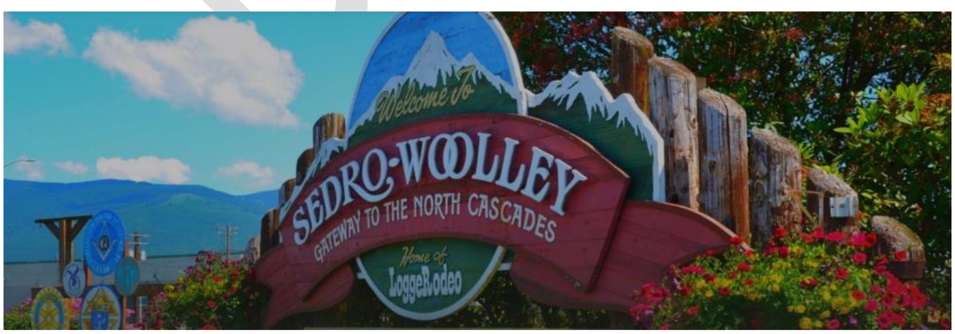
ELEMENTS OF A HOUSING NEEDS ASSESSMENT

1. Community Profile (demographics and trends)
2. Workforce Profile
3. Housing Inventory
4. Gap Analysis
5. Land Capacity Analysis

An updated land capacity analysis is being prepared as part of the comprehensive plan update. The final Housing Needs Assessment will include an evaluation of land capacity as it relates to accommodation of housing affordable to all economic segments of the community as well as adequate provisions the City will make to close housing gaps, as required by updates to the Housing Element requirements in the Growth Management Act in 2021.

QUESTIONS THE HOUSING NEEDS ASSESSMENT WILL HELP ANSWER:

1. Who lives and works in Sedro-Woolley?
2. What are the socioeconomic characteristics?
3. What types of housing are available?
4. How much does housing currently cost?
5. What types of housing are needed to meet the current and future demand for housing?



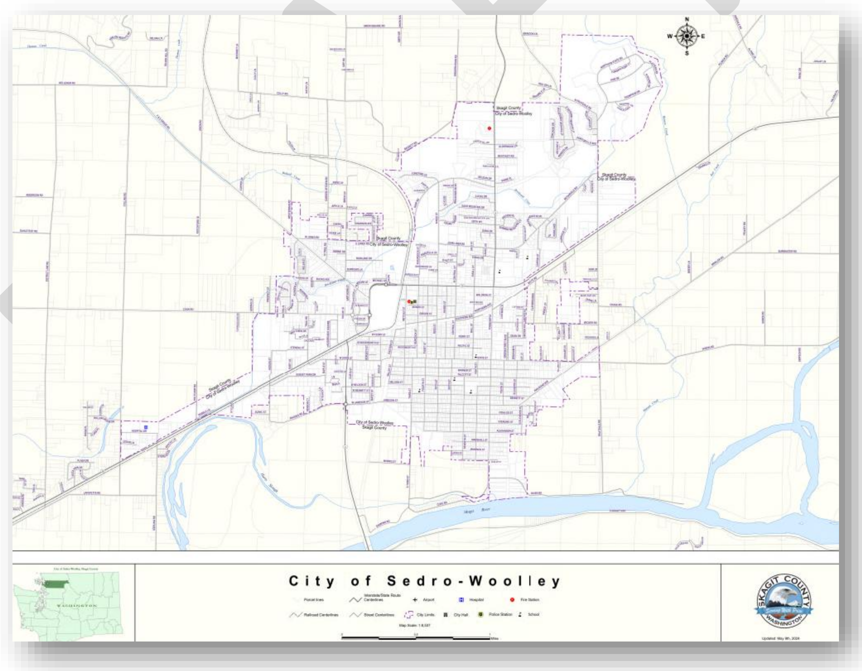
Sedro-Woolley Housing Goal (Current Plan): *Encourage the availability of affordable housing to all economic segments of the population of this state, promote a variety of residential densities, and housing types, and encourage preservation of existing housing stock.*

Commented [HH1]: Taken from old comp plan - to adjust once new goal is decided

Source: Sedro-Woolley Comprehensive Plan July 2016

CITY BACKGROUND

Sedro-Woolley is one of eight incorporated cities located in Skagit County, Washington, in the Pacific Northwest region of the United States. It is known as the "Gateway to the North Cascades" as its location often serves as a base camp to the Cascade Mountain Range. Sedro-Woolley is approximately 9.8 square kilometers (2,421.63 acres) and has 0.034 sq kilometers of surface water (8.40 acres) [1]. The city maintains a balance of historic charm and modern development, with ongoing efforts to revitalize its downtown area and attract new businesses. Sedro-Woolley values its heritage while looking forward to the future, offering a blend of small-town living with easy access to natural beauty and outdoor adventure.



Source: SkagitCounty.gov

TOTAL POPULATION

As of April 1, 2024, Sedro-Woolley had an estimated **population of 13,080 residents**, offering a small-town feel with a close-knit community.

Over the ten years preceding the 2024 estimate, the population of Sedro-Woolley grew from 10,824 to 13,080 for a growth of 20.8 percent. Overall, growth rates surpassed Skagit County and Washington state on the whole, with the City growing 2.4 percent on an average annual basis from 2014 to 2018 and 1.4 percent on an average annual basis from 2019 to 2024.

TABLE 1. POPULATION OVER TIME AND AVERAGE ANNUAL GROWTH RATE (AAGR) 2012 – 2022

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Sedro-Woolley	10,824	10,953	11,340	11,316	11,802	12,176	12,421	12,330	12,590	12,900	13,080
Skagit County	120,197	121,166	122,465	123,727	125,895	128,037	129,523	130,000	131,250	132,000	133,300
Washington State	7,005,209	7,106,620	7,237,219	7,344,073	7,463,479	7,581,818	7,706,310	7,766,975	7,864,400	7,951,150	8,035,700

	2014-2018	2019-2024
Sedro-Woolley	2.4%	1.4%
Skagit County	1.3%	0.8%
Washington State	1.6%	1.2%

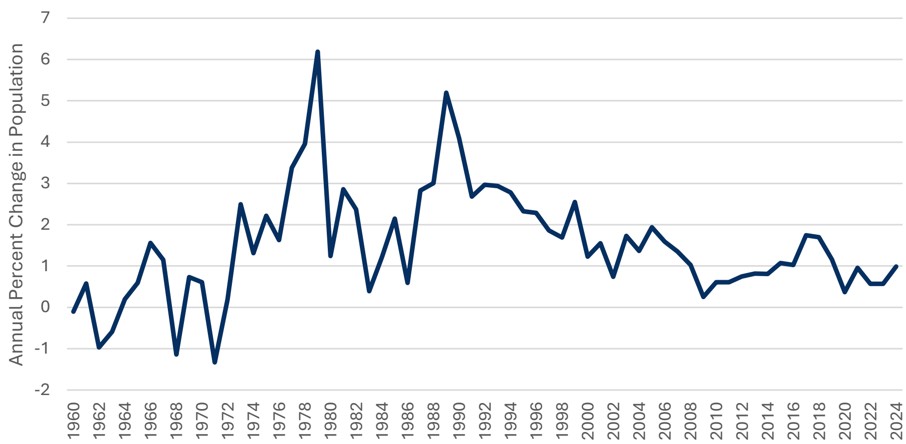
Source: Office of Financial Management Intercensal Estimates of Population and Housing and Official April 1 Population Estimates

POPULATION PROJECTIONS

The Washington State Office of Financial Management (OFM) estimated that in 2024, the County had a population of 133,300, and the City of Sedro-Woolley had a population of 13,080. The population growth allocations as developed through the Skagit Council of Governments establish population targets of 160,830 for Skagit County (an increase of 29,580) and 16,596 for Sedro-Woolley (an increase of 4,000) by the year 2045.

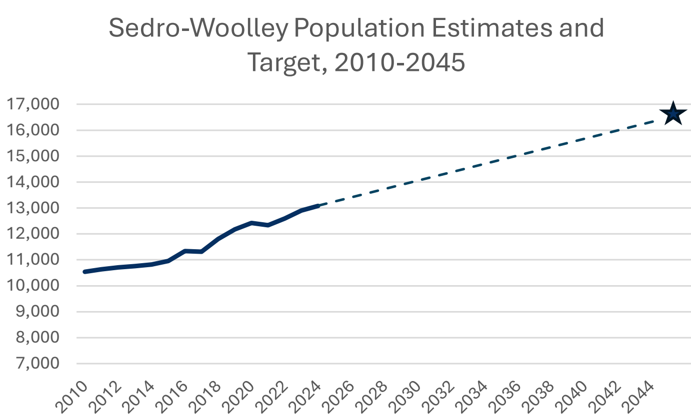
Skagit County's historic population growth rates spiked in 1979 and 1990, with a 6.19 percent and 5.2 percent growth increase, respectively. However, since 2000, growth rates have remained steady between 1 and 2 percent annually. Skagit County has not experienced a decline in population since 1971.

EXHIIBIT 1. SKAGIT COUNTY ANNUAL PERCENT CHANGE IN TOTAL POPULATION, 1960 TO PRESENT



Source: Office of Financial Management Intercensal Estimates of Population and Housing and Official April 1 Population Estimates

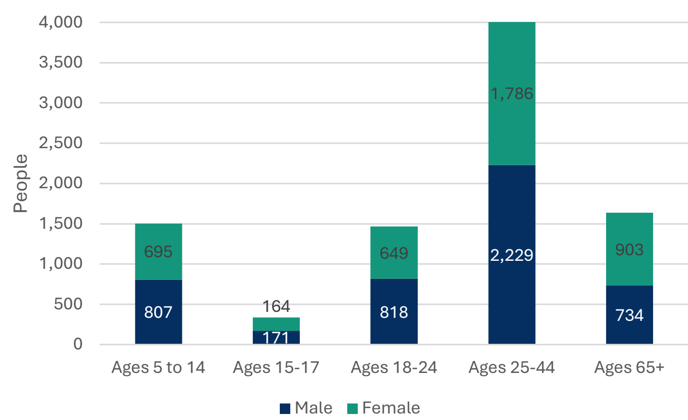
The population target of 16,596 for the City of Sedro-Woolley represents an average annual growth rate of 1.3 percent between 2024 and 2045, which is in line with growth rates over the past decade.



AGE

Sedro-Woolley has a high concentration of young adults of the age 18 years or over. This age group has maintained a relatively similar share of the population over the past ten years, increasing from 76.4 percent of the population in 2012 to 76.8 percent in 2022.

EXHIBIT 2. POPULATION OF SEDRO-WOOLLEY BY AGE AND GENDER



The median age for men is 34.1 and the median age for women is 35.4 in Sedro-Woolley.

This is **10 percent lower** than the national median age for men and **11.7 percent lower** than the median age of women.

Source: ACS 5-Year Estimates, Table S0101

76.8 percent of Sedro-Wolley is over the age of 18, with the highest population of both men and women between the ages of 25 to 44. This is reflected in the City's **median age of 34.9 years old**, which is younger than Skagit County's median age of 41.9 years old and Washington State's median age of 38.0 years old. Those in this age group are typically in their prime working years and are the most likely to have children, resulting in 12.5 percent of the population being between the ages of 5 and 14.

Sedro-Woolley's high concentration of young adults places a demand on the city's housing need in certain areas. Younger people often prefer living in urban areas where they have easier access to amenities, public transportation, and job opportunities. This can lead to higher demand for housing in the City's population centers.

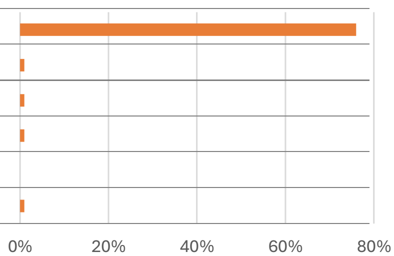
Adults aged 65 and older have increased their share from 3.6 percent in 2010 to 11.4 percent in 2022. With an increasing population of adults 65 years or older, the demand for age-friendly housing options, such as ADA accessible, single-story and affordable housing for seniors who are on a fixed income, increases.

RACE AND ETHNICITY

As of 2020, 93 percent of Sedro-Woolley's population identifies as being one race, with 7 percent identifying as being two races or more. Out of those who identify as being one race, **95 percent of the Sedro-Woolley populations identify as white.** Other racial groups make up smaller but significant percentages of the remaining population of those who identify as being one race. (Note that the Census Bureau treats ethnicity (including Latino or Hispanic ethnicity) as separate from racial group.) Sedro-Woolley's diversity is comparable to Skagit County where 93 percent of those who identify as one race identify as white while other racial groups hold smaller but significant percentages of the population.

TABLE 2. POPULATION OF ONE RACE

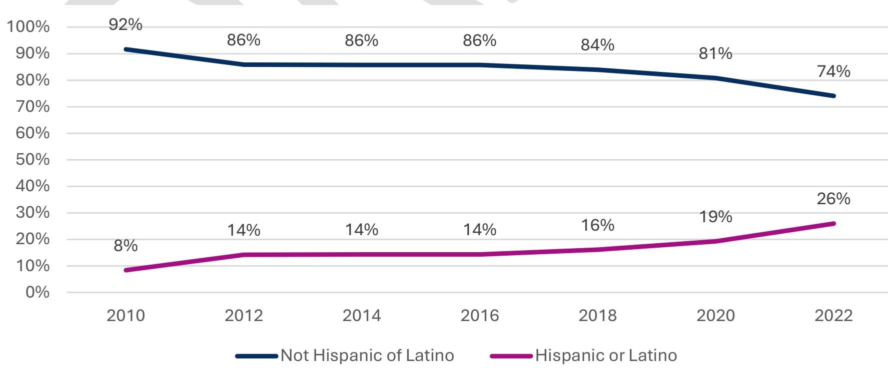
White alone	8,905	95%
Black or African American	94	1%
American Indian and Alaska Native alone	124	1%
Asian alone	147	2%
Native Hawaiian and other Pacific Islander alone	55	0%
Some other race alone	88	1%



Source: ACS 5-year estimates, table P9

Even though Sedro-Woolley has limited racial diversity, the city's **Hispanic and Latino population makes up over 18 percent of the population as of 2020**. Since 2010, Sedro-Woolley's Hispanic and Latino population has been slowly increasing as the non-Hispanic and Latino population has been decreasing. ACS estimates that the Hispanic and Latino community has increased their population share to 26 percent in 2022, growing approximately 18 percent since 2010.

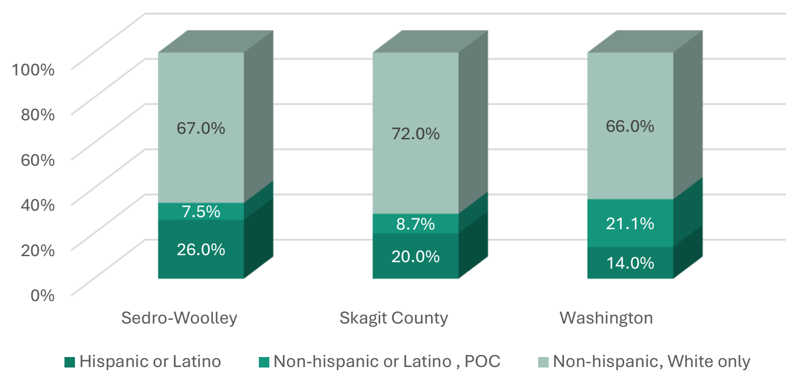
EXHIBIT 3. SEDRO-WOOLLEY PERCENTAGE HISPANIC OR LATINO OVER TIME



Source: 2022 ACS 5-year Estimates, Table B03003

The prevalence of people identifying as Hispanic or Latino is less at the county and state levels, with only 19.3 percent of Skagit County and 13.5 percent of Washington State identifying as Hispanic or Latino.

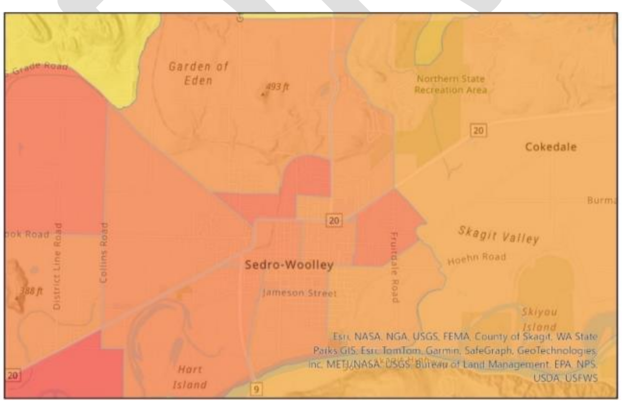
EXHIBIT 4. HISPANIC, NON-HISPANIC AND LATINO POPULATIONS



Source: 2022 ACS 5-Year Estimates, Table S2502

The map below shows the spatial distribution of populations in the Sedro-Woolley area that identify as Hispanic or Latino, with darker shades representing higher percentages Hispanic or Latino. Block groups in Sedro-Woolley range from 12 percent Hispanic or Latino to 26 percent Hispanic or Latino.

EXHIBIT 5. PERCENT HISPANIC OR LATINO BY BLOCK GROUP



Source: Census data table S2502

LANGUAGE

About 19.5 percent of the population speaks a language other than English, which is higher than the county estimate of 16.7 percent. Unlike the county as a whole, which has seen very little increase in languages spoken other than English over the past several years, Sedro-Woolley has experienced an increase of this population from 6.7 percent in 2016 to 19.5 percent in 2022. Of this population, about 35 percent do not speak English “very well”.

Considering language barriers into the housing need are important because those who do not speak English very well are often vulnerable to exploitation in the housing market (for example, terms in leases that are only in English that are not easily understood by renters could lead to renters not knowing they were violating rules that could lead to eviction). Allocating housing for this demographic ensures they are protected from unfair practices and substandard living conditions. Sedro-Woolley aims to ensure that housing policies are inclusive and equitable as it applies to anti-discrimination laws to uphold human rights standards.

Predominant non-English languages spoken in the community are Spanish (17.7 percent) and other Indo-European languages (0.4 percent). This trend is consistent with cities in the area.

TABLE 3. PERCENT SPEAKING A LANGUAGE OTHER THAN ENGLISH, 2022

City	Spanish	Other Indo-European
Mount Vernon	26.7%	2.0%
Burlington	20.9%	1.0%
Sedro-Woolley	17.7%	0.4%

Source: Census data table S1601

HOUSEHOLDS

As of 2022, the American Community Survey (ACS) estimates there are **4,562 occupied households** in Sedro-Woolley, with 76.6 percent of those households having two or more people per household.

Two-person households account for 30 percent of the total household sizes in Sedro-Woolly, followed by 4-or-more person households with 29.3 percent of the market. This is reflective of the **average household size in Sedro-Woolley of 2.58.**

Relative to the household size, is the number of bedrooms in a house those households would prefer. Two-person households typically prefer one to two bedrooms homes, which account for only 11 percent of the total housing types. Households with 4 or more people typically prefer homes with 3 or more bedrooms, which accounts for 61 percent of housing types on Sedro-

Woolley. This tells us that some households may rent or own housing units that are larger than they need. While there can be many reasons for this, this analysis can hone in on where there may be a mismatch between the housing stock and the current needs of the City's households.

EXHIBIT 6. TOTAL HH'S BY HH SIZE

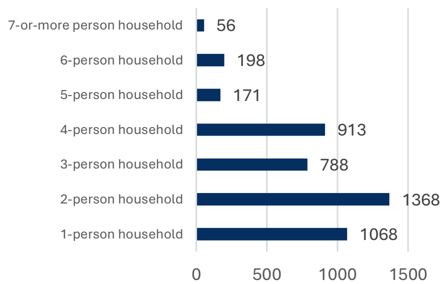
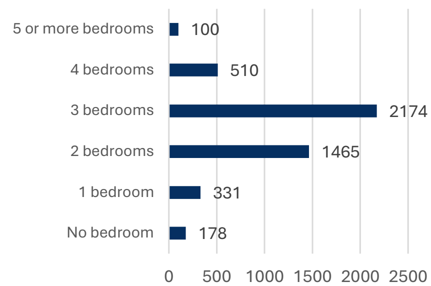


EXHIBIT 7. TOTAL HOUSING UNITS BY TYPE



Sources: 2022 ACS 5-Year Estimates, Table B11016, Table B25042

TABLE 4. HOUSEHOLD SIZE BY HOUSEHOLD TYPE

Bedrooms	Total Occupied Units	7-person HH	6-person HH	5-person HH	4-person HH	3-person HH	2-person HH	1 person HH
No bedrooms (studio)	158							158
1 BR	313							313
2 BR	1,407						810	597
3 BR	2,074				728	788	558	
4 BR	510		154	171	185			
5+ BR	100	56	44					
Total HH/Occupied Units	4,562	56	198	171	913	788	1,368	1,068

Source: Census data table B25009

Exhibit 6 demonstrates the high concentrations of 1, 2, 3, and 4-person households in Sedro-Woolley while Exhibit 7 demonstrates a high concentration of 2 and 3-bedroom household types. When these two housing components are cross examined (Table 4), under the assumption that the household type will be occupied by the closest available household size, it can be determined that there are enough household types for the relative household size, however, there are approximately 597 1-person households living in 2-bedroom housing units, 558 2-person households living in 3-bedroom housing units, 185 4-person households living in 4-bedroom housing units, and 44 6-person households living in housing units with 5 or more bedrooms. These all represent households that are potentially "over-housed", occupying housing units that are larger than they need to be.

Approximately 71.7 percent of households are family households comprised of married couple families or other families of either a male or female householder, with no spouse present. This demonstrates, for example, that a 4-bedroom home would suffice for a 5-person household. Nonfamily households make up 28.3 percent of households and are comprised of householders living alone or not living alone, with the majority living alone (23.4 percent). These 1-person households (there are 1,068 of these households in Sedro-Woolley) would have their needs met by a 1-bedroom or studio unit, but there are 597 more 1-person households than the sum of occupied 1-bedroom and studio units.

While there are many reasons why a household may choose to rent or own a unit with more bedrooms than currently needed, a systematic mismatch as identified in Table 4 indicates there may be something going on demographically that is not reflected in the City's housing stock, such as recent overbuilding of housing units that are larger than families recently locating in the area might need.

HOUSEHOLD INCOME AND COST BURDEN

The U.S. Department of Housing and Urban Development (HUD) evaluates housing needs based on five income-levels for household types in Sedro-Woolley: extremely low, very low, low, moderate and above median income. These household types are defined by their HUD Area Median Income (HAMFI).

HAMFI - HUD Area Median Family Income. This is the median family income calculated by HUD for each jurisdiction, in order to determine Fair Market Rents (FMRs) and income limits for HUD programs. HAMFI will not necessarily be the same as other calculations of median incomes (such as a simple Census number), due to a series of adjustments that are made.

Source: Office of Policy Development and Research (PD&R), 2024

TABLE 5. HOUSEHOLD INCOME CATEGORIES

Extremely Low Income	0%	TO	≤ 30% AMI
Very Low Income	>30%	TO	≤ 50% AMI
Low Income	>50%	TO	≤80% AMI
Moderate Income	>80%	TO	≤100% AMI
Above Median Income	>100% AMI	TO	

The HUD uses a resource called Consolidated Planning/Comprehensive housing affordability strategy (CHAS) to better measure households by income, relative to HAMFI. This ensures that the data accounts for the differences in household size to reflect the fact that the living expenses for a family of four are significantly more than one person living on their own. Income limits to qualify for affordable housing are often set relative to HAMFI.

These income limits for households are set at the county level. The Mount Vernon-Anacortes Metropolitan Statistical Area (MSA) has a median family income in 2024 of $102,800. The income limits by family size, calculated by HUD's Office of Policy Development and Research, are as follows:

TABLE 6. HOUSEHOLD INCOME CATEGORIES

FY 2024 Income Limit Area	Median Family Income	FY 2024 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Mount Vernon-Anacortes, WA MSA	$102,800	Very Low (50%) Income Limits ($)	35,050	40,050	45,100	**50,100**	54,100	58,100	62,150	66,150
		Extremely Low Income Limits ($)*	21,050	24,050	27,050	**31,200**	36,580	41,960	47,340	52,720
		Low (80%) Income Limits ($)	56,150	64,150	72,150	**80,150**	86,600	93,000	99,400	105,800

* The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as established by the Department of Health and Human Services (HHS), provided that this amount is not greater than the Section 8 50% very low-income limit. Consequently, the extremely low income limits may equal the very low (50%) income limits.

Source: Office of Policy Development and Research (PD&R), 2024

Cost burdened households are considered those that spend between 30 and 50 percent of their household income on expenses. Sedro-Woolley currently has 4,562 occupied housing units. Of those housing units, 26.3 percent are cost-burdened (paying 30 percent or more in housing expenses) and 6 percent are severely cost burdened (spending 50 percent or more on housing expenses). In total, roughly **33.2 percent (1,514) of household units in Sedro-Woolley are considered cost burdened**.

TABLE 7. INCOME BY COST BURDENED HOUSEHOLDS, 2016-2020

	Renter Households		Owner Households		Total Households	
COST BURDEN	>30%	>50%	>30%	>50%	>30%	>50%
Household Income <= 30% HAMFI	150	80	40	40	190	120
Household Income >30% to <=50% HAMFI	175	75	70	30	245	105
Household Income >50% to <=80% HAMFI	175	85	160	0	335	85
Household Income >80% to <= 100% HAMFI	40	0	275	0	315	0
Household Income >100% HAMFI	4	0	115	0	119	0
Total	544	240	660	70	1,204	310

Source: HUD-CHAS Tabulations of 2016-2020 ACS 5-Year Estimates

HOUSING PROBLEMS

CHAS also measures how many dwelling units in the study area have housing problems.

There are four housing problems measured in HUD data:

1. Housing unit lacks complete kitchen facilities
2. Housing unit lacks complete plumbing facilities
3. Household is overcrowded
4. Household is cost burdened.

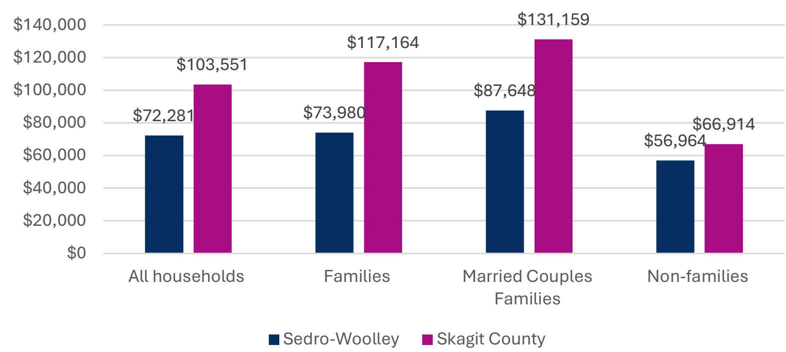
A household is said to have a housing problem if they have any 1 or more of these 4 problems. Between 2016 and 2020, 31.63 percent of homes had at least one housing problem, with 68 percent not experiencing any housing problems. This is consistent with state and county levels.

MEDIAN FAMILY INCOME

ACS data estimates AMI data for Sedro-Woolley but does not consider household size. Instead, ACS provides housing income without adjustments for income size. With ACS data, we can determine median income by household type.

According to the ACS, median family income in Sedro-Woolley rose from $44,643 in 2016 to $63,840 in 2020. In 2022, Sedro-Woolley's **estimated median household income was $72,281**. When compared to Skagit County, Sedro-Woolley's median income for all household types is consistently lower. Married-couple families have the highest median incomes, while non-families average below the median income.

EXHIBIT 8. COUNTY AND CITY MEDIAN FAMILY INCOME COMPARISON, 2022



Source: Census data table S2501, 2022 ACS 5-Year Estimates

While severely cost-burdened household numbers remain relatively low for the entirety of the population, white, non-Hispanic communities have the largest population of those who pay more than 30 percent of their income on housing expenses. The Hispanic and Latino communities account for approximately 18 percent of householders in Sedro-Woolley. Among this population, 6.3 percent are either cost burdened or severely cost-burdened. Overall, estimates of those who are not cost-burdened, across all races, are higher than cost-burdened or severely cost-burdened.

TABLE 8. COST BURDENED HOUSEHOLDS BY RACE

	OWNER OCCUPIED			RENTER OCCUPIED		
	not cost burdened	cost burdened	severely cost burdened	not cost burdened	cost burdened	severely cost burdened
White, non-Hispanic	**1590**	**465**	**75**	**830**	**205**	**225**
Black or African American, non-Hispanic	**0**	**0**	**0**	**40**	**0**	**0**
Asian, non-Hispanic	**25**	**0**	**0**	**0**	**0**	**0**
American Indian or Alaska native, non-Hispanic	**0**	**0**	**0**	**0**	**0**	**0**
Pacific islander, non-Hispanic	**0**	**0**	**0**	**0**	**0**	**0**
Hispanic, any race	**285**	**120**	**0**	**30**	**95**	**0**
Other (including multiple race), non-Hispanic	**0**	**0**	**0**	**50**	**0**	**10**

Source: HUD-CHAS Tabulations of 2016-2020 ACS 5-Year Estimates: Table 9

**Data is standardized. Data characterized as "0" is representative of a small (close to zero) population size and does not necessarily mean zero.*

MEDIAN HOME VALUE

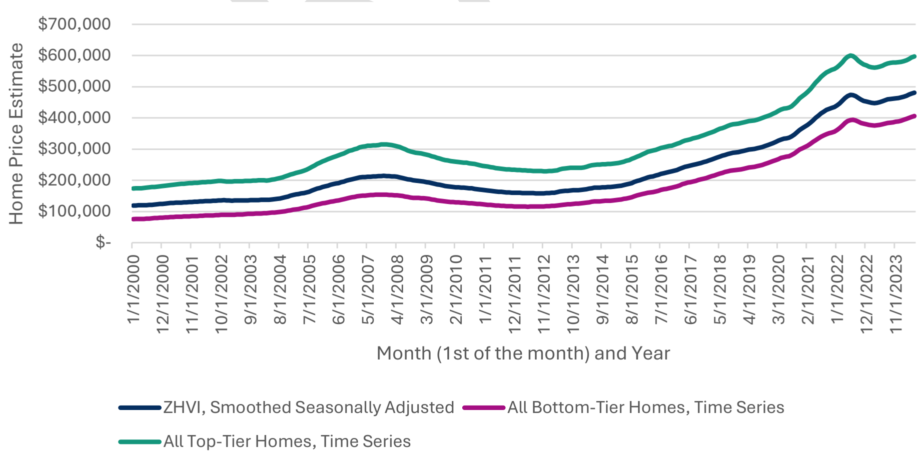
In 2022, 26 percent of households had a household income between $50,000 to $70,000 and 19.2 percent had a household income between $75,000 to $99,999.

In 2022, the median home value for single-family homes increased by approximately 26% from 2020. To put this into perspective, median household income only rose by 11.6 percent from 2020 to 2022. Due to home values increasing 9.6% more than household income from 2020 to 2022, Sedro-Woolley residents may not be able to afford a home, or potentially become cost-burdened from the increase in housing values.

Sedro-Woolley's housing market can be described in three tiers in terms of value – top tier homes, which are the top 35 percent of home values. Bottom tier homes, which are the bottom 35% of home values, and, mid-tier homes, which are those which have a value between the bottom and top tiers. Top-tier homes saw a decrease of 2% in price from 2020 to the end of 2023. However, bottom and mid-tier homes have not seen a significant change. By April 2024, all housing markets were established back to their higher price points in 2022.

The median home value in Sedro-Woolley in 2022 was estimated at $460,219. Assuming a first-time homebuyer puts a down payment of 5 percent with an interest rate of 7 percent on a starter home (bottom 35% of homes) valued at around $400,000. To quality for this mortgage amount, the first-time homebuyer would have to have a household income of $116,112, which is 1.622 times higher than the median household income in 2022 of $72,281.

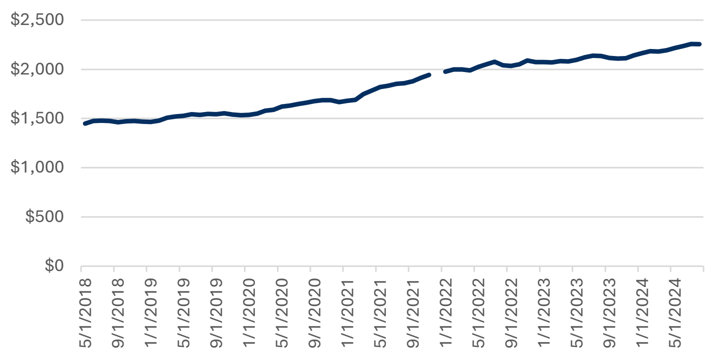
EXHIBIT 9. HOME VALUE ESTIMATES 2000-2024



Source: Zillow

While monthly rental price estimate data are not available from Zillow for Sedro-Woolley specifically, the data for the Mount Vernon-Anacortes Metropolitan Statistical Area (MSA) show observed median rent values rising from just under $1,500 per month in 2018 to roughly $2,300 per month in 2024, an increase of nearly 56 percent over 6 years.

EXHIBIT 10. ZILLOW OBSERVED RENT INDEX 2018-2024



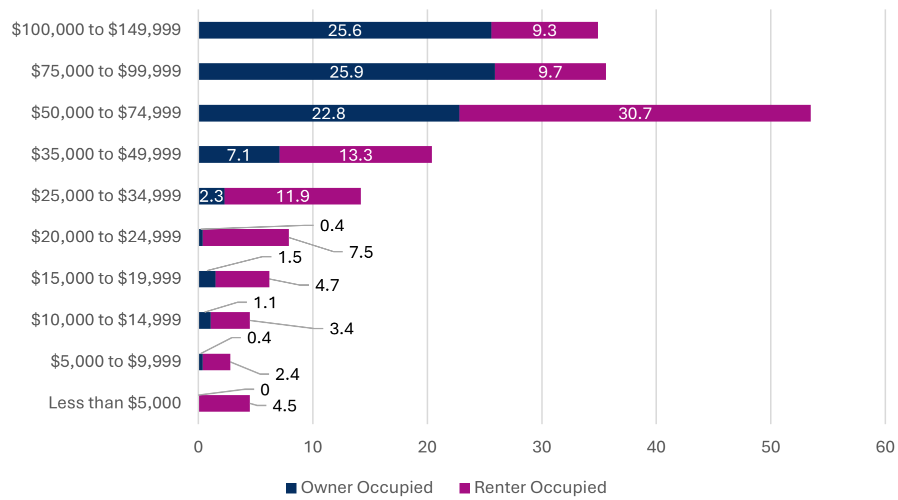
Source: Zillow. Data point missing in December 2021.

Considering the most recent median household income value for Sedro-Woolley of $72,281, the monthly rent that would be considered affordable to the median household would be $1,807, far below the current median rent value in the metro area. Non-family households, which includes roommates and 1-person households, have a median income of $56,964. The rent that would be considered affordable to this household is $1,424 per month, even further behind. Another way of expressing this would be that the most recent observed median rent value for the Anacortes-Mount Vernon MSA, $2,256 per month, would require a household income of $90,240 per year to be considered affordable to that household.

HOUSEHOLD TYPE BY TENURE

2,685 (58.8 percent) of the city's stock of housing units are occupied by their owner, while 1,877 (41.2 percent) are renter occupied. Despite growth in the number of households and housing units in Sedro-Woolley, owner and renter occupied ratios have remained within a narrow range.

EXHIBIT 11. PERCENTAGE OF HOUSEHOLDS BY INCOME LEVEL AND TENURE



Source: 2022 ACS 5-Year Estimates, Table S2503

With a median home value of $460,219 and a median gross rent of $1,432 per month, more residents with an income between 0 and $75,000 must rent instead of buy. Those with a household income of more than $75,000 primarily choose to own a home. Most households are well-equipped with technology, as 93.3 percent have a computer and 94.7 percent have a broadband internet connection.

Sedro-Woolley's median population age is younger when compared to the county and state levels. According to Robert R. Callis from the Census Bureau, younger households are more likely to rent rather than own homes. This could be due to factors like mobility for career opportunities, lower savings for down payments, and a preference for urban living.

SPECIAL POPULATIONS

Approximately 13.9 percent of Sedro-Woolley residents have a disability, with 7.2 percent having difficulty living independently. Sedro-Woolley has a wide range of disabilities, with older age groups experiencing hearing difficulty (27.8 percent of people with disabilities) and vision difficulty (10.7 percent of people with disabilities). Those that are 75 years or older and experiencing cognitive and ambulatory difficulty account for 22.8 percent and 29.7 percent of the population with disabilities, respectively.[1]

The Sedro-Woolley Housing Authority provides 80 high-quality apartments for some of the community's most vulnerable residents. Subsidized housing can be found in two different communities located in town, providing more than 150 people with housing.[2]

As of 2022, ACS estimates that 48 percent of residents live in married-couple households, and 25.5 percent of those households are in the middle age range of 35 to 64 years old. Additionally, 18 percent of these married couples live with their own child under the age of 18. This directly correlates to Sedro-Woolley's high concentration of young adults and a median age of 34.9.

In Sedro-Woolley, older adults form a smaller portion of the housed community, compared to county and state concentrations. ACS estimates that 25.5 percent of households in Sedro-Woolley have one or more people over the age of 65, which is lower than county (29.8 percent) and state (40.7 percent) households. In 2022, 19.3 percent of adults 65 years and over live in family households, with 15.5 percent in a married-couple family household and 3.6 percent living alone.[3] Housing tenure among older adults varies, with a mix of homeowners and renters.[4]

About 36 percent of Sedro-Woolley households have one or more children under the age of 18 living with them. People living alone in a nonfamily household account for 23.4 percent of the population. This is consistent with county and state concentrations.

[1] 2022 ACS 5-Year Estimates, Table S810
[2] [Sedro-Woolley Housing Authority > Home (sedrowoolleyha.org)]
[3] 2022 ACS 5-Year Estimates, Table S25009
[4] 2022 ACS 5-Year Estimates, Table DP02

WORKERS IN SEDRO-WOOLLEY

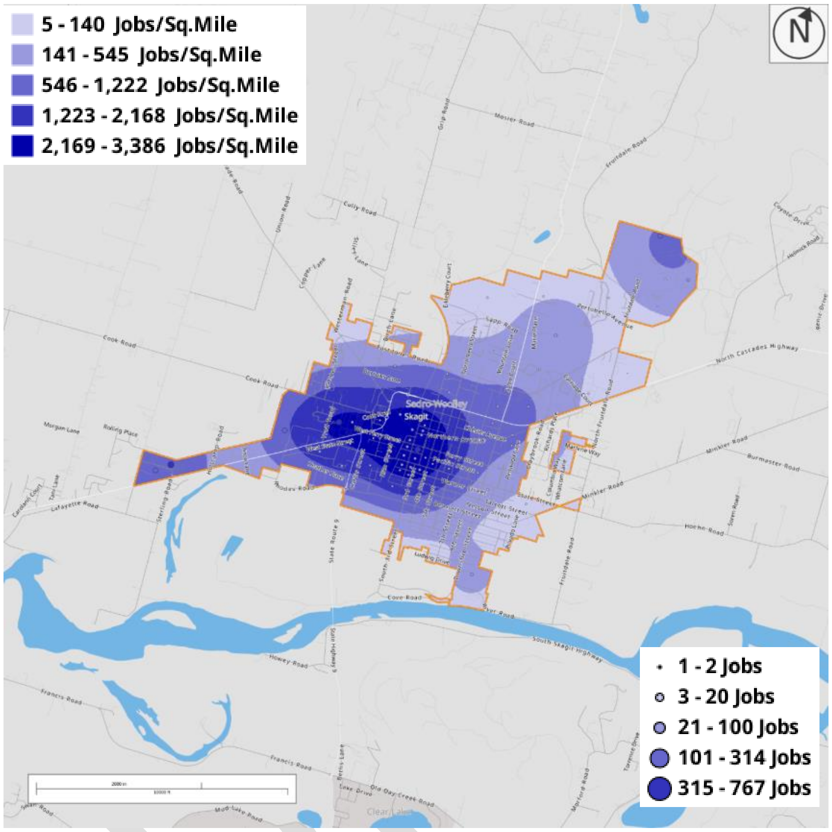
The Census Bureau's OnTheMap tool indicates that there was a total of 3,883 primary jobs in Sedro-Woolley in 2021, with 30 to 54 years olds employing 54.5 percent of those jobs. Primary career fields include Health Care and Social Assistance (24.6 percent), manufacturing (23.4 percent) and educational services (16.7 percent). The city has higher concentrations of primary jobs toward the city center, with less intense concentrations at the SWIFT center (northeast corner of the city) and in the southwest corner along Highway 20.

TABLE 9. PRIMARY JOBS BY NAICS SECTOR, WORKERS IN SEDRO-WOOLLEY, 2021

Sector	Count	Share
Agriculture, Forestry, Fishing and Hunting	75	1.90%
Mining, Quarrying, and Oil and Gas Extraction	0	0.00%
Utilities	0	0.00%
Construction	265	6.80%
Manufacturing	909	23.40%
Wholesale Trade	14	0.40%
Retail Trade	272	7.00%
Transportation and Warehousing	25	0.60%
Information	0	0.00%
Finance and Insurance	26	0.70%
Real Estate and Rental and Leasing	35	0.90%
Professional, Scientific, and Technical Services	73	1.90%
Management of Companies and Enterprises	0	0.00%
Administration & Support, Waste Management and Remediation	12	0.30%
Educational Services	650	16.70%
Health Care and Social Assistance	955	24.60%
Arts, Entertainment, and Recreation	3	0.10%
Accommodation and Food Services	288	7.40%
Other Services (excluding Public Administration)	68	1.80%
Public Administration	213	5.50%

Source: U.S. Census Bureau, Center for Economic Studies, LEHD

EXHIBIT 12. PRIMARY JOB DENSITY AND DOT DENSITY MAP



Source: U.S. Census Bureau, Center for Economic Studies, LEHD

TABLE 10. WORKER AGE, ALL PRIMARY JOBS IN SEDRO-WOOLLEY, 2021

Age Range	Count	Share
Age 29 or younger	806	20.80%
Age 30 to 54	2,118	54.50%
Age 55 or older	959	24.70%

TABLE 11. EDUCATIONAL ATTAINMENT, ALL PRIMARY JOBS IN SEDRO-WOOLLEY, 2021

Educational Attainment	Count	Share
Less than high school	346	8.9%
High school or equivalent, no college	873	22.5%
Some college or Associate degree	1,089	28.0%
Bachelor's degree or advanced degree	769	19.8%

Source, Tables 5 and 6: U.S. Census Bureau, Center for Economic Studies, LEHD

WORKERS LIVING IN SEDRO-WOOLLEY

There were 5,473 primary jobs held by people who live in Sedro-Woolley in 2021. Of these, 23.8 percent were held by residents aged 29 or younger, 53 percent by people age 30 to 45, and 23.2 percent by people age 55 and older. Top industries employing people who live in Sedro-Woolley include Health Care and Social Assistance (16 percent), Manufacturing (13.6 percent), and Retail Trade (13.1 percent). A far greater percentage of jobs within Sedro-Woolley are in the manufacturing sector compared to jobs held by Sedro-Woolley residents, while the reverse is true for retail trade jobs (more likely to be held by Sedro-Woolley residents).

TABLE 12. PRIMARY JOBS BY NAICS SECTOR, SEDRO-WOOLLEY RESIDENTS, 2021

Sector	Count	Share
Agriculture, Forestry, Fishing and Hunting	165	3.00%
Mining, Quarrying, and Oil and Gas Extraction	9	0.20%
Utilities	30	0.50%
Construction	527	9.60%
Manufacturing	747	13.60%
Wholesale Trade	230	4.20%
Retail Trade	718	13.10%
Transportation and Warehousing	200	3.70%
Information	93	1.70%
Finance and Insurance	139	2.50%
Real Estate and Rental and Leasing	75	1.40%
Professional, Scientific, and Technical Services	234	4.30%
Management of Companies and Enterprises	41	0.70%
Administration & Support, Waste Management and Remediation	208	3.80%
Educational Services	345	6.30%
Health Care and Social Assistance	874	16.00%

Arts, Entertainment, and Recreation	90	1.60%
Accommodation and Food Services	351	6.40%
Other Services (excluding Public Administration)	175	3.20%
Public Administration	222	4.10%

TABLE 13. AGE RANGES, SEDRO-WOOLLEY RESIDENT PRIMARY JOB HOLDERS, 2021

Age Range	Count	Share
Age 29 or younger	1,302	23.80%
Age 30 to 54	2,900	53.00%
Age 55 or older	1,271	23.20%

TABLE 14. EDUCATIONAL ATTAINMENT, SEDRO-WOOLLEY RESIDENT PRIMARY JOB HOLDERS, 2021

Educational Attainment	Count	Share
Less than high school	534	9.80%
High school or equivalent, no college	1,167	21.30%
Some college or Associate degree	1,413	25.80%
Bachelor's degree or advanced degree	1,057	19.30%

Source, Tables 7-9: U.S. Census Bureau, Center for Economic Studies, LEHD

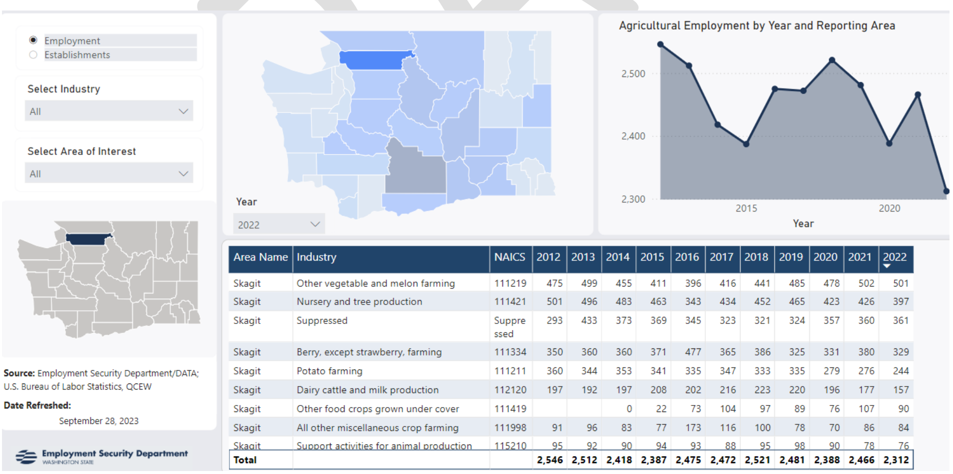
AGRICULTURAL EMPLOYMENT

While agricultural employment in Sedro-Woolley is registered at 75 primary jobs within city limits and 165 jobs held total by city residents, seasonal vs. stable jobs are not available at the city level. However, county data available through the Washington State Employment Security Department (ESD) data dashboard show a declining trend in total agricultural employment in Skagit County and slightly declining stable employment over the most recent year (Exhibits 13 and 14). Community feedback early in the Comprehensive Plan process indicate that few housing options are available and affordable for seasonal labor within Sedro-Woolley.

EXHIBIT 13. ESTIMATED STABLE AND VARIABLE AGRICULTURAL EMPLOYMENT 2012-2022, SKAGIT COUNTY

Source: Employment Security Department Data Dashboard

EXHIBIT 14. ESTIMATED STABLE AND VARIABLE AGRICULTURAL EMPLOYMENT 2012-2022, SKAGIT COUNTY



Area Name	Industry	NAICS	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Skagit	Other vegetable and melon farming	111219	475	499	455	411	396	416	441	485	478	502	501
Skagit	Nursery and tree production	111421	501	496	483	463	343	434	452	465	423	426	397
Skagit	Suppressed	Suppressed	293	433	373	369	345	323	321	324	357	360	361
Skagit	Berry, except strawberry, farming	111334	350	360	360	371	477	365	386	325	331	380	329
Skagit	Potato farming	111211	360	344	353	341	335	347	333	335	279	276	244
Skagit	Dairy cattle and milk production	112120	197	192	197	208	202	216	223	220	196	177	157
Skagit	Other food crops grown under cover	111419			0	22	73	104	97	89	76	107	90
Skagit	All other miscellaneous crop farming	111998	91	96	83	77	173	116	100	78	70	86	84
Skagit	Support activities for animal production	115210	95	92	90	94	93	88	95	98	90	78	76
Total			**2,546**	**2,512**	**2,418**	**2,387**	**2,475**	**2,472**	**2,521**	**2,481**	**2,388**	**2,466**	**2,312**

Source: Employment Security Department Data Dashboard

HOUSING INVENTORY

TYPE, AGE OF HOUSING STOCK, AND PRODUCTION

The most recent OFM data, from 2024, show that of the 5,125 total housing units in Sedro-Woolley, 63.4 percent were one-unit housing units (detached single-family), 27 percent were two-or-more-unit housing units (multifamily) and 9.5 percent were mobile homes. This balance has tilted around 1.5 percent toward multifamily since 2020.

TABLE 15. HOUSING UNITS BY TYPE, 2020-2024

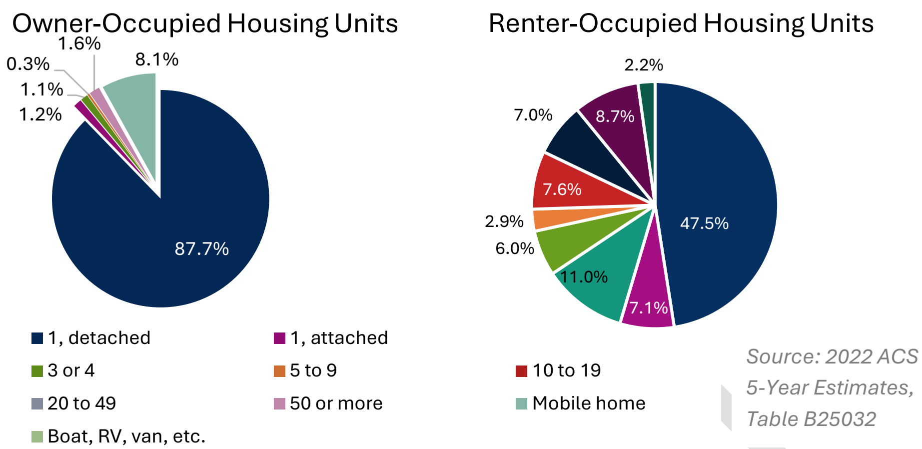
	2020	2021	2022	2023	2024
Estimate of Total Housing Units	4,759	4,814	4,897	5,052	5,125
One Unit Housing Units	3,074	3,116	3,186	3,220	3,251
Two or More Unit Housing Units	1,212	1,222	1,230	1,345	1,386
Mobile Homes and Specials	473	476	481	487	488

Source: OFM - Postcensal Estimates of Housing Units, April 1, 2020 to April 1, 2024

In particular, according to the OFM, Sedro-Woolley has permitted **177 new one-unit housing units** between 2020 and 2024, and **174 multifamily (two-or-more-unit) housing units** over that span. There are also **15 more mobile homes or special housing units** over that span, which is somewhat unusual, as many communities have stable or even declining inventories of housing units in this category.

Looking at more specific but slightly more dated ACS data from the 2022 5-year estimates (see Exhibit 7), 87.7 percent of owner-occupied housing units are single-family detached, with mobile homes making up the vast majority of the remainder (8.1 percent). For renter-occupied housing units, 47.5 percent are single-family detached rental units, with 11 percent being 2-unit housing units and 8.7 percent being 10–19-unit structures.

EXHIBIT 15. HOUSING UNITS NUMBER OF UNITS IN STRUCTURE BY TENURE, 2022



Source: 2022 ACS 5-Year Estimates, Table B25032

Sedro-Woolley's older housing stock tilts heavily toward owner-occupied housing units, with 27.3 percent of all such units having been constructed in 1939 or earlier. 19.5 percent of owner-occupied units were built between 1960 and 1979, and 16.6 percent between 1980 and 1999. The age profile of renter-occupied units is more heavily skewed toward more recent construction, with 28.6 percent constructed between 1960 and 1979, 22.2 percent between 1980 and 1999, and 20.5 percent between 2000 and 2009. (Note that the ACS data, which have margins of error and are collected over a 5-year span for this data product, show no renter-occupied units built since 2020. In contrast, the OFM data cited in Table 15 on the previous page show 174 such units.)

TABLE 16. HOUSING UNITS BY YEAR BUILT BY TENURE, 2022

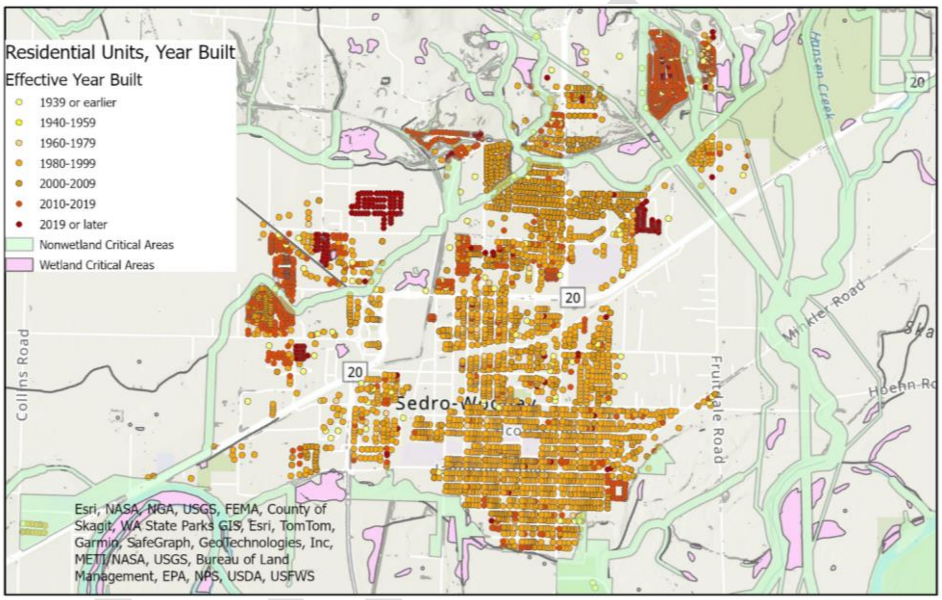
	Total Occupied Housing Units	% Total Occupied Housing Units	Owner-Occupied Housing Units	% Owner-Occupied Housing Units	Renter-Occupied Housing Units	%Renter-Occupied Housing Units
2020 or later	20	0.4%	20	0.7%	0	0.0%
2010 to 2019	543	11.9%	272	10.1%	271	14.4%
2000 to 2009	751	16.5%	366	13.6%	385	20.5%
1980 to 1999	863	18.9%	446	16.6%	417	22.2%
1960 to 1979	1,059	23.2%	523	19.5%	536	28.6%
1940 to 1959	452	9.9%	326	12.1%	126	6.7%
1939 or earlier	874	19.2%	732	27.3%	142	7.6%

Source: 2022 ACS 5-Year Estimates, Table S2504

The spatial distribution of housing units by age shows that the older homes (built prior to 1939) are likely farmhouses and are scattered across the city. Areas surrounding the downtown feature homes primarily produced between 1960 and 1999. More recent development occurred primarily in the northwest and northeast corners of the city.

The vast majority of housing units in the city are not located inside a known or likely critical area. One exception is the cluster of older homes located in the southwest corner of the city along Highway 20, which are located inside the floodplain of the Skagit River.

EXHIBIT 16. SPATIAL DISTRIBUTION OF HOUSING UNITS BY AGE



Source: Skagit County Assessor Data, July 2024, analysis by Facet

The Sedro-Woolley Housing Authority currently provides 80 units of subsidized housing in two different developments – Cedar Grove (20 units) and Hillsview (60 units). Cedar Grove offers 2-, 3-, and 4-bedroom townhouse apartments for families. Hillsview provides 1-bedroom homes for people 62 and older as well as younger adults with disabilities and single people.

According to the minutes of the board of the Sedro-Woolley Housing Authority, the Hillsview property has a wait list of 161 applicants, and Cedar Grove has a wait list of 294 applicants. The wait lists are 2 and 10+ times the number of units available, respectively, indicating that demand for subsidized housing in Sedro-Woolley vastly outstrips supply.[5]

[5] SWHA Board Packet June 20 2024 FINAL.pdf (sedrowoolleyha.org)

HOUSING GAPS

HOUSING CAPACITY

The target housing allocation for Sedro-Woolley is 2,360 additional units above the 2020 baseline. This includes 741 units of housing for extremely-low income households (including 299 units of permanent supportive housing), 475 units for very low-income households, 339 units for low-income households, 181 units for moderate-income households, and 624 units for households making above the area median income. It also includes capacity for 43 emergency housing beds within the urban growth area.

TABLE 1. HOUSING ALLOCATIONS BY INCOME BRACKET

Geography	0-30% AMI	31-50% AMI	51-80% AMI	81-100% AMI	101-120% AMI	Above 120% AMI	Total	Emergency Temporary Housing Needs
Sedro-Woolley UGA	831	533	380	203	180	519	2,647	43
Sedro-Woolley City	741	475	339	181	161	463	2,360	
Unincorporated UGA	90	58	41	22	20	56	287	
PSH and Non-PSH	0-30% Detail							
UGA	Non-PSH	PSH						
Sedro-Woolley UGA	532	299						

Source: SCOG, 2024

After analyzing the city's building permits from 2020 through 2024, the remaining housing needs can be reduced in each category according to the actual housing types permitted.

The city currently has a combined housing capacity of 2,088 units according to the Land Capacity Analysis, resulting in an overall deficit of 272 units. However, after analyzing building permits, some recent permits have been issued on land that was determined to have capacity in the parcel data used for the Land Capacity Analysis. (Other permits have been issued on land that was not assumed to have capacity, which reduces the housing need without reducing capacity). The updated need and capacity figures are presented below in Tables 2 and 3.

TABLE 2. HOUSING NEEDS, ADJUSTED FOR PIPELINE DEVELOPMENT

Income in $	AMI	Housing Need (Original)[1]	Permits Issued[2]	Housing Need (Updated)
$0 - $81,600	0-80%	1,555	195	1,360
$81,600 - $122,400	>80-120%	342	62	280
$122,400+	>120%	463	194	269

Notes:

1) Income categories are added together to reflect category groupings in the Commerce housing analysis.
2) This reflects the actual housing type constructed, not the zone. For example, an ADU permit issued in a single-family zone counts in this table as housing for 80% and below AMI, and a single-family permit issued in a higher density zone counts as housing for 120% AMI and above regardless of zone.

TABLE 3. LAND CAPACITY FOR HOUSING UNITS, ADJUSTED FOR PIPELINE DEVELOPMENT

Zone	Land Capacity (Original)[1]	Permits Issued[2]	Land Capacity (Updated)
R5	780	3	777
R7	492	18	474
R15	86	0	86
MC	223	0	223
TMCO	22	0	22
CBD	39	0	39
UVMU	446	67	379

Notes:

1) Using Land Capacity Methodology
2) Permits issued for residential units on land categorized in the land capacity analysis as vacant or partially vacant

When determining which housing types in the city serve each AMI, the upper and lower limits of monthly housing costs for households in each AMI are calculated to provide a range for what those households can afford without becoming cost burdened.

As noted in the Median Family Income section, ACS data estimated that the median household income in Sedro-Woolley was $72,281 in 2022. Households making the median income, or within the range of $51.000 to $81,600, can afford a monthly cost of housing between $1,275 and $2,040 without becoming cost burdened. The Area Median Income (AMI) as used in the Housing Allocations and Gap Analysis, however, are based on the HUD income limits, which establish $102,000 per year as the area median income for a family of four.

TABLE 4. MAX MONTHLY COST OF HOUSING FOR EACH INCOME LEVEL TO NOT BE COST-BURDENED (MORTGATE OR RENT)

Income Lower limit	Income Upper limit	AMI	Monthly cost of Housing Lower limit	Monthly cost of Housing Upper limit
$0	$30,600	0-30%	$0	$765
$30,600	$51,000	>30-50%	$765	$1,275
$51,000	$81,600	>50-80%	$1,275	$2,040
$81,600	$102,000	>80-100%	$2,040	$2,550
$102,000	$122,400	>100-120%	$2,550	$3,060
	$122,400	>120%	greater than	$3,060

The largest share of housing units by number of units in Sedro-Woolley (63.4 percent) were one-unit housing units (detached single-family) in 2022. Zillow estimates that the monthly cost for one-unit housing units in Sedro-Woolley is $3,250. To be able to afford this housing type at this monthly cost, a household would need to be making a minimum of $130,000 a year without subsidies. This is 127 percent of the Mount Vernon-Anacortes area AMI, which encompasses and is comparable to Sedro-Woolley specifically.

The assumption is that, since home price and rent are based on median values, the AMI level specified in the 4th column of Table 3, plus the AMI below and above will be able to afford that housing type without being cost-burdened. This is to account for the upper and lower costs of each housing type.

As shown in Table 5 below, based on the $102,000 per year AMI, the median single-family detached home would require an annual income of $130,000 per year. The median condominium or attached townhome (for purchase) would require an annual household income of $112,000 per year. The 2-4 unit multifamily monthly average cost of $3,000 makes smaller multifamily units affordable to households making over $120,000 per year. 5+ unit multifamily units are the only housing unit type likely to be available to households making below the AMI, coming in at roughly 69 percent of AMI for the average unit in a 5+ unit multifamily development.

TABLE 5. INCOME LEVEL WITHOUT SUBSIDIES BY HOUSING TYPE

Housing Type	Monthly cost	Annual Household income needed	Annual Income Level as a percent of AMI
Single-Family	$3,250	$130,000	**127%**
Condos and Townhome	$2,800	$112,000	**110%**
2-4 unit attached	$3,000	$120,000	**118%**
5+ unit Multifamily	$1,750	$70,000	**69%**

**Monthly cost/0.3*12*

**Based on $102,000*

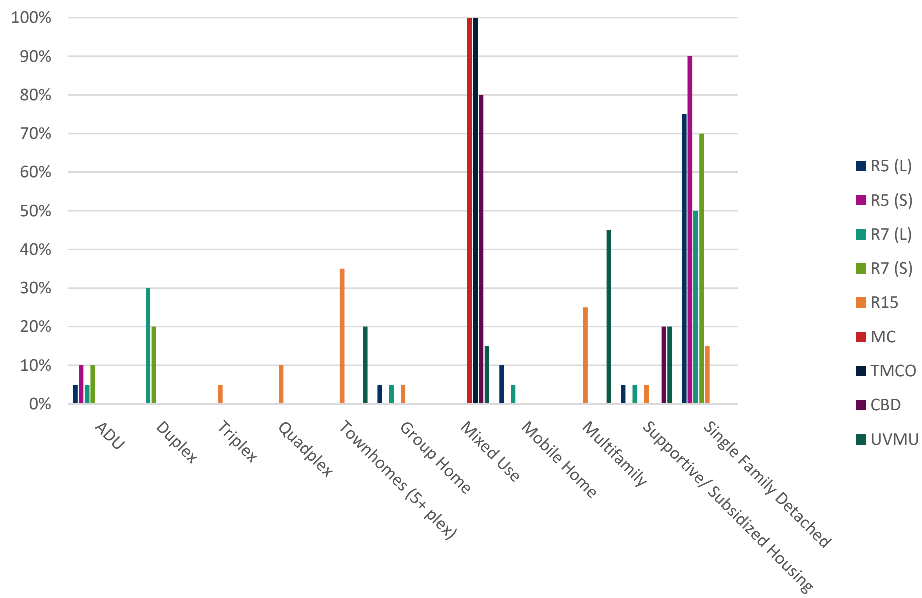
AMI Numbers based on Zillow, Mt Vernon-Anacortes MSA, avg of median rent cost-2022

To determine the capacity of each AMI level that could be potentially built in each zone, each zone's assumed ratio of housing types to be built over the next 20 years is divided by the number of income levels that each housing type allowed in that zone is assumed to be built.

Exhibit 17 (next page) shows the assumed ratios of housing types to be built over the 20-year planning period. The housing types (horizontal access) are shown by what percentage of all units that would be built in each zone (colored columns) would be of that type.

The assumptions for housing types built over the next 20 years are based off the most recent permitting data, existing housing stock, and allowed uses in each zone. In the R5 (L) zone, housing such as additional dwelling units (ADUs), single family detached homes, group homes, mobile homes, and supportive housing is allowed. Using the best available data, it is estimated that 75 percent of the housing production in this zone over the next 20 years will be single family detached, 5 percent will be ADUs, 5 percent will be group home units, 10 percent will be mobile homes, and 5 percent will be supportive or subsidized housing.

EXHIBIT 17. ASSUMED RATIO OF HOUSING TYPES TO BE BUILT OVER 20-YEAR PERIOD



Note that Sedro-Woolley's Mixed Commercial (MC) zone only allows one housing type, Mixed-use. The mixed-use housing type has an assumed affordable AMI between three levels: >50-80 percent, >80-100 percent, and >100-120 percent. Therefore, the assumption is that one-third of the housing capacity in the MC zone will be affordable to households making >50-80 percent.

Table 6, below, shows the ratio of each AMI level that could be potentially built in each zone. This is derived by dividing each zone's ratios from Exhibit 17 (above) by the number of income levels that each housing type allowed in that zone is assumed to be built.

TABLE 6. AMI RATIOS BY ZONE

Zone	0-30%	>30-50%	>50-80%	>80-100%	>100-120%	>120%
R5 (L)	0.05	0.05	0.05	0.05	0.43	0.38
R5 (S)	0.00	0.00	0.03	0.03	0.48	0.45
R7 (L)	0.05	0.05	0.03	0.13	0.38	0.35

R7 (S)	0.00	0.00	0.03	0.10	0.45	0.42
R15	0.05	0.13	0.08	0.25	0.24	0.24
MC	0.00	0.00	0.33	0.33	0.33	0.00
TMCO	0.00	0.00	0.33	0.33	0.33	0.00
CBD	0.10	0.10	0.27	0.27	0.27	0.00
UVMU	0.10	0.25	0.20	0.27	0.12	0.07

GAP ANALYSIS

The final step in this analysis is the calculation of unit capacity by income category in each zone. Table 7 involves the assumed multiplication of housing types to be built over 20 years (data from Exhibit 17) by the AMI ratios by zone (Table 6).

TABLE 7. CAPACITY PER AMI PER ZONE

	Income Category (% AMI)					
Zone	**0-30%**	**>30-50%**	**>50-80%**	**>80-100%**	**>100-120%**	**>120%**
R5 (L)	37	37	37	37	311	274
R5 (S)	0	0	1	1	21	19
R7 (L)	19	19	13	50	144	131
R7 (S)	0	0	3	9	42	39
R15	4	11	7	22	21	21
MC	0	0	74	74	74	0
TMCO	0	0	7	7	7	0
CBD	4	4	10	10	10	0
UVMU	40	101	81	107	47	27

TABLE 8. TOTAL HOUSING CAPACITY COMPARED TO NEED BY AMI RANGE

Income in $	**AMI**	**Housing Need (Updated)[1]**	**Capacity (Updated)[2]**	**Surplus/ (Deficit)**
$0 - $81,600	0-80%	1,360	509	**(851)**
$81,600 - $122,400	>80-120%	280	996	**716**
$122,400+	>120%	269	512	**243**
	Totals	**1,909**	**2,016**	**107**

Notes:

1) These values come from Table 2.
2) These values come from Table 3.

There is an overall gap for 0-80 percent AMI households of 851 units. In contrast, there are surpluses for moderate-income households and above. As a result, Sedro-Woolley will need to make adequate provisions to address the gaps identified and ensure adequate capacity and support exists to provide housing that is affordable to low-income households. The adequate provisions documentation can be found starting on the following page.

EVALUATING CAPACITY FOR EMERGENCY HOUSING NEEDS

Sedro-Woolley does not currently have any emergency shelter facilities. The target for emergency temporary housing needs within the Sedro-Woolley UGA is **43 beds** (see Table 1 of this section).

In order to determine capacity for emergency housing needs, the following analysis was performed on the land capacity analysis parcel dataset utilizing WA Department of Commerce guidance:

- Identify all parcels in zones allowing indoor emergency housing and indoor emergency shelters ("quasi-public use" per SWMC 17.04.030 – conditional use in MC zone and UVMU overlay, as well as CBD zone and Transitional Mixed Commercial Overlay): 606 parcels
- Narrow parcel search (vacant and underutilized parcels according to the LCA (includes deducting critical areas and buffers), net developable acreage of at least 0.1, parcels with a current use code of 160 (hotel/motel) removed from dataset – none in Sedro-Woolley): 73 parcels, 82.1 net developable acres
- Amend based on pending permits and pipeline projects (already accounted for by using vacant and underutilized parcels): 73 parcels, 82.1 net developable acres
- Adopt any spacing or intensity requirements to the parcels (no adopted spacing or intensity requirements for emergency housing uses): 73 parcels, 82.1 net developable acres
- Calculate capacity based on occupancy/intensity or assumed density methods. The Skagit First Step Shelter, a pallet shelter facility run by Friendship House and located on an industrial lot in the nearby City of Burlington, has 45 pallet shelters on 1.6 acres for a ratio of 28 beds per acre. Using this comparable facility, Sedro-Woolley has capacity for 2,299 emergency shelter beds, plenty to meet its emergency housing beds target.

ADEQUATE PROVISIONS

RCW 36.70A.070(2)(d) requires jurisdictions planning under the GMA to include in their comprehensive plan a housing element that "[m]akes adequate provisions for existing and projected needs of all economic segments of the community, including:

(i) Incorporating consideration for low, very low, extremely low, and moderate-income households;

(ii) Documenting programs and actions needed to achieve housing availability including gaps in local funding, barriers such as development regulations, and other limitations;

(iii) Consideration of housing locations in relation to employment location; and

(iv) Consideration of the role of accessory dwelling units in meeting housing needs."

DOCUMENTING PROGRAMS AND ACTIONS NEEDED TO ACHIEVE HOUSING AVAILABILITY

Sedro-Woolley is not required to construct housing or ensure that housing is produced. However, the City must identify barriers to housing production and make adequate provisions to accommodate all housing needs. Currently, there is a gap of 851 units of capacity that would potentially meet the needs of households making 80 percent Area Median Income (AMI) or less. (Simultaneously, there is a surplus of capacity for housing above 80 percent AMI.)

The following steps have been documented to show that the City is making the appropriate land use, regulatory, policy, and programmatic changes to ensure such capacity exists by the end of the planning period.

REVIEW HOUSING PRODUCTION TRENDS TO DETERMINE IF BARRIERS EXIST

The City of Sedro-Woolley has prepared an analysis of the past 7 years of housing unit production in all relevant zones to determine if the pace of past construction is sufficient to account for the housing needs the City needs to plan for by 2045.

TABLE 8. HOUSING UNIT PRODUCTION BY ZONE, 2018-2024

Zone	SF Units	SF average annual (7 yr)	Town house	Townho use average annual (7 yr)	Duplex and Triplex	Duplex and Triplex average annual (7 yr)	MF Units (inc. live-work and live-work remodel)	MF average annual (7 yr)	ADUs	ADUs average annual (7 yr)	Manuf. Homes	Manuf. Homes annual average (7 yr)	Total Units	Total average annual trend
R1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R5	126	18	3	0.4	0	0	4	0.6	1	0.1	19	2.7	153	21.9
R7	98	14	6	0.9	37	5.3	0	0	7	1	9	1.3	157	22.4
R15	26	3.7	28	4	0	0	74	10.6	0	0	0	0	128	18.3
CBD	0	0	0	0	2	0.3	15	2.1	0	0	0	0	17	2.4
UVMU	0	0	0	0	0	0	143	20.4	0	0	0	0	143	20.4
Total	**251**	**35.9**	**37**	**5.3**	**36**	**5.1**	**224**	**32**	**8**	**1.1**	**28**	**4**	**599**	**85.6**

Residential Building Permits in Sedro-Woolley, 2018-2024. Source: City of Sedro-Woolley, analysis by Facet 2024.

TABLE 9. HOUSING UNIT PRODUCTION NEEDED VS. HISTORICAL PRODUCTION

Income level (% AMI)	Projected housing need (2022-2045)	Housing type(s) that best serve these needs	Aggregated housing need (2025-2045)[6]	Annual unit production needed	Historical average annual unit production[7,8]	Is there a barrier to sufficient production?
0-30% PSH	299	Low-Rise and Mid-Rise (walk-ups up to 3 stories, apartments, condos)	1,360	68	33	YES
0-30% Non-PSH	442					
>30-50%	475					

[6] Accounting for pipeline permits 2020-2024
[7] Rounded to the nearest half-unit from table on previous page
[8] Manufactured homes are included in the moderate density

>50-80%	339					
>80-100%	181	Moderate Density (townhomes, duplex, triplex, 4-plex)	280	14	14	NO
>100-120%	161					
>120%	463	Low Density (single family detached)	269	13	36	NO

Comparison of production trends to housing needs to determine if barriers exist

As Table 9 above shows, housing has not been constructed at a pace sufficient to meet the needs within the planning period for zones with capacity for 0-80% AMI. Moderate density and low density homes do not face a historical barrier to construction at a pace sufficient to meet demand.

GATHER INFORMATION TO DETERMINE WHAT KIND(S) OF BARRIERS EXIST

TABLE 10. LOW-RISE OR MID-RISE HOUSING BARRIER REVIEW CHECKLIST

Barrier	Is this barrier likely to affect housing production?	Why or why not?	Actions being proposed to address barrier
Development regulations			
Unclear development regulations	Yes	• Permitted density for R15 zone is unclear (max 8 or 12 units per building but max 15 dwelling units per acre) • Parking standards for residential uses in CBD	• Could consider PRD residential bonus for R15 zone similar to what is allowed for clubhouses, which would be infeasible for a multifamily PRD

		zone are confusing – Tier 2 buildings say "reduced off street parking" required for residential unit associated with retail/commercial use, but no number listed • SWMC 17.36.030 has off-street parking requirements (all housing other than elderly and group homes: 2 parking spaces per unit). This is in conflict with the off-street parking requirements in some of the regulations for specific zones (for example, see CBD and UVMU zones)	• Align max density or density ranges for R15 zone with the units per building to make max density for achievable • Clarify parking requirements for residential uses in CBD zone • Consider removing residential number of spaces regulations in 17.36.030 or cite that other chapters of the zoning code contain them
High minimum lot sizes	Yes	• No minimum lot size for R15, CBD, or UVMU zones • PRD code has three-acre minimum site area	• Consider smaller minimum site area for PRDs in the R15 zone that include multifamily housing
Low maximum densities or low maximum FAR	Yes	• R15 zone allows up to 15 dwelling units per acre in theory, but permit history for past 7 years includes a lot of single-family homes in the R15 zone. This could be an indication that something in the R15 standards is not enabling higher achieved densities	• Could consider increasing the max density (and units per building as discussed above) and slotting another zone in between R7 and the existing R15 at, perhaps, 12 units per acre max

Low maximum building heights	No	• Max building heights for low-rise multifamily zones include 35 feet (3 stories) in R15, 60 feet (mixed use fronting certain streets), 35 feet (other mixed use), 35 feet for standalone residential (or 45 pending fire access) in UVMU, 60 feet in CBD zone	• N/A
Large setback requirements	No	• Setbacks are already zero or very small (10 feet or under) for zones where low- and mid-rise residential are allowed and are the focus	• N/A
High off-street parking requirements	Yes	• Parking requirements for commercial and residential uses potentially a barrier to adding more units	• Parking for residential buildings that don't include commercial uses has up to 4 spaces required for large units. Could consider stopping at 2 or more bedrooms and 2 parking spaces or provide incentives to allow to go even below that if certain conditions are met • Similarly, R15 has required off-street parking going up to 4 spaces. This is out of line with what many communities have done for parking for multifamily.

High impervious coverage limits	No	• No max impervious surface coverage in code	• N/A
Lack of alignment between building codes and development codes	No	• N/A	• N/A
Other	No	• N/A	• N/A
Process Obstacles			
Conditional use permit process	No	• N/A	• N/A
Design review	Yes	• Design review standards and procedure currently located in Title 15 (Buildings and Construction) • More specific site and lot design standards in the design standards than in code (for example, pages 47-48 of the design standards have minimum recreation space standards for subdivisions and multi-family developments)	• Consider moving design review code to zoning code • Consider moving some design standards to code (especially things like recreation area standards, more specific lot coverage standards, etc) to zoning code
Lack of clear and accessible	No	• N/A	N/A

information about process and fees			
Permit fees, impact fees and utility connection fees	Yes	• ADU fees too high per amendments to GMA	• Impact fees for ADUs not to exceed 50 percent of single-family dwelling fees. Impact fee schedule will need to be revised
Process times and staffing challenges	Yes	• City will need to implement SB 5290 (local project review act reform)	• See left
Limited Land Availability and Environmental Constraints			
Lack of large parcels for infill development	No	• N/A	• N/A
Environmental constraints	No	• CAO updates may result in increased buffers in some instances, reducing availability of sites with development capacity.	• CAO update (forthcoming)
Gaps in local funding	Yes	• No financial incentive for development of affordable units	• Multi-family tax exemption program (MFTE) could be pursued • Establishment of land bank or donation of surplus public land could be programs added

Permanent Supportive Housing (PSH) and Emergency Housing

Barrier	Is this barrier likely to affect housing production?	Why or why not?	Actions being proposed to address barrier
Development regulations			
Spacing requirements (for example, minimum distance from parks, schools or other emergency/PSH housing facilities)	No	• City does not have any code for PSH • Emergency housing would be considered a quasi-public use	• City should develop definition and standards for PSH
Parking requirements	No	• No parking requirements for PSH or emergency housing	• N/A
On-site recreation and open space requirements	No	• No open space or recreation space requirements that are different from multifamily	N/A
Restrictions on support spaces, such as office space, within a transitional or PSH building in a residential zone	No	• There are no standards specific to office support within permanent supportive housing or group housing. There is a lack of clarity	• The City should develop standards for emergency housing and PSH

Barrier	**Is this barrier likely to affect housing production?**	**Why or why not?**	**Actions being proposed to address barrier**
Development regulations			
Arbitrary limits on number of occupants (in conflict with RCW 35A.21.314)	No	• City does not have a definition for household or family in code	City could consider adding a definition for household that explicitly does NOT place arbitrary limits on number of occupants
Requirements for PSH or emergency housing that are different than the requirements imposed on housing developments generally (in conflict with RCW 36.130.020)	Yes	• There are no standards specific to office support within permanent supportive housing or emergency housing. There is a lack of clarity	• Develop standards and requirements for PSH and emergency housing consistent with RCW 36.130.020
Other restrictions specific to emergency shelters, emergency housing, transitional housing and permanent	Yes	• There are no standards specific to office support within permanent supportive housing or group housing. There is a lack of clarity	• Develop standards and requirements for PSH and emergency housing consistent with RCW 36.130.020

Barrier	Is this barrier likely to affect housing production?	Why or why not?	Actions being proposed to address barrier
Development regulations			
supportive housing			
Gaps in local funding	Yes	• City has a sales and use tax for affordable housing but no MFTE program or other affordability incentives	• Consider affordability as an incentive for density increases or other design flexibility

Accessory Dwelling Unit (ADU) Barrier Review Checklist

Barrier	Is this barrier likely to affect housing production?	Why or why not?	Actions being proposed to address barrier
Development regulations			
Must allow two ADUs on each lot in urban growth areas; **May not require the owner to occupy the property, and may not prohibit sale as independent units, but may restrict the use of ADUs as short term rentals;** **Must allow an ADU of at least 1,000 square feet;**	Yes	• Various sections of code needed to be revised on account of HB 1337	• Various revisions to chapter 17.100 SWMC including: • Max 2 ADUs per lot

Barrier Development regulations	Is this barrier likely to affect housing production?	Why or why not?	Actions being proposed to address barrier
Must set parking requirements based on distance from transit and lot size; May not charge more than 50% of the impact fees charged for the principal unit; Must permit ADUs in structures detached from the principal unit; May not restrict roof heights of ADUs to less than 24 feet, unless that limitation applies to the principal unit; May not impose setback requirements, yard coverage limits, tree retention mandates, restrictions on entry door locations, aesthetic requirements, or requirements for design review for ADUs that are more restrictive than those for principal units; Must allow an ADUs on any lot that meets the minimum lot size required for the principal unit; Must allow detached ADUs to be sited at a lot line if the lot line abuts a public alley, unless the city or county routinely plows snow on the public alley; Must allow conversions from existing structures, even if they			• Increasing ADUs to a maximum of 1,000 sq. ft., • Allowing ADUs to be segregated in ownership independent of principal unit, • Remove owner occupancy requirement, • Have parking requirements based on distance from transit and lot size, • Increase maximum height to 24 feet

Barrier Development regulations	Is this barrier likely to affect housing production?	Why or why not?	Actions being proposed to address barrier
violate current code requirements for setbacks or lot coverage; and **May not require public street improvements as a condition of permitting ADUs.**			
Unclear development regulations	Yes	• Chapter 17.100 SWMC doesn't have provisions related to setbacks	• Cite setback standards and/or include provisions to allow ADUs to be located within the rear setback of single-family homes and account for zero setback on alleys
Large setback requirements	No	• No setback requirements in code for SWMC	See above
Off-street parking requirements	Yes	• Changes to off-street parking requirements in 17.415.010	• See previous

Barrier	Is this barrier likely to affect housing production?	Why or why not?	Actions being proposed to address barrier
Development regulations			
		to comply with HB 1337.	
Other (for example: burdensome design standards, tree retention regulations, historic preservation requirements, open space requirements, etc.)	Yes	• No other burdensome standards for ADUs identified in code.	N/A
Process Obstacles			
Lack of clear and accessible information about process and fees	No	• ADU fees are listed in general fee schedule and in Chapter 2.90	• N/A
Permit fees, impact fees and utility connection fees that are not proportionate to impact	No	• Fees are out of step with what's allowed under HB 1337	• Need to reduce permit and impact fees to
Processing time and staff challenges	No	• Processing time hasn't been an issue for ADUs but could be if there are dramatically more permits (unlikely)	• N/A

Commented [MC2]: City to confirm.

Checklist for Local Option Tools for Addressing Affordable Housing Funding Gaps

Commented [MC3]: City - several things in here to discuss. You don't have to do all of them that are available to you, but we at least want to show that we've given all feasible options due diligence. If any/some of the ones you haven't done seem like they MIGHT be possible, we'd want to add policy language in the housing element or in an implementation table supporting the city adding these to the council's work plan as appropriate.

Local option tools for addressing affordable housing funding gaps*	**Implementation Status**	**Plans for Implementation**
Housing and related services sales tax (RCW 82.14.530)	Implemented in SWMC 3.14	Already implemented
Affordable housing property tax levy (RCW 84.52.105)	Have not implemented	Considering
REET 2 (RCW 82.46.035) GMA jurisdictions only and only available through 2025	Have not implemented	Only runs through end of 2025 so city could not make use of this during the planning period
Affordable Housing Sales Tax Credit (RCW 82.14.540) – was only available to jurisdictions through July 2020	N/A	N/A (no longer relevant)
Lodging Tax (RCW 67.28.150 and RCW 67.28.160) to repay general obligation bonds or revenue bonds	N/A	N/A
Mental Illness and Drug Dependency Tax (RCW 82.14.460) – jurisdictions with a population over 30,000	N/A	N/A (city's population is far less than 30,000)
Donating surplus public lands for affordable housing projects (RCW 39.33.015)	Not yet implemented	Considering

Impact fee waivers for affordable housing projects (RCW 82.02.060)	Implemented by KCC 4.110.030	Considering
Application fee waivers or other benefits for affordable housing projects (RCW 36.70A.540)	Not yet implemented	Considering
Multi-Family Tax Exemption (MFTE) with affordable housing requirement (RCW 84.14)	Not yet implemented	Considering
General funds (including levy lid lifts to increase funds available)	Not currently being considered.	No plans for implementation

Planning Commission Agenda Item

Agenda Item No.: h.1.

Date: March 18, 2025

From: Thomas Glover, Community Development Director

Subject: Comprehensive Plan Update: Review housing strategies and options to meet the 20-year housing targets.

RECOMMENDED ACTION:
Discussion and possible action

ISSUE:
Comprehensive Plan Update: Need to review strategies and policies (DRAFT) that will address future housing needs, and requirements to meet 20-year growth targets.

BACKGROUND/SUMMARY INFORMATION:
See Memo, attached.

FISCAL IMPACT, IF APPROPRIATE:
None identified.

ATTACHMENTS:
1. Policy Options for Housing_planning feedback_V3_Rev03.12.25

FACET

Formerly DCG/Watershed

MEMORANDUM

Date:	March 12, 2025
To:	Tom Glover, Director, Sedro-Woolley Community Development Department
Cc:	Nicole McGowan, Planner, Sedro-Woolley Community Development Department
From:	Matt Covert, Project Manager and Donna Keeler, Senior Planner (Facet)
Project Name:	Sedro-Woolley Comprehensive Plan Periodic Update
Facet Number:	2401. 0458

Sedro-Woolley Housing Policy Options

In response to concerns raised by the Planning Commission, below please find proposed strategies to increase housing options to potentially reduce the need to rezone some existing parcels. The intent is to identify options that are implementable and helping meet housing targets for 80% of AMI and below.

INFILL REDEVELOPMENT

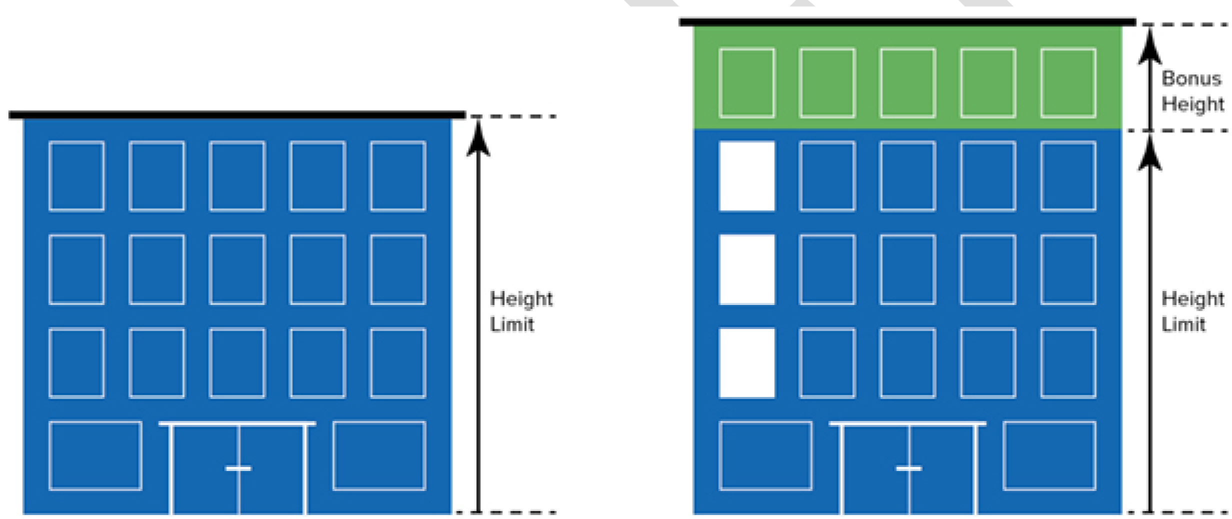
1. **Add on to existing structures.** This is allowed to some extent through building permits. However, there may be some overly restricted bulk restrictions, such as setback requirements in the MC zoning district, that could be reviewed for potential amendments.
2. **Multifamily on undeveloped land.** This approach could potentially involve changing the parameters within the existing zoning to allow increased number of multifamily residential units on the ground floor in the MC and/or CBD zones. For example, consider revising the 75% commercial and 25% residential ratio to 50/50 in the CBD zone, and/or allow up to 50 percent of ground floor square footage to be residential in the MC zone. (Another way of allowing ground floor residential in commercial zones is to allow it as long as it does not front or take access from designated commercial streets.) Changes like these may provide more opportunities for certain areas, such as W. Ferry Street. If additional ground floor residential in the commercial zones is allowed, the City could consider requirements that it is built in a way that could allow it to serve as either commercial or residential in the future should economic conditions change.
3. **Provide neighborhood infill development/design guidance to address barriers.** It is our understanding that some items are already underway, including shadow platting, cottage clusters and ADU's. Perhaps consider relaxing some design standards for housing and mixed-use.

DENSITY BONUSES

1. **Allow more units per acre <u>for affordable housing only</u>.**

Density bonuses are an example of incentives intended to spur action by private sector housing developers. Density bonuses can be used to achieve certain common goods – such as preserving common open space or building public amenities – in exchange for the capacity to build more square footage/ housing units than normally permitted. Functional density bonuses often give a developer the ability to construct more units in exchange for providing a public benefit (e.g., affordable housing units). Developers can take advantage of the increased density to create more economic value for themselves while cities and towns benefit from the addition of more affordable housing units.

The following image depicts how a density bonus might work on a proposed four-story building:



A density bonus program should be designed to provide enough of an incentive so that the desired public benefit is achieved. In some cases, a development code contains an impressive set of density bonuses that look good on paper but don't offer enough incentives to entice a developer. In other cases, a density bonus may be too generous to a developer, resulting in too much of a benefit to the private sector and fueling potential public resentment at what may be viewed as a "give-away." For these reasons, it is important for a local government to:

- Learn from other communities that have a successful density bonus program;
- Monitor local market conditions and talk with local developers to determine what type/degree of a density bonus they would need to use such a program; and
- Communicate with the public about the rationale for a density bonus program.

It should be noted that the usefulness of this tool is often limited to areas with strong real estate markets with demand for new construction at prices where density bonuses can subsidize public goods.

Comment from City Staff: Maybe we could look at the R-15 unit per building limitation and loosen that restriction. If we were to implement a density bonus, there would have to be a good give/take scenario. Example: If a subdivision reserves a lot for storage of RVs/boats, we grant a density bonus of ___ additional units. This takes care of the problem of unsightly and impractical RV/boat storage in ROW.

INCLUSIONARY ZONING

1. Require some percentage of affordable housing in some areas, such as within an existing multifamily zone (requires a certain % of a development, whether multi-family or new subdivision, to be set aside for housing that is affordable below a specific income bracket).

Comment from City Staff: This approach may prove to be challenging as it is difficult to determine an appropriate percentage and may be difficult to enforce.

MIDDLE HOUSING

Per the Washington State Department of Commerce, "Middle housing is a range of housing types, from duplexes to sixplexes, townhomes, courtyard apartments and cottage housing, intended to be compatible with single-family neighborhoods. The tools provided here are intended to support communities required to include middle housing development options; however, these tools or ideas from these tools may be used by any community looking to include more housing options in their community.

Additionally, accessory dwelling units (ADUs) are required to be provided in every GMA (Growth Management Act) community. While many jurisdictions have adopted ADU regulations, the 2023 legislature provided parameters for how ADUs are regulated, including removing some barriers to development, such as size limitations.

Middle Housing Ordinances expand the types of housing permitted in certain zones and can help increase diversity without increasing density. Sedro-Woolley has been proactive in this area and is currently considering adopting a cottage ordinance. Additional consideration could entail:

- Allowing duplexes and townhomes in the R5 Zoning District (limit to 2 units);
- Allowing duplexes, townhomes, triplexes and fourplexes (limit to four units) in the R-7 Zone.

Per the suggestion from City staff, recommend leaving the R-15 Zoning District as it is, aside from potential density bonuses as described earlier in this memo.

Examples of Middle Housing:

Examples of the nine middle housing types. Source: MAKERS

ZONING REFORM / CODE CHANGES

Consider revising development regulations to allow mobile home parks and other low-income housing types to be permitted as outright permitted uses instead of conditional use permits (CUPs) to reduce permitting costs and delays.

Without rezoning areas of the city, there are tweaks to existing zoning that can unlock additional capacity within existing districts, such as:

1. Change single-family zoning to residential low-density to provide more flexibility for smaller-scale middle housing types (like townhouses and duplexes).
2. Reduce setback requirements in the MC Zone.

Other strategies:

1. Allow more duplexes, triplexes outright in residential zones.
2. Streamline permitting. (Sedro-Woolley currently does not have an overly complex permitting process, but opportunities may exist).
3. Consider cutting or reducing utility and/or permit fees for nonprofits or private sector development of affordable housing units.

4. Consider a multi-family tax exemption program for specific areas in the City. *Staff comment: Council might consider this for very specific areas. They are worried about the tax shift burdening taxpayers. Perhaps the Assessor can help crunch numbers to show what the tax shift would look like if we chose to designate a few parcels.*
5. Use preapproved plans and a streamlined process for review and approval of ADUs.
6. Work with non-profit and public housing developers to acquire land (partner on grant applications, provide city land, mediate discussions with sellers, etc.)
7. Update the zoning code to support temporary housing.
8. Support the creation of a housing land trust.