

## **V. Housing Element**

### **Introduction**

There has not been a more comprehensive study of the City of Shelton’s housing needs since 2002 when a report titled “Mason County and the City of Shelton Housing Needs Assessment” (see Appendix) was prepared by the consulting group Common Ground. That report provided statistical and analytical information relating to the need for additional permanent and transitional housing units and special supportive services for low and moderate income households and individuals, including those with special needs. A “windshield” survey of housing, conducted as part of the 2002 study, assessed single family housing within City limits as being in “generally sound” condition over all. Since the study was created, the City and Mason County have seen a period of rapid growth tempered by an extended period of no growth, credited to the Great Recession, from which we are only beginning to emerge. Given the fairly high percentage of rental housing within the City, the large number of vacant and/or foreclosed homes which typified the recession in this area, as well as recent complaints the City has received relative to the state of the City’s (rental) housing stock, it would be prudent to update the study. More recent data regarding housing costs, rental costs, household incomes, and other demographics for Shelton is available through the Washington State Office of Financial Management (OFM) and the US Census, and is referenced herein. See also the “Housing Needs Analysis for Mason County and The City of Shelton” for a complete analysis and conclusions/recommendations from 2002.

- Population data show a trend toward larger size households in Shelton when compared to the state average.
- Mason County’s and the City of Shelton’s economy were historically based on natural resource and agricultural industries. The primary local employment sectors, however, have changed from those industries to government, retail sales, and service sectors. Typically, lower incomes are associated with these jobs.
- Median household income in Shelton in 2014 was \$40,833, or 33% lower than the State of Washington median income of \$61,366. This has increased from 1999 when there was a 28% gap in median household income.
- In Shelton approximately 28.9% of residents live in poverty, compared to 17.3% in Mason County and 13.4% in the State.
- The majority (69%) of housing in Shelton is single family, and the overall ownership rate of single-family housing is about 56%, slightly lower than the state average of 63.2%.

- Single-family housing conditions are generally sound in Shelton, based on a windshield survey of housing conditions, but the number of new homes being built decreased significantly during the recession but has picked up in 2017.
- Since the recession of 2008, building permit activity in Shelton has been dominated by large public facilities and infrastructure projects. A total of Eighteen permits for single-family homes were issued in 2009 and 2010, and between 2011 and 2014 only eight permits were issued. Eleven applications for single family homes were received in 2016 and 22 have been received in 2017. This indicates a trend towards an improved economy/housing market.
- In general, Shelton has lower average home sales prices than in Mason County, which in turn are lower than in neighboring counties.

**Existing Conditions**

**Community Profile**

**Population**

According to the Office of Financial Management the City of Shelton’s population grew from 7,689 residents in 1980 to an estimated 10,120 residents in 2017. The following table illustrates Shelton’s population changes from 1980 to 2017 as well as that of Mason County as a whole (Including Shelton and its UGA):

**Table V-1 City of Shelton and Mason County Population Change 1980 to 2017 and anticipated population (population allocation) 2036**

	<b>1980</b>	<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>2017</b>	<b>2036 (Anticipated)*</b>
Shelton	7,689	7,241	8,442	9,834	10,120	16,200
Mason County (including Shelton and its UGA)	31,184	38,341	49,405	60,699	63,190	83,800

Source: Washington State Office of Financial Management Decennial Census Counts of Population for Cities and Towns and 2017 Population estimates. (<http://www.ofm.wa.gov/pop/default.asp>) , \*2036 Population Allocation is based on an agreed anticipated population made in cooperation with Mason County based on growth projections made by the Washington State Department of Financial Management.

### **Household Composition**

Over the past 15 years, the average number of persons per household nationally has increased from 2.24 in 2000 to 2.63 in 2013. In Washington State, the average household size in 2015 was 2.56, in Mason County it was 2.58, and in the City of Shelton it was 2.85. In 2010, about 31% of people in Shelton were living alone, and 15% were single persons 65 and older. This is higher than the County's percentage (10.4%) of persons 65 or older living alone.

Smaller households, especially those with single elderly persons and single parents with children under 18, are more likely to be occupied by persons earning lower incomes and therefore are less likely to be able to afford market-rate housing and other living expenses. About 10% of the population in Shelton is comprised of single mothers with children under 18, compared to 5% in the County and 6% in the State.

### **Group Quarters**

The U.S Census Bureau classified all people not living in households as living in group-quarters. There are two types of group quarters: institutional (e.g. nursing homes, correction facilities) and non-institutional (e.g. college dormitory, military barracks). In the City of Shelton, 426 (about 4%) persons were reported to be living in group-quarters in 2010. Of the 426, about 329 were in institutional facilities. The largest facility providing resources is Crossroads Housing, which has the capacity to serve 17 families in their transitional housing facility in Shelton.

### **Household Income**

Prior to the 1960s, Mason County's economy was based on agriculture and natural resources, such as timber, mining, and fishing. The County, however, has changed from a natural resource- and agriculture-based economy to retail sales and service sectors. Typically, lower incomes are associated with these jobs, which is evident in Shelton.

According to the US Census Bureau the 2015 median household income in the State of Washington was \$61,062 compared to \$50,406 in Mason County and \$37,833 in the City of Shelton. Median family income and per capita income were also proportionately lower in Shelton and Mason County than the State. The median income for Shelton has been consistently lower than the County.

### **Households in Poverty**

In 2014 the U.S. Census Bureau defined the poverty level to be \$24,230, for a family of four with two children under 18 years. According to the U.S. Census Bureau, in 2015, a higher percentage of individuals in the City of Shelton live in poverty (28.6%) than in Mason County (16.9%) or the State (11.3%).

In Shelton, over 39% of single female householders with children under age 18 live in poverty, and 42% of single female head of householders with children less than five years of age live in poverty.

## **Housing Market**

### **Housing Units by Type**

In the City of Shelton, 73% of the housing is single family, while about 16% is multi-family, and 5% are mobile homes. Total housing units in Shelton in 2010 was 3,847. Shelton has a much higher percentage of multi-family housing than the County, which has about 6%. This is to be expected however, since higher density housing is generally only permitted within urban areas, is associated with more comprehensive services, and rural areas are generally limited to low-density single-family development.

### **Ownership versus Rental**

According to the U.S. Census Bureau the overall home ownership rate in Mason County as a whole is about 79%, higher than the City of Shelton, which is closer to 57%. This is expected due to the placement of higher density rental units that are typical in more urbanized, incorporated, areas that have more public services.

In terms of vacancy, Shelton has seen an increase in vacant units, increasing from an overall vacancy rate of 6% in 2000 to approximately 10% in 2014. Of the vacant units, nearly equal portion were for rent (6.4% overall) as were for sale (5.2% overall). Mason County, on the other hand, had an overall vacancy rate of 29% in 2000. The high vacancy rate in Mason County is largely attributed to the substantial number of vacant units in the “seasonal, recreational, and occasional use” category. The City of Shelton had no units in that category. Based on recent anecdotal evidence (word of mouth from landlords and realtors) it is assumed that Shelton’s vacancy rate is much lower currently.

### **Housing Condition**

In July 2002, a “windshield” survey of housing conditions in Mason County was conducted by students from Olympic Community College. The survey was conducted to obtain a visual assessment of the overall exterior condition of single family housing in the County. Shelton was one of the areas included in the survey.

Based on the exterior physical condition of the structures, their appearance was assessed on a scale of 1 to 5, with 1 designated as “excellent and sound condition” and 5 as “dilapidated/uninhabitable.” In Shelton, about 46% received a score of 1 or 2, while 22% had a rating of 4 or 5. Of the 22%, only 3% received a score of 5, or “dilapidated/uninhabitable.” Homes that scored 4 typically had a roof problem and one other significant structural problem. Houses with scores of 5 showed multiple major problems, including roof replacement, foundation repair, and repair of replacement siding. A similar survey has not been completed

since 2002, but the number of dilapidated structures requiring abatement has been on the rise since that time. The age of the housing stock, combined with limited maintenance by property owners, is thought to be contributing to the declining condition of residential structures. In Shelton, over 38% of homes were constructed prior to 1960, and only 14% were constructed in 2000 or later.

### **New Building Permits**

The City of Shelton’s construction growth from 2000 to 2010 had been dominated by the development of single-family houses. However, the great recession of 2008 stalled the housing market, and Shelton is only just beginning see interest in real estate and values return to pre-recession levels. From 2011 to 2015, only 11 new homes were permitted in Shelton. However, the City received application for 11 new homes to be constructed in 2016 and 22 so far in 2017, indicating that the housing market is beginning to rebound.

## **Housing Costs and Affordability**

### **Ownership Housing**

Income levels in the City of Shelton and Mason County are lower than in the State, and housing costs are also correspondingly lower. The median value of an owner-occupied house in Shelton in 2000 was \$93,300, compared to \$120,400 in Mason County. Contrast that with the median value of an owner occupied house in Shelton in 2015 at \$156,800 compared to \$204,000 in Mason County.

Historically, the rates of increase in home values in Shelton and Mason County have kept pace with those throughout the State. For example, in 1990 the median value of a house in Shelton was \$49,200, but by the year 2000 had increased to \$93,300. The median value of housing increased about 48% in Shelton between 1990 and 2000, and the median value of housing increased about 46% in Mason County. The 2008 recession lowered homes values nationally and locally; home values remain below pre-recession values in most parts of the City and County.

### **Housing Unit Sales**

A total of 225 housing units were sold in the City of Shelton between 2012 and 2014. In Mason County, the City of Shelton had the second highest number of units sold over the three-year period, followed by Belfair and the NW Mason County neighborhoods. As an indicator of improving conditions, the number of units sold in Shelton is increasing; 54 units were sold in 2009, 67 in 2012, and 88 in 2014.

### **Rental Housing**

In the City of Shelton, approximately 49% of the renters spent less than 30% of their income on housing, compared to 60% and 58% for Mason County and the State, respectively. However, a proportionately high percentage of renter households in the City of Shelton spend more of their

income in the 30% to 39% and 50+% categories. See Table V-2, which shows housing costs as a percentage of household income in Shelton .

**Table V-2: Monthly Household Costs as a Percentage of Household Income 2014**

	Estimate for all Housing Units	Estimate for Owner-occupied Housing Units	Estimate for Renter-occupied Housing Units
<b>Less than \$20,000</b>	22.7%	14.2%	34.0%
<b>Less than 20 percent</b>	1.4%	1.3%	1.5%
<b>20 to 29 percent</b>	3.3%	0.5%	7.0%
<b>30 percent or more</b>	18.0%	12.4%	25.5%
<b>\$20,000 to \$34,999</b>	17.3%	13.9%	21.8%
<b>Less than 20 percent</b>	1.8%	2.5%	0.9%
<b>20 to 29 percent</b>	2.1%	2.1%	2.0%
<b>30 percent or more</b>	13.4%	9.3%	18.8%
<b>\$35,000 to \$49,999</b>	19.4%	21.9%	16.1%
<b>Less than 20 percent</b>	5.3%	7.3%	2.8%
<b>20 to 29 percent</b>	4.8%	2.2%	8.2%
<b>30 percent or more</b>	9.3%	12.5%	5.1%
<b>\$50,000 to \$74,999</b>	16.5%	21.4%	10.1%
<b>Less than 20 percent</b>	9.3%	13.0%	4.5%
<b>20 to 29 percent</b>	5.2%	5.8%	4.5%
<b>30 percent or more</b>	1.9%	2.6%	1.0%
<b>\$75,000 or more</b>	20.8%	28.5%	10.6%
<b>Less than 20 percent</b>	12.6%	14.8%	9.6%
<b>20 to 29 percent</b>	7.4%	12.2%	1.0%
<b>30 percent or more</b>	0.9%	1.5%	0.0%
<b>Zero or negative income</b>	1.0%	0.0%	2.4%
<b>No cash rent</b>	2.2%	(X)	5.1%

Source: US Census American Fact Finder, 2014 data

## **Housing Affordability**

In 2014, the median household income in Shelton was \$40,833, and the median monthly housing cost was \$903. According to HUD guidelines, housing is affordable when a household is paying no more than 30% of gross income for gross housing costs (including basic utilities). Lower income households paying more than 30% for housing costs are considered housing cost burdened. Table V-1 shows that 25.5% of rental households making less than \$20,000 per year and 18.8% of rental households making between \$20,000 - \$35,000 a year are cost burdened in Shelton.

Residential properties in Shelton are, generally speaking, priced lower than surrounding communities, with values lowering further during the recession. In 2009, the average residential sales price for homes in Olympia, Port Orchard and Shelton were roughly \$281,000, \$226,000, and \$146,000 respectively. In 2014, the average residential sales price for homes in Shelton was \$110,188. However, recent sales prices in the housing market suggest home prices are rising considerably for both new and existing homes.

People employed in retail and service industries, which are the rising employment sectors in Mason County, are having difficulty paying for housing. Homelessness data reports that many

with inadequate or unaffordable housing try to avoid homelessness by living in overcrowded conditions, in inadequate or even substandard, unsafe, or hazardous conditions.

### **Housing Needs**

Shelton has adequate capacity within city limits and the UGA to accommodate housing and population growth anticipated between 2016 -2036, and shown in Table V-3.

**Table V-3: Housing Capacity<sup>1</sup>**

	<b>Population Allocation</b>	<b>Households*</b>
<b>Mason County Growth Allocation to Shelton and UGA</b>	9,600	3,735
<b>Shelton and UGA’s Estimated Growth Capacity</b>	9,602	3,736

\*At 2.57 persons per household. Source: BERK Consulting, 2016.

In order to meet the broad needs of the community, there must be housing suitable for people at all income levels as well as housing that meets the needs of special needs households such as seniors, people with disabilities, and the homeless. Table V-4 shows the distribution of incomes for people living in Shelton, compared to Mason County and Washington state.

**Table V-4: Distribution of Incomes in Shelton, Mason County, and Washington State**

	<b>Shelton</b>	<b>Mason County</b>	<b>Washington State</b>
<b>Very Low income (under 30% AMI)</b>	12%	11%	13%
<b>Low income (30-under 50% AMI)</b>	11%	13%	11%
<b>Moderate income (50 to under 80% AMI)</b>	16%	16%	16%
<b>80% of AMI and above</b>	61%	60%	60%

Source: American Community Survey 2010-2014, Income in the Past 12 Months Table S1901, BERK 2016.

<sup>1</sup> These numbers assume Alternative 2 in the EIS prepared for the Comprehensive Plan Update.

## **Available Housing Assistance**

### **Supportive Services and Section 8 Housing**

Mason County Housing Coalition offers a range of supportive services, including emergency housing, transitional housing, job training, child care, counseling and basic needs assistance, to name a few.

The Mason County Housing Authority administers a total of 165 HUD Section 8 renter assistance vouchers. In addition, there are approximately 317 vouchers administered by the Bremerton Housing Authority that are used by residents in Mason County. The majority of assistance vouchers are tenant-based, meaning that the tenant locates suitable housing in the community and the Housing Authority assists with the rent payment. Generally, Mason County's Housing Authority's waiting list has about a one-year turnaround period.

Project-based Section 8 units that are threatened with loss are usually those units that have been constructed with HUD loans by private developers. The developer agrees to keep a certain number of units available for lower income households (with lower rents at 30% of that household's income).

When the terms for the original loan agreement are met, these units may be converted and rented for market-level rates, thus decreasing the community's affordable housing stock. There are options for keeping these units, including a variety of purchase options, assistance programs, and buying techniques. The Mason Matters "Housing Needs Analysis for Mason County and The City of Shelton" provides a list of recommendations for Mason County's housing organizations to preserve project-based Section 8 housing units.

### **Homelessness**

The number of homeless in Washington State, Mason County, and the City of Shelton is generally thought to be on the rise. Across the country, tent encampments, clusters of RVs, and residents sleeping on stoops and park benches can be found in almost any city and viewed on the evening news. In Mason County, the annual Point-in-Time count generally supports this; the number of individuals counted increased from 504 in 2007 to 636 in 2011 and was estimated at 826 in 2015 (Numbers from the document "Housing Matters, 3 year housing and homelessness strategy for Mason County, December 2015). However, the Point-in-time count for 2017 estimated the total number of homeless persons at 262 in Mason County. Variations in definition and survey methods make comparisons year over year somewhat difficult (as seen in the 2017 estimate).

According to the Mason County HOST program website, during the 2013 school-year the Shelton School District tracked 409 students experiencing homelessness. Among this group 126 were classified as unaccompanied homeless youth not living with a parent or guardian. Also, according to the Mason County HOST program website, unaccompanied youth in our community typically range in age from 14 to 21; they may have run away, been forced

to leave their home, or abandoned by their families. Mason County has shelter programs serving women, families with children and older adults. Mason County has no shelter programs in place for unaccompanied youth outside of the foster care system which serves youth under 18 and has limited resources for adolescents. Mason County currently has no homes designed specifically to address the needs of youth living outside their family and have not completed High School or a Vocational Training Program. The HOST program attempts to partner host families with homeless youth.

Homelessness is a complex crisis. According to the Mason County Health Department the top 10 reasons for homelessness in Mason County are: economic, family break-ups, job loss, loss of a temporary living situation, domestic violence, lack of job skills, illness and/or health problems, language barriers, substance abuse, and out of home youth. In an attempt to assess local impacts resulting from homelessness and poverty, the City established a Poverty Task Force, which crafted a report that comprehensively analyzed the issues surrounding poverty in Shelton, and included recommendations for consideration. Then the City Commission established the Human Services Committee (subsequently renamed the Shelton Poverty Advisory Team), tasked with prioritizing the recommendation and strategically coordinating with service providers and others involved serving the poor.

### **Special Populations Housing And Service Needs**

Mason County offers a number of specialized services to meet some of the major needs for elderly households, including Chore Girls (provides light housekeeping), Meals on Wheels (provides cooked meals), and a local bus service.

There currently is no dedicated permanent supportive housing for persons with mental illness, nor are there any “Safe Haven” units in Mason County to provide shelter for homeless persons with chronic chemical dependencies who refuse treatment.

The Mason Matters “Housing Needs Analysis for Mason County and The City of Shelton” provides several strategies for addressing the affordable housing and supportive needs of the special populations of lower income Mason County residents.

### **Housing Goals And Policies**

The following Goals and Policies have been developed in response to the housing related issues addressed in this Comprehensive Plan. As Shelton continues to grow, the preservation of existing housing stock, the maintenance of neighborhood character, a healthy mix of housing types, and the provision of available, affordable housing are all difficult, yet important goals that must be pursued. Through clear Goals and Policies, Shelton can begin to work toward these challenges.

**H1. Maintain a socio-economic and physical diversity within and among existing and new neighborhoods that build upon existing physical features and that define the Shelton area landscape.**

- H1a. Encourage a variety of housing types and styles within individual developments/neighborhoods and throughout the community as a whole through the identification and implementation of tools such as performance or design standards.
- H1b. Establish building design guidelines for specific areas of the city, such as downtown or historic districts, which encourage developers to recognize and incorporate elements of Shelton's rich historical past.
- H1c. Encourage the provision of public, semi-public and/or private open space and parks as part of all new residential developments through an incentive/ density bonus or similar program.
- H1d. Analyze opportunities to link open space corridors prior to permitting and clearing and grading for new residential development. Encourage developers to incorporate greenbelts, forested areas, streams, trails and other significant landscape features into residential developments and to retain these natural features as a means of defining neighborhoods.
- H1e. Encourage the rehabilitation or redevelopment of older residential areas, while preserving the character of established residential neighborhoods.
- H1f. Residential redevelopment and infill should be encouraged by providing flexibility in the zoning code to encourage creative solutions where strict application of the normal standards will not meet the intent of efficient land utilization and preservation of neighborhoods.
- H1g. Special Needs Housing shall be designed and maintained to be compatible with the surrounding neighborhood.

**H2. Focus new residential development toward vacant, platted lots and ensure that all new development outside of existing platted areas is carefully sited, and consistent with desired development patterns.**

- H2a. All residential developments shall respect the physical characteristics of the site relating to soils, slope, geology, erosion, hydrology and natural vegetation.
- H2b. Residential development along City shorelines and hillsides should be subject to appropriate setbacks and buffers in order to reduce the bulk and visual impacts.

**H3. Encourage the availability of an adequate supply of housing at price ranges and rent levels that meet the community's needs and allow for flexibility of location, type and density.**

- H3a. Encourage a variety of lot sizes to increase opportunities for affordable housing.
- H3b. Designate sufficient land for a variety of housing types and densities.
- H3c. Disperse assisted housing intended to meet the needs of low-income people throughout the City.
- H3d. Encourage the development of the potential living space currently located above many of the retail businesses in downtown Shelton and encourage residential uses on the upper floors of new commercial projects as an important affordable housing resource.
- H3e. Support regional efforts to provide affordable housing opportunities throughout the County.
- H3f. Ensure that all residents of Shelton have an equal and fair opportunity to obtain adequate, safe and sanitary housing suitable to their needs and financial resources regardless of race, religion, gender, sexual orientation, gender identity, age, national origin, family status, income or disability.
- H3g. Consider allowance of development of residential buildings that have shared facilities, such as single-room occupancy, and micro-housing.
- H3h. Consider implementation of development incentives that encourage residential development utilizing creative design such as tiny home clusters, etc.
- H3i. Ensure compatibility of residential uses and quality of housing through development and/or design standards.
- H3j. Consider the establishment of an affordable housing incentive program similar to those envisioned in RCW 36.70A.540.
- H3k. Prior to the sale of City owned land, the City will evaluate the feasibility of the site for sale to an affordable housing provider or otherwise utilize the property to support affordable housing opportunities.

**H4. Ensure that the basic infrastructure needs of residential development, such as roads, alleys, schools and parks, are designed to best serve the needs of residential development, and the community as a whole, in terms of access, efficiency and compatibility with existing and future development on adjacent parcels.**

- H4a. Encourage alleys as the appropriate location for garage access, garbage and recycling containers and other items that detract from the "curb appeal" of residential developments.

- H4b. "Grid" or modified grid street patterns shall be encouraged when topography permits in any new residential development in order to maintain points of reference and the feeling of community, as well as to provide an efficient roadway network.
  - H4c. Maintain the feeling of a small and "visitor friendly" community through the placement and maintenance of traditional street signs in all residential areas.
  - H4d. Integrate new infrastructure into existing networks to provide smooth transitions and to maintain community character.
- H5. Allow mobile homes and/or manufactured housing within residential areas with design standards applied to ensure compatibility with existing neighborhoods or anticipated housing.**
- H5a. Manufactured housing and/or mobile home parks shall be permitted in accordance with design standards to ensure compatibility with neighborhood character.
- H6. Ensure a safe and healthy built environment and assist in the preservation of existing housing stock and the overall appearance of neighborhoods to foster continued investment within the community.**
- H6a. Ensure the provision of safe housing for residents of all income levels through timely enforcement of applicable, building, fire, and life safety codes.
  - H6b. Ensure neighborhood investments are maintained through timely enforcement of applicable nuisance and land use codes.
  - H6c. Protect neighborhoods and existing housing from new off-site impacts such as noise, odors, and glare through consideration of impacts with all new development.
  - H6d. Continue to support community based efforts such as Neighborhood Watch programs and United Way's Day of Caring as a way to build and preserve community pride.