

HOUSING NEEDS ASSESSMENT

CITY OF CHELAN | July 2020 | **DRAFT**

INTRODUCTION

This draft housing needs assessment presents an evaluation of current housing supply and housing needs in Chelan, across the full spectrum of household types and income levels. This data will be synthesized with information gathered through engagement with residents and stakeholders to create a comprehensive needs assessment. This assessment will help evaluate potential options and guide implementation so that the Housing Action Plan (HAP) plan strategies are based on data and connect to the needs of residents. The assessment helps to answer the following kinds of questions:

- Who lives and works in Chelan and what are their socioeconomic characteristics?
- What types of housing are available in Chelan?
- Are there any groups of people who are not able to find housing that is safe, affordable, and meets their household needs?
- How much housing, and what types of housing, are needed to meet current and future housing needs of Chelan residents?

This housing needs assessment is organized into five sections: a community profile, a workforce profile, a housing inventory, and a gap analysis.

COMMUNITY PROFILE

Note: The information below is based on information available prior to the COVID-19 pandemic which has resulted in a slowing of economic activity at the time of this writing. It is likely there will be an exacerbation of housing affordability barriers for a period of time.

Populations

Permanent and Seasonal Population

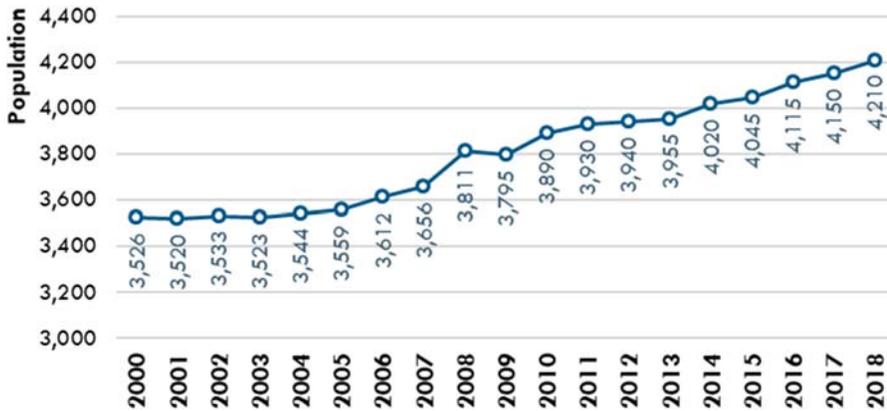
Chelan is the second largest city in Chelan County after Wenatchee and makes up 5% of the countywide population of 77,800. According to the Office of Financial Management (OFM), Chelan's permanent city population was about 4,210 in 2018, growing incrementally to 4,265 in 2019.¹ The city's population remained relatively flat from 2000 to 2005 – with an annual average growth rate (AAGR) of 0.19% –

¹ While the state has estimates of population to 2019, the year 2018 is the base year in this assessment due to the availability of 2018 American Community Survey (ACS) information.

and has steadily increased since 2005 at an AAGR of 1.28%, or about 50 people per year. Since 2000, the city’s population has increased by over 19% (Exhibit 1).

During summer months, the seasonal population can grow to approximately 25,000 including tourists, permanent residents, and part-time residents as described in the Comprehensive Plan.

Exhibit 1. Total City of Chelan Population, 2000-2018

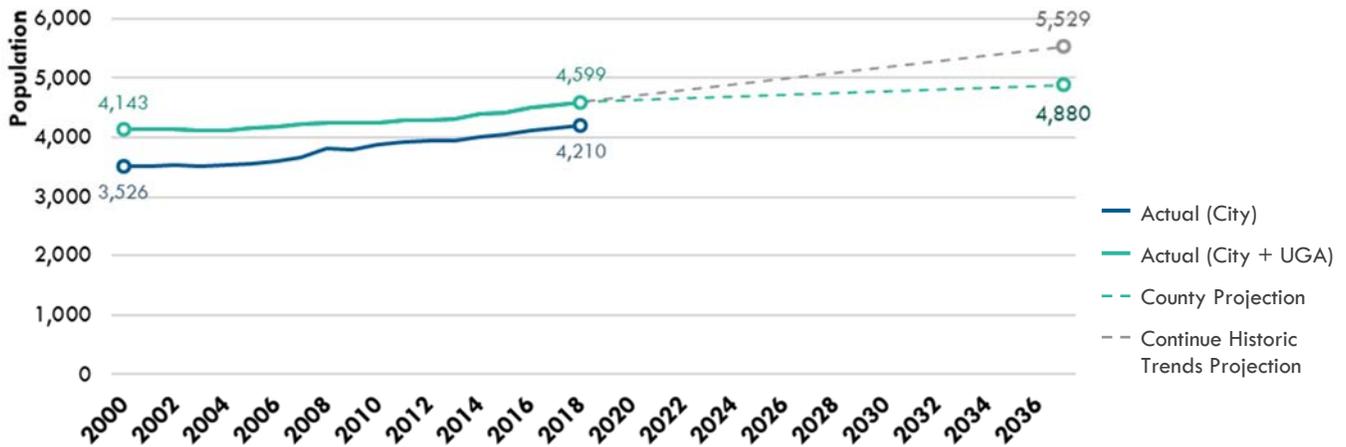


Source: OFM, 2018; BERK, 2020.

In 2018, another 389 estimated residents lived in the Unincorporated Urban Growth Area (UGA), for a total city and UGA population of 4,599.² Based on growth allocations developed by Chelan County, Chelan city limits and UGA would add a little over 400 people by 2037 (from the 2015 population) for a total of 4,880 people, slowing the AAGR to 0.31% through 2037. However, the actual AAGR from 2000 to 2018 was 0.97%. If the city continues to grow according to historic trends at an AAGR of 0.97%, the net change in permanent population would be closer to 930, for a total Chelan city limits and UGA population of 5,529 in 2037 (Exhibit 2). The Comprehensive Plan assumes an AAGR of 1.24%, based on the period 1990-2015, and a population of 5,719 by 2017 for the city and UGA together.

² OFM, 2018. The 2019 estimated population in the UGA is slightly lower at 359; a recent annexation in 2019 does not include population. According to OFM, this adjustment may be due to changes in spatial data or other factors (https://ofm.wa.gov/sites/default/files/public/dataresearch/pop/smallarea/docs/saep_user_notes_and_errata.pdf).

Exhibit 2. Historic and Projected Combined City and UGA Population, 2000-2037



Source: OFM, 2018; BERK, 2020.

The City has sufficient residential land capacity to meet either its population growth target (4,880), growth at historic trends from 2000-2018 (5,529), or growth at longer-term trends (5,719) identified in the Comprehensive Plan. Based on the adopted Future Land Use and Zoning Map and the change in dwelling units and population from 2015 to 2018, there is remaining capacity in the city and UGA to accommodate an additional 1,156 dwellings and 2,932 population (Exhibit 3).³

Exhibit 3. City of Chelan and UGA Land Capacity, 2018

City and UGA Total	2015	Capacity Over 2015	2018	2014-2018 Change	Remaining Capacity	Total
Permanent Dwelling Units	2,867	1,327	3,038	171	1,156	4,194
Permanent Population	4,414	3,117	4,599	185	2,932	7,531

Note: The land capacity analysis in the City of Chelan’s Comprehensive Plan was based on population and dwelling units from 2015. Accounting for growth from 2015-2018, remaining capacity is still sufficient to meet either the city’s 2037 population growth target (4,880) or growth at historic trends (5,529). The 2015 and 2018 demographics are based on data from OFM for the combined city of Chelan and UGA.

Source: OFM, 2018; City of Chelan Comprehensive Plan Land Capacity Analysis, 2017; BERK, 2020.

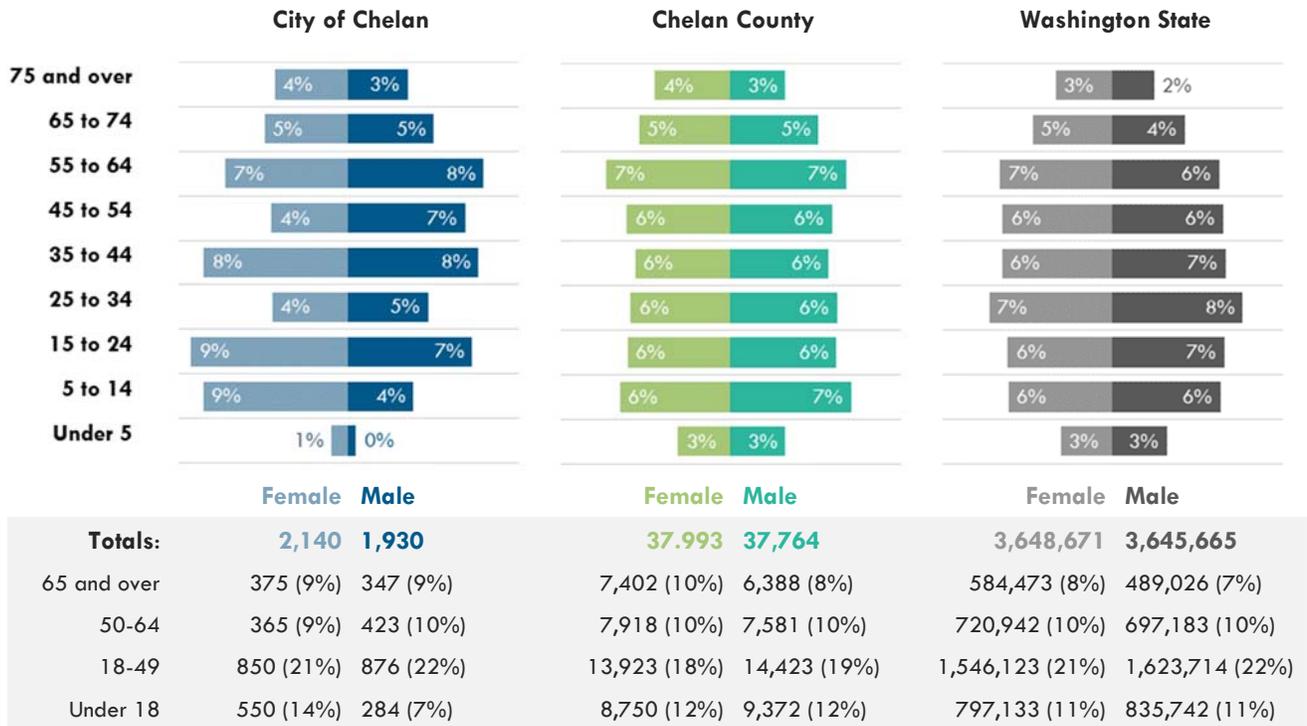
Age

According to 2018 data from the American Community Survey (ACS), the median age in Chelan is 42.9 year, older than the county at 40.2 years and the state at 37.6 years. In 2018, nearly one fifth of Chelan’s population is 65 years and older (18%) – similar to the county as a whole (18%) and slightly more than the state (15%) – and about one fifth of the population is between ages 50-64. Within the next 20 years, the senior population is expected to grow as baby boomers retire. Many of these residents will have special housing needs as they age (e.g., features to accommodate limited mobility).

About one fifth of the city’s population is under 18 years of age (21%), which is slightly lower than the county as a whole (24%) and the state (22%). There is a lack of young adults in their 20s and 30s, with a notable drop of those age 25-34. See Exhibit 4.

³ City of Chelan Comprehensive Plan, 2017.

Exhibit 4. Population by Age Range, 2018



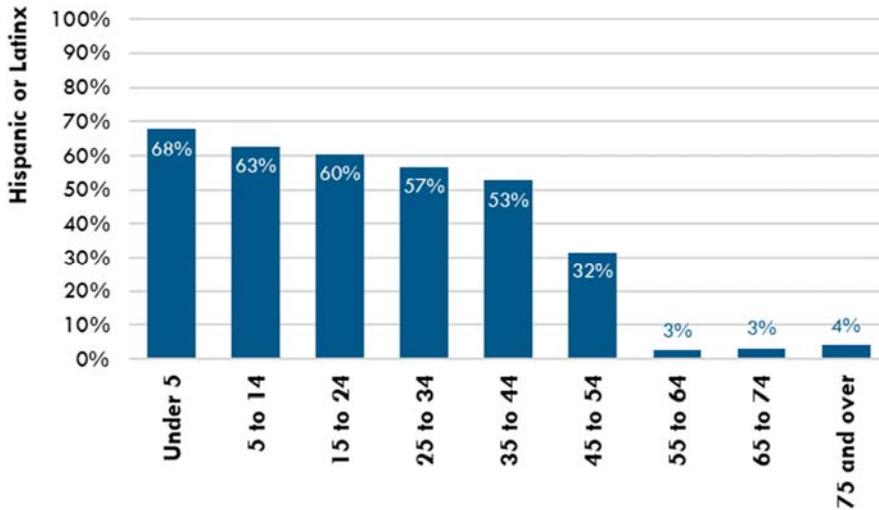
Source: US Census Bureau, 2014-2018 American Community Survey (ACS) 5-Year Estimates (Table S0101); BERK, 2020.

Ethnicity, Race, and Language Spoken at Home

The City of Chelan is about 82% white with a large Hispanic or Latinx population at 37%. This is similar to Chelan County as a whole (85% white and 28% Hispanic or Latinx). Most of the Hispanic or Latinx population in Chelan identifies as Mexican (87%).⁴ Notably, the older population in the City of Chelan is less diverse than younger age groups (Exhibit 5).

⁴ US Census Bureau, 2014-2018 ACS 5-Year Estimates (Table DP05).

Exhibit 5. Percent of Hispanic or Latinx Population by Age Range in City of Chelan, 2018



Source: US Census Bureau, 2014-2018 ACS 5-Year Estimates (Tables B010011 and S0101); BERK, 2020.

Reflecting the city’s ethnic diversity, about 37% of the population age 5 and over speak a language other than English at home, with 35.9% speaking Spanish and less than 1% speaking other Indo-European languages. About half (54%) of those speaking another language at home speak English very well.⁵

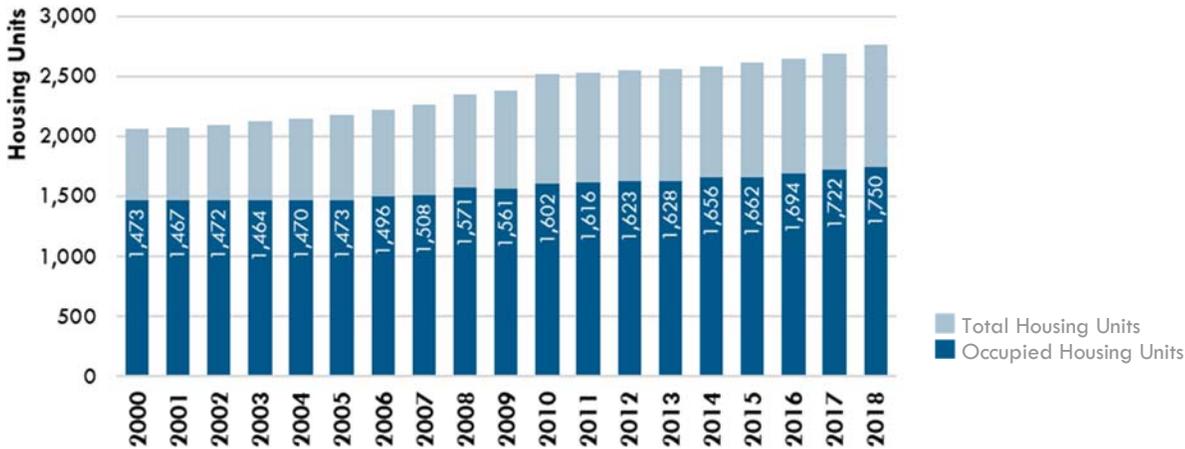
Households

A household is a group of people who live in a single dwelling unit, such as a house or apartment. Households can have only one member or many members. They can be families or unrelated people living together. Understanding the make-up of households in the city across age, race, and family sizes helps us to better understand and provide affordable housing to a diversity of household types and sizes.

In 2018, there were 1,750 occupied housing units (households) within city limits, which is a 19% increase from the 1,473 occupied units documented in 2000 (Exhibit 6). However, the number of occupied housing units remained relatively unchanged from 2000 to 2007 followed by an increase of about 25 units per year thereafter – the AAGR of occupied housing units from 2000 to 2007 was 0.33% versus an AAGR of 1.34% from 2007 to 2018. Compared to the total number of housing units available in the city, the percentage of occupied housing units has steadily decreased from 72% in 2000 to 63% in 2018.

⁵ US Census Bureau, 2014-2018 ACS 5-Year Estimates (Table S1601).

Exhibit 6. Occupied Housing Units in City of Chelan, 2000-2018



Source: OFM, 2018; BERK, 2020.

Note: The State OFM reports 1,750 occupied housing units in 2018 while the 5-year ACS reports 1,610. OFM tracks building permit data and household occupancy annually from City data and may be more accurate regarding the share of occupied and seasonal housing. ACS is based on survey data.

Household Tenure and Size

About 57% of occupied-housing units in the City of Chelan are owner-occupied and 43% are renter-occupied (Exhibit 7).⁶ A larger share of the city’s dwellings are renter-occupied compared to the county as a whole (34%) and statewide (37%).

Exhibit 7. Households by Housing Tenure in City of Chelan, 2018

	Chelan	Chelan County	Washington State
Total Occupied Units	1,610	28,038	2,800,423
Owner-occupied	57.1%	65.8%	62.7%
Renter-occupied	42.9%	34.2%	37.3%

Source: US Census Bureau, 2014-2018 ACS 5-Year Estimates (Table DP04); BERK, 2020.

The city’s average household size has remained relatively constant since 2000, increasing slightly from 2.35 in 2000 to 2.39 in 2018 (Exhibit 8).⁷ This is less than Chelan County at 2.66 and the statewide average of 2.55.⁸ Nearly three-quarters of the city’s households have only one or two members (Exhibit 9), likely due to the share of persons above retirement age. On average, renter households are slightly larger than owner households (2.79 versus 2.28, respectively; Exhibit 10).⁹

Approximately 1% of households in the city are considered overcrowded compared to 3.2% of households countywide.¹⁰

⁶ US Census Bureau, 2014-2018 ACS 5-Year Estimates (Table DP04).

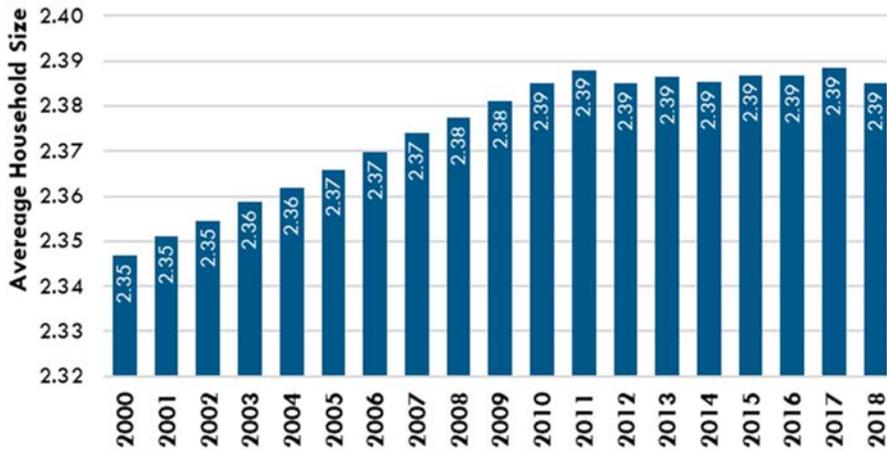
⁷ OFM, 2018. Note that the 2014-2018 ACS 5-Year Estimates report an average household size of 2.5 for Chelan in 2018, slightly higher than reported by OFM.

⁸ US Census Bureau, 2014-2018 ACS 5-Year Estimates, Quick Facts.

⁹ US Census Bureau, 2014-2018 ACS 5-Year Estimates (Table DP04).

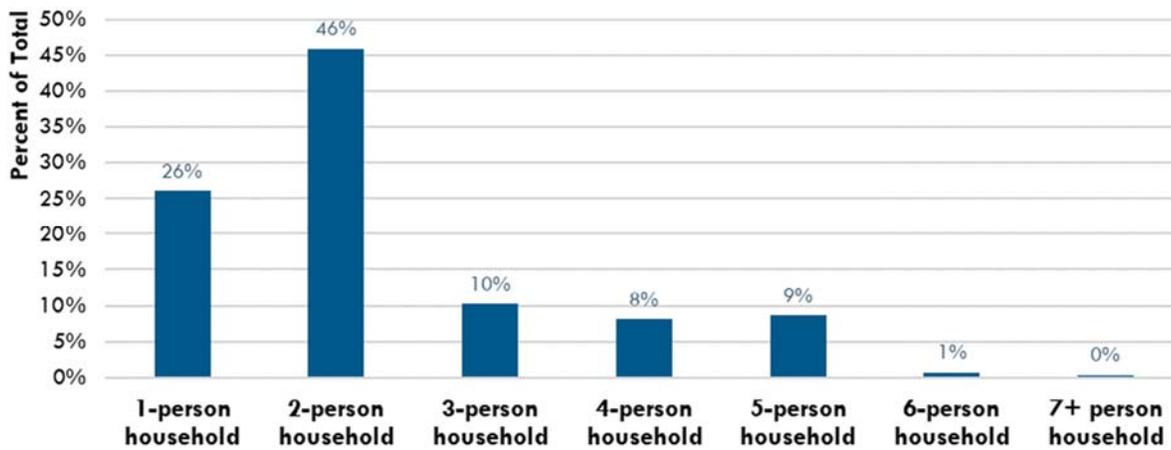
¹⁰ Occupied housing units with more than one person per room are considered crowded. US Census Bureau, 2014-2018 ACS 5-Year Estimates (Table DP04).

Exhibit 8. Average Household Size in City of Chelan, 2000-2018



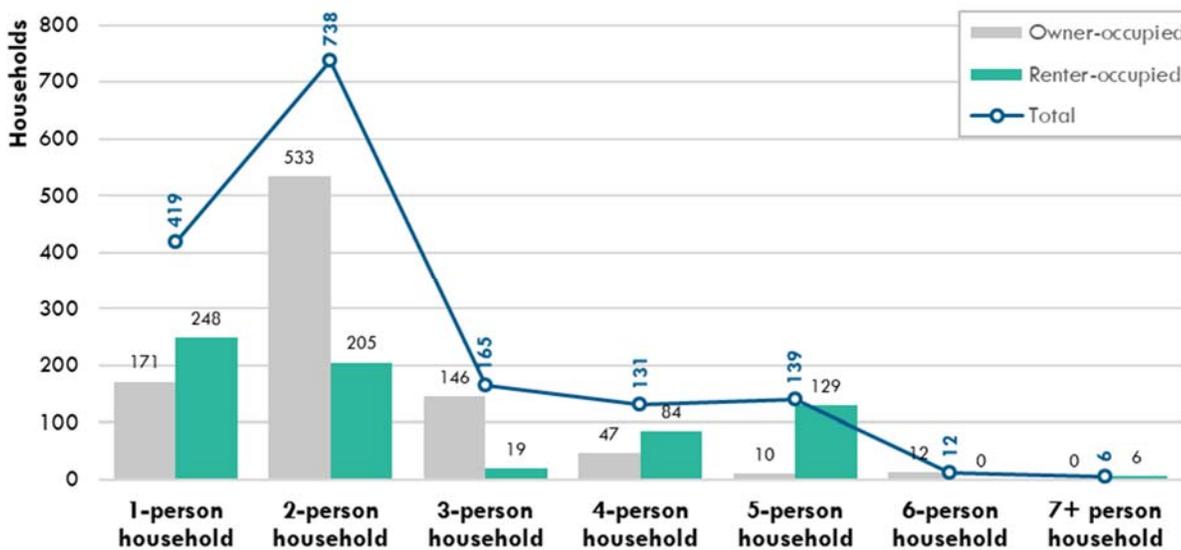
Source: OFM, 2018; BERK, 2020.

Exhibit 9. Households by Size in City of Chelan, 2018



Source: US Census Bureau, 2014-2018 ACS 5-Year Estimates; BERK, 2020.

Exhibit 10. Household Size by Tenure in City of Chelan, 2018



Source: US Census Bureau, 2014-2018 ACS 5-Year Estimates; BERK, 2020.

Household Income

Understanding the relationship and distribution of household income and housing prices is vital to Chelan's efforts to plan for its housing needs. A household's income dictates its housing decisions and opportunities. When summarizing housing affordability by income level, households are typically grouped relative to the US Department of Housing and Urban Development (HUD) Area Median Family Income (MFI, also known as "AMI"). Income groups are typically defined as follows:

- Extremely Low Income: $\leq 30\%$ AMI
- Very Low Income: 30-50% AMI
- Low Income: 50-80% AMI
- Moderate Income: 80-100% AMI
- Above Median Income: $> 100\%$ AMI

HUD AMI for Chelan/Douglas County was \$67,100 in 2018.¹¹ HUD also publishes Consolidated Planning/CHAS data which groups households by income level relative to MFI. These data include adjustments to account for differences in household size to reflect the fact that the living expenses for a 1-person household are significantly less than those of a family of four. Income limits to qualify for affordable housing are often set relative to HUD AMI.

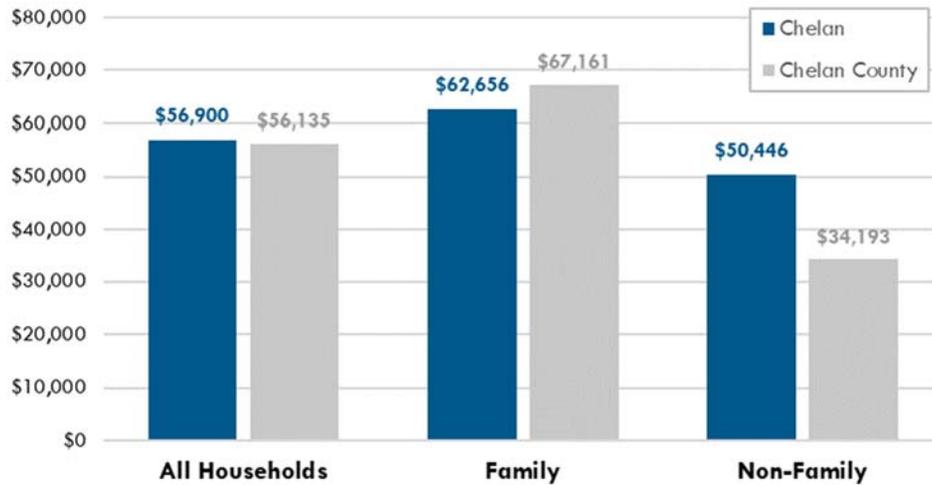
The ACS estimates median income specific to the City of Chelan and Chelan County, but does not present household counts by income level relative to HUD AMI. Rather it provides income based on bins by dollar amounts, without adjustment for household size. Exhibit 11 shows 2018 ACS median income in the city and county for families (households with two or more related persons) and non-families.¹²

- In 2018, the City of Chelan's AMI was approximately \$56,900 for all households, slightly higher than the countywide AMI of \$56,135.
- The City of Chelan's family incomes are lower than the County's family incomes at \$62,656 versus \$67,161.
- In the City of Chelan non-family incomes are higher than the County at \$50,446 versus \$34,193. Family incomes, however, are typically higher than non-family incomes due to the higher earnings from potential dual income households. The gap in the city is not as wide as it is in the county, where non-family households make roughly half that of family households.

¹¹ HUD Income Limits, 2018 (<https://www.huduser.gov/portal/datasets/il.html#2018>).

¹² Family households consist of two or more individuals residing together who are related by birth, marriage, or adoption, and includes any unrelated people (unrelated subfamily members and/or secondary individuals) who may be residing there. Non-family households consist of people who live alone or who share their residence with only unrelated individuals. US Census Bureau, Subject Definitions (<https://www.census.gov/programs-surveys/cps/technical-documentation/subject-definitions.html#familyhousehold>).

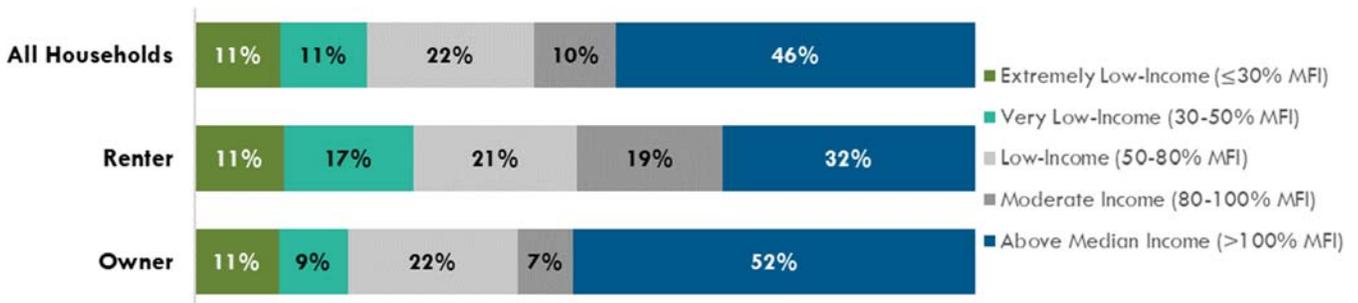
Exhibit 11. Median Household Income by Household Type, 2018



Source: US Census Bureau, 2014-2018 ACS 5-Year Estimates; BERK, 2020.

Exhibit 12 breaks down renter- and owner-occupied households in the City of Chelan by income level relative to HUD AMI. As of 2016, 11% of all households in Chelan were considered “extremely low income,” 11% were considered “very low income,” and 22% were considered “low income.” While the share of extremely low income households is consistent between renter- and owner-occupied households, owner households are much more likely to have incomes above 100% AMI.¹³ Only 32% of renter households earn at or above AMI, compared to 52% of owner households.

Exhibit 12. Percentage of Households by Income Level and Tenure in City of Chelan, 2012-2016



Note: MFI is also used to denote the HUD Area Median Family Income and is the same as AMI in this analysis. Income categories (Extremely Low, Very Low, etc.) are based on Chelan/Douglas County HUD AMI of \$67,100. Households include only those in the City of Chelan. Source: HUD CHAS (based on ACS 2012-2016 5-year estimates); BERK, 2020.

Cost-Burdened Households

One of the best indicators of affordable housing needs is the number of households that are “cost-burdened” or spending too much of their income on housing. These households have limited resources left

¹³ Note that when grouping households by income level, HUD adjusts income thresholds based on household size to reflect the fact that the living expenses for a 1-person household are significantly less than those of a family of four. These adjustments are based on HUD’s published household [Income Limits](#) needed to qualify for income-restricted affordable housing that is set aside for households at a specified income level or below. [Washington State Housing Finance Commission](#) publishes an expanded version of these income limits for each county in Washington State.

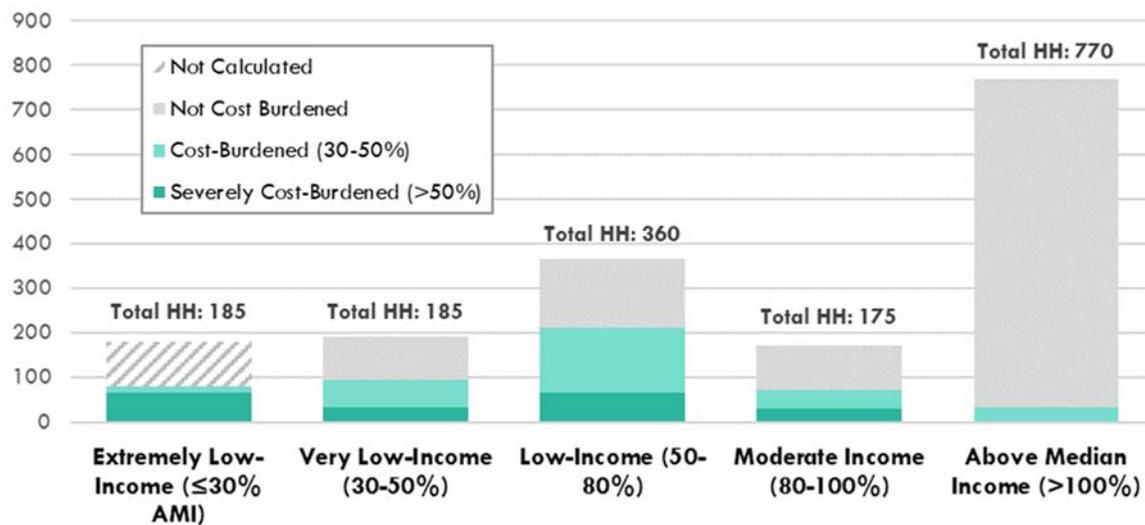
over to pay for other life necessities such as food, clothing, medical care, transportation, and education. They are also at higher risk of displacement when housing costs rise, or life circumstances change.

HUD considers housing to be affordable if it costs no more than 30% of a household’s income. Households paying more than 30% of their income for housing are cost-burdened, while households paying more than 50% are severely cost-burdened.

In 2016, 30% of all households in Chelan were cost-burdened. Households with lower incomes are more likely to be cost-burdened.

Exhibit 13 presents estimates of total households by income level and cost burden status in the City of Chelan. While there are cost burdened households across the income spectrum, cost burden is most prevalent amongst those earning less than HUD AMI. About 80 households (43%) with extremely low incomes, 95 households (51%) with very low incomes, and 210 households (58%) with low incomes are cost-burdened.

Exhibit 13. Households by Income Level and Cost-Burden Status in City of Chelan, 2016

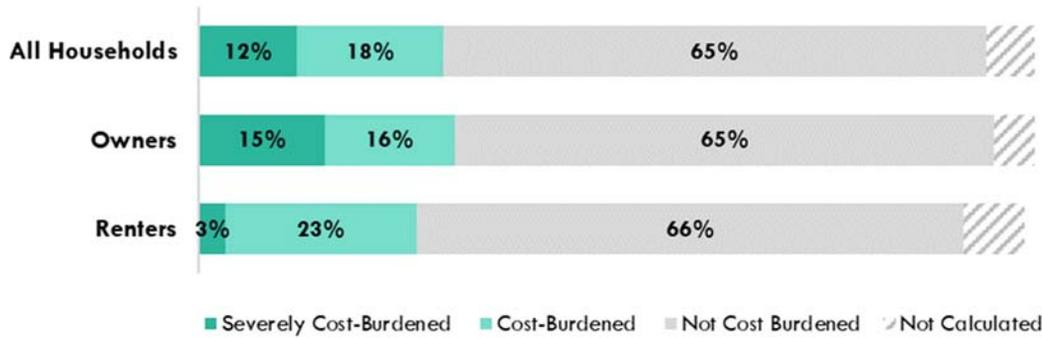


Note: Income categories (Extremely Low, Very Low, etc.) are based on Chelan/Douglas County HUD AMI of \$67,100. Households include only those in the City of Chelan.

Source: HUD CHAS (based on ACS 2012-2016 5-year estimates); BERK, 2020.

Overall, owners are slightly more likely to be cost-burdened than renters, with owner households more likely to be severely cost-burdened and renter households more likely to be cost-burdened (Exhibit 14).

Exhibit 14. Cost-Burdened Households by Housing Tenure in City of Chelan, 2016



Source: HUD CHAS (based on ACS 2012-2016 5-year estimates); BERK, 2020.

While there are households struggling with housing costs across the entire income spectrum, the greatest number are among household types with incomes below 80% of HUD AMI. The greatest need is among seniors living alone and non-family households, which are typically people living alone or with unrelated housemates (Exhibit 15).

Exhibit 15. Cost-Burdened Households by Household Type and Income Level in City of Chelan, 2016

Household Type	Extremely Low-Income (≤30% AMI)	Very Low-Income (30-50% AMI)	Low-Income (50-80% AMI)	Moderate Income (80-100% AMI)	Above Median Income (>100% AMI)	All Cost-Burdened Households
Senior Family	0	0	0	15	0	15
Seniors Living Alone	15	80	15	45	0	155
Large Family	0	0	10	0	0	10
Small Family	0	15	50	10	20	95
Other	65	0	135	0	15	215
Total	80	95	210	70	35	490

Senior family: Two persons, either or both age 62 or older

Seniors living alone: A person age 62+ living alone

Large family: Families with 5 or more members

Small family: Families with 2-4 members (excluding elderly families)

Other: Non-family, non-elderly households (includes those living alone or with housemates)

Note: Income categories (Extremely Low, Very Low, etc.) are based on Chelan/Douglas County HUD AMI of \$67,100. Households include only those in the City of Chelan.

Source: HUD CHAS (based on ACS 2012-2016 5-year estimates); BERK, 2020.

Affordability is a complex issue influenced by many factors and this share of income approach to measuring affordability is not a perfect metric. While the approach highlights the problem of affordability, it may inadequately describe problems faced by households with lower income. For example, households with higher incomes could pay 30% or more of their income on housing and have enough money left over to avoid difficult budget tradeoffs that a lower income family would encounter. Higher income households would also be able to afford considerably more and have far more options than households whose incomes are at or below the city median of \$56,900 per year (whose affordability index places them with a total monthly housing cost not to exceed \$17,070 per year or

\$1,422.50 a month). Another concern is that measuring just the share of income spent on housing does not adequately capture the cost of tradeoffs often made to reduce housing costs.

Residents with Special Housing Needs

Older Residents

Approximately 18% of residents in Chelan are age 65 or older and a little over 600 residents age 55–64 will become older residents within the next 10 years.¹⁴ While older residents are diverse and have a range of housing preferences, many need affordable, accessible housing in age-friendly neighborhoods with close links to health and other supports. While many of these households in Chelan have the financial means to afford appropriate housing and services, others will not.

Exhibit 15 above shows the prevalence of cost-burden among senior households across income ranges. The greatest need is among seniors living alone with incomes below AMI. Most of these seniors own their homes (140 of the 155 cost-burdened seniors living alone).¹⁵

Seasonal Populations and Short-term Rentals

The Comprehensive Plan reports a seasonal population of up to 25,000 in the peak summer season based on information from the local Chamber of Commerce which lacks detail on the method of the count.¹⁶ The Comprehensive Plan Capital Facility Plan also estimated seasonal population equivalents based on taxable retail sales information estimating around 8,650 seasonal population equivalents in 2016, and a future total of 11,200 to 23,600 by 2037.

Exhibit 16. Seasonal Population Equivalents based on Taxable Retail Sales (TRS): 2010-2016

Year	Permanent Population	Average TRS Q1+Q4: Permanent Population	Average Non-Peak \$\$ Per Capita	Average TRS Q2+Q3 Peak Sales	Maximum Seasonal Population Equivalents
2010	3,890	\$24,854,855	\$6,389.42	\$39,455,282	6,175
2016	4,115	\$28,231,954	\$6,860.74	\$59,352,013	8,651

Note: Derived by dividing taxable retail sales per capita during non-peak seasons and dividing peak taxable retail sales by that amount during peak months.

Source: Washington State Department of Revenue, 2017; BERK Consulting 2017

¹⁴ US Census Bureau, 2014-2018 ACS 5-Year Estimates

¹⁵ HUD CHAS (based on ACS 2012-2016 5-year estimates).

¹⁶ Chelan Chamber of Commerce (2020). Chelan. Available: <https://www.lakechelan.com/area/chelan/>

WORKFORCE PROFILE

Countywide Workforce and Employment Trends

Note: The information below is based on information available prior to the COVID-19 pandemic which has resulted in a near cessation of economic activity.

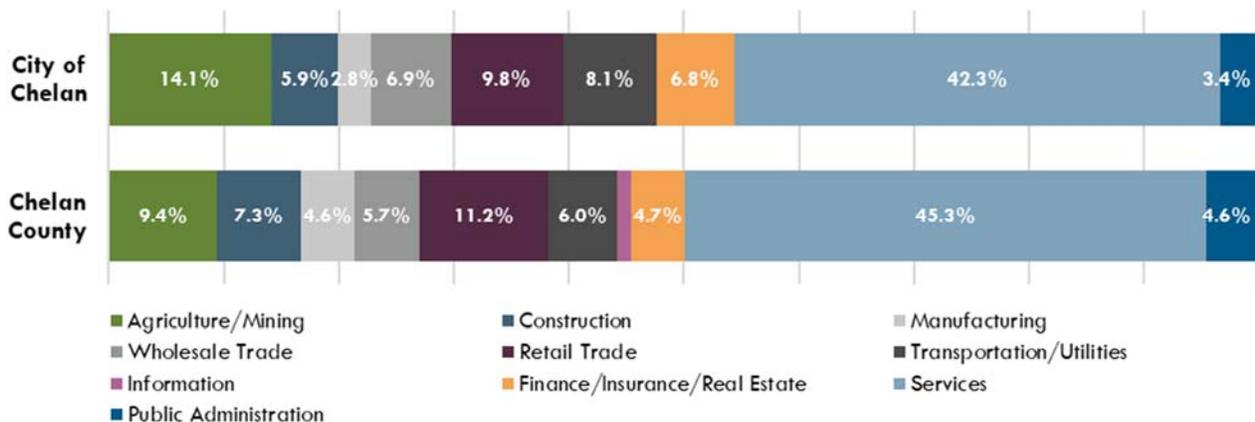
Chelan County had a total covered employment of 45,085 and average annual wage was \$40,452 or 61.1% of the state average of \$66,195 in 2018. Agriculture was the largest provider of jobs in the county, accounting for 24% of all jobs (10,609 jobs). While agriculture accounts for 24% of jobs in the county, it accounts for only 16% of wage income, reflecting the seasonal nature of its jobs. Government was the largest provider of wages in the county, accounting for 22% of total covered wage income, followed closely by healthcare and social assistance (21%) – these industries account for 16% and 14% of jobs in the county, respectively.¹⁷

Citywide Employment

Job estimates vary depending on the source and year. ACS and Census OnTheMap indicate 2,632 jobs as of 2017. As of 2019, the total daytime population in the City of Chelan included 3,553 workers according to ESRI Business Analyst that uses Census based information and estimates jobs for the current year.¹⁸

Regardless of the estimate, all source information illustrates that the city is a service-oriented economy. About 42.3% of the population works in the services industry, which is similar to the number of people in Chelan County working in the services industry (Exhibit 17). Jobs are concentrated in Downtown, in the southwest near Slidewaters, and in the east near Walmart (Exhibit 18).

Exhibit 17. Employment by Industry in City of Chelan and Chelan County, 2019 – ESRI, Business Analyst

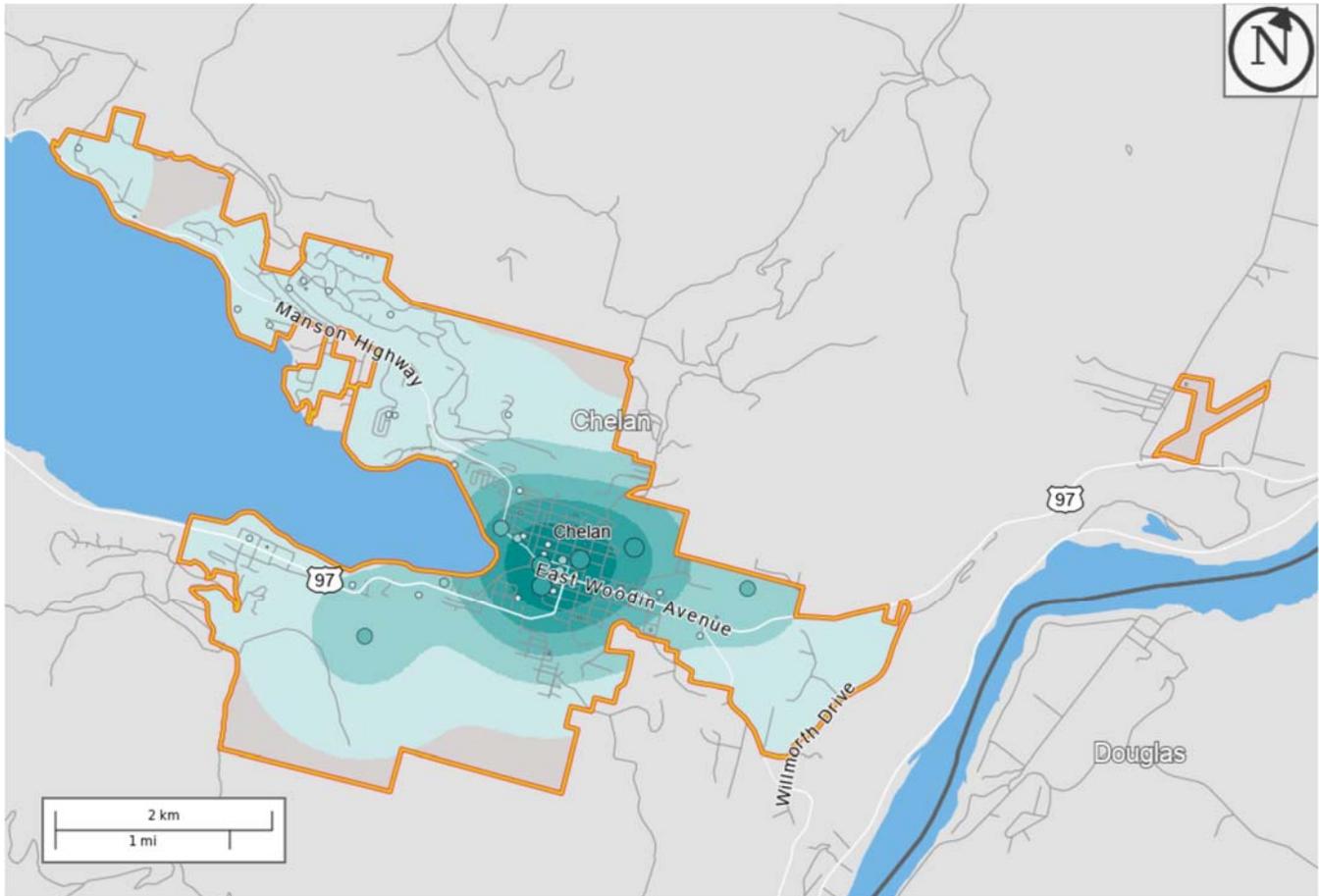


Source: ESRI, Business Analyst, 2019.

¹⁷ Washington State Employment Security Department (ESD), Annual Averages, 2018 (available at <https://esd.wa.gov/labormarketinfo/covered-employment>).

¹⁸ ESRI, Business Analyst, 2019.

Exhibit 18. City of Chelan Job Density, 2017 – Census OnTheMap



- 1 - 4 Jobs
- 5 - 32 Jobs
- 33 - 105 Jobs
- 106 - 249 Jobs
- 250 - 486 Jobs
- 5 - 151 Jobs/Sq.Mile
- 152 - 590 Jobs/Sq.Mile
- 591 - 1,322 Jobs/Sq.Mile
- 1,323 - 2,346 Jobs/Sq.Mile
- 2,347 - 3,664 Jobs/Sq.Mile

Source: US Census, OnTheMap, 2017.

Exhibit 19 compares the share of 2017 employment by NAICS industry sector in the City of Chelan to Chelan County. Reflecting countywide patterns, the top five sectors in the city include agriculture, accommodations/food services, health care, education, and retail.

Exhibit 19. Jobs by NAICS Industry Sector, 2017 – Census OnTheMap

NAICS Industry Sector	City Count	City Share	Chelan County Share
Agriculture, Forestry, Fishing and Hunting	520	19.8%	19.3%
Accommodation and Food Services	470	17.9%	10.9%
Health Care and Social Assistance	374	14.2%	16.5%
Educational Services	351	13.3%	8.0%
Retail Trade	312	11.9%	9.8%

NAICS Industry Sector	City Count	City Share	Chelan County Share
Public Administration	95	3.6%	3.0%
Finance and Insurance	88	3.3%	1.7%
Wholesale Trade	85	3.2%	5.7%
Other Services (excluding Public Administration)	77	2.9%	2.1%
Construction	48	1.8%	4.7%
Information	40	1.5%	1.5%
Manufacturing	37	1.4%	4.7%
Real Estate and Rental and Leasing	33	1.3%	1.4%
Transportation and Warehousing	25	0.9%	2.7%
Professional, Scientific, and Technical Services	25	0.9%	2.2%
Administration & Support, Waste Management and Remediation	25	0.9%	1.3%
Arts, Entertainment, and Recreation	23	0.9%	1.9%
Utilities	4	0.2%	2.5%
Mining, Quarrying, and Oil and Gas Extraction	0	0.0%	0.1%
Management of Companies and Enterprises	0	0.0%	0.0%

Source: US Census, OnTheMap, 2017.

Many workers in the City of Chelan face difficulties obtaining affordable housing. According to 2019 estimates, the median rent for an apartment was as much as \$1,150 in the City of Chelan. Data from the Bureau of Labor Statistics indicate that workers in several occupations across the city's major employment sectors, including farm workers, healthcare support occupations (nursing/medical assistants, home health aides), and retail and sales persons, would have been unable to afford this current median rent, if one assumes that they should spend no more than 30% of their income on housing.

Other occupations where annual wages were not high enough for households to afford current apartment rent include but are not limited to childcare workers, production occupations (bakers, butches, welders, laundry/dry-clean workers, etc.), janitors and maids, amusement and recreation attendants, security guards, food preparation workers, and administrative support workers. All these jobs are key parts of the local economy and support a variety of businesses and services required for the community.¹⁹ To balance their household budgets, many lower-wage workers may move to areas farther away. Investments in affordable housing can ensure that the local workforce, especially lower-wage workers, can live within easy reach of employment centers and in the communities they serve.

Seasonal Employment – Agriculture: In the County about 61% of agricultural jobs are variable, and 6% are temporary H2A Visa requests. Only about 33% are permanent. See Exhibit 20.

¹⁹ Annual wages are based on the US Bureau of Labor Statistics May 2018 Occupational Employment Statistics for the Wenatchee metropolitan area, which includes Chelan and Douglas counties (https://www.bls.gov/oes/current/oes_48300.htm#45-0000 and <https://esd.wa.gov/labormarketinfo/occupations>).

Exhibit 20. 2018 Agricultural Employment in Chelan County

Job Type - 2018	Number	Share
2018 Agricultural Jobs Permanent, Covered	6,764	33%
2018 Agricultural Jobs Variable, Covered (Highest month)	12,465	61%
2018 Agricultural Jobs H2A Visa Requests	1,121	6%
TOTAL	20,350	100%

Sources: Washington State ESD, 2019; US Department of Labor, 2020; BERK, 2020

As indicated in Exhibit 19, nearly 20% of the city’s employment is in agriculture, which is seasonal in nature and involves fruit packing as well as agricultural production jobs. In the past, some producers and packing houses have identified a need for housing for temporary workers in the H2A Visa program. The City’s 2017 Comprehensive Plan & Municipal Code Update addressed accessory housing for farmworkers in the industrial area where there are fruit packing houses.

Seasonal Employment – Tourism: The State of Washington Employment Security Department notes that “more than one in every ten jobs in Chelan County is in the accommodation and food services sector, and ... accounted for 10.7 percent of all jobs in Chelan County, but only 5.7 percent of total wage income, an indicator that many of these positions are part time or seasonal.”²⁰ Accommodation and food service makes up nearly 11% of jobs in the city, and it is likely that a high share would be seasonal.

Anecdotally, in the city, seasonal businesses have had a harder time attracting seasonal employees due to the lack of affordable housing. More information is recommended to be collected from seasonal business owners, both tourist-based and agricultural in nature. The Chelan Valley Housing Needs Assessment in 2018 noted that “most workers in the valley end up working multiple and/or seasonal jobs to get by.” However, the report indicated that survey respondents (171 people looking for housing; 9 employers; 163 general community members) prioritized affordable rentals and affordable homeownership as higher priorities than seasonal housing.

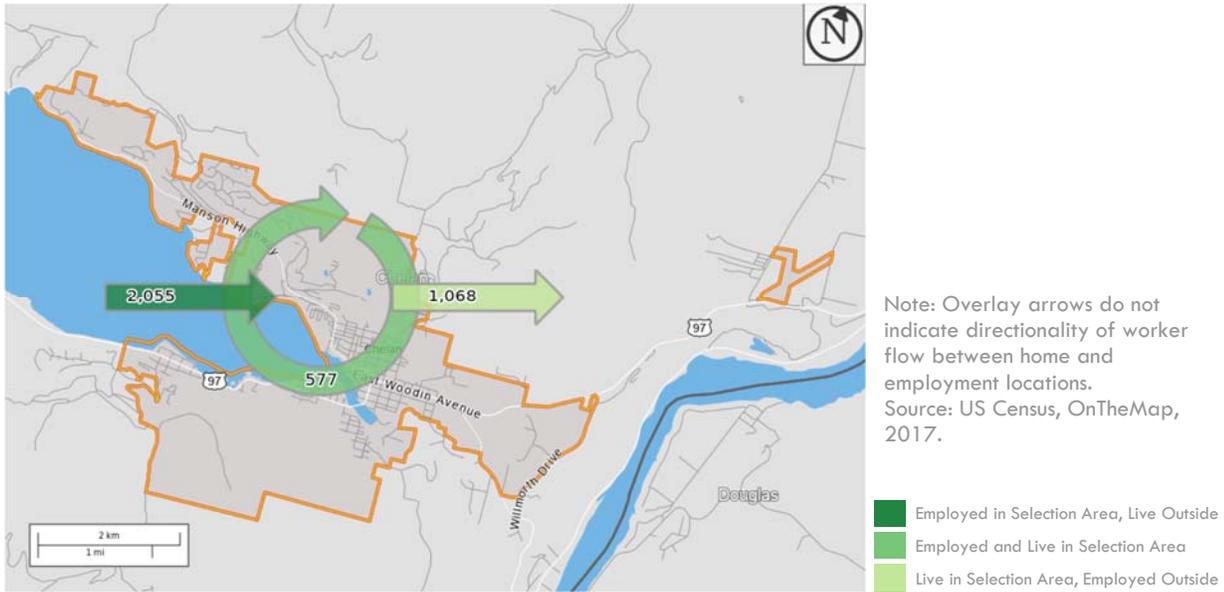
Travel to Work

Exhibit 21 shows the number of inflow/outflow for all jobs in the City of Chelan in 2017. A larger number of people commute into the city for work than leave the city to work in another location – most of the city’s 2,632 workers live elsewhere and were travelling into the city for work (2,055 of the 2,632 total). Some of these workers may desire to live in Chelan but currently live in surrounding areas. It is likely that some of these households living outside of Chelan are doing so to access more affordable housing. Approximately 1,068 people that live in the city travel outside the city for work while 577 people both live and work in the city.²¹

²⁰ State Employment Security Department. Chelan and Douglas County Profiles. Available: <https://esd.wa.gov/labormarketinfo/county-profiles/chelan-douglas>.

²¹ US Census, OnTheMap, 2017.

Exhibit 21. Inflow/Outflow Counts of all Jobs for City of Chelan, 2017



Employment Projections

ESD summarizes Occupations in Demand (OID) by region for the state. The North Central Region includes Adams, Chelan, Douglas, Grant, and Okanogan counties. City of Chelan is part of the North Central: Chelan/Douglas counties region. In the next five years, many lower-paying occupations – such as healthcare support occupations (nursing/medical assistants, personal care aides) and amusement and recreation attendants – are expected to be in demand in the region based on occupational projections and current supply-demand data summarized in the OID list.²²

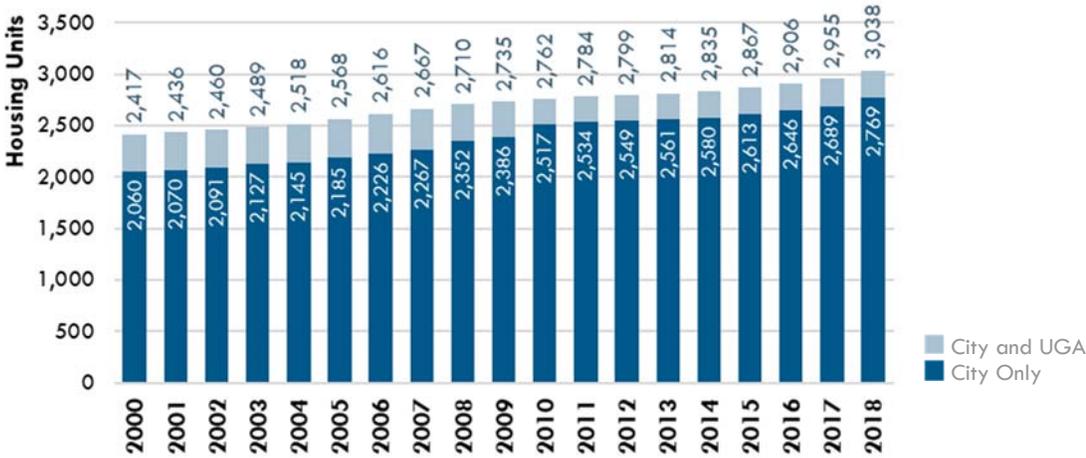
²² Washington State ESD, OID List for North Central WDA: Chelan/Douglas counties, 2018.

HOUSING INVENTORY

Housing Units by Type and Size

In 2018, there were 2,769 housing units in the City of Chelan and an additional 269 housing units in the UGA, for a total of 3,038 housing units in the combined city and UGA (Exhibit 22).

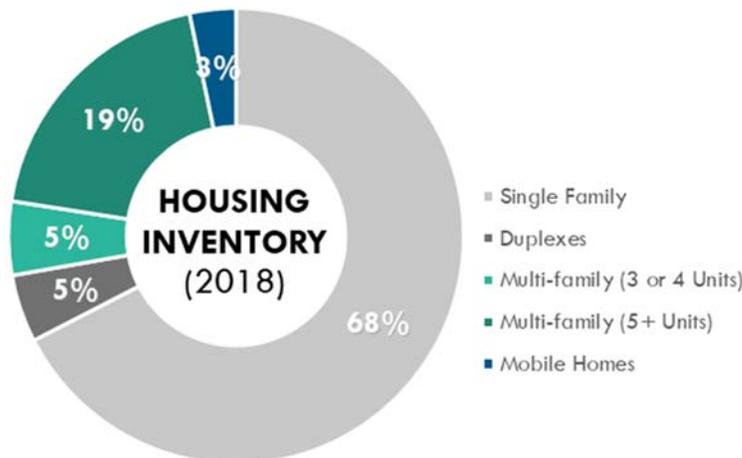
Exhibit 22. Housing Units in City of Chelan and UGA, 2000-2018



Source: OFM, 2018; BERK, 2020.

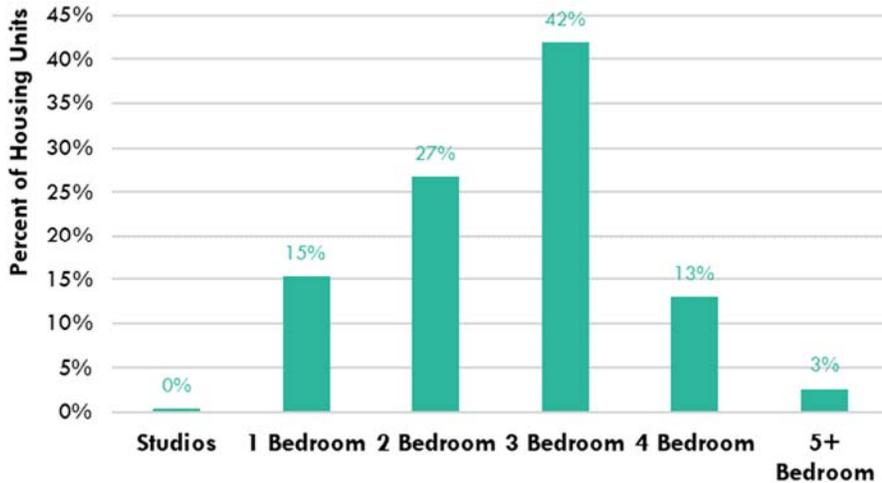
More than two thirds (68%) of these units are single-family homes and nearly one fifth (19%) are multifamily buildings of 5+ units (Exhibit 23). **This reflects a lack of diversity in the housing options available to local households and a misalignment between the size of housing units and the size of households.** While 72% of households have only one or two members, only 15% of housing units have one or fewer bedrooms and only 42% have two or fewer bedrooms (Exhibit 24). While only 28% of households have three or more members, 58% of housing units have 3 or more bedrooms.

Exhibit 23. Housing Inventory by Type in City of Chelan, 2018



Source: OFM, 2018; BERK, 2020.

Exhibit 24. Housing Units by Number of Bedrooms in City of Chelan, 2018



Source: US Census Bureau, 2014-2018 ACS 5-Year Estimates; BERK, 2020.

Housing Age and Production

Exhibit 25 lists the age of the housing stock in the City of Chelan.²³ More than half the units in the city (54%) were constructed between 1980 and 2009. The most significant decade of residential construction activity in Chelan occurred between 1980 and 1989 when 639 new housing units were constructed, followed by 470 units constructed in the following decade. As this housing stock continues to age, the need will increase for rehabilitation of many structures.

Exhibit 25. Age of Housing Stock in City of Chelan, 2018

Year Structure Built	Number of Units	Percent of Housing
Built 2014 or later	40	1.5%
Built 2010 to 2013	12	0.5%
Built 2000 to 2009	313	11.9%
Built 1990 to 1999	470	17.9%
Built 1980 to 1989	639	24.3%
Built 1970 to 1979	242	9.2%
Built 1960 to 1969	178	6.8%
Built 1950 to 1959	283	10.8%
Built 1940 to 1949	194	7.4%
Built 1939 or earlier	260	9.9%

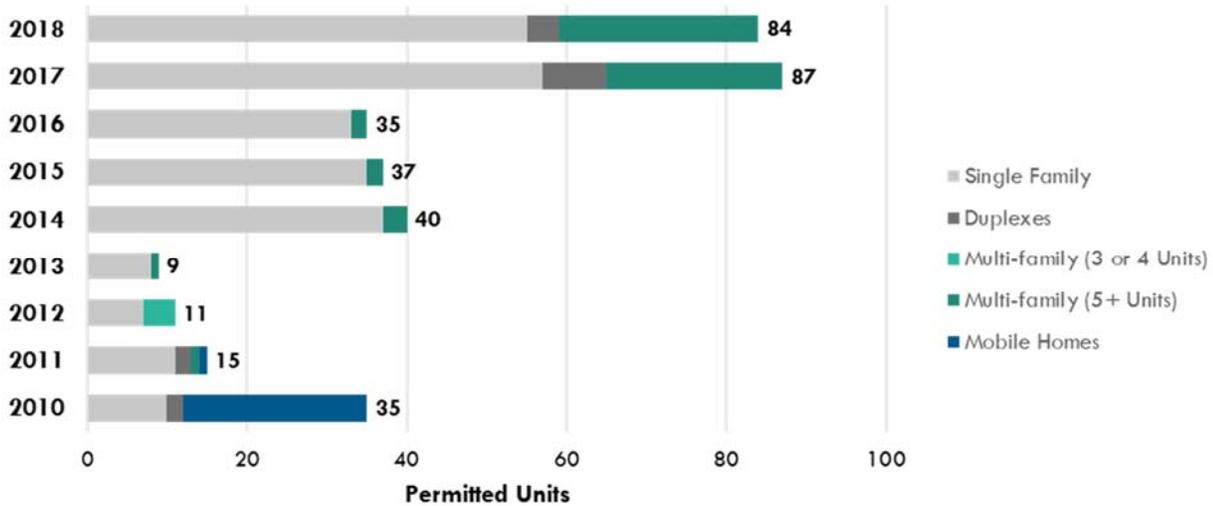
Source: US Census Bureau, 2014-2018 ACS 5-Year Estimates; BERK, 2020.

By 2010, the pace of housing production slowed significantly – only 62 housing units were constructed between 2010 and 2018. However, according to OFM data, the number of permitted units more than

²³ Note that these estimates are based on survey data from the Census American Community Survey. There is a large margin of error and potential for inconsistencies with other data sources such as OFM or City of Cle Elum building permits.

doubled from 2016 to 2017/2018, with a significant jump in the number of permitted duplexes and 5+ multi-family units (Exhibit 26). City permit records vary slightly from OFM, but the recent pattern of increased permitted units is similar (Exhibit 27).

Exhibit 26. Permitted Units, 2010-2018



Source: OFM, 2018; BERK, 2020.

Exhibit 27. Permitted Units, OFM vs. City of Chelan Data, 2010-2019

Year	OFM			City of Chelan		
	Single Family/ Duplexes	Multi-family	Total Permitted Units	Single Family/ Duplexes	Multi-family	Total Permitted Units
2010	35	0	35	11	0	11
2011	14	1	15	12	0	12
2012	7	4	11	8	1	9
2013	8	1	9	37	0	37
2014	37	3	40	33	0	33
2015	35	2	37	48	0	48
2016	33	2	35	64	8	72
2017	65	22	87	53	3	56
2018	59	25	84	62	0	62
2019	Not Available	Not Available	Not Available	45	2	47

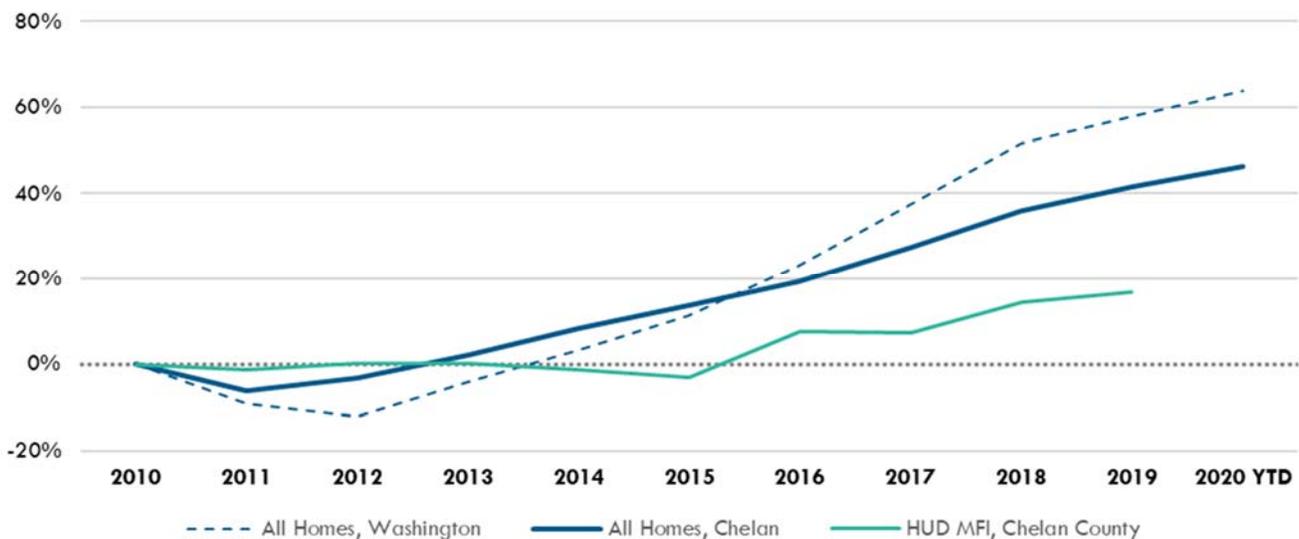
Source: OFM, 2018; City of Chelan, 2020.

Home Ownership

Homeownership is an important topic to consider since it is the main way American families accumulate wealth. Homeownership in advantaged neighborhoods also provide access to high quality school districts, amenities, and social capital, that lead to better life opportunities. There are 919 owner-occupied housing units in the City of Chelan. In terms of race, 100% of these units are occupied by whites, and in terms of ethnicity, 83% of these units are occupied by non-Hispanic white residents. Only 34% of Hispanic or Latinx households own their homes compared to 67% of non-Hispanic white residents.²⁴

Exhibit 28 shows change in housing values over time in the City of Chelan and Washington State. Homes in Chelan are relatively more affordable and housing costs in the city are not rising as rapidly as they are statewide. However, **the cost to purchase an average home in Chelan has risen by 42% from 2010 to 2018. Over the same period, the median family income has only increased by 30%.**²⁵ This indicates homeownership is getting further and further out of reach for many prospective home buyers.

Exhibit 28. Percent Change Since 2010 in Average Home Values and HUD Median Family Income



Source: Zillow, February 2020; HUD Income Limits, 2010-2019; BERK, 2020.

Homeownership Affordability

Exhibit 29 estimates the income needed to afford an Average or “Bottom Tier”²⁶ home in the City of Chelan, assuming the household has 20% down payment in savings available for the purchase. It also shows the percentage of all households in the City of Chelan at or above these income thresholds. **Based on household income estimates from 2018, about one third of all households in Chelan had incomes high enough to afford an average home, and about two thirds had incomes high enough to afford a**

²⁴ US Census Bureau, 2014-2018 ACS 5-Year Estimates (Table S2502).

²⁵ The average home value in Chelan was \$272,768 in 2010 and \$370,521 in 2018. The median household income was \$56,900 in 2018 and \$43,833 in 2010. Zillow, February 2020; US Census Bureau, 2006-2010 and 2014-2018 ACS 5-Year Estimates (Table S1901).

²⁶ The [Zillow Home Value Index](#) (ZHVI) provides average home values in the City of Chelan for all ownership homes as well as averages among “Bottom Tier” homes (those in the bottom third of all units by cost) and “Top Tier” (those in the top third of all units by cost). ZHVI represents the whole housing stock and not just the homes that list or sell in a given month.

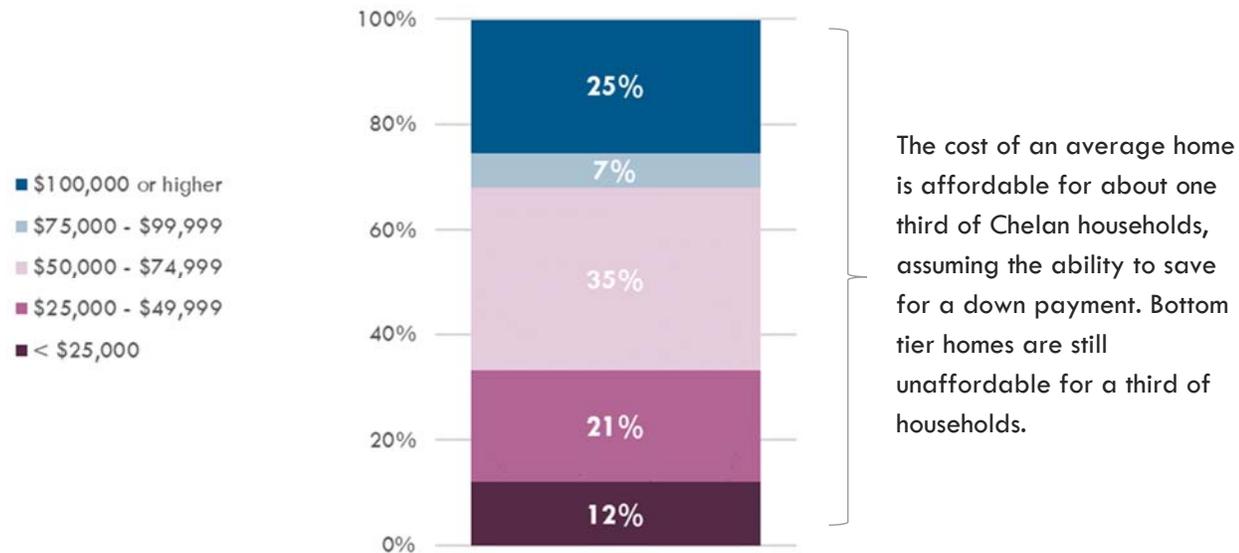
Bottom Tier home. Unfortunately, data about household savings is not available, so it is impossible to estimate how many of these households actually do have the means to become homeowners. At current housing prices, a 20% down payment is equivalent to approximately full year’s income for households at these income thresholds.

Exhibit 29. Home Ownership Affordability in City of Chelan

	Average Home Value	20% Down Payment	Annual Income Needed to Afford (Assuming access to 20% Down Payment)	Percentage of All Households at or Above this Income Threshold (as of 2018)
Average Home	\$399,078	\$79,816	\$79,114 (about 118% of Chelan/Douglas County HUD AMI or 139% of City of Chelan AMI)	33%
Bottom-Tier Home	\$260,786	\$52,157	\$51,699 (about 77% of Chelan/Douglas County HUD AMI or 91% of City of Chelan AMI)	69%

Note: ZHVI represents the whole housing stock and not just the homes that list or sell in a given month. Average home value is the average value of all homes (single family residential and condos) in 2020 as of February 2020. In 2018, HUD AMI for Chelan/Douglas County was \$67,100 and the ACS estimates City of Chelan’s AMI was approximately \$56,900 for all households. Sources: Zillow Home Value Index (ZHVI), February 2020; HUD Income Limits, 2018; US Census, 2014-2018 ACS 5-year Estimates (Table S1901); BERK, 2020.

Exhibit 30. Percentage of All Households by Income Bracket in City of Chelan, 2018



Sources: US Census, ACS 5-year Estimates 2014-2018 (Table S1901); BERK, 2020.

Exhibit 31. Cost of Home Ownership for Average and Bottom Tier Homes in Chelan, February 2020

	Average Home	Bottom Tier Home
<i>Monthly Mortgage</i>		
Value (\$)	\$ 399,078	\$ 260,786
Assumed 20% down payment (\$)	\$ 79,816	\$ 52,157
Mortgage amount (\$)	\$ 319,262	\$ 208,629
Interest rate	4%	4%
Monthly payments over course of loan	360	360
Monthly mortgage payment (\$)	\$ 1,524	\$ 996
<i>Annual Housing Expenses</i>		
Mortgage payments (\$)	\$ 18,290	\$ 11,952
Property tax (\$)	\$ 3,472	\$ 2,269
Insurance (\$)	\$ 1,995	\$ 1,304
Annual costs (\$)	\$ 23,758	\$ 15,525
Monthly costs (\$)	\$ 1,980	\$ 1,294
Monthly Income Needed	\$ 6,593	\$ 4,308
Annual Income Needed	\$ 79,114	\$ 51,699

Sources: Zillow, February 2020; BERK, 2020.

According to Northwest Multiple Listing Service (MLS) housing market statistics, the May 2020 median closed sale price of all homes (single family residential and condos) in Lake Chelan was \$400,000,²⁷ about the same as the value of an average home according to Zillow. Single family homes, however, are even more out of reach for many households. As of February 2020, the value of an average single family home in the City of Chelan according to Zillow was \$494,273, while the May 2020 median closed sale price in Lake Chelan as reported by MLS was \$410,000.

Rental Housing

There are a total of 691 renter-occupied housing units in Chelan. In terms of race, 73% of these units are occupied by whites, and in terms of ethnicity, 56% of these units are occupied by non-Hispanic white residents. A larger proportion of Hispanic or Latinx households are renters than owners (67%).²⁸

Rental Housing Costs and Vacancy

In Fall of 2019, the average rent of a 1-bedroom apartment in Chelan/Douglas County was \$1,150 and \$1,144 for a 2-bedroom apartment. Assuming households spend no more than 30% of their income on rent, the annual household income needed to afford a 1-bedroom apartment was \$46,000 and \$45,750 to afford a 2-bedroom apartment, or about two thirds of the 2019 Chelan/Douglas County HUD AMI of \$68,400 or about 80% of the 2018 City of Chelan AMI of \$56,900 (Exhibit 32).

²⁷ Northwest Multiple Listing Service (MLS), Housing Market Statistics, May 2020 (<https://nwmls.com/News--Information/page/Housing-Market-Statistics>); Lake Chelan is map area 961 (<http://www.northwestmls.com/library/CorporateContent/pdfs/NWMLSmareas.pdf>).

²⁸ US Census Bureau, 2006-2010 and 2014-2018 ACS 5-Year Estimates (Table S2502).

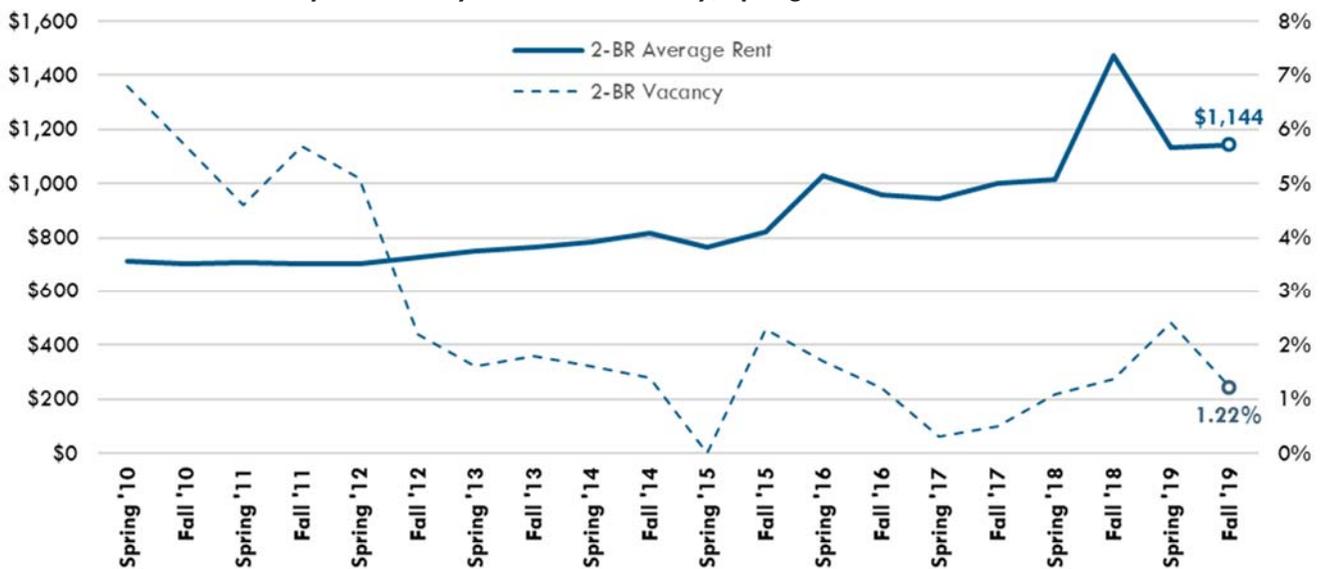
Exhibit 32. Chelan/Douglas County Rental Rates and Affordability, Fall 2019

	1-bedroom	2-bedroom
Average Rental Rates	\$1,150	\$1,144
Annual Income Needed to Afford	\$46,000	\$45,760
% HUD MFI Needed to Afford	67%	67%
% City of Chelan AMI Needed to Afford	81%	80%

Sources: Washington Center for Real Estate Research (WCER), State Apartment Market Report, Fall 2019; WSHFC Rental Income Limits, 2019; HUD Income Limits, 2019; US Census, 2014-2018 ACS 5-year Estimates; BERK, 2020.

Between 2010 and 2019, average rents in Chelan/Douglas County in multifamily buildings (such as apartments) rose by 65% but median family income increased by only 30%.²⁹ As shown in Exhibit 33, the vacancy rate in multifamily buildings has stayed very low since Fall 2012, with the latest data less than 1.5%. A healthy housing market has a vacancy rate of around 5%. When vacancy rates sink much below this rate there are fewer options on the market for households seeking to move. This increases competition for the limited supply of available units and results in upward pressure on market rents.

Exhibit 33. Chelan County Multifamily Rents and Vacancy, Spring 2010 – Fall 2019



Note: Fall 2014 through Fall 2016 and Fall 2017 average rents and vacancies were reported by WCER for Chelan County separate from Douglas County. All others were reported for Chelan/Douglas County together.
Sources: WCER, State Apartment Market Report, Spring 2010 – Fall 2019; 2014-2018 ACS DP04 5-Year Estimates; BERK, 2020.

Subsidized Housing

Five public or non-profit housing properties offer affordable rentals to households earning 50% AMI or less in the City of Chelan. Four of these are run by the Housing Authority of Chelan County, three are available to seniors (age 62 and older), one is for family households, and one is for agricultural households. These properties provide 107 units in total, about 75% of which are 1-bedroom units.

²⁹ WCER, State Apartment Market Report, Spring 2010 – Fall 2019; US Census Bureau, 2006-2010 and 2014-2018 ACS 5-Year Estimates (Table S1901).

Exhibit 34. Public Housing Properties in the City of Chelan, Fall 2019

Property	Managed By	Type	Units
Bayshore Court	Mercy Housing	Seniors (62+), Section 515 Rural Rental Housing	24 Units: (23) 1-bedroom, (1) 2-bedroom
Chelan Bluff	Housing Authority of Chelan County and the City of Wenatchee	Agricultural Family, Section 514 Off-Farm Farm Labor Housing	22 Units: (12) 2-bedroom, (10) 3-bedroom
Chelan Gardens	Housing Authority of Chelan County and the City of Wenatchee	Seniors (62+), Section 515 Rural Rental Housing	16 Units: All 1-bedroom
Gibson Gardens	Housing Authority of Chelan County and the City of Wenatchee	Family, Section 515 Rural Rental Housing	20 Units: (6) 1-bedroom, (12) 2-bedroom, (2) 3-bedroom
Lake Chelan Community Apartments	Housing Authority of Chelan County and the City of Wenatchee	Seniors (62+), Section 8	25 Units: All 1-bedroom

Sources: PolicyMap, 2020; BERK, 2020.

Short-term Rentals

The share of homes occupied full time has dropped from 72% in 2000 to 63% in 2018. The seasonal housing share has increased from 28% to 37% over that same period.

Short-term rentals help create an external source of demand for residential units and can drive up prices. In November 2018, about 306 short-term rentals were inventoried in the City. The City recently began regulating short-term rentals by licensing them with inspections up front and annual renewals. The short-term rentals are only allowed in zones allowing tourist accommodations and not in single-family or multi-family zones. About 200 applicants applied for annual renewals recently.

Exhibit 35 below shows the relative growth in short-term rentals from 2015-2019, but represents only AirBnB and Home Away listings; it combines city and UGA data since the location of units is determined within a quarter mile distance for privacy purposes and a precise city location is not available.

Exhibit 35. Monthly Active Listings – AirBnB and Home Away City and UGA, 2015-2019

Location	2015	2016	2017	2018	2019
Active Listings	20	105	343	398	559

Note: Listings are for August of each reported year.
Source: AirDNA 2020.

GAP ANALYSIS

Housing Production and Development Trends

The projected population growth for the city is 415 new persons by 2037 or an average annual population growth of about 21 people. Using a consistent household size of 2.5, this translates to an

annual increase of about 8 households. Assuming a vacancy rate of 5%, this indicates the need for about 9 housing units annually or 175 units by 2037.

Based on City data, housing production in Chelan has increased rapidly since 2015, rising to 62 permitted units in 2018, and 47 in 2019.³⁰ This is significantly more than the estimated need of 9 housing units annually and enough to accommodate more than half the entire 2037 need. Moreover, the City has sufficient residential land capacity to meet either its population growth target (4,880) or growth at more recent historic trends (5,529) and longer-term trends assumed in the Comprehensive Plan (5,719). Based on the adopted Future Land Use and Zoning Map and the change in dwelling units and population from 2015 to 2018, there is remaining capacity in the city and UGA to accommodate an additional 1,156 dwellings and 2,932 population (Exhibit 3).³¹

While production trends and land capacity look robust, price points, unit types, and location will determine the extent to which these units can fulfill housing needs across the city.

Home Ownership

Home values in Chelan rose by 42% from 2010 to 2018. Over the same period, the median household income only increased by 30%. This indicates a rise in housing cost burden for home ownership households and a decrease in affordability for prospective or first-time home buyers.

In 2018, the City of Chelan's median household income was \$56,900. This is lower than the estimated income required to afford monthly payments on an average home in Chelan by about \$22,000. Since lower income families may choose homes at a lower price point, we also evaluated the cost of homes rated 'bottom tier' by Zillow. Though the annual income required to afford one of these homes in Chelan is nearly \$30,000 lower, about one third of the population still does not meet the income threshold to consider bottom tier homes.

As noted earlier, Hispanic or Latinx households are under-represented among homeowners. Minority households face additional barriers to homeownership such as overt discrimination or steering from real estate agents, bankers, or others in the housing market, as well as challenges related to immigration status, employment, credit background, or lack of access to knowledge networks. This means these households may be less likely to own even if they meet the income thresholds necessary to own a home in Chelan.

Rental Housing

Rental housing in Chelan is significantly more affordable than ownership. However, costs are rising, and options are limited for low and moderate income households. As shown in Exhibit 36, one and two-bedroom apartments in Chelan are affordable to households earning 80% of Chelan/Douglas County HUD AMI or above. Households earning less than 80% of AMI cannot afford average rents for either unit size. Based on 2018 ACS estimates, the City of Chelan has a lower AMI than the Chelan/Douglas County

³⁰ OFM estimates permitted units to be slightly higher than the City of Chelan. Regardless of the estimates used, housing production is significantly more than the estimated need of 9 units annually.

³¹ City of Chelan Comprehensive Plan, 2017.

HUD AMI – when compared to the city’s AMI, households earning less than 100% of AMI cannot afford average rents for either unit size.

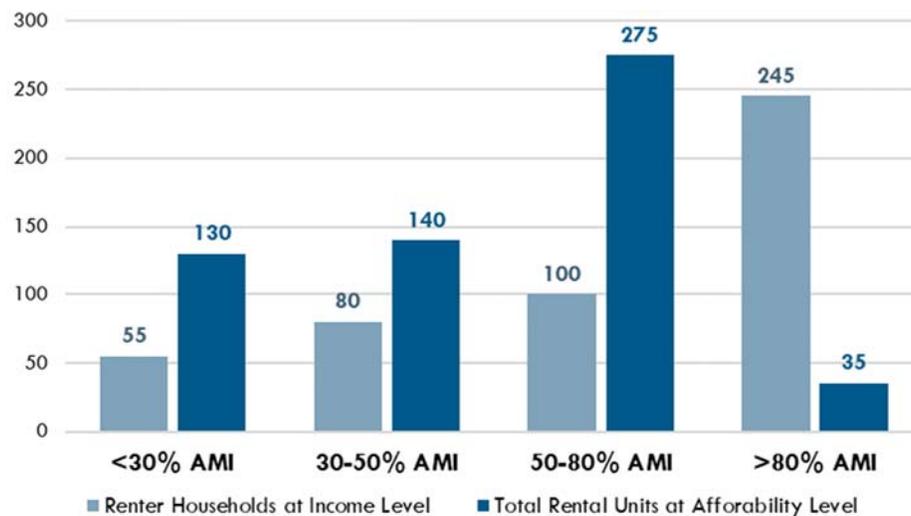
Exhibit 36. Affordability of Average Cost Rental Units in Chelan by Income Level, Fall 2019

Household Income (% of 2019 Chelan/Douglas County AMI of \$68,400)	Affordability of Average Cost Rental Units	
	1-bedroom	2-bedroom
120%	YES	YES
100%	YES	YES
80%	YES	YES
60%	NO	NO
50% or less	NO	NO

Note: Affordability is considered compared to Chelan/Douglas County HUD AMI as income limits to qualify for affordable housing are often set relative to HUD AMI. The ACS estimates 2018 AMI for all households in the City of Chelan’s at \$56,900 – lower than the 2019 HUD AMI of \$68,400 – which would mean one and two-bedroom apartments are affordable only to households earning 100% AMI or above. Sources: WCRER, State Apartment Market Report, Fall 2019; WSHFC Rental Income Limits, 2019; BERK, 2020.

The rental market in Chelan includes units available at a variety of affordability levels. Exhibit 37 shows the estimated number of renter households with incomes below three different thresholds, as well as the number of rental housing units in Chelan that would be affordable to them. There is a surplus of units affordable for those with incomes below 30% AMI, 50% AMI, and 80% AMI.

Exhibit 37. Total Affordable and Available Rental Units, City of Chelan, 2016



Source: HUD CHAS (based on ACS 2012-2016 5-year estimates); BERK, 2020.

However, HUD data on affordability reflects conditions that are several years in the past, so this should be interpreted with caution in jurisdictions like Chelan where housing costs have been rising rapidly and vacancy rates are low. **It is likely that the supply of units affordable to lower income households, particularly those below 50% AMI, is significantly diminished today.** Furthermore, undersupply of units at higher affordability levels (>80% AMI) results in middle and higher income households

competing for units that would be affordable to lower income households, diminishing the supply of units available to those lower income households.

Around 836 units as of 2019 are attached, but likely include condominium units used as time shares or short-term rentals. A Chelan Multifamily Market Study found the Chelan multifamily market is very small with no typical market rate apartments and a larger than normal subsidized component. There are also some larger apartment properties in South Chelan that are subsidized. Vacancy rates are relatively low for rentals and the study found that it is rare that a unit is vacant for more than a week or two. Considering units types, vacancy rates, and population growth, the report found a cumulative undersupply of units between 2010 and 2019 even accounting for small pending projects, and that there is a pent up demand for 253 units.³²

Housing Choice and Diversity

More than two thirds (68%) of housing units in Chelan are single-family homes and nearly one fifth (19%) are multifamily buildings of 5+ units. While 72% of households have only one or two members, only 15% of housing units have one or fewer bedrooms and only 42% have two or fewer bedrooms. While only 28% of households have three or more members, 58% of housing units have 3 or more bedrooms. **This reflects a lack of diversity in the housing options available to local households and a misalignment between the size of housing units and the size of households.**

Special Needs Populations

Older Residents

About one in five residents in Chelan is 65 or older and a little over 600 residents age 55–64 will become seniors within the next 10 years.³³ Seniors are at greater risk of chronic disease, disability, and mobility challenges. As a result, many seniors have special housing needs that differ from the population at large. Seniors choosing to age in place may require additional support services such as home modification, transportation, recreation and socialization, yard care, or care management and counseling. While many senior households in Chelan have the financial means to afford appropriate housing and services, many others will not.

Seniors living alone with incomes below AMI but above 30% AMI are some of the most prevalent cost-burdened households in Chelan. Three public housing properties in the city currently offer senior specific housing for those earning 50% AMI or less through Section 8 and Section 515 housing. However, most cost-burdened seniors living alone today own their homes.³⁴

Seasonal Housing and Short-term Rentals

The City's capacity for second homes and short-term rentals is about 756 dwellings, about 36% of the total permanent and seasonal capacity estimated in the 2017 Comprehensive Plan. The City has planned

³² Cascade Chelan Appraisal, Inc. 2017. Chelan Multifamily Market Study. Chelan, WA.

³³ US Census Bureau, 2014-2018 ACS 5-Year Estimates (Table S0101).

³⁴ HUD CHAS (based on ACS 2012-2016 5-year estimates).

for permanent housing in excess of its growth target and more consistent with historic trends, in addition to planning districts for tourist accommodations.