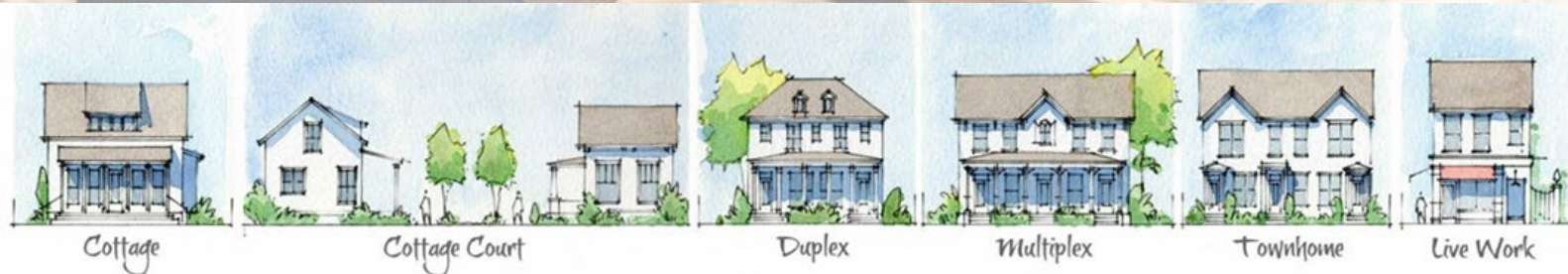


Mason County Housing Needs Assessment

Draft Report

July 2024



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Mason County is focused on new opportunities to provide safe and affordable housing. The findings contained are intended for land use planning purposes and depict trends and forecasts of housing needs throughout Mason County. We specifically recognize and appreciate the time and commitment provided by the following individuals.

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GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Median Family Income (MFI): The median sum of the income of all family members 15 years and older living in the household. Families are groups of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family. Median income of non-family households tends to be lower than for family households. In this report both MFI and AMI refer to

the U.S. Department of Housing and Urban Development Area Median Family Income (AMI) unless otherwise specified.

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

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

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

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

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

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

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

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

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

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

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

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

Subsidized Housing: Public housing, rental assistance vouchers, and developments that use Low-Income Housing Tax Credits (LIHTC) area examples of subsidized housing. Subsidized housing

lowers overall housing costs for its occupants. Affordable housing and subsidized housing are different even though the terms are sometimes used interchangeably.

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

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

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

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

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

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

I. INTRODUCTION

Purpose

Like many communities across the nation, Mason County is facing unprecedented challenges with ensuring an adequate supply of housing for people at all income levels. In response, Mason County continues to pursue policies and planning activities aimed at monitoring and addressing housing needs and implementing actions to preserve housing and foster new housing development.

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

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

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

The four primary objectives of the Housing Needs Assessment:

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

Regional Context

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

The focus of this HNA is on Mason County, which includes the urban areas of Shelton, Belfair and Allyn and unincorporated portions of Mason County. While Mason County is relatively rural in nature, it is adjacent to major urban centers in Pierce and King counties. As such Mason County has

become an attractive residential location for people that want to escape the high cost of living in those more urban counties (the latest HUD data indicates fair market rent for a one-bedroom apartment in Mason County is 20% less expensive than in Pierce County and 44% less expensive than in King County). As discussed later in this report, Mason County has seen an influx of new residents and second-home buyers which has exacerbated the housing market imbalance.

Recent Accomplishments

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

- In 2018, the **Mason County Housing Authority Board of Commissioners established a local Housing Authority Fund** (per RCW 35.83) for supporting affordable housing initiatives, generating revenues and accounting for expenditures.
- In 2019 the **City of Shelton partnered with Quixote Communities to provide 30-units of supportive housing for homeless veterans** in the form of a “tiny home” village on publicly owned property. The project is slated for completion in 2023.
- In 2019, **Mason County convened for a Workforce Housing Summit**. The event included presentations and discussions with local and state housing experts and major local employers. The *2019 Workforce Housing Summit* report provides a central resource for data, recommended actions, and information regarding housing issues in Mason County.
- **The Belfair UGA Subarea Plan and Planned Action EIS Ordinance** was adopted in March 2022. The adoption of these documents has enabled Mason County to amend its land use code to accommodate an increase in housing development activity within the Belfair UGA.
- **Shelton recently completed updates to the municipal development code to lower barriers to housing development** within city limits, including lowering the minimum lot size in its most broad residential zone (Neighborhood Residential), lowering restrictions on Accessory/Secondary Dwelling Units in the zone, and allowing for the provision of duplex and triplex residential structures in more places within the zone.
- **Mason County now provides rent assistance and eviction prevention programs** to residents experiencing housing instability.
- **The Mason County Community Services division maintains a robust summary of housing resources** on its website ranging from shelter locations, food resources, and contact information for providers in the County.
- **This Housing Needs Assessment for Mason County is a major step in understanding and defining the current challenges and opportunities facing Mason County**. It is recommended that the report findings be circulated widely and discussed with local officials to generate momentum needed to spur positive change and actions that lower barriers to development of affordable housing.

Approach

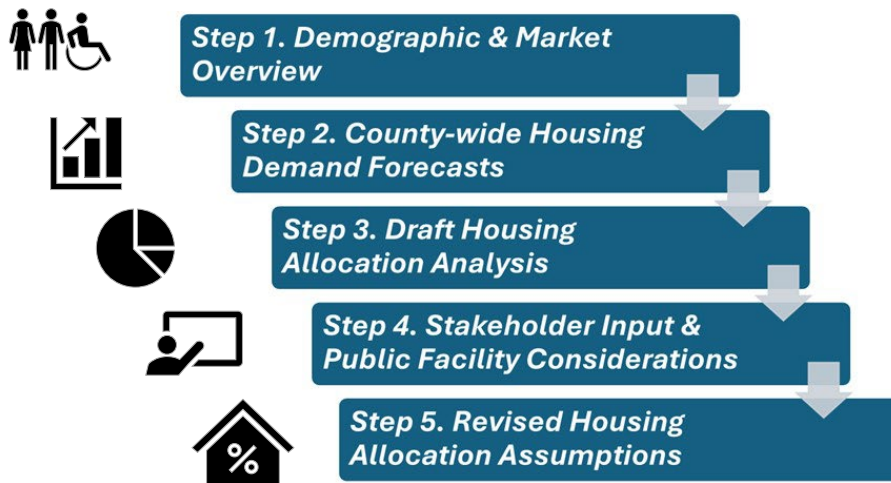
The process used to create this housing needs projection is illustrated in the following graphic and included:

- 1. Demographic and Market Overview:** This step included an analysis of local and regional trends in local demographic, socio-economic and housing market activity. Washington state and local (Mason County, City of Shelton and UGA) population, households, income and market characteristics are based on most current available data.
- 2. County-wide Housing Demand Forecasts:** This includes a long-range 20-year housing forecast by housing type to address projected net new population growth, household income levels, and local housing market dynamics.
- 3. Draft Housing Allocation by Location:** This step includes identification of locations within Mason County that can be planned in a manner to address future housing needs.
- 4. Stakeholder Input:** During this step, input was obtained from county and city planners and engineers (to ascertain current and planned transportation and infrastructure capacity) and local developers, real estate lenders and brokers that are actively involved in the housing market.
- 5. Final Housing Allocation Forecast:** This final step utilizes the stakeholder input to refine and housing allocation forecasts into a locally preferred housing needs analysis.

Housing Allocation Methodology Overview

- Comp. Plan depicts housing needs based on the OFM middlegrowth forecast
- Housing demand now accounts for price/rent attainability (based on income)
- New “Housing For All” Planning (HAP Tool) from WA Dept. of Commerce
- Allocation considers current/future roads and infrastructure serviceability

HOUSING ALLOCATION METHODOLOGY STEPS



II. COMMUNITY OVERVIEW

Population and Demographic Trends

Mason County continues to set yearly record high population levels and has added over 6,300 residents between 2010 and 2023. According to Washington Office of Financial Management (OFM), Mason County population had 67,000 year-round residents in 2023 (**Exhibit 1**). Mason County experienced a record increase in net in-migration of 1,020 people in 2019 with a smaller increase of 800 people in 2023 (OFM). Several factors are driving recent population increases in Mason County, including broader regional growth, increasing share of remote workers, as well as more general quality of life improvements.

The unincorporated portions of Mason County accounts for 84% of all residents. The City of Shelton (pop. 10,420) is the largest city. Other major rural service centers include Shelton UGA (pop. 3,955), Allyn UGA (pop. 2,327) and Belfair UGA (pop. 1,028).

Exhibit 1: Population Trends (2010-2023)

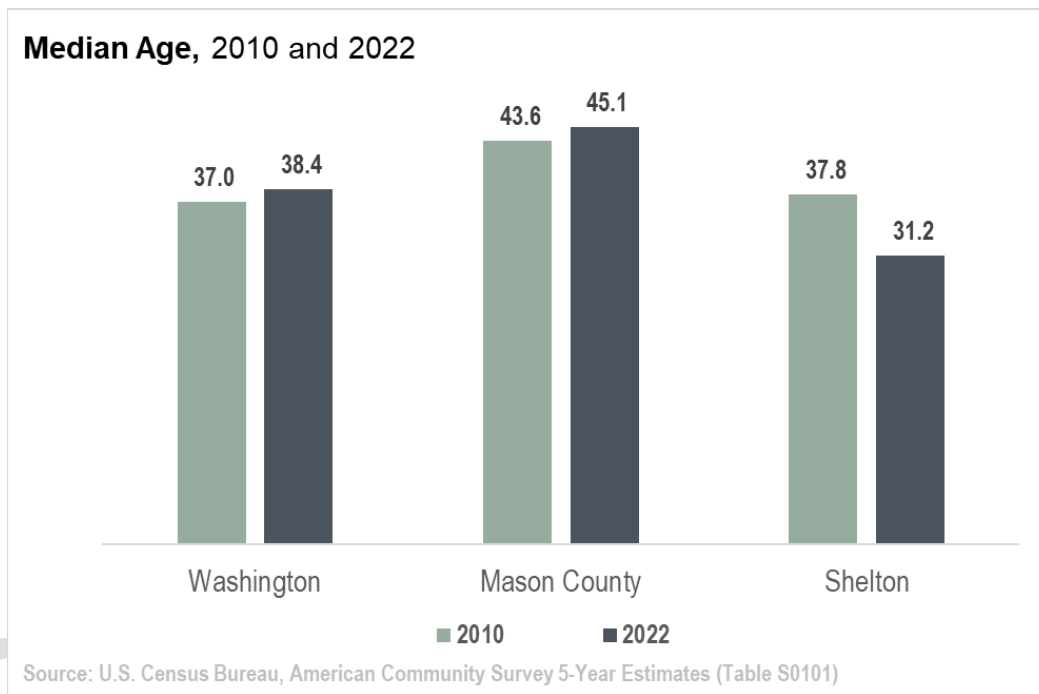
Population Trends	2010	2020	2023	2010-23 Change	2010-23 CAGR
Washington	6,724,540	7,707,047	7,951,150	1,226,610	1.30%
Mason County Total	60,699	65,726	67,000	6,301	0.76%
City of Shelton	9,834	10,371	10,420	586	0.45%
Shelton UGA	3,717	3,751	3,955	238	0.48%
Allyn UGA	1,972	2,221	2,327	355	1.28%
Belfair UGA	987	1,054	1,028	41	0.31%
Other Unincorp. Mason County	44,189	48,329	49,270	5,081	0.84%

Source: Washington State Office of Financial Management Intercensal Estimates ; April 1, 2024 (Revised) .

CAGR: Compound Annual Growth Rate

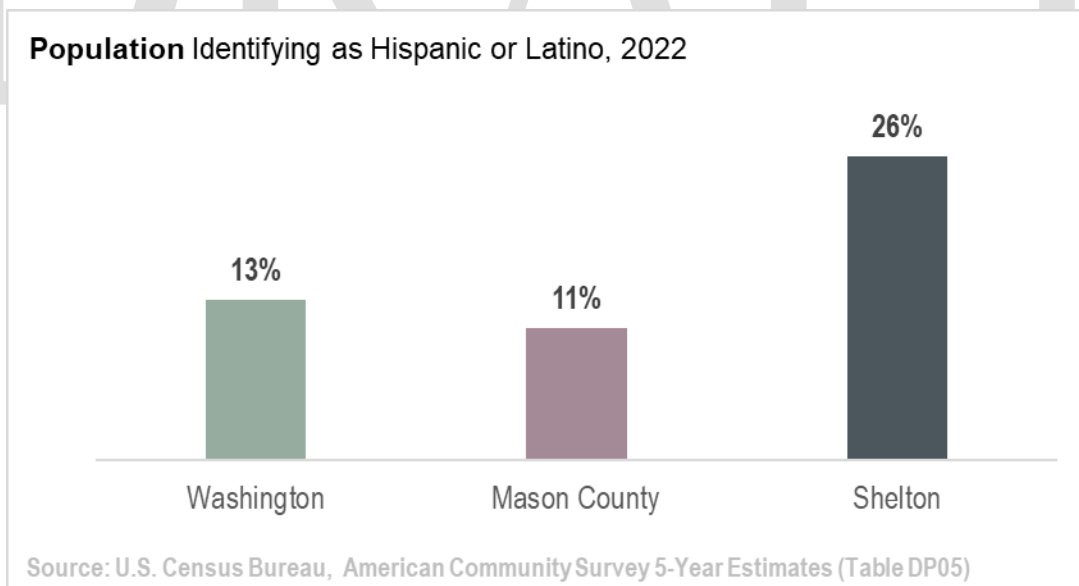
The median age of Mason County residents is 45.1 as of 2022, has increased steadily for nearly two decades. However, the median age of residents in Shelton (31.2) is well below the county and statewide (38.4) figures (**Exhibit 2**).

Exhibit 2: Median Age, Washington, Mason County, Shelton, 2010-2022



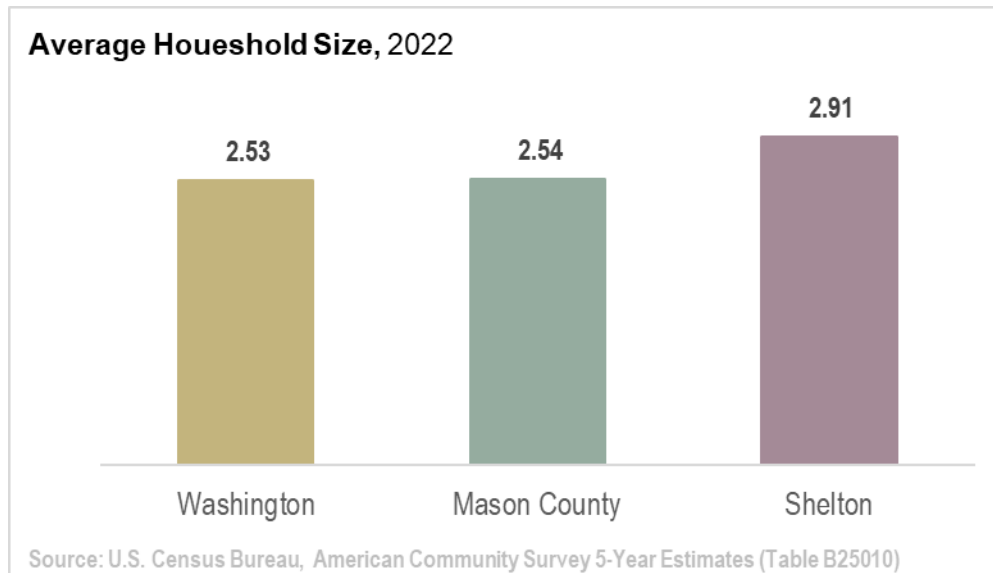
The largest ethnic group in the area includes the Hispanic/Latino segment. Hispanic/Latino population accounts for 11% of all residents within the County compared with 13% statewide. In Shelton, Hispanic/Latino residents account for 26% of the population (**Exhibit 3**).

Exhibit 3: Population Identifying as Hispanic or Latino, Selected Locations, 2022



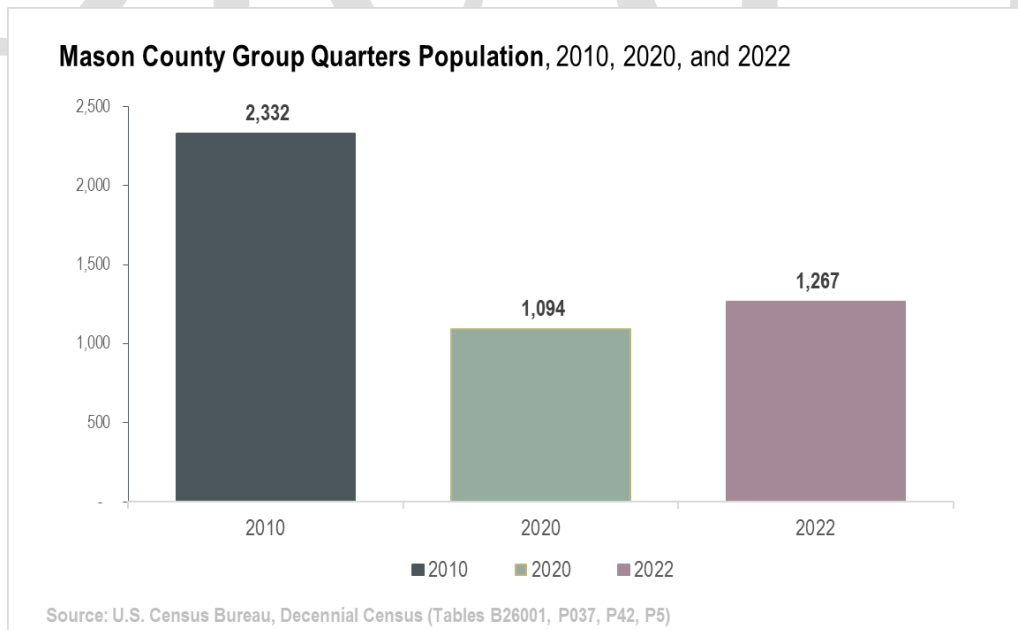
The average household size in Mason County remained relatively steady over the last two decades, ranging between 2.49 and 2.63 residents per household. In 2022, there were 2.54 residents per household, slightly above the statewide average of 2.53 (**Exhibit 4**). In Shelton, where the average household size has steadily increased, the average household size was 2.91.

Exhibit 4: Average Household Size



The number of Mason County residents living in group quarters (institutionalized settings including state prison and cognitive care establishments) decreased over the last decade to 1,267 (**Exhibit 5**). This represents 1.9% of total county population, which is slightly below the statewide average of 2.0%. It is estimated that approximately 1,100-1,300 people living in group quarters were inmates at the Washington Correction Center west of Shelton in 2022.

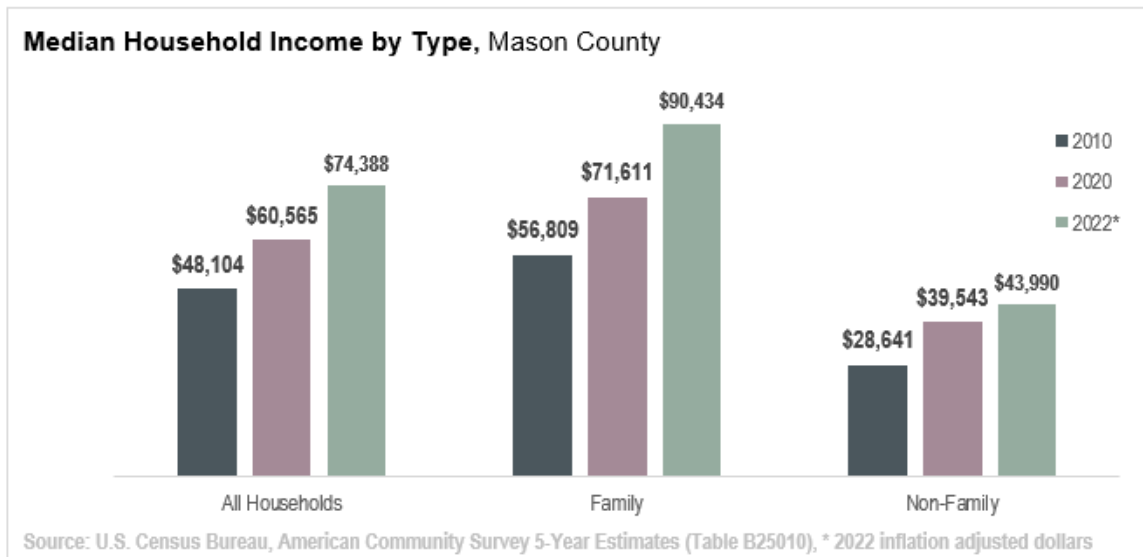
Exhibit 5: Group Quarters Population 2010-2022



Income levels in Mason County have risen substantially over the last decade, especially since the pandemic (**Exhibit 6**). Median income for non-family households increased to \$43,990 in 2022 from \$28,641 in 2010. The median income for family households increased to \$90,434 in 2022 from

56,809 in 2010. Currently, 4.2% of residents of Mason County receive some form of SSI assistance in 2022.

Exhibit 6: Median Household Income by Household Type, Mason County, 2010,2020, and 2022

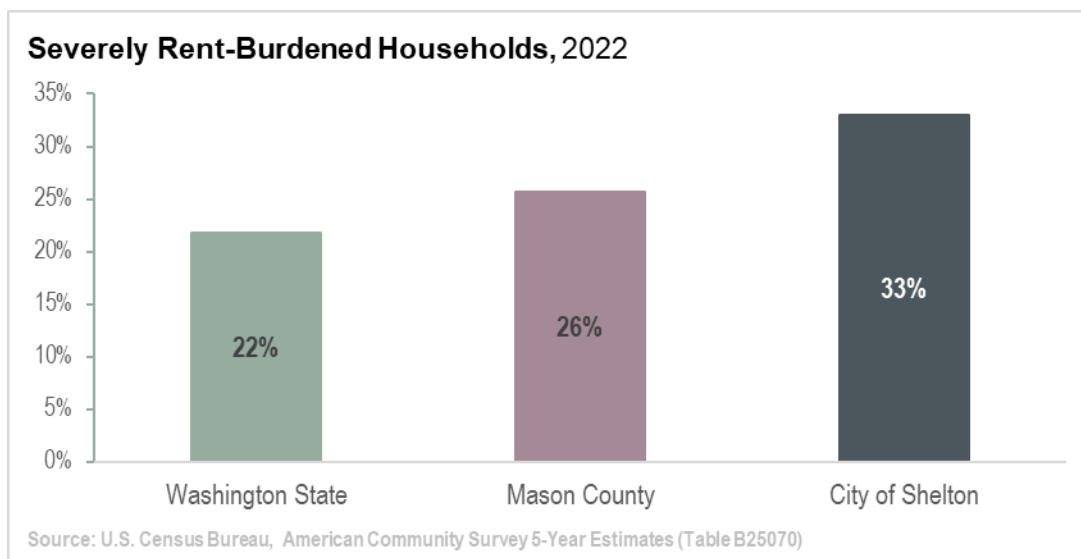


Housing Cost Burdens

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

As shown in **Exhibit 7**, 26% of the renter households in Mason County were severely rent burdened in 2022, which is higher than Washington state as a whole (22%). However, within the City of Shelton, more than 3 out of 10 rental households (33%) were severely rent burdened in 2022.

Exhibit 7: Severe Rent Cost Burden, Mason County, 2022



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

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

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

Since the War on Poverty began in 1965, the Federal Poverty Level (FPL) has provided a standard for determining the proportion of people living in poverty in the U.S. Despite the FPL’s benefit of providing a nationally recognized income threshold for determining who is poor, its shortcomings include the fact that the FPL is not based on the current cost of basic household necessities, and except for Alaska and Hawaii, it is not adjusted to reflect cost of living differences across the U.S. In fact, federal poverty statistics indicate that the number of Mason County households living in poverty decreased by 19% since 2010.

In recognition of the shortcomings associated with federal poverty statistics, the United Way now provides a new measure of economically distressed households struggling in each county in a state. This effort provides a framework to measure households that do not earn enough to afford basic necessities, with a segment called ALICE (Asset Limited, Income Constrained, Employed). The ALICE methodology takes into account the total cost of household essentials – housing, childcare, food, transportation, technology, and health care, plus taxes and a 10 percent contingency. ALICE

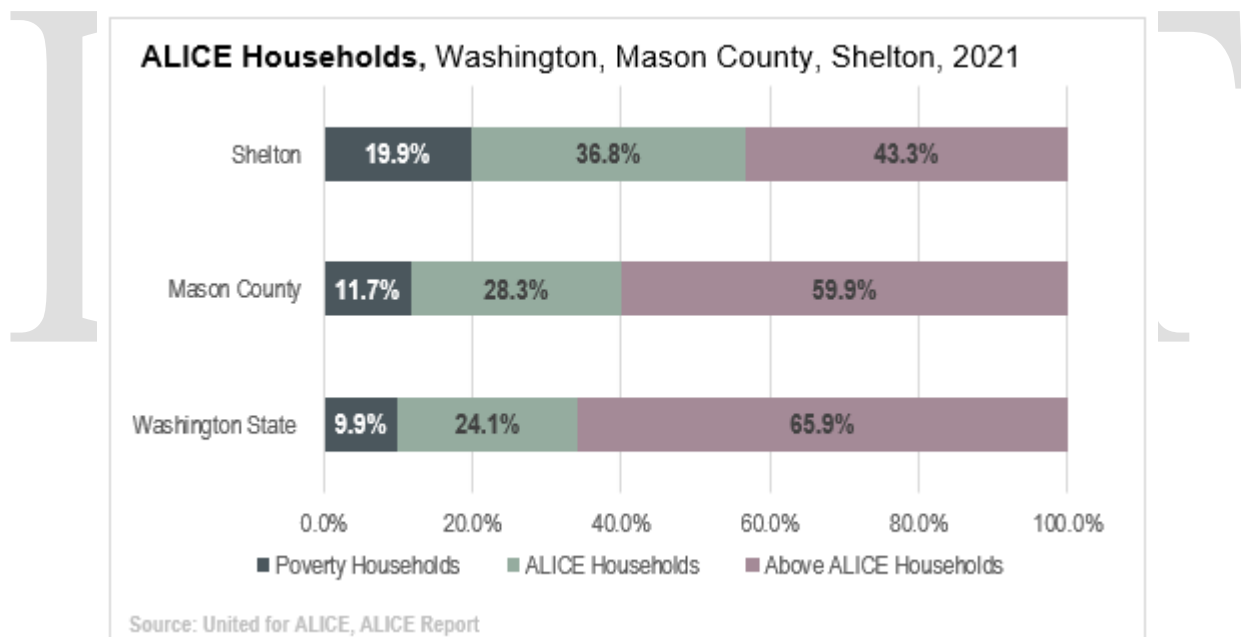
data are calculated separately for each county, and for six different household types. For more information, please refer to, <https://www.unitedforalice.org/methodology>.

In 2021, 40% of the households in Mason County were either living in poverty or classified in the ALICE category, which is well above the Washington state average of 34% (**Exhibit 8**).

Measures of "economic deprivation" are tracked by the Washington Dept. of Health and Social Services for each county. Recent Mason County benchmarks from 2022 include:

- Eligible students for free/reduced price lunch have shown an increase over past 3 years with a range of 52.3 in 2019 to 71.6 in 2022 (per 100 students enrolled in lunch programs).
- Temporary Assistance to Needy Families (TANF) child support (per 100 children 1-17 of age) has shown minor change from 6.7 in 2019 to 6.6 in 2022.
- Food Stamp recipients (per 100 persons of all ages) has also shown a slight decrease from 21.2 in 2019 to 20.6 in 2022.

Exhibit 8: Poverty and ALICE Households, Washington, Mason County, City of Shelton, 2021



Homeless Residents

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

- Fleeing Domestic Violence
- Sleeping in an area or structure not meant for human habitation (e.g., outside, vehicle, etc.)
- Staying in an emergency shelter or in a transitional housing program

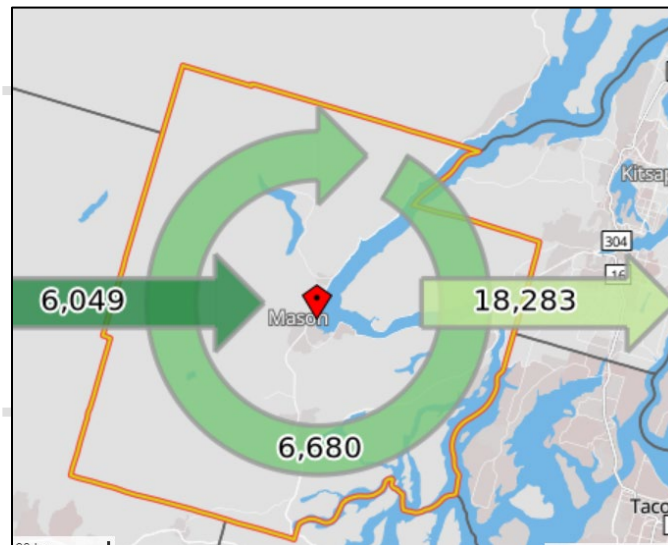
Recent Point-in-Time Counts for Mason County indicate that the total number of unsheltered and sheltered homeless residents in Mason County included approximately 381 people in 2023. Mason County HNA Advisory Committee members indicated that the number of homeless residents within the county may be much higher than what the Washington Dept. of Commerce survey data suggests. Surveys tend to omit residents that are living in “transitional locations” (such as staying with friends or relatives) due to limited available housing options and/or inadequate income levels.

Workforce Commuting Patterns

Mason County is home to an estimated 67,700 people and nearly 13,000 jobs. Historically, the economy was driven primarily by the timber and fishing industries, with more recent gains in the services and retail sectors.

Over half (52%) of the jobs in Mason County are filled by local county residents. Approximately 4 in 10 workers commute less than 10 miles to their job. A slightly higher share (54.8%) commute 10 to 50 miles each way (**Exhibit 9**).

Exhibit 9: Work Commute Characteristics, Mason County, 2021



Source: US Census Bureau, Census On The Map, 2021

Employment Trends

Employment (as measured by at-place-of-work jobs covered by unemployment insurance) within Mason County is growing across the retail and service sectors and shrinking slightly among industrial and government sectors. Overall, the county added 204 jobs between 2010 and 2023 (**Exhibit 10**). Between 2010 and 2020, the industrial sector lost 291 jobs and government also shed 110 jobs while the retail sector added 271 jobs and the services sector gained 334.

Exhibit 10: Employment Trends in Mason County, 2010 to 2023

Sector	2010 Emp.	2023 Emp.	Change	AGR
Industrial	3,318	3,027	(291)	-0.9%
Retail	1,482	1,753	271	1.7%
Service	6,334	6,668	334	0.5%
Government	1,926	1,816	(110)	-0.6%
Total	13,060	13,264	204	0.2%

Source: Washington State Employment Security Department

Mason County faces relatively higher unemployment levels than the state as whole. As of March 2024, the county had an unemployment rate of 7% compared with the statewide average of 5.1% (**Exhibit 11**). It should be noted that the official unemployment count includes workers that have been actively looking for work over the past 12 months. As such, it excludes workers that are under-employed or have decided to leave the workforce due to personal reasons.

Exhibit 11: Unemployment Rates in Mason County, Washington State

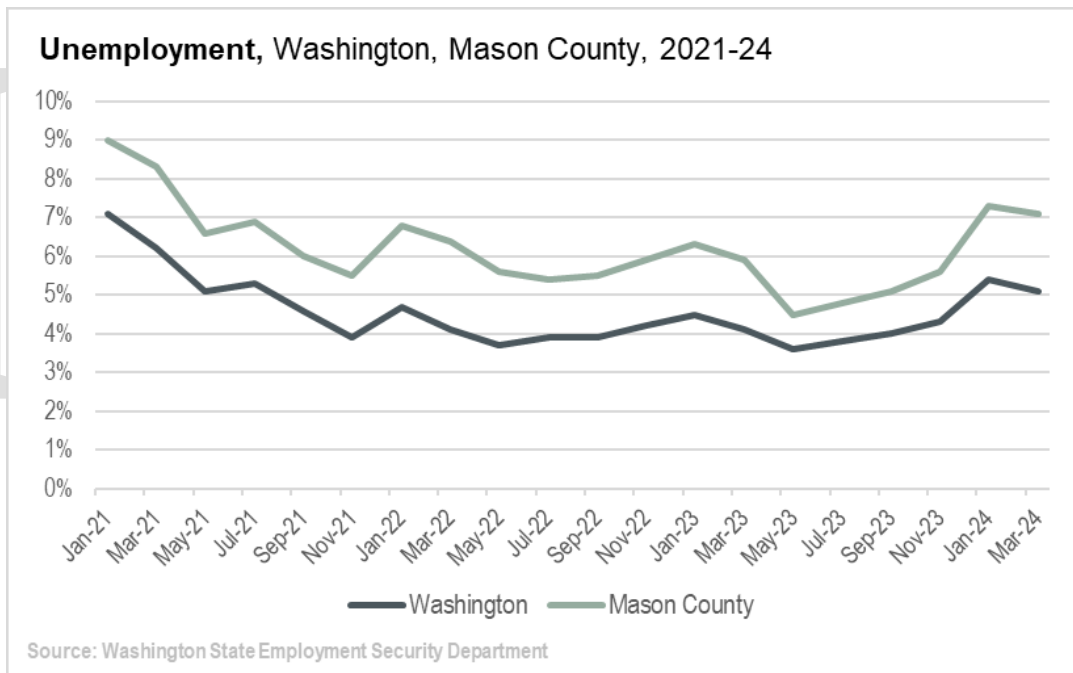


Exhibit 12 illustrates average annual wages for selected employment categories in Mason County. The average wage in Mason County was \$55,464 in 2023. Leading sectors with highest wages include Professional and Technical Services (\$86,760), Government (\$73,496), and Finance and Insurance (64,068).

Exhibit 12: Average Wages, Mason County

Industry	Average Annual Wage
Total	\$ 55,464
Agriculture, forestry, fishing, and hunting	\$ 61,940
Construction	\$ 41,944
Manufacturing	\$ 50,536
Wholesale Trade	\$ 56,512
Retail Trade	\$ 38,752
Transportation and Warehousing	\$ 48,120
Information	\$ 57,364
Finance and Insurance	\$ 64,068
Real Estate and Rental and Leasing	\$ 26,464
Professional, Scientific, and Technical Services	\$ 86,760
Administrative and Waste Services	\$ 45,336
Educational Services	\$ 23,352
Healthcare and Social Assistance	\$ 41,676
Arts, Entertainment, and Recreation	\$ 31,500
Accommodation and Food Services	\$ 30,780
Other Services, Except Public Administration	\$ 37,032
Government	\$ 73,496

Source: Washington ESD QCEW 2023 Third Quarter Data

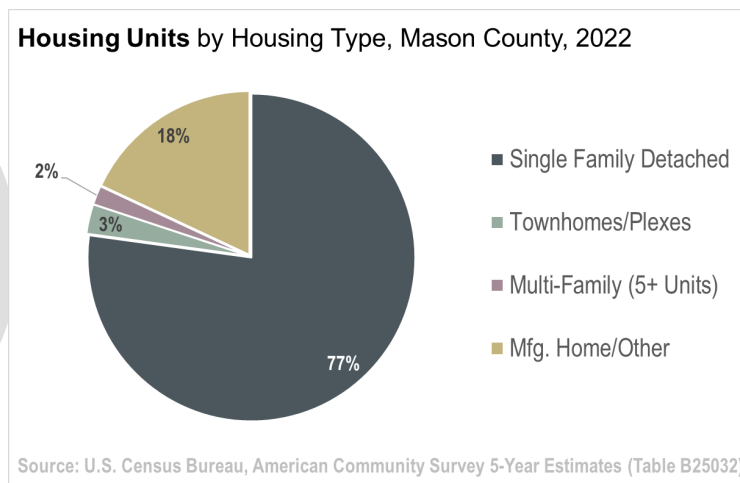
III. HOUSING NEEDS ANALYSIS

Existing Inventory

Local housing inventory and tenancy patterns shed light on housing conditions and demand preferences. In 2022, there were 33,461 housing units in Mason County of which 25,488 units were classified as occupied and 7,973 units were not occupied by permanent year-round households. It is estimated that nearly all of these 7,973 housing units are used as seasonal second homes or investment properties.

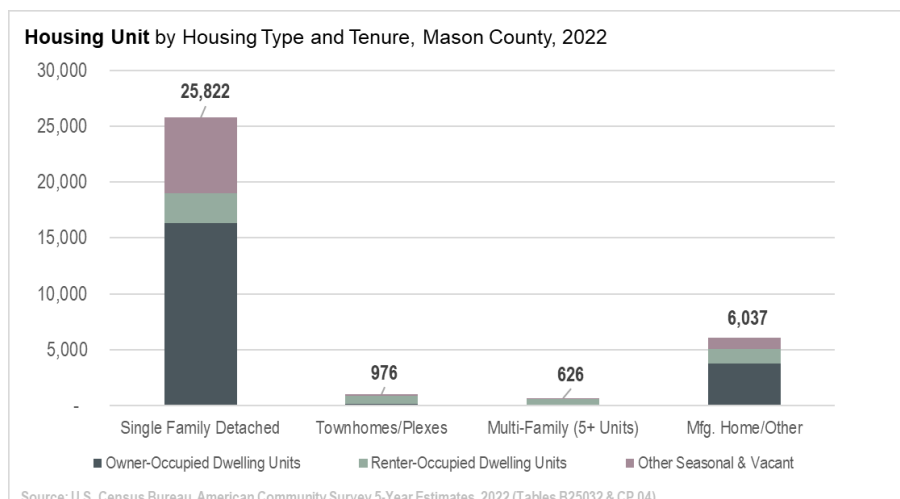
Single-family detached housing is the most prevalent housing type representing 75% of the housing stock. The remaining inventory in Mason County includes mobile homes (20%), townhomes and plexes (3%), and multi-family (2%), as shown in **Exhibit 13**.

Exhibit 13: Existing Housing Mix



Owner-occupied housing units represent 72% of the housing inventory while renter-occupied units account for the other 28% of the inventory (**Exhibit 14**).

Exhibit 14: Existing Housing Tenancy, 2022, Mason County



The current overall housing vacancy rate in Mason County is estimated at 1%. However, it is important to note that nearly 1 in 4 homes in Mason County (24% of the entire housing inventory) are used as second homes or seasonal housing by out-of-county residents. The second home inventory represents 7,973 housing units in Mason County. The share of seasonal housing in Mason County is now much higher than nearby Jefferson County (17%), Kitsap County (7%), Pierce County (5%), and Thurston County (5%).

While there is no accurate count of short-term rentals in Mason County, interviews with real estate professionals indicate that the short-term rental market (units rented on a daily, weekly, or monthly basis) is fairly limited in the county, with the exception of some waterfront properties marketed through websites such as Air B&B or VRBO.

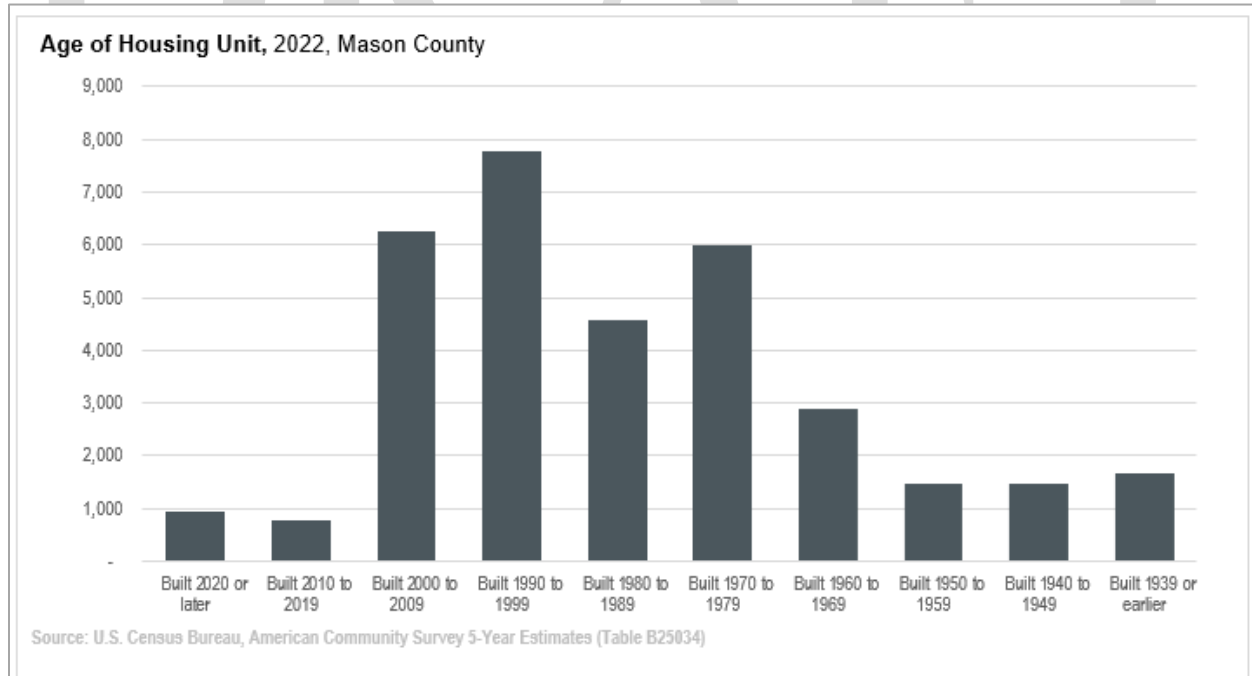
Exhibit 15 reflects housing units by year of construction. As of 2022, the median age of all housing units in Mason County was 31 years (built in 1991). However, the median age for the rental housing inventory was much older at 40 years (built in 1982).

In comparison with statewide averages, the median age of owner-occupied housing in Mason County was 29 years compared with 38 years for the state. The median age for rental housing in Mason County is slightly older than the state (39 years for Mason County vs. 38 years for the state).

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

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

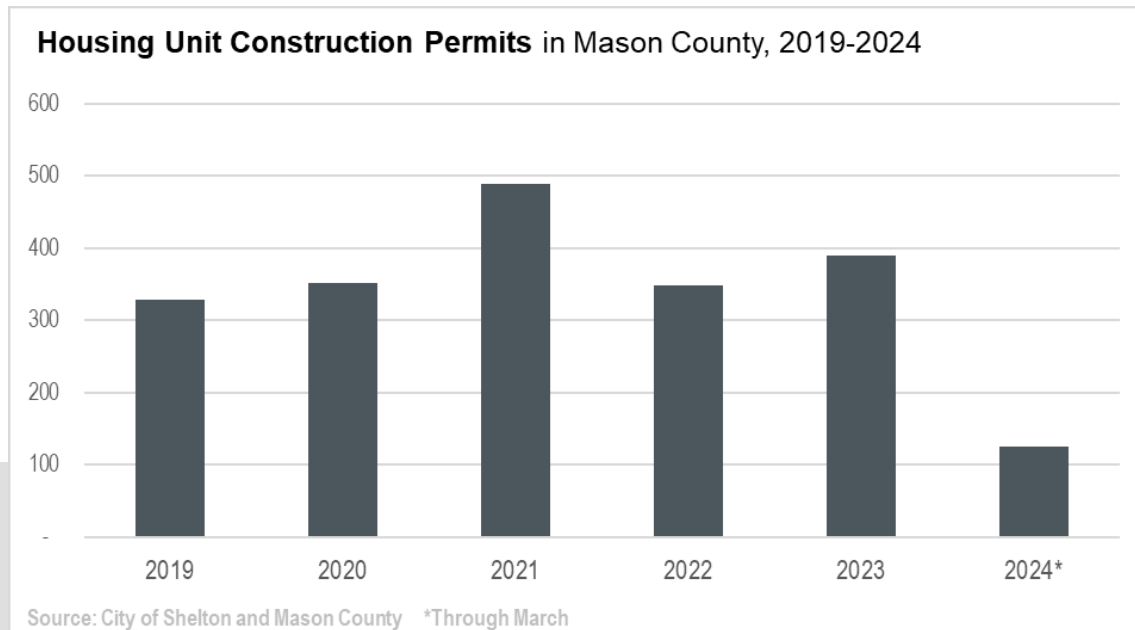
Exhibit 15: Dwelling Units by Year Built, Mason County



New Construction Activity

New housing construction permits issued in the County indicate consistent development activity over the past several years. Mason County issued new residential construction permits at an average rate of 382 per year between 2019 and 2023 (**Exhibit 16**).

Exhibit 16: New Residential Housing Units Permitted, Mason County (2017-2024)



Housing Values and Rents

After peaking in 2022, home values in Mason County have slightly declined. As indicated in **Exhibit 17**, the median home sales price in Shelton and Belfair was \$399,348 and \$470,573, respectively (as of January 2024). In both of these communities, home prices increased by nearly 10% annually since 2020. In comparison with other cities in the southern Puget Sound, Mason County home prices are increasing at a much faster rate.

Exhibit 17: Home Value Price Index in Select Markets

	Jan-20	Jan-21	Jan-22	Jan-24	Annual Avg. Change %
Belfair	\$329,000	\$380,000	\$501,000	\$470,573	9.4%
Shelton	\$274,000	\$346,000	\$459,664	\$399,348	9.9%
Olympia	\$355,000	\$411,000	\$510,000	\$508,088	9.4%
Tacoma	\$340,000	\$398,000	\$482,000	\$460,851	7.9%

Source: Zillow.com; analysis by FCS.

Currently, the HUD fair market rents within Mason County range from \$866 for an efficiency unit to \$1,885 for a four-bedroom unit, as shown in **Exhibit 18**.

Exhibit 18: Maximum Rent Limits for HOME Projects, Mason County

	Efficiency	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
Low Home Rent Limit	\$ 731	\$ 783	\$ 940	\$ 1,085	\$ 1,211	\$ 1,336	\$ 1,461
High Home Rent Limit (Max allowed)	\$ 790	\$ 999	\$ 1,181	\$ 1,378	\$ 1,518	\$ 1,656	\$ 1,795
Fair Market Rent	\$ 790	\$ 1,046	\$ 1,181	\$ 1,678	\$ 1,691	\$ 1,945	\$ 2,198
50% Rent Limit	\$ 731	\$ 783	\$ 940	\$ 1,085	\$ 1,211	\$ 1,336	\$ 1,461
65% Rent Limit	\$ 931	\$ 999	\$ 1,201	\$ 1,378	\$ 1,518	\$ 1,656	\$ 1,795

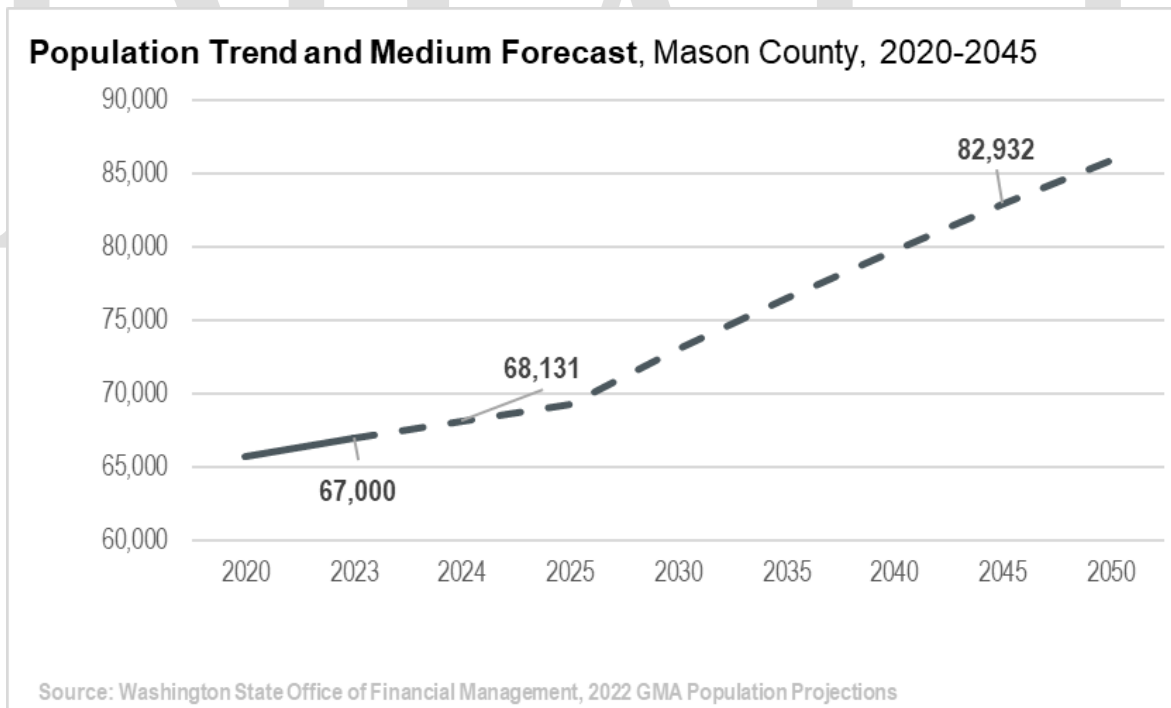
Source: U.S. Housing and Urban Development, June 15, 2023.

Population Growth Forecast

The medium population growth forecast provided by the Washington Office of Financial Management for Mason County indicates that the county can expect to add about 16,000 residents over the next 27 years. This equates to an annual average growth rate (AGR) of 0.90%.

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

Exhibit 20: Mason County Population Trend and Forecast (2020-2045)



BACKGROUND ON HOUSING PLANNING IN WASHINGTON

The Washington State Legislature passage of HB 1220 provides new guidelines by which communities must determine housing needed to accommodate future growth. The new measure instructs local governments to “plan for and accommodate” housing affordable to all income levels, with projections of future housing needs that are income-based (**Exhibit 20**).

Exhibit 21: Needed Housing Types by Income

Future housing needs broken down by area median income (AMI) groups



Source: Washington State Department of Commerce

To assist Washington counties in properly implementing HB 1220, the Washington State Department of Commerce developed the *Housing for All Planning Tool* (HAPT) which provides a method for allocating future housing demand based on household income. The tool provides two different allocation methods that can be considered for Mason County and the Shelton UGA.

- **Allocation Method A: This method allocates future housing needs by income cohort equally across all communities.** This results in a forecast of households and related housing needs for each of AMI income brackets as follows:
 - Less than 30% (25% of new households/dwellings)
 - 30%-50% (19%)
 - 50%-80% (13%)
 - 80%-100% (6%)
 - 100%-120% (7%)
 - 120% or more (30% of households/dwellings)

A detailed breakdown of housing allocation Method A is shown below in **Exhibit 21**. **Exhibit 22** reflects that implied mix of housing types needed based on allocation Method A.

Exhibit 22: HAP Forecast Method A

HH Income Dist:	<30%	30-50%	50-80%	80-100%	100-120%	>120%	Emer. Shelters	Total
Unincorp. County								
PSH Housing Needs	631	-	-	-	-	-	-	631
Non-PSH Housing Needs	623	919	621	278	345	1,455	55	4,295
Total	1,253	919	621	278	345	1,455	55	4,926
City of Shelton								
PSH Housing Needs	270	-	-	-	-	-	-	270
Non-PSH Housing Needs	267	394	267	120	148	624	23	1,842
Total	537	394	267	120	148	624	23	2,112
Mason County Total								
PSH Housing Needs	901	-	-	-	-	-	-	901
Non-PSH Housing Needs	889	1,313	888	397	493	2,078	78	6,137
Total	1,790	1,313	888	397	493	2,078	78	7,037

Source: Washington State Department of Commerce Growth Management Services Housing for All Planning Tool.

PSH = public supportive housing, such as deed-restricted or government assisted.

Exhibit 23: HAP Forecast Method A Implied Housing Mix

Housing Type	Method A	Dist
Single Family Detached	2,305	33%
Multi-family (2+ units)	3,503	50%
Mfg. home/other	1,230	17%
Total	7,037	100%

- **Allocation Method B:** This method allocates future housing demand in a manner that results in each jurisdiction having the same percentage share of their total housing supply by household income bracket by the end of the planning period. For communities like Shelton that have a relatively high share of workforce housing, this method results in a negative allocation of future housing needs at the 50-80%+ AMI level with a corresponding increase in housing needs at the 120%+ or higher AMI level. This does not mean that the community should reduce the current housing inventory in any way, but instead denotes that larger more expensive housing development could be prioritized. This results in a forecast of housing that results in a net change in households in each of six AMI income brackets as follows:

- Less than 30% (25% of new households/dwellings)
- 30%-50% (19%)
- 50%-80% (13%)
- 80%-100% (6%)
- 100%-120% (7%)
- 120% or more (30% of households/dwellings)

A detailed breakdown of housing allocation method B is shown below in **Exhibit 23**.

Exhibit 24 shows the implied mix of housing types needed countywide based on allocation Method B.

Exhibit 23: HAP Forecast Scenario B

HH Income Dist:	<30%	30-50%	50-80%	80-100%	100-120%	>120%	Emer. Shelters	Total
Unincorp. County								
PSH Housing Needs	740	-	-	-	-	-	-	740
Non-PSH Housing Needs	782	1,079	1,307	159	96	709	217	4,348
Total	1,522	1,079	1,307	159	96	709	217	5,088
City of Shelton								
PSH Housing Needs	161	-	-	-	-	-	-	161
Non-PSH Housing Needs	108	234	(419)	238	397	1,369	(138)	1,788
Total	268	234	(419)	238	397	1,369	(138)	1,949
Mason County Total								
PSH Housing Needs	901							901
Non-PSH Housing Needs	889	1,313	888	397	493	2,078	78	6,137
Total	1,790	1,313	888	397	493	2,078	78	7,037

Source: Washington State Department of Commerce Growth Management Services Housing for All Planning Tool.
PSH = public supportive housing, such as deed-restricted or government assisted.

Exhibit 24: HAP Forecast Scenario B Implied Housing Mix

Housing Type	Method B	Dist
Single Family Detached	2,221	32%
Multi-family (2+ units)	3,587	51%
Mfg. home/other	1,230	17%
Total	7,037	100%

In addition to these two housing forecasts provided by the state, FCS GROUP calculated a hybrid housing demand forecast (Method C). This forecast is based on OFM medium population growth forecast with adjustments for group quarters, household size and seasonal housing demand. As shown below in **Exhibit 25**, the forecast results in demand for 7,645 total housing units.

Exhibit 25: Mason County Housing Needs Forecast Method C

Mason County			
	2024 Est.	2045 Proj.	Change
Mason County Population	68,131	82,932	14,801
Less Group Quarters (1.9%)	1,304	1,587	283
Pop in Households	66,827	81,345	14,518
Avg. Household Size	2.54	2.54	
Households (year round)	26,310	32,025	5,716
Vacancy and Seasonal Housing Assumption	23.8%	23.8%	1,788
Growth-related Housing Demand (dwelling units)	34,540	42,044	7,504
Plus Group Quarters (Inc. Emergency Shelters)			142
Total Net New Housing Demand			7,645

Allocation of housing units by type for Method C takes into account prior adopted plans and input received through this planning process regarding public facility and infrastructure serviceability. Method C also recognizes that a substantial portion of demand will be absorbed by the Allyn and Belfair UGAs in addition to Shelton.

Exhibit 26 summarizes the housing needed under each of the forecast methods. The results indicate that the overall net new housing need is 7,037 units with Methods A and B, and 7,645 units with Method C. Method C reflects a greater market demand for detached homes and manufactured homes and slightly lower demand for multifamily units compared with Methods A & B.

Exhibit 26: Mason County Housing Needs: Comparison of Forecast Methods

Housing Type	Shelton	UGAs		Total	Housing Dist.	Housing Need:	
	City & UGA	(Allyn, Other Rural	Belfair)	Housing Method C		HAP Method A	Need: HAP Method B
Single Family Detached	1,259	883	380	2,523	33%	2,305	2,221
Multi-family (2+ units per structure)*	1,670	1,381	161	3,211	42%	3,503	3,587
Mfg. homes, cottages & ADUs	191	287	1,433	1,911	25%	1,230	1,230
Total Housing Units	3,120	2,550	1,974	7,645	100%	7,037	7,037
Estimated Capture of Housing Need	41%	33%	26%	100%		100%	100%
Projected Population Increase	7,401	6,064	1,337	14,801		14,801	14,801

Source: derived from Washington OFM Medium Growth Forecast, City of Shelton, and Belfair UGA Planned Action EIS; includes part-time seasonal resident demand. * includes group quarters and emergency shelters.

Next Steps

These findings will be refined based on input received from the City and local and regional stakeholders during the Comprehensive Plan development process. Please let us know if you have any questions or desire additional information.

DRAFT