To	Marissa Watson, Project Manager
From:	Kirsten Peterson
Date:	September 26, 2024
Project:	Housing Allocations for Mason County 2025 Comprehensive Plan Update
Subject	October 7, 2024 Planning Advisory Commission Briefing

Background

During the August 19, 2024, Planning Advisory Commission meeting, a worksession was held to review and discuss a draft Housing Needs Assessment (HNA) prepared by FCS Group as part of the Comprehensive Plan update, and the associated housing allocations for the County and City of Shelton.

The Mason County HNA was prepared by examining current housing conditions; forecasting long-term housing needs; and identifying potential policies that support a fair and equitable housing environment.

The process used to create the housing needs projection 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.

During the Aug 19 meeting, the following housing forecast scenarios were offered up:

a. **Three Housing Forecast Scenarios: WA Dept. of Commerce (HAP Tool Scenarios A and B) and Hybrid (Scenario C)**

b. **HAP Scenarios A and B both assume 7,037 housing units of demand by 2045**

c. **Scenario C assumes 7,645 units of housing demand by 2045**

d. **More Attainable Housing Types: denotes market trend towards smaller home sizes and more "middle housing" with 2 or more units per structure in all scenarios**

The following information was provided in the powerpoint presentation that was shared at the PAC meeting:

Comparison of Housing Allocation Scenarios

- Hybrid Scenario C intended to be more market responsive and detailed than HAP tool
- Recognizes demand for permanent residents, second homes and group quarters
- Assumes 7,645 net new dwellings (608 more DUs compared with HAP scenarios)

Mason County Housing Needs by Type & Location: 2023-2045 forecast (Medium Growth Forecast)

Housing Type	Shelton City & UGA	UGAs (Allyn, Belfair)	Other Rural County	Total Housing Method C	Housing Dist.	Housing Need: HAP Method A	Housing 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.*

Hybrid Scenario C

HAP Scenarios A & B

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Slide 20

Analysis

As you will note, the three scenarios were analyzed to take into account not only the projected growth rate, but also a projection of the types of housing to be provided, and in which locations.

In Scenarios A & B, the population forecast of 7,037 additional housing units over the next twenty years was arrived at by utilizing the HAP Tool published by the WA Dept of Commerce. The FCS Group Hybrid Scenario C, presenting a higher population growth rate with an additional 7,645 housing units during the same planning horizon.

During the PAC meeting, various concerns were raised, including the ability to provide for the number of projected multi-family units in both the County and the City of Shelton. Following the PAC meeting, FCS Group developed a Scenario D, which has been offered up as a solution that is still in compliance with State requirements. A powerpoint has been attached which provides additional background information and data points, but essentially the Scenario D has reduced the number of future housing units from 7,645 to 7,037, in line with the State model forecast, but which still utilizes a market-driven composition. The overall reduction in housing units also leads to a reduction in the required multi-family units. See the new Scenario D data below:

Comparison of Housing Allocation Scenarios

- Scenario D intended to be more market responsive and detailed than HAP tool
- Assumes 7,037 net new dwellings (same as HAP scenarios)

Housing Type	Shelton City & UGA	UGAs (Allyn, Belfair)	Other Rural County	Total Housing Method D	Housing Dist.	Housing Need: HAP Method A	Housing Need: HAP Method B
Single Family Detached	1,161	813	348	2,322	33%	2,305	2,221
Multi-family (2+ units per structure)*	1,537	1,271	148	2,956	42%	3,503	3,587
Mfg. homes, cottages & ADUs	176	264	1,320	1,759	25%	1,230	1,230
Total Housing Units	**2,872**	**2,348**	**1,818**	**7,037**	**100%**	**7,037**	**7,037**
Estimated Capture of Housing Need	*41%*	*33%*	*26%*	*100%*		100%	100%
Projected Population Increase	*7,401*	*5,582*	*1,819*	*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.

Scenario D

HAP Scenarios A & B

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Slide 19

Recommendation

Scenario D was reviewed by Staff members for both Mason County and the City of Shelton in consultation with FCS Group and SCJ Alliance. The Staff recommendation from both jurisdictions is to proceed with Housing Allocation Scenario D.

Making a selection on the housing allocations is a necessary and important step in the Comprehensive planning process as the data will be utilized to inform all other elements of the Comprehensive Plan, specifically land use,

housing, transportation, and capital facilities and utilities, etc. The housing allocations decisions will also inform future discussions and decisions to be made regarding land use and other development regulations.

Attachment

1. PowerPoint slide deck outlining Scenario D.

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