
City of Langley

Housing Needs Assessment

October 27, 2022

Prepared for: City of Langley

Final Report

ECONorthwest
ECONOMICS • FINANCE • PLANNING

Park Place
1200 Sixth Avenue
Suite 615
Seattle, WA 98101
206-823-3060

This page intentionally blank



Table of Contents

- 1. Introduction.....1**
- 2. Community Profile2**
- 3. Housing Characteristics.....12**
- 4. Future Housing Needs26**
- 5. Summary of Existing Housing Policies.....31**
- Appendix38**

This page intentionally blank



Executive Summary

The City of Langley is undertaking a Housing Action Plan (HAP) to identify ways to meet housing needs now and into the future. An initial step for developing the HAP is to identify and define the range of housing needs by analyzing the best available data describing Langley's household demographics, housing stock, housing market dynamics, and expected need. The insights from this analysis help to build a factual basis for the HAP strategies. This Housing Needs Assessment (HNA) answers questions about the availability of different housing types, who lives and works in Langley, and what range of housing is needed to meet current and future housing needs.

Key Findings

Population and Household Demographics

- Langley exceeded its population estimate for 2036 and will need to adequately plan for a growing population with a diverse set of needs. Langley and Island County's population is growing faster than adopted population estimates. The Island County Comprehensive Plan's population estimation for 2036 tracks closer to the Washington Office of Financial Management's (OFM) medium projection rather than the low-medium that was adopted, causing Langley to exceed its population projection.
- **Langley's population is aging faster than the County and its population will require special housing needs.** The share of adults in Langley aged 60 and older has increased substantially from 2010 to 2020.
- **Langley has a smaller household size than the County, which will likely mean an increased demand for smaller types of housing into the future.** Langley has a higher proportion of one and two person households than Island County overall. However, Langley saw substantial growth in two-person households, and a large decrease in the number of one-person households between 2010-2020.
- **Langley's household income is lower than the County overall, with 40 percent of households earning less than \$50,000 annually.** This could be explained by a high number of retirees living in Langley. However, since 2010 the percent of Langley households earning greater than \$75,000 annually increased by over 100 percent, which could indicate an influx of higher income earners.

Employment and Commuting

- **Langley's employees are unable to find housing that meet their needs within the City.** The City has documented barriers for hiring and retaining employees for local businesses due to both an unaffordable and/or unavailable housing stock. Roughly, 95 percent of the jobs in the City of Langley are filled by workers commuting into the area for employment and only 27 employed Langley residents live and work within the City.

- **Given Langley’s aging population, many of which are likely retired, the City will need to consider how to accommodate housing for younger, working adults in order to achieve its allocated job growth.** Langley is expected to accommodate an additional 51 jobs by 2036, representing almost 17 percent of South Island County employment.

Housing Characteristics

- **Langley’s housing stock lacks diversity, but less so than Island County.** A lack of diversity will contribute to the inability to adequately meet the changing housing needs of Langley’s population. Whereas about 78 percent of the housing in Island County is comprised of single-family detached units, only around 67 percent of Langley’s housing is single family, and 24 percent is multifamily.
- **The number of owner-occupied units in Langley grew by 12 percent.** There could be several reasons why this occurred, but it *could* indicate that some rental units have turned into ownership because of an increased demand for second homes or vacation rentals or the housing built in Langley is largely an ownership product.
- **Langley likely has a large stock of second and vacation homes, which will exacerbate affordability issues in many communities, especially small ones.** Housing vacancy shows that approximately 67 percent of vacancies in Langley are due to seasonal, recreational, or occasional use.
- **Residential development in Langley has largely decreased since 2016.** The majority of homes built have been single-family, which will not adequately meet the need of renters, an aging population, or the needed workforce. However, the City has seen an increase in ADU development and the addition of a tiny home development for low-income residents.
- **Langley has one of the highest median home sale prices on Whidbey Island, which is financially unattainable for residents.** Between 2017 and 2022, the median sale price in Langley increased by approximately 60 percent. The median home sales price in Langley in 2022 is about \$600,000. A household would need to earn about 310 percent of MFI in order to afford the median sale price, which is less than 14 percent of households.
- **Nearly half of Langley residents are unable to find affordable housing options.** As a result, many households are cost-burdened, spending more than 30 percent of their monthly income on housing costs. Around 41 percent of households in Langley are considered to be cost-burdened to some degree. Of them, 12 percent are severely cost-burdened. Moreso, 61 percent of renter households are cost-burdened, and 21 percent of all renter households are severely cost-burdened. Langley’s households are more cost-burdened than households in Island County and in Washington overall, especially when looking at renter households.

Housing Needs

- **Langley will need to prepare for an additional 122 housing units by 2036 to meet future demand and provide sufficient housing to accommodate unmet *existing* need.**

1. Introduction

Through House Bill 1923, the Washington State Department of Commerce awarded grant funds to 44 communities in November 2021.¹ The City of Langley was one of these grant recipients. The grant allows cities to research their housing needs, engage the community in a public process and identify zoning changes or programs to encourage housing production that meet the specific needs of their communities.

The City of Langley has utilized its grant funds to create a Housing Action Plan that will build upon the City's 2021 Housing Challenges Report and support Langley's 2024 Comprehensive Plan Periodic Update, which will be completed in 2025. Langley's Housing Action Plan (HAP) will be completed by June 2023.

This Housing Needs Assessment (HNA) provides the quantitative data analysis required to gain a deep understanding of the housing market dynamics, unmet housing needs, and housing projections. The needs uncovered in the HNA serve as a foundation to deliver informed HAP strategy recommendations to encourage construction of a wide range of affordable and market rate housing types that are affordable to households at different income-levels. The HNA also provides information about the factors that may affect residential development in Langley over the next 20 years, including housing market changes and shifting housing affordability needs and household demographics.

Data Collection & Methodology

In this assessment we drew from a variety of data sources to compile a comprehensive understanding of Langley's housing needs. One of the key sources for housing and household data is the US Census Bureau. This assessment also leverages other publicly available data sources from federal, state, and local government resources and private sources such as Redfin.

Organization of this Report

The remainder of this document is organized into the following sections:

- **2. Community Profile** presents community demographic information, including population growth, age, household characteristics, and income distribution that affect housing choice and needs in Langley.
- **3. Housing Characteristics** presents the current mix of housing types, housing tenure, vacancy rates, and summarizes regional and local housing market trends affecting Langley's housing market.

¹ Source: <https://www.commerce.wa.gov/programs/gms/housing-planning/middle-housing-team/>

- **4. Housing Needs in Langley** presents the forecast for housing growth in Langley and the housing needed to accommodate future residents.

2. Community Profile

Introduction

The purpose of this section is to understand the community demographic trends and factors that will affect housing demand and development in the City of Langley. These demographic factors include:

- Population Growth
- Age Distribution
- Household Characteristics
- Employment and Commuting

In addition, this information helps to account for trends on who Langley is serving and not serving with housing.

Population Growth and Forecast

Population growth and household formation are the primary drivers of demand for housing. The rate of population growth and household characteristics heavily influence the demand for specific housing types. The City of Langley, along with Island County, experienced somewhat steady growth since 1990, with the largest increase between 1990-2000.

The City of Langley has seen a 37 percent increase in population since 1990, with an average annual growth rate (AAGR) of 1 percent between 1990 and 2022. In comparison, Island County has grown at a slightly faster rate over the last 30 years than Langley.

Exhibit 1: Population Growth from 1990 to 2022, City of Langley and Island County, 2022

Source: ECONorthwest, Office of Financial Management Population Estimates

	1990	2000	2010	2022	Change 1990 to 2022	
					Percent	AAGR
City of Langley	845	959	1,035	1,155	37%	1.0%
Island County	60,195	71,558	78,506	87,700	46%	1.2%

Population Forecast

According to the 2016 Island County Comprehensive Plan, the South Whidbey Planning Area population can be expected to increase by 1,211 from 2010 to 2036. At a minimum, 19 percent of this growth (or 230 persons) is expected to occur within the Freeland and Langley UGAs.

Langley is allocated about 39 percent (90) of that growth.² This would bring Langley’s 2036 population to 1,127. However, given that Langley’s population estimate in 2022 is 1,155, the City has already exceeded its original growth allocation from Island County.

A critical part of the HNA is to create an estimate of future housing needs based on growth allocations or population estimates. Since Langley has exceeded their allocation, this report will assume a different population estimate more in line with how Island County and Langley have been growing since the 2016 Island County Comprehensive Plan Update when the growth allocations were made.

Washington’s Office of Financial Management (OFM) prepares a range (low, medium, and high) of possible population growth for Washington counties participating in Growth Management Act (GMA). County officials must select a 20-year GMA county planning target from within the range, and develop population planning targets for cities, towns, and unincorporated areas. The 2016 Island County Comprehensive Plan Update used the 2012 OFM population projections, which provided estimates for a 20-year period (through 2036). Island County opted for a population estimate between OFM’s low (69,004) and medium (90,848) estimates, which was 87,917. Looking at OFM’s 2021 Island County population estimates, the County has an estimated population of 87,100, which tracks closest to OFM’s medium 2012 projection for the year 2021 (83,234)³.

Exhibit 2: Population Growth from 2010-2036, City of Langley and Island County

Source: ECONorthwest; WA Office of Financial Management 2017 GMA Projections - Medium Series; OFM 2017 Intercensal Total Population Estimate

	2010	2017	2022	2036	Change 2010 to 2036	
					Percent	AAGR
City of Langley	1,035	1,126	1,155	1,245	20.3%	0.71%
Island County	78,506	84,125	87,700	92,639	18.0%	0.64%

OFM releases a round of population projections every 5 years, the latest of which was released in 2017. As of 2021, the County’s population is tracking closest to the medium projection (84,910.) For the purposes of projecting housing needs, we will use the County’s medium population estimates from 2017 to estimate Langley’s 2036 population since the original estimate was exceeded.

Outlined in the 2016 Island County Comprehensive Plan, the County allocated 19% of its growth to the South Whidbey Island Planning Area. Using the 2017 medium estimate for Island County’s 2036 population (92,639), this would mean the Island would grow by about 8,514 people between 2017-2036 and South Whidbey would gain about 1,617 residents. The County also assumed that 19% of South Whidbey’s growth would occur within the Freeland and

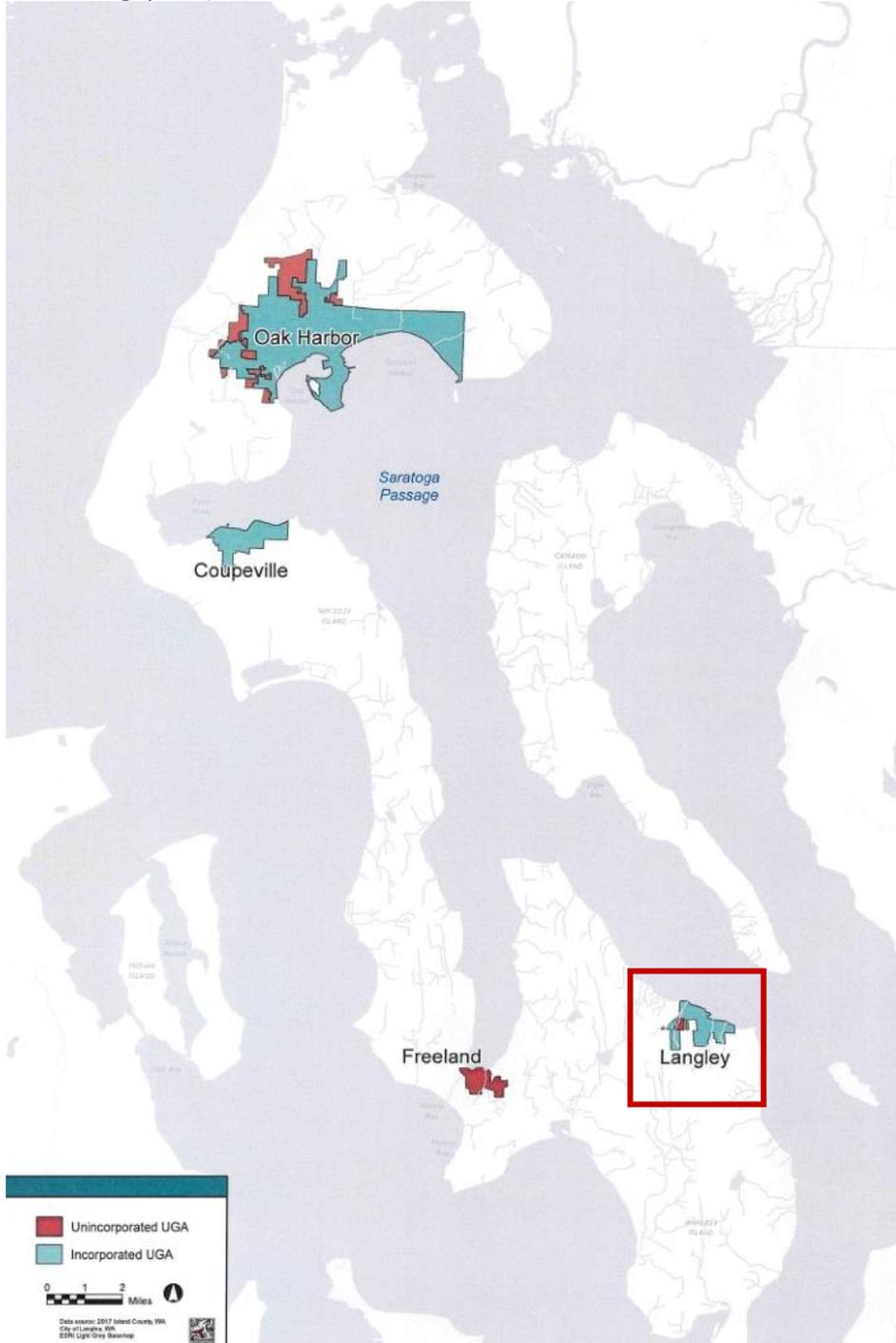
² 2016 Island County Comprehensive Plan Appendix B

³ Island County’s low projection for 2021, was 70,378 and the high projection was 101,172.

Langley urban growth areas (UGAs) (about 307 residents). Freeland was allocated 61 percent and Langley was allocated 39 percent of that growth, which would bring Langley's growth between 2017-2036 to about 119 residents. Taking Langley's 2017 population estimate of 1,126 people, this would mean Langley's 2036 population estimate is 1,245 (assuming OFM's medium growth scenario, rather than a low-medium scenario).

Exhibit 3: Whidbey Island UGAs, 2020

Source: Langley Comprehensive Plan, 2020



Age Distribution

Households make different housing choices at different stages of life to fit their changing needs. The type of housing needed for a 20-year-old college student differs from that of a 40-year-old parent with children, or an 80-year-old single adult as shown in Exhibit 5.

Langley’s share of adults aged 60 and older has increased substantially from 2010 to 2020 and is much higher than the County overall. As Langley’s population ages, specific types of housing will be needed to accommodate older residents.

The median age in the City of Langley is 23 years older than the median age in Island County. From 2010 to 2020, Langley’s median age increased by 12 years.

Exhibit 4: Median Age, City of Langley, 2020

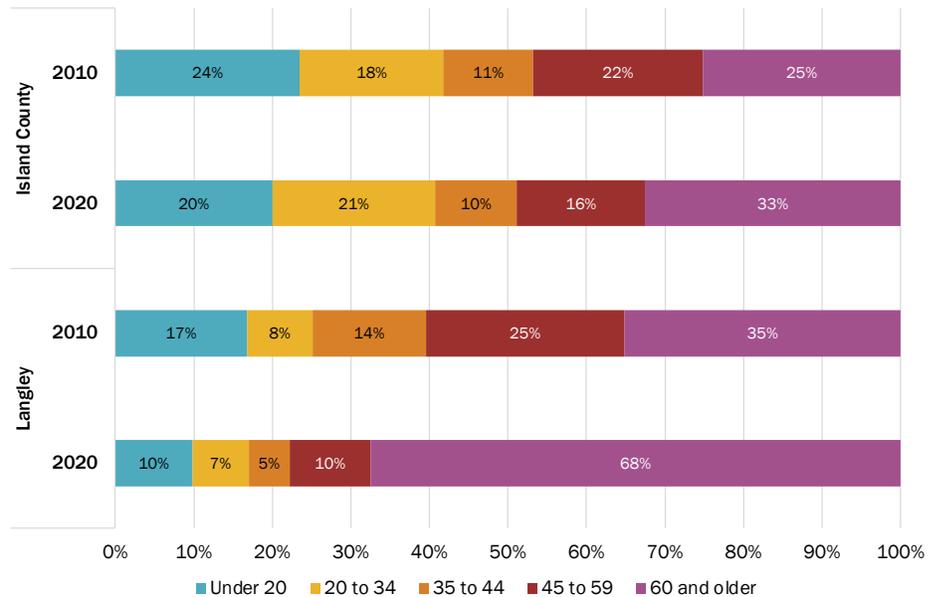
Source: US Census Bureau, ACS 2020 5-year

67 Langley, 2020	55 Langley, 2010
44 Island County, 2020	42 Island County, 2010

From 2010 to 2020, the share of adults aged 60 years or older increased by 33 percent. The City’s population under 20 years decreased by 7 percent during that same period. The City is increasingly supporting seniors, who will need more accessible and special housing types.

Exhibit 5: Median Age, City of Langley, Island County, 2010-2020

Source: US Census Bureau, ACS 2020 5-year



Household Characteristics

Average Household Size

Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multiple person households (often with children).

In Langley, the average household size is lower than Island County, which may be a consequence of Langley's older population.

The average household size in both Island County and Langley remained mostly consistent from 2010 to 2020. This means there is likely will be increased demand for smaller types of housing into the future.

Exhibit 6: Average Household Size, City of Langley, Island County, 2010-2020

Source: US Census Bureau, ACS 2010 5-year, ACS 2020 5-year

	2010	2020	% Change
Langley	1.8	1.7	4.7%
Island County	2.3	2.3	0.6%

Household Size Distribution

Langley has a higher share of one and two-person households than Island County, contributing to a lower household size than the County as a whole.

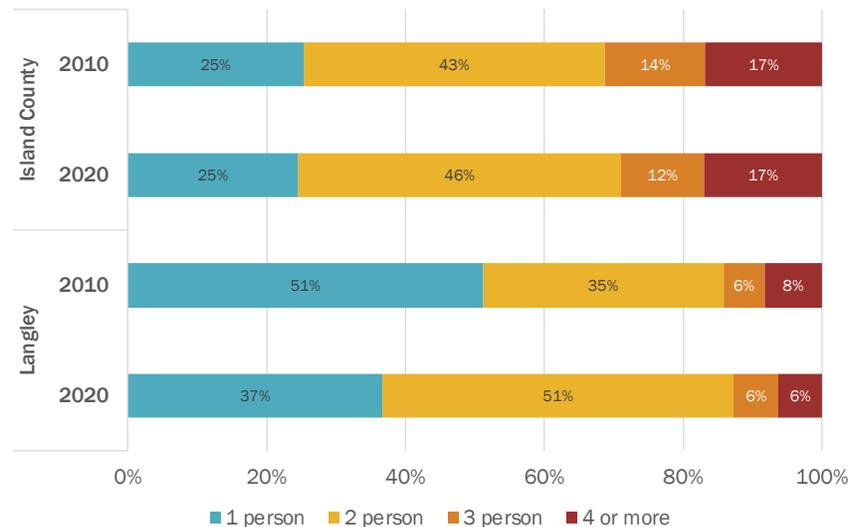
Langley has a higher proportion of one and two person households than Island County overall.

Langley saw substantial growth in two-person households, and a large decrease in the number of one-person households between 2010-2020.

The distribution of household sizes in Island County remained relatively consistent during the same period.

Exhibit 7: Household Size, City of Langley, Island County, 2010-2020

Source: US Census Bureau, ACS 2010 5-year, ACS 2020 5-year



Household Size by Tenure

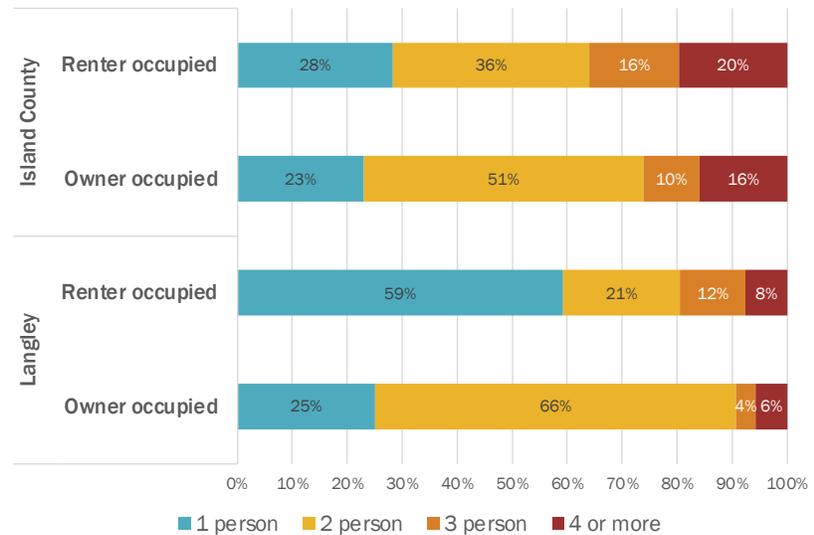
Rental housing in Langley is much more likely to be occupied by single occupants than in the County overall. Two-person households make up the majority of Langley owner-occupied housing. About 66 percent of occupied housing units in Langley are owner occupied and 34 percent are renter occupied.

In Langley, 59 percent of renter occupied units are single-person households. In Island County, most renter households are occupied by two-person households.

In both Island County and Langley, two person households represented the majority of owner-occupied housing.

Exhibit 8: Household Size, City of Langley, Island County, 2020

Source: US Census Bureau, ACS 2020 5-year



Income Distribution

Income is an important determinant of housing choice, strongly influencing the type of housing a household chooses (e.g., single-family detached, duplex, or a building with more than five units) and household tenure (e.g., rent or own). The census defines income as, “income received on a regular basis (exclusive of certain money receipts such as capital gains) before payments for personal income taxes, social security, union dues, medicare deductions, etc. Therefore, money income does not reflect the fact that some families receive part of their income in the form of noncash benefits, such as food stamps, health benefits, subsidized housing.” In 2020, Langley’s average retirement income was \$32,238 and 276 out of 668 households received retirement income (about 41%).

Median family income is often the metric used in affordable housing programs, but it does not account for the number of single-person households that exist in communities. For this reason, median household income is what will be referenced in this report.

Median Household Income

While the share of households earning above \$75,000 per year increased, Langley’s household income remained lower than in the County overall. This could be explained by the high number of retirees that are attracted to Langley.

The median income for the City of Langley is approximately \$8 thousand lower than Island County.

Exhibit 9: Median Household Income, City of Langley and Island County, 2020

Source: US Census Bureau, ACS 2020 5-year

\$62,381	\$70,765
City of Langley	Island County

Household Income Distribution

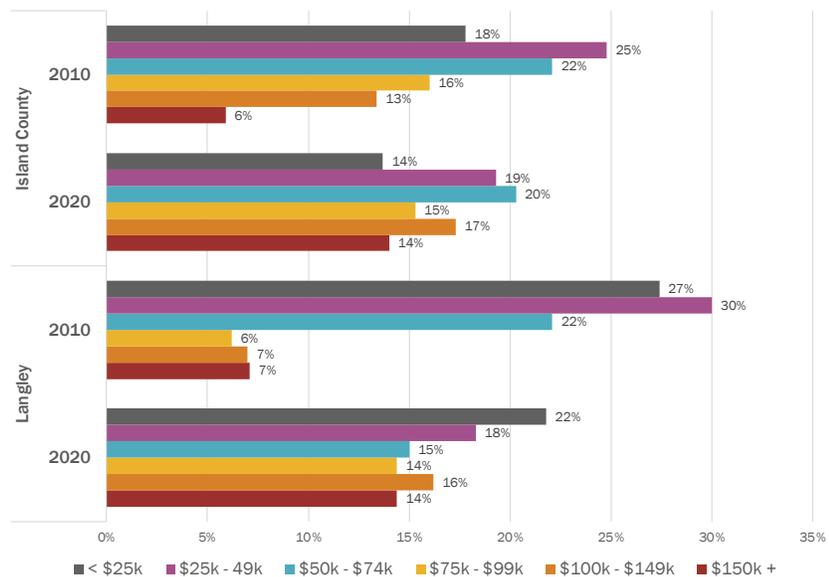
Household incomes are closely distributed in Langley, and do not vary substantially from the Island County overall income distribution. However, there is notable change since 2010.

From 2010 to 2020, the share of Langley households earning less than \$75,000 annually fell. In contrast, the percent of Langley households earning greater than \$75 thousand annually grew by more than 100 percent.

About 40 percent of Langley’s households earn less than \$50,000 annually, slightly higher than Island County. However, distributions between the two remained similar overall.

Exhibit 10: Income Distribution, City of Langley, Island County, 2010-2020

Source: US Census Bureau, ACS 2010 5-year, ACS 2020 5-year



Percent Change in Income Distribution

Langley has experienced growth in the upper income brackets (\$75,000 and above) since 2010. While part of this can be contributed to inflation, comparing these increases to neighboring geographies can provide insight into how the income distribution is changing in Langley. While several communities on Whidbey Island are experiencing growth in households earning above \$100,000, with the exception of the Clinton area, Langley have seen the most consistent growth in income brackets earning above \$75,000 and decreases in lower income brackets.

Exhibit 11: Change in Household Income Distribution, City of Langley, 2010-2020

Source: ECONorthwest Calculations, 2006 – 2010 ACS 5-year, 2016 – 2020 ACS 5-year

Income Range	Langley	Island County	Clinton	Coupeville	Oak Harbor	Freeland
< \$25k	-13%	-18%	-44%	-29%	-15%	-76%
\$25k - 49k	-34%	-16%	71%	-19%	-11%	-40%
\$50k - \$74k	-26%	-1%	10%	-32%	29%	2%
\$75k - \$99k	153%	3%	-9%	13%	-13%	29%
\$100k - \$149k	151%	38%	-34%	170%	61%	144%
\$150k +	118%	154%	55%	577%	274%	212%

Employment and Commuting

Understanding workforce/employment trends and commuting patterns can provide insights on the housing needs of workers today and into the future. Employment plays an important role in where people live, and it can influence where people move. If such factors indicate that many people are commuting into the city for work, it could indicate that the city does not have enough housing to accommodate its workforce or enough housing matching their needs and affordability levels.

Employment Projections

As of 2019, Langley has 386 working residents and about 562 workers that commute into the City for work (see Exhibit 15 below). Exhibit 12 shows employment projections for Island County and Langley. Langley is expected to accommodate an additional 51 jobs by 2036, representing approximately 2.5 percent of the total employment in Island County and almost 17 percent of South Island County employment. It is estimated that the distribution of jobs across sectors will not change significantly from 2012 to 2036 (see Exhibit 13). Given Langley's aging population who are likely retired, the City will need to consider how to accommodate housing for younger, working adults in order to achieve its allocated job growth.

Exhibit 12: Employment Projections

Source: Island County Comprehensive Plan, 2016

	2012	2036	Change 2010 to 2036	
			Percent	AAGR
Langley	592	643	8.6%	0.32%
Island County	23,989	26,020	8.5%	0.31%

Employment by Industry

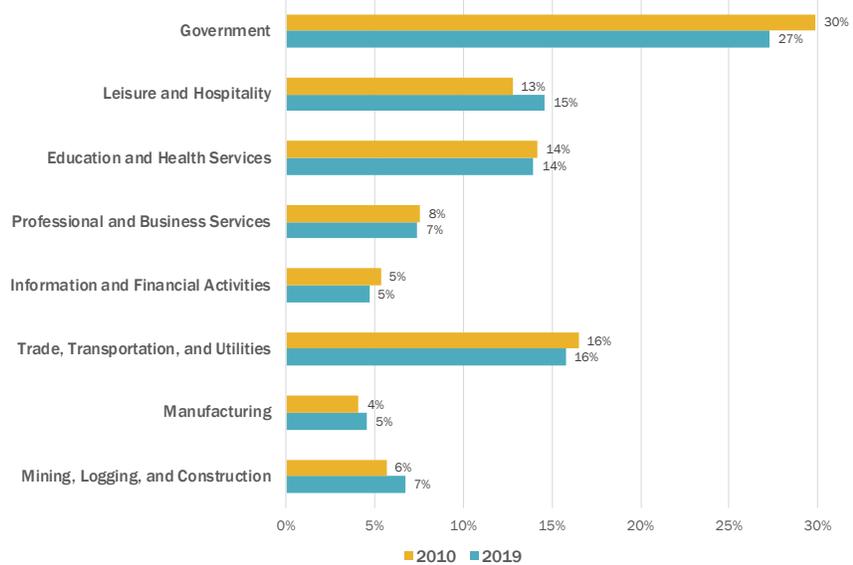
The distribution of Island County jobs by industry remained constant from 2010 to 2019, with the majority (90%) of residents working in the service sector.

Of the 17,400 Island County employees included in this data set, the majority (90%) work in the service sector in 2019, which includes government, leisure and hospitality, education and health, professional services, information and financial, and trade, transportation and utilities jobs. By contrast, only 10% of residents worked in producing goods (mining, logging, construction, and manufacturing).

The largest industry in the service sector was government, employing 27% of Island County residents in 2019.

Exhibit 13: Employment by Industry, Island County, 2010-2019

Source: Employment Security Department



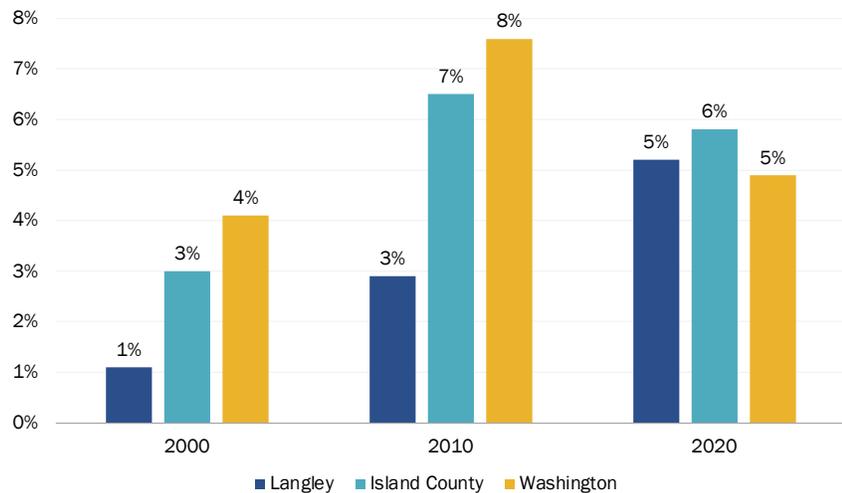
Unemployment

Unemployment in Langley has remained lower than the County and the State since 2000. However, it has grown by about 4 percent since 2000. Island County and the State both saw a substantial spike in 2010, likely because the economy was still recovering from the Great Recession, but it has started to decline as shown in 2020.

However, Langley's unemployment continued to grow between 2010-2020, reaching 5 percent. Retired persons are not considered to be unemployed.

Exhibit 14: Unemployment Rate, City of Langley, Island County, Washington State, 2000-2020

Source: US Census Bureau, 2000 Decennial Census, ACS 2010 5-year, ACS 2020 5-year



Commuting Patterns

The following map illustrates inflow and outflow characteristics of workers in the City of Langley. Outflow reflects the number of workers living in the City but employed outside of it. Inflow measures the workers that are employed in the City but live outside the area. Interior flow reflects the number of workers that live and work in the City of Langley. This data is produced by the American Community Survey by coupling respondents' answers to questions about their residence and workplace locations.

- **There are fewer residents that leave the area for employment than nonresidents who commute into the area for work.** Roughly 562 workers come into the area for employment (inflow) while 359 residents leave the area (outflow) and 27 both live and work within the City (interior flow).
- Roughly, 95 percent of the jobs in the City of Langley are filled by workers commuting into the area for employment.
- The average commute time for residents in the City of Langley is 31.8 minutes, and 62 percent drive alone. These are Langley residents who presumably commute to jobs outside the City. 80 percent of workers commute within Island County. 39 percent of commuters commute less than 10 miles; 21 percent commute between 10 and 24 miles; 30 percent of commuters commute between 25 and 50 miles.

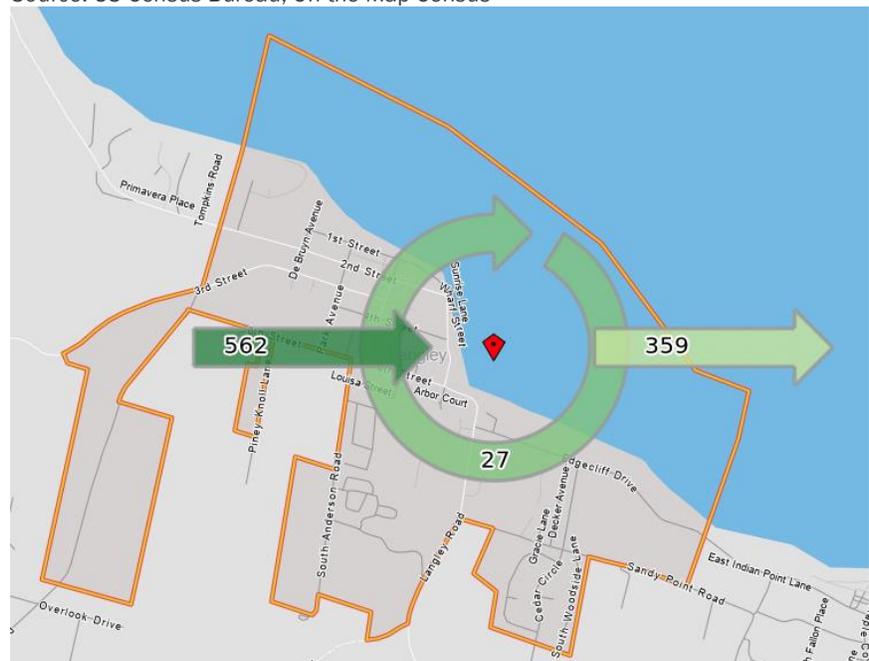
Most people who live in the City of Langley work outside the area.

Of the 386 working Langley residents, 7 percent live and work in the City. In comparison, 93 percent live in the City but are employed elsewhere.

Of the 589 employees who work in Langley, 95 percent live outside the City.

Exhibit 15: Commuting Flows, City of Langley, 2019

Source: US Census Bureau, On the Map Census



3. Housing Characteristics

This section provides an overview housing trends in the City of Langley relative to Island County to better understand market conditions and their implications. Among these trends, it is important to look at housing unit production, type of housing available, housing sales prices, and vacancy rates since these indicators are key for comprehending housing needs.

Existing Housing Stock

Most of the existing housing stock in Langley is single-family detached but is more diverse than the County overall.

As of 2020 the City of Langley had about 768 existing dwelling units, an increase of 112 units since 2010.

Exhibit 16: Number of Dwelling Units, City of Langley, 2010–2020

Source: US Census Bureau, 2006 – 2010 ACS, 2016– 2020 ACS

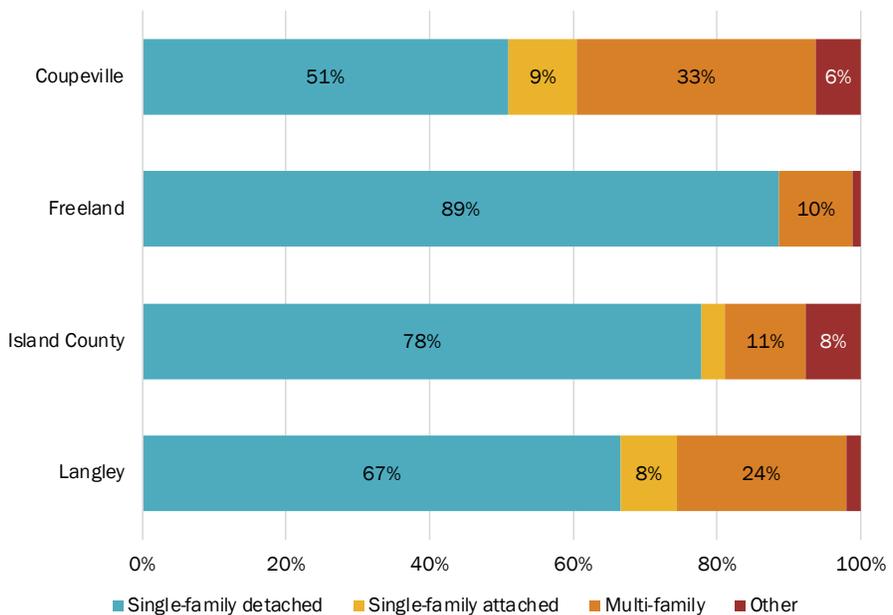
654	768
2010	2020

About 67 percent of the City’s housing is comprised of single-family detached units, followed by multi-family units at 24 percent. Compared to Island County, Langley’s housing stock has greater diversity since it includes fewer single-family detached units, more single-family attached units, and more multi-family units.

However, with the majority of Langley’s housing stock being single-family detached, there is likely a shortage of units offered at a lower price point such as townhomes or plex development. This means there is also likely a lack of housing for people who need or prefer to rent.

Exhibit 17: Housing Mix, City of Langley, 2020

Source: US Census Bureau, 2016 – 2020 ACS



Note: Single-family attached is defined as a one-family house attached to one or more houses.

Assessor data was also used to gain insight into Langley’s housing mix, considering ACS 5-year estimates will have a margin of error due to Langley’s small size. Exhibit 18: Housing Mix, Langley, 2022 shows a breakdown of Langley’s housing stock, showing a much higher percentage of single-family (83 %). Other housing units are split between multifamily rental (MFR) units, and ownership condominiums. There are approximately 140 fewer housing units when looking at the assessor’s data.

Exhibit 18: Housing Mix, Langley, 2022

Source: Island County Assessor

Unit Type	Total Number of Units
Condominium	81
MFR (2-4 Units)	22
MFR (5+ Units)	3
SFR	521
Total Housing Units	627

Housing Tenure

Housing tenure describes whether a dwelling unit is owner- or renter-occupied. Household tenure can be reflective of the housing conditions in a particular area (predominance of multifamily versus single-family homes).

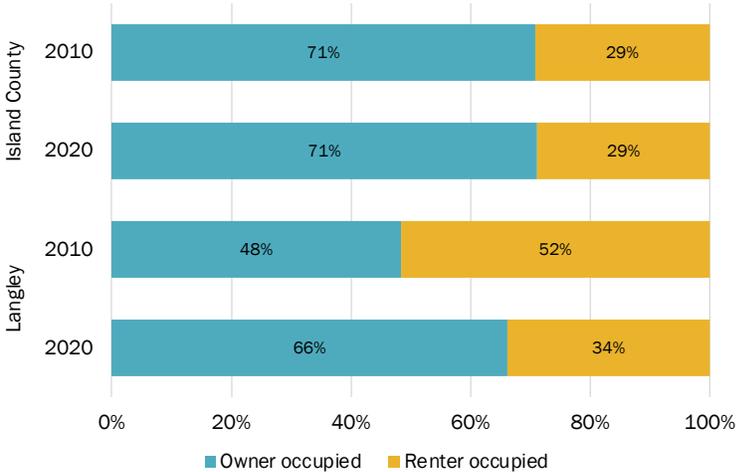
Most of the City’s housing stock is owner-occupied single-family detached housing.

Exhibit 19: Tenure by Occupied Units, City of Langley, 2020

Source: US Census Bureau, ACS 2020 5-year

About 66 percent of the City’s housing stock is owner-occupied, slightly lower than the proportion of owner-occupied housing in Island County overall.

While the distribution in Island County remained consistent from 2010 to 2020, the percentage of owner-occupied homes in Langley grew 12%.

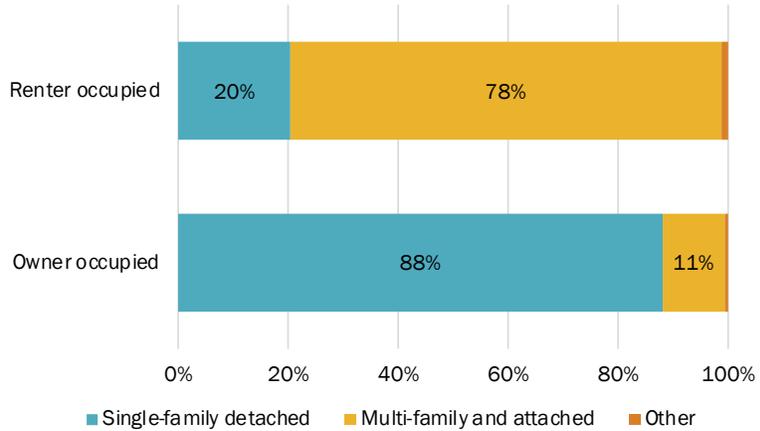


The majority (58%) of owner-occupied housing is comprised of single-family detached housing.

Multi-family housing comprises most (78%) of the rental housing.

Exhibit 20: Tenure by Type of Unit, City of Langley, 2020

Source: US Census Bureau, ACS 2020 5-year



Vacancy Rates

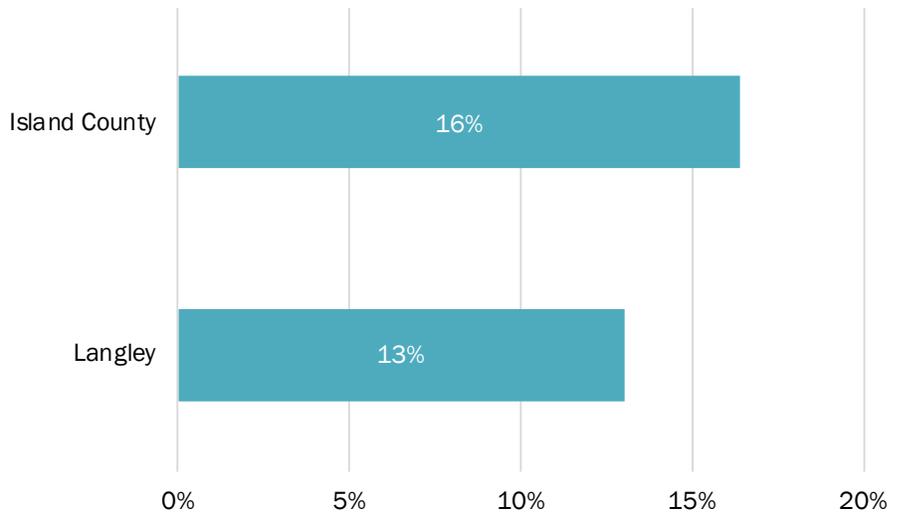
The Census defines vacancy as "unoccupied housing units [that] are considered vacant," and vacancy status is determined by "the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only."

Vacancy rates are cyclical and represent the lag between demand and the market's response to demand for additional dwelling units. Vacancy rates for rental and multifamily units are typically higher than those for owner-occupied and single-family dwelling units.

Compared to Island County, Langley has a slightly lower housing vacancy rate at 13 percent.

Exhibit 21: Housing Vacancy, City of Langley, and Island County, 2020

Source: US Census Bureau, ACS 2020 5-year



Vacancy by Reason

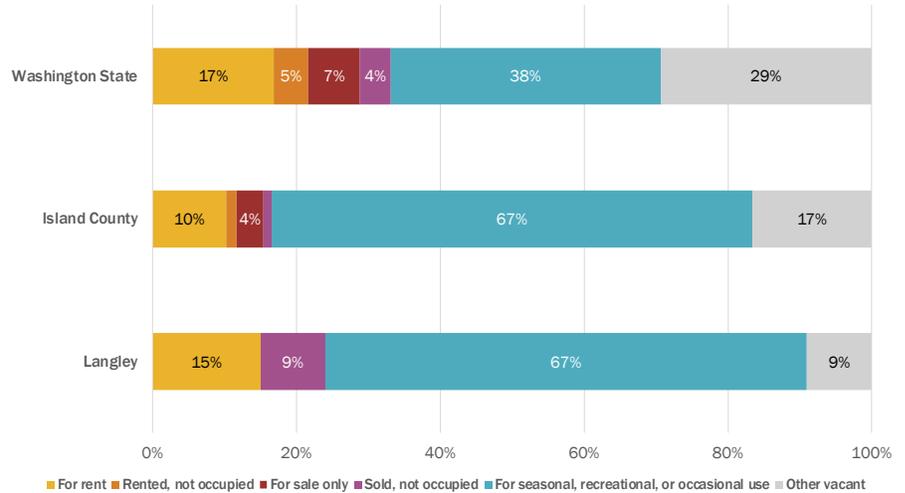
At the time of the 2020 data collection, Langley had 100 vacant homes.

Langley's housing vacancy shows that approximately 67 percent of vacancies are due to seasonal, recreational, or occasional use. This likely because Whidbey Island is a recreation and tourist destination and has a large share of vacation rentals and second homes.

The second largest category, unoccupied housing for rent, made up 15 percent, or 15 vacant homes. This may be due to normal turnover in units (the Census represents a single point in time), or these units may be too expensive or otherwise unattainable to Langley residents.

Exhibit 22: Housing Vacancy by Reason, City of Langley, Island County, and Washington, 2020

Source: US Census Bureau, ACS 2020 5-year



Short-Term Rentals

Langley does regulate and monitor short-term rentals within the city limits. As of 2022, the city has 15 total permitted and active short-term rentals broken down into the following categories. Type IV short-term rentals which are non-hosted and within residential districts are limited to no more than 30 permits issued per year.

Exhibit 23: Active Short-Term Rentals, City of Langley, 2022

Source: City of Langley Permit Data, 2022

Short Term Rental Type	Type I (Rooms - Hosted)	Type II (B&B Inns - Hosted)	Type III (Commercial Districts - Hosted or Non-Hosted)	Type IV (Limited - Non-Hosted)
Number of Active Rentals	3	2	3	7

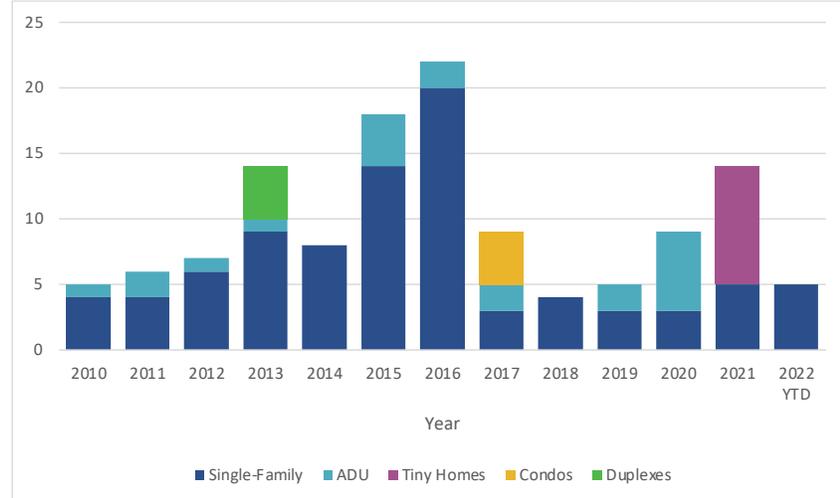
Residential Development Trends

Since 2010, Langley added 126 residential units. About 70 percent of new units were single-family detached and about 17 percent were Accessory Dwelling Units (ADUs).

In 2016, the City added 22 units, the largest increase in units in a one-year period. In 2021, the City added an affordable tiny home community formed by a local non-profit known as THINC.

Exhibit 24: Year of Home Built, Langley, 2010 to 2022 (July)

Source: Source: City of Langley Community Planning & Building Department



There are a few factors that may have contributed to the focus on single family detached development in Langley. First, an expensive housing market may have driven out households that might otherwise drive demand for more affordable housing forms such as condominiums or other middle housing types. Second, construction costs on the island have continued to rise, making multifamily development infeasible for many developers. Other barriers to more affordable housing types may have the cost of land, land use regulations, and other development costs. These barriers exist statewide, but may be exacerbated by the unique geographies and development conditions on Whidbey Island.

Income Restricted Housing Stock

An important component of any community's housing inventory is the regulated affordable housing stock that is affordable to households earning lower incomes. Regulated affordable housing often has public funding that restricts the maximum incomes of the tenants or restricts the rents that can be charged to ensure that the housing is serving low-income households. This housing is sometimes referred to as government-assisted housing referencing the public funds for the property. These restrictions vary by the type of funding and the affordability level of the property, and typically have a limited duration – the property is affordable for a specified period of time.

Langley has three income restricted rental housing developments, two of which are owned and operated by the Island County Housing Authority. The other development, Saratoga Terrace, is privately owned and operated.

In addition to the income-restricted rental housing, the City also has one income-restricted home ownership community called Upper Langley. All sixteen lots include deed restrictions

and must be sold to income-qualified buyers who do not exceed 120% of AMI. 11 housing units have been built in the community, two are in the process of obtaining building permits and inspections, and two lots remain vacant.

Exhibit 25: Income Restricted Units, Langley, 2022

Source: National Preservation Database; Langley Comprehensive Plan

	Affordability	Bedrooms	Demographic	Income Restricted	Total Units
Saratoga Terrace	only pay up to 30% of income	Unknown	Couples or Families	16	22
Glenhaven Condos	80% AMI and below	Unknown	55 and older	9	12
Brookhaven	80% AMI and below	Studios, 1 and 2 bedrooms	62 or older or with a disability	40	40

Housing Market Trends in Langley

This section describes changes in sales prices, rents, and housing affordability in Langley in 2017 and more recently. Where data is available, this section compares Langley’s housing costs to Island County. In the past decade, housing costs in Western Washington have risen dramatically, buoyed by the strong economy, low housing production, and high demand for housing throughout the region. Price increases are also high since they are measured against the very low prices in 2010 which was a period of home price declines from the housing crisis and economic recession.

Changes in Housing Costs

According to Redfin, the average sales price for homes in the City of Langley over the past year was \$734,000; however, the median sale price in July 2022 was much lower at about \$600,000. Looking at the median sale price will account for outliers in the market that are likely skewing the average towards a higher price point (i.e. a few large waterfront properties selling between \$1.5-\$3.5 million). Relative to neighboring cities and market areas, the City of Langley has one of the highest median home sale prices, second only to the Clinton area. Between 2017 and 2022, the median cost of a home in Langley increased by approximately 60 percent, from \$375,000 to \$600,000. The increase in home prices could be attributed to a limited supply and the increase in demand for homes outside of urban areas due to the COVID-19 pandemic and increase in remote work. The disruption brought on by the pandemic also impacted the supply chain and the labor market, dramatically increased construction costs.

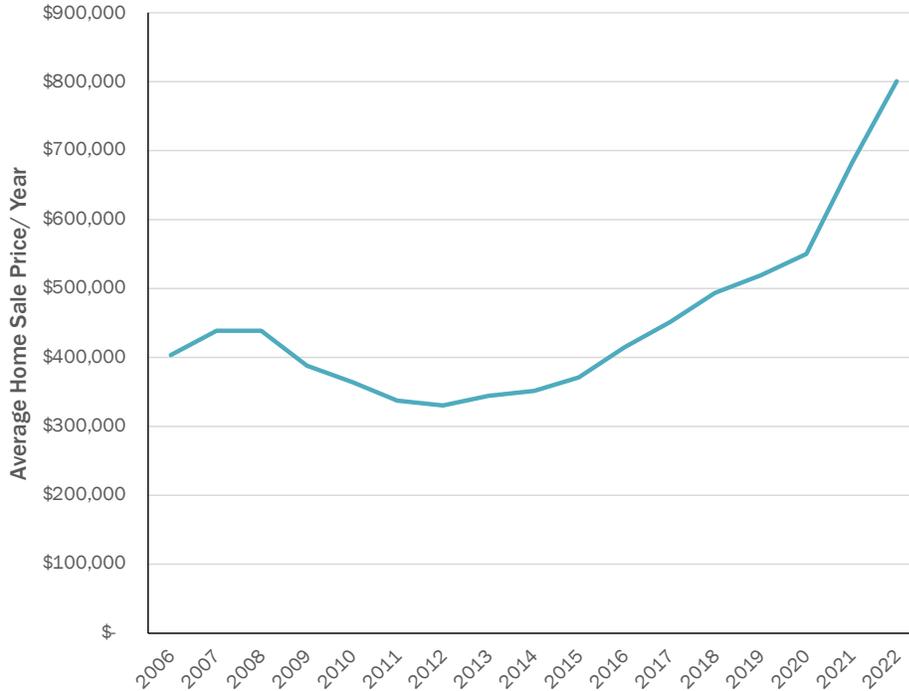
When looking at Langley’s 5-year median home sale price trends, it appears routine for the City to experience large fluctuations year-over-year likely because it is a small market area with limited inventory that has a high degree of variability (i.e., location, lot size, square footage, year built, etc.)

Exhibit 26 shows the annual average of median home sale prices between 2006 and March 2022. This exhibit shows how the Langley’s housing market took a dive during the Great Recession

and took about 8 or 9 years to recover. Once it recovered around 2016, housing prices began increasing dramatically.

Exhibit 26: Yearly Average of Monthly Median Home Sale Prices, Langley, 2006-2022 YTD

Source: Zillow, ;ECONorthwest



The City of Langley has one of the highest median home sales prices in July of 2022 when compared to neighboring cities and the County (based on city limits).

Exhibit 27: Median Home Sale Price, Langley and Comparison Geographies, July 2022

Source: Redfin

\$600K	\$732K	\$850K	\$655K	\$506K	\$540K
Langley	Clinton	Freeland	Coupeville	Oak Harbor	Whidbey Island

Rental Housing

The median gross rent (baseline rent before any additional utility or amenity costs) was \$964 in 2020 in Langley and is nearly \$300 less than Island County’s median gross rent.

Exhibit 28: Median Gross Rent, City of Langley and Island County, 2016-2020

Source: US Census Bureau, ACS 2020 5-year

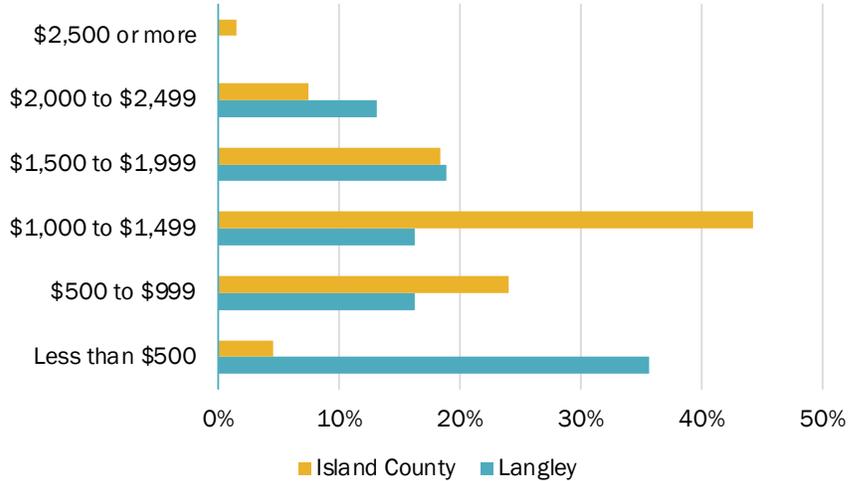
\$964	\$894	\$1328	\$1096	\$1250	\$1272
Langley	Clinton	Freeland	Coupeville	Oak Harbor	Whidbey Island

Of the 222 households occupying rental units about 35 percent pay less than \$500 per month in rent, compared to about 5 percent in Island County. There are approximately 50 rental units, across two developments owned by the Island County Housing Authority in Langley that may help explain lower rent prices, given how small the rental market is in Langley.

Rent costs noted in Exhibit 29 and Exhibit 30 are the 2020 ACS 5-year estimates. Since this data lags and has a high margin of error, we typically prefer to include an analysis of current market rates using another platform, Co-Star. However, due to Langley’s small market area, limited and older supply of multifamily housing, rental trend data is not available to further supplement the ACS data.

Exhibit 29: Gross Rent, City of Langley and Island County, 2016–2020 ACS

Source: US Census Bureau, ACS 2020 5-year



Housing Affordability

Housing costs are typically the largest portion of a household budget. “Housing costs” typically include mortgage or rent payment, utilities, interest, and insurance. The Department of Housing and Urban Development’s guidelines indicate that households paying more than 30 percent of their income on housing experience “cost burden” and households paying more than 50 percent of their income on housing experience “severe cost burden.” Using cost burden as an indicator is one method of determining how well a city is meeting its community need to provide housing that is affordable to all households in a community. Housing cost burden can put low-income households in vulnerable situations and force them to make trade-offs between housing costs and other essentials like food, medicine, or transportation. This unstable condition can also lead to rental evictions, job instability, school instability for children, and homelessness. Cost burdening for owner-occupied households is less common because mortgage lenders typically ensure that a household can pay its debt obligations before signing off on a loan.

The Department of Housing and Urban Development (HUD) sets income limits each year to establish eligibility for its assisted housing programs and to define an area’s Median Family

Income (MFI).⁴ HUD’s standard calculation for 100 percent MFI is based on a family of four persons, however Langley’s average household size is much smaller than that, so ECONorthwest adjusted HUD’s income limits to a family of two persons. As of 2021, the median family income for Island County was \$ \$63,813 for a family of two.⁵ Exhibit 31 below shows the assumptions of what households in the County can reasonably afford to pay on their housing costs without being cost-burdened.

Cost Burdened Households

About 29 percent of Langley’s households are cost burdened and among these, 12 percent are severely cost burdened, in total 41 percent of households in Langley are considered to be cost-burdened to some degree. When analyzing by tenure, in total 61 percent of renter households are cost burdened and 21 percent of all renter households are severely cost-burdened. As noted above, homeowners are typically less cost-burdened than renters, which remains true in Langley. However, 32 percent of all homeowners are cost-burdened.

Exhibit 31: Number of Cost Burdened Households, Langley, 2020

Source: U.S. Census Bureau, ACS 5-year estimates, Tables B5070 (Renters) and B25091 (Owners); U.S. Census Bureau, 2000 Decennial Census (SF 3), Tables H069 (Renters) and H094 (Owners).

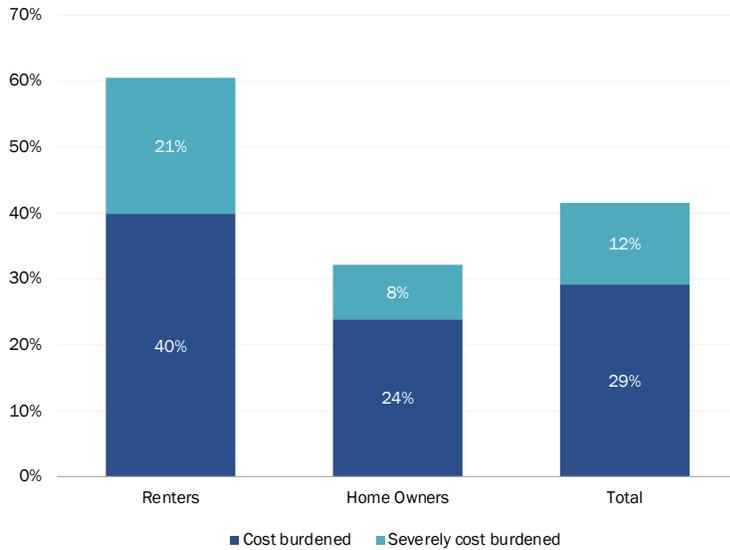


Exhibit 32 below shows the change in cost-burdened households between 2000-2020. Overall, more households in Langley have become cost-burdened since 2000, but there was no change for renters between 2010 and 2020 and the number of cost-burdened homeowners decreased.

⁴ MFI is very similar to the Area Median Income (AMI) and these terms are often used interchangeably.

⁵ HUD: Office of Policy Development and Research; 2022 Income Limits

Exhibit 32: Change in Cost-Burdened Household, Langley, 2000-2020

Source: U.S. Census Bureau, ACS 5-year estimates, Tables B5070 (Renters) and B25091 (Owners); U.S. Census Bureau, 2000 Decennial Census (SF 3), Tables H069 (Renters) and H094 (Owners).

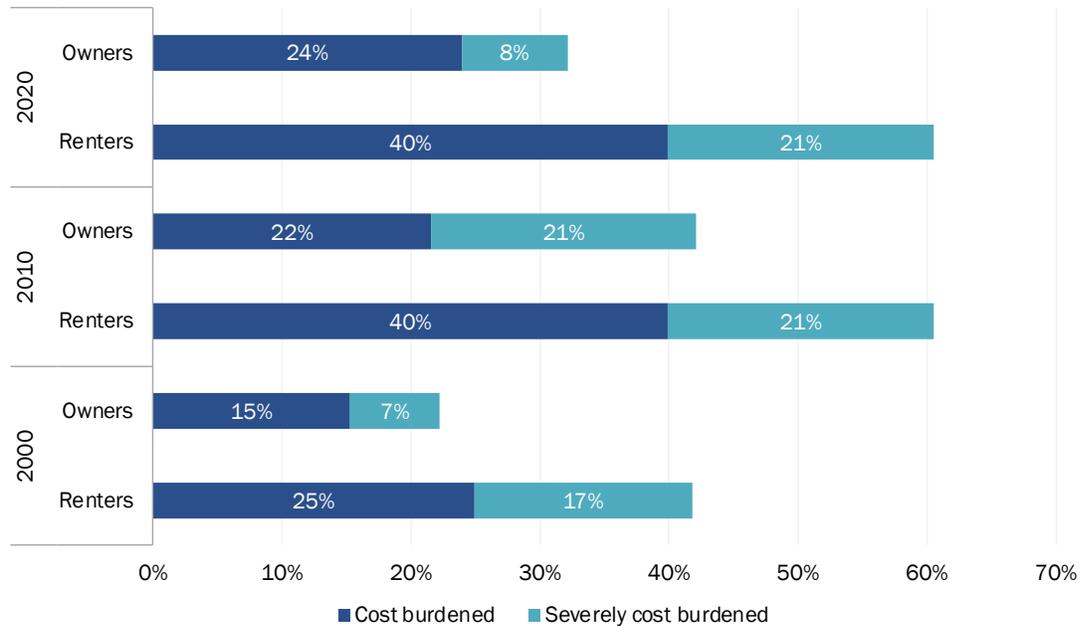


Exhibit 33 shows Langley's cost-burdened households relative to Island County and Washington. Langley's households are more cost-burdened than households in Island County and in Washington overall, especially when looking at renter households.

Exhibit 33: Percent of Cost-Burdened Households, Langley, Island County, and WA State, 2020

Source: U.S. Census Bureau, ACS 5-year estimates, Tables B5070 (Renters) and B25091 (Owners); U.S. Census Bureau, 2000 Decennial Census (SF 3), Tables H069 (Renters) and H094 (Owners).

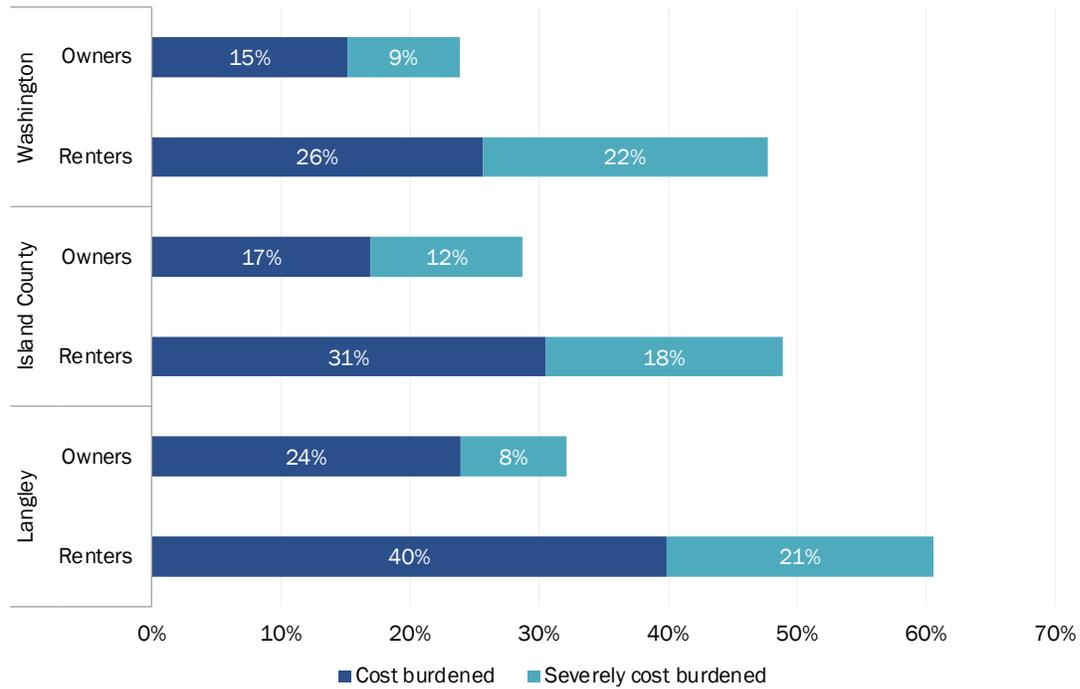
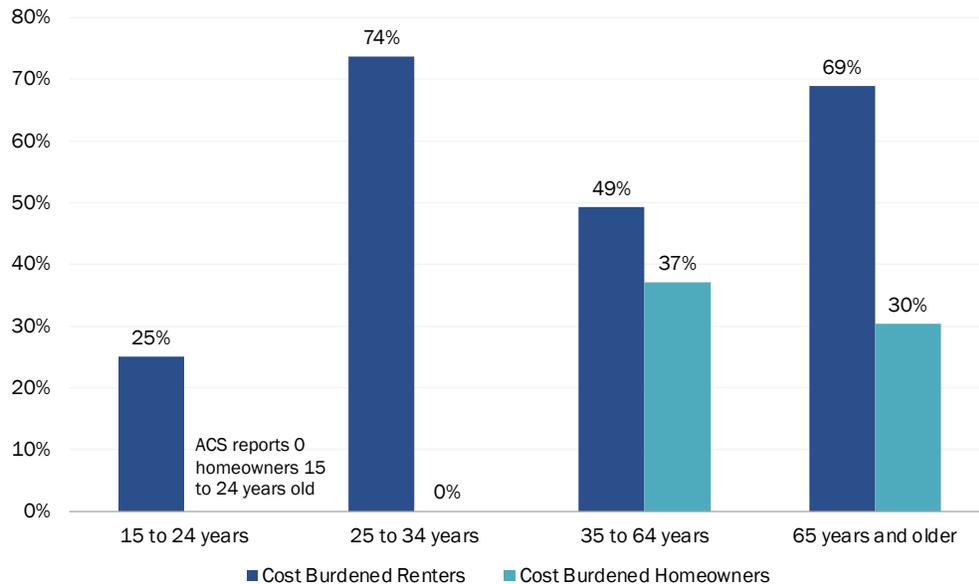


Exhibit 34 shows Langley’s cost-burdened households broken down by age and tenure. Most of Langley’s cost-burdened households are renters between the ages of 25-34 years old, closely followed by renters aged 65 and older. Since Langley is a small city with a large population of older residents, it’s likely that many are retirees who have built wealth over time, held in other assets, that are not typically reported as income. These households may be more comfortable making their housing payments than it appears in the data.

Exhibit 34: Cost-burdened Households by Age and Tenure, Langley, 2020

Source: U.S. Census Bureau, ACS 5-year estimates, Tables B5072 (Renters) and B25093 (Owners); U.S. Census Bureau, 2000 Decennial Census (SF 3), Tables H069 (Renters) and H094 (Owners).



Attainability

Exhibit 35 below shows that a household of two people earning the median family income (MFI) for Island County (\$63,813) can afford a monthly rent of about \$1,600 or a home roughly valued between \$193,000 and \$228,000.

The median home sales price in Langley in 2022 is about \$600,000. A household would need to earn about \$198,000, or about 310 percent of MFI, to afford the median sales price of housing in Langley. About 14 percent of Langley’s households have income at or above \$150,000, this suggest that less than 14 percent of households can afford the median sales price.

Given that we cannot understand market rate rents in Langley due to the limited data available, it is unknown whether rents in Langley are affordable to any income brackets. Anecdotally, in a scan of the few available units for rent on Zillow.com and Apartments.com, rent for a 2-bedroom is anywhere between \$1,900-\$2,600. This is unaffordable to households earning 120 percent MFI or below.

Exhibit 35: Financially Attainable Housing, by Median Family Income (MFI) for a family of two, Island County (\$63,813), 2021

Source: US Department of Housing and Urban Development, Island County, 2021.

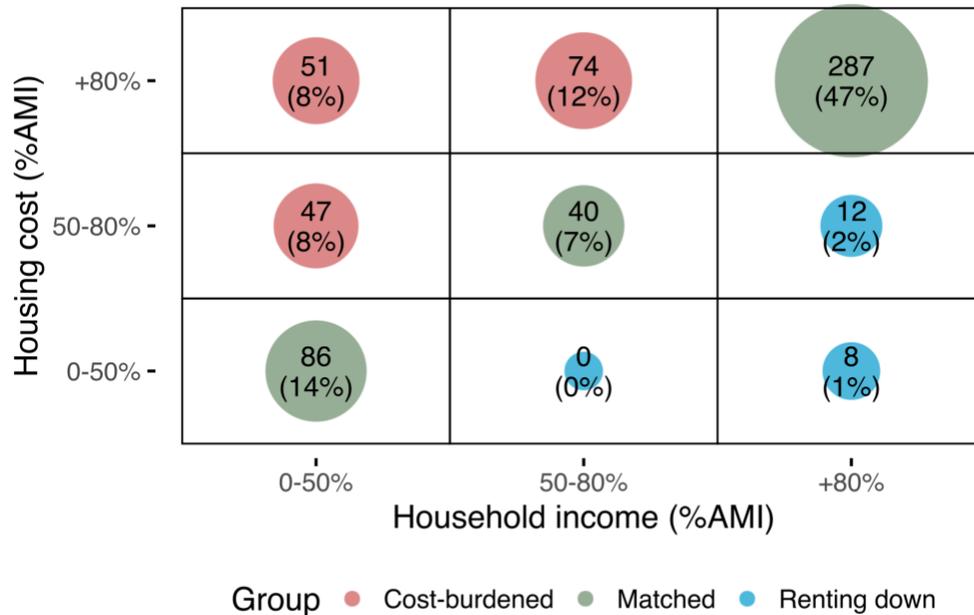
If your household earns...					
	30% of MFI	50% of MFI	80% of MFI	100% of MFI	120% of MFI
	\$19,200	\$31,950	\$51,050	\$63,813	\$76,600
Then you can afford...					
	30% of MFI	50% of MFI	80% of MFI	100% of MFI	120% of MFI
	\$500	\$800	\$1,300	\$1,600	\$1,900
monthly rent	monthly rent	monthly rent	monthly rent	monthly rent	monthly rent
OR	OR	OR	OR	OR	OR
	\$58,000	\$97,000	\$155,000	\$193,000	\$232,000
	\$69,000	\$114,000	\$182,000	\$228,000	\$274,000
home sales price	home sales price	home sales price	home sales price	home sales price	home sales price

Affordability

Affordability trends are represented as a matrix, with the y-axis representing housing costs as a percent of Area Median Income (AMI), and the x-axis representing household incomes as a percent of AMI. Where incomes match costs, we term these households “matched”. When high-income households pay below their income bracket towards housing costs, we define this as “renting down”. The inverse of renting down is “cost-burdened”, households paying more than 30 percent of household income on housing costs.

Exhibit 36: Affordability Trends, Langley

Source: ECONorthwest



Source: CHAS 2015-2019

Exhibit 36 illustrates that Langley has a need for housing affordable to households earning 80 percent or less of the AMI, and higher-end housing for households earning 80 percent or more of AMI.

Exhibit 36 shows that some lower-income households live in housing that is more expensive than they can afford because affordable housing is not available. These households are cost burdened. This situation is very apparent for households with incomes less than 50% of AMI (0-50% of AMI). The housing type that would be affordable to these lower-income households are income-restricted government-subsidized housing, multifamily units, and more affordable single-family home types (i.e., tiny homes, cottages, manufactured housing).

Some higher-income households choose housing that costs less than they can afford. This may be the result of the household's preference, or it may be the result of a lack of higher-end and luxury housing that would better suit their preferences. These households are typically renting down. This phenomenon is very apparent with households with 80% or more of AMI (+80% of AMI). The type of housing that higher-income household need is higher-end and luxury housing including single-family detached housing, single-family attached housing (i.e., townhomes and duplexes) and luxury multifamily housing (including condominiums).

4. Future Housing Needs

This section summarizes population projections and housing needs analysis results. The housing needs results provides the total future housing units needed to accommodate future population, distributed across income levels. This section is separated into two parts:

- Housing Demand Factors
- Housing Needs Analysis

Housing Demand Factors

Housing demand is determined by the preferences for different types of housing (e.g., single-family detached or apartment), and the ability to pay for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing). Preferences for housing are related to demographic characteristics and changes, in addition to personal preferences. The ability to pay for housing is based on income and housing costs. The following section analyzes and discuss these factors.

Many demographic and socioeconomic variables affect housing choice. However, studies about housing markets indicate that the age of the householder, size of the household, and income are most strongly correlated with housing choice.⁶

Age of householder is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. Generational trends, such as housing preferences of Baby Boomers (people born from about 1946 to 1964) and Millennials (people born from about 1980 to 2000) are discussed below but in general, homeownership rates increase as age increases.

Size of household is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multiple person households (often with children).

Income is the household income. Income is probably the most important determinant of housing choice for all age categories. Income is strongly related to the type of housing a household chooses (e.g., townhome, stand-alone single-family home, or apartment complex) as well as household tenure (e.g., rent or own). Homeownership rates increase as income increases and renters prefer multifamily housing over single-family homes.

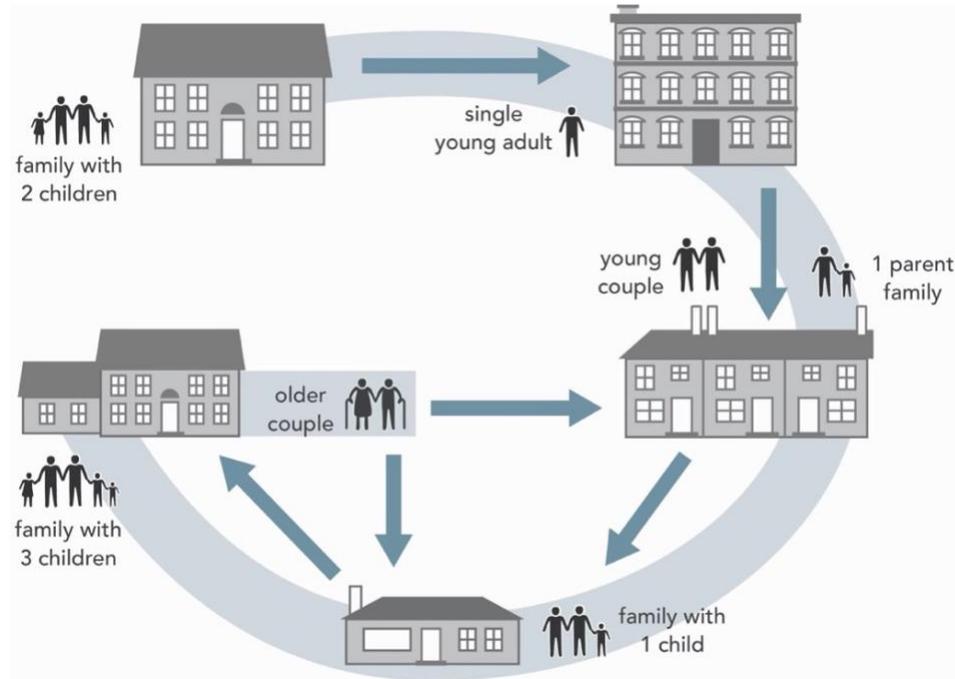
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a twenty-year-old college student differs from the needs of a forty-year-old parent with children, or an eighty-year-old single adult. As

⁶ Source: 1996. Households and Housing. New Brunswick, NJ: Center for Urban Policy Research.

Langley’s population continues to age, different types of housing will be needed to accommodate older residents. This cycle of changing housing needs by age is depicted in the illustration below.

Exhibit 37. Illustration of Household Variations by Housing Types

Sources: ECONorthwest, adapted from Clark, William A. V. and Frans M. Dieleman. 1996. Households and Housing. New Brunswick, NJ: Center for Urban Policy Research.



Housing Needs

The following section details ECONorthwest’s calculations of need, underproduction, and affordability for Langley.

Langley’s population is expected to reach 1,245 by 2036, representing an overall growth of just over 8 percent. We estimate Langley’s future housing needs based on the forecasted population growth through 2036, reallocated based on OFM’s medium estimates for Island County (see Exhibit 2). Housing Need is calculated as the added population, divided by the average household size to equal added households. We then multiply added households by a factor of 1.1⁷, plus the ratio of vacation homes added to housing units added.

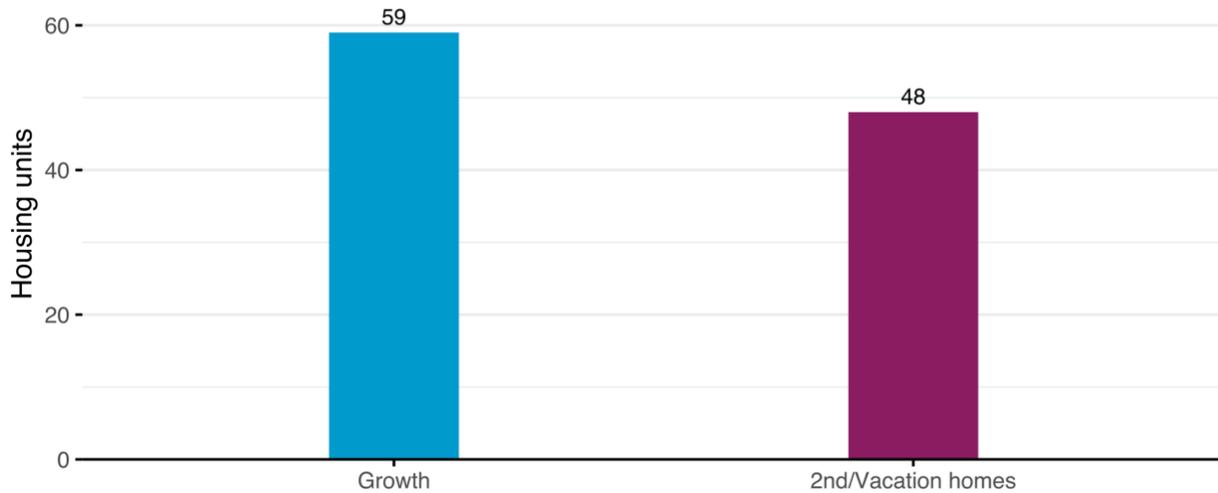
⁷ Since the 1960s, the U.S. has created about 1.10 housing unit for every household that has formed. Households form when people move into a new area, when children leave their parents’ homes, or when roommates come together or split up. A ratio higher than 1:1 allows for a natural amount of vacancy, the presence of second homes, and units falling into obsolescence.

To accommodate the City’s forecasted population by 2036, an additional 59 housing units are needed. Considering that Langley is a popular tourist destination, and many of the City’s housing units have likely shifted to short-term rental use or have become second homes (see Exhibit 22) the City’s future housing needs should also account for the demand of short-term rentals units and second homes in order to adequately meet its housing needs.

Therefore, Langley will also need to accommodate 48 additional housing units so there are enough units to accommodate future growth and account for the units lost to second and vacation homes. ECONorthwest used ACS data to determine that between 2010-2020, the City’s housing stock increased by 65 units. The total second and vacation homes stock raised by 58 units during that same time period, creating a ratio of 0.89 of second and vacation homes to total housing units added. Accounting for second homes and short-term rentals will allow Langley to plan for a healthy growth that allows its households to move between housing units that meet their household needs and affordability levels. Without projecting for second homes and short-term rentals a community like Langley, second homes and short-term rentals will continue to grow and create imbalances. In total, Langley will need to plan for a total of 107 housing units by 2036.

Exhibit 38: Housing Need, Langley, 2036

Source: OFM 2020 Population Estimate; Island County Population Forecast for Langley; ACS 5-year 2016-2020; ECONorthwest



Housing Need Distribution

While understanding the total number of housing needs required to meet the City’s population forecast is an important step in planning for the future, it’s also important to understand how the housing units should be distributed among income earners to ensure there are enough units attainable for each household.

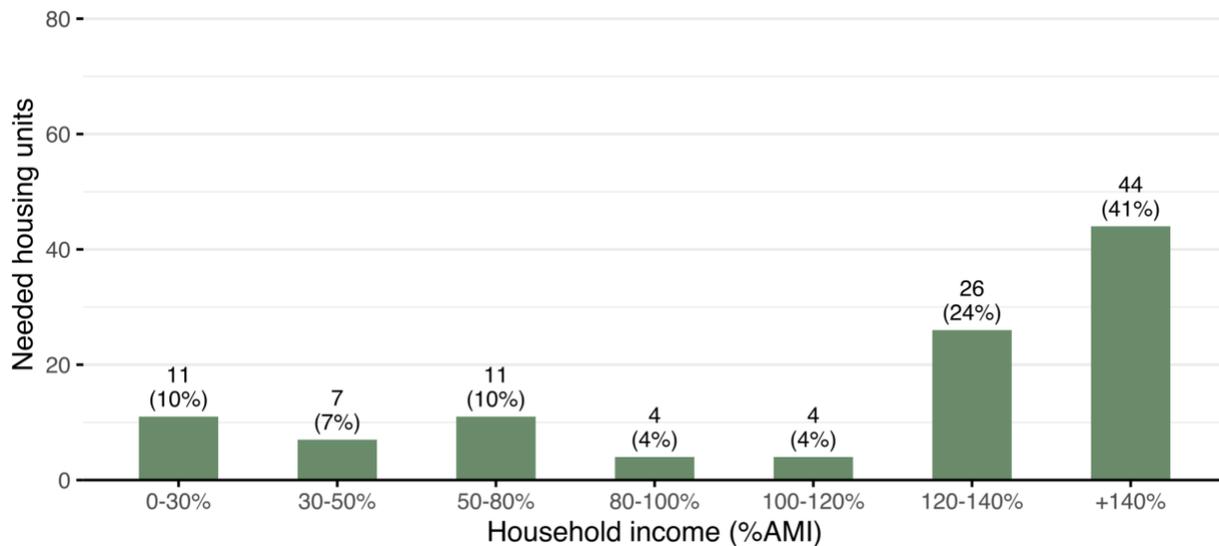
The housing need projections shown in the exhibit below are derived using the most recent distribution of households by percent of AMI in Langley. The analysis then accounts for current

and future household sizes at the city level to better understand nuances of how housing need by income can shift over time as household sizes change and subsequent changes to housing affordability. Exhibit 39 shows Langley’s housing need by income. The number in each income bracket represents the number of housing units the City should plan to accommodate to meet the specific housing needs of Langley’s residents. Because forecasting incomes at the household level over time can be challenging at best, and misleading at worst, this data evaluates housing need assuming current income distributions remain constant. Therefore, you will see a greater number of future units needed for those making above 100 percent AMI because that reflects Langley’s current income mix. The City experienced tremendous growth in households earning greater than \$75,000 annually between 2010-2020 (see Exhibit 10) .

The forecast housing need by income category is likely to vary depending on future policy choices. That is to say that if cities do not take meaningful action to increase housing production, and affordability worsens due to demand from higher-income households outpacing supply of total housing units, many low-income households would face displacement and the forecasted need for lower income households would likely be lower. The ultimate income distribution in 2036 will be the result of regional housing trends and policy decisions made at the local level.

Exhibit 39: Housing Need by Income Distribution, Langley, 2036

Source: OFM 2020 Population Estimate; ACS 5-year 2016-2020; CHAS 2015-2019; ECONorthwest



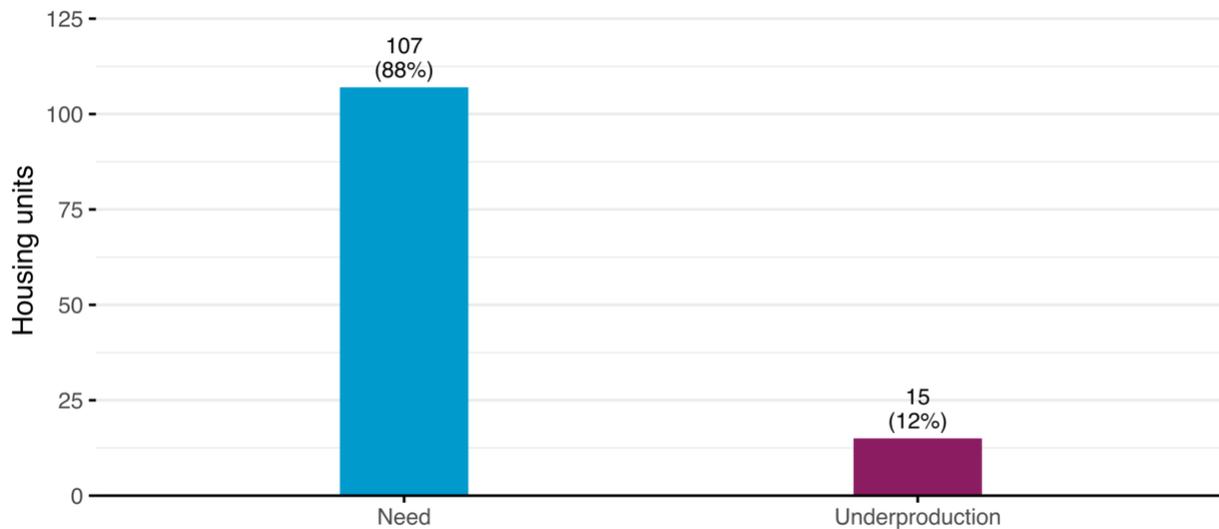
As Exhibit 39 demonstrates, 70 percent of units needed between 2020 and 2036 should be affordable to households earning more than 100% of the AMI. This is helpful since new market-rate housing tends to be developed at prices and rents that are affordable to higher income households. When an area does not have enough housing priced for higher income households, these households “rent down” and occupy units that would be appropriately priced for lower-income households, thereby increasing competition for low-cost housing units. All cities need a range of housing choices – of different sizes, types, and prices – to accommodate the various needs and incomes of residents.

Underproduction

ECONorthwest’s approach to estimating future housing needs is unique in that it also accounts for the City’s underproduction of housing units relative to the number of households formed in Langley⁸. Current underproduction is calculated as difference between *existing* stock (minus 2nd and vacation homes) and 1.1 multiplied by the current number of households. Exhibit 40 shows Langley’s total housing need and the number of units needed to account for previous underproduction of housing units (15).

Exhibit 40: Langley's Underproduction Estimates

Source: ECONorthwest; OFM April 1 Estimates; ACS 5-year 2016-2020; CHAS 2015-2019

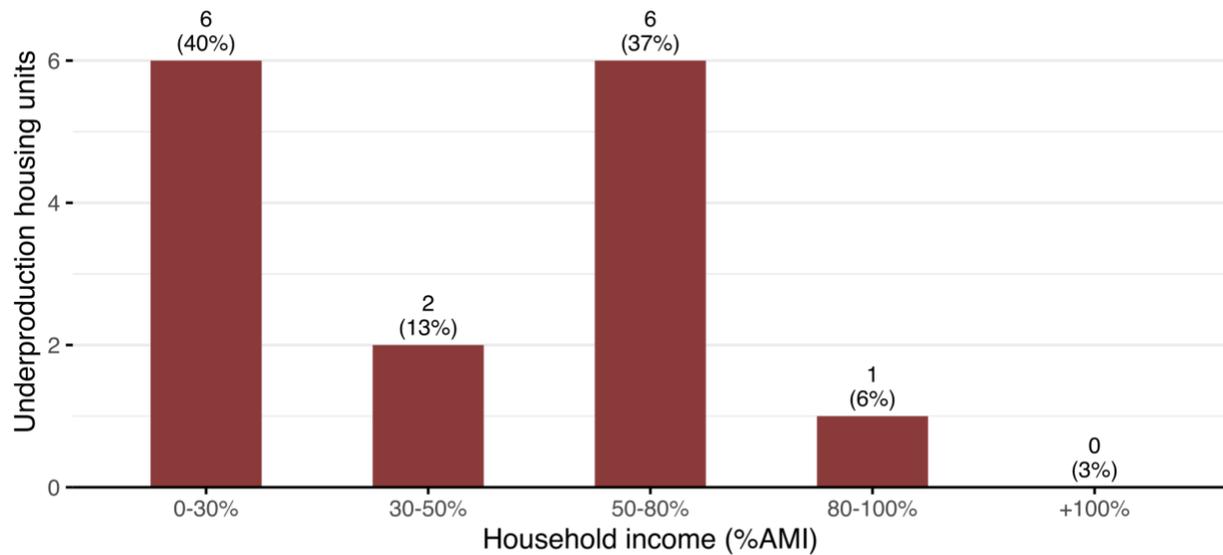


We can look at the combination of underproduction and future need to get a full sense of the 122 housing units Langley will need to produce over the coming decades in order to meet future demand and provide sufficient housing to accommodate unmet *existing* need.

⁸ Since the 1960s, the U.S. has created about 1.10 housing unit for every household that has formed. Households form when people move into a new area, when children leave their parents’ homes, or when roommates come together or split up. A ratio higher than 1:1 allows for a natural amount of vacancy, the presence of second homes, and units falling into obsolescence.

Exhibit 41: Underproduction Distributed, Langley

Source: ECONorthwest; ACS 5-year Estimates 2016-2020; CHAS 2015-2019



Source: ACS 5-year 2016-2020, CHAS 2015-2019

5. Summary of Existing Housing Policies

This section will include a review of key housing policies and programs and a high-level analysis of their use since implementation. It consists of two parts:

- Review of previous City documentation on housing issues, including the following:
 - Survey results from 2018 Housing Survey
 - 2018 Comprehensive Plan Housing Element and Implementation to date
 - 2021 Housing Challenges Report prepared by the Affordable Housing Working Group
- Review of key housing policies and programs and an analysis of their use and possible barriers and opportunities. Policies reviewed include:
 - 2019 code amendments that focused on increasing housing types such as duplexes, ADUs, and tiny homes, as well as increased densities
 - Multi-Family Infill Code

Summary of City Documentation on Housing Issues

Langley's Housing Action Plan will be guided by a few of the City's recent key documents. This section summarizes the City's previous documentation on housing issues, including a Housing Survey distributed through utility bills used to inform the 2018 Comprehensive Plan Update,

the 2018 Langley Housing Element, and the 2021 Affordable Housing Challenges Report prepared by the Planning Advisory Board and the Affordable Housing Working Group.

2018 Housing Survey

In 2018, the City conducted a housing survey to help inform their Housing Element Update. The responses provided were compelling, validating many of the findings in this Housing Needs Assessment. The survey highlighted several areas of concern, documented below.

- 76 percent of survey respondents felt there were not enough housing options for renters.
- 62 percent of survey respondents felt there were not enough options for homeowners.
- 66 percent of respondents who own businesses in Langley reported that their employees face housing related issues.

Respondents specifically expressed concerns related to the following:

- Lack of multifamily development, feeling that more apartments would help ease the pressure on renters
- Wages offered for service jobs do not align with housing costs for rental or ownership. However, even compensation for jobs outside the service industry are unable to keep pace with housing costs, such as teachers and postal workers.
- Housing costs are also too high for middle-income families

Langley Comprehensive Plan 2018 Housing Element

The policies found in Langley’s Housing Element will provide a foundation for strategies and recommendations in the Housing Action Plan. Below is a summary of key goals and policies that should be further built upon in the Plan, especially considering the Housing Needs Assessment findings.

Exhibit 42: Summary of Key Housing Policies, Langley 2018 Housing Element

Source: City of Langley Comprehensive Plan, 2018

<p>Goal H-1: Innovative and Diverse Housing - provide a mix of single-family homes, duplexes, condominiums, apartments, townhouses, tiny homes, ADU's, housing that allows people to age in place</p>	<p><i>H-1.2: Encourage developers to design and build innovative housing options including creative housing alternatives for individuals at each stage of life.</i></p> <p><i>H-1.3: Enable the 'missing middle' housing typology that includes row housing, townhouses and small-scale apartments to be developed as infill within existing single-family neighborhoods.</i></p> <p>Implementation: In 2019 City expanded allowances for duplexes, ADUs, and tiny homes in residential zones. In 2020, the City also adopted a Multi-Family Infill Code Overlay which increased densities to allow for and incentivize more diverse typologies.</p>
<p>Goal H-2: Character and Density - seek opportunities</p>	<p><i>H-2.1: Expand the areas where multi-family residential housing is permitted.</i></p>

<p>to ensure that various types and densities of housing are permitted in sufficient numbers to meet projected housing needs.</p>	<p><i>H-2.2: Encourage attached and detached ADUs in residential zones.</i> Implementation: In 2019 City expanded allowances for ADUs and tiny homes in residential zones, including an allowance for duplexes to also utilize ADUs. In 2021, Langley adopted a multi-family infill development code that permits multi-family infill housing, including triplexes, in two single family zone districts, RS5000 and RS7200 and the Residential Mixed (multi-family) zone district. Allowances were also expanded to the Neighborhood Business zone district too.</p>
<p>Goal H-4: Housing Affordability- enable the opportunity for affordable housing for a diversity of residents within the city of Langley.</p>	<p><i>H-4.1: Explore innovative techniques that enable increased housing affordability such as ADUs, a housing trust fund, inclusionary zoning, density bonuses, smaller lot size, elimination of minimum lot size with appropriate open space, expediting permit processing, exempting Real Estate Excise Taxes (REET) to qualified sellers; incentives such as reduced or waived connection fees and reduced parking requirements, form-based codes, mixed use planned unit development, and other provisions to be determined.</i> Implementation: The City reduced parking requirements for ADUs in the 2019 code updates and reduced parking requirements for multi-family development through the Multi-Family Infill Overlay adopted in 2020. Langley also is exploring an inclusionary zoning ordinance as part of the Housing Action Plan grant. Work will be completed in the spring of 2023. Additionally, the City is in the process of adopting a utility connection fee waiver ordinance for affordable housing. Although the ordinance is limited to only those situations where grant funding is available to reimburse the city utility for the waiver of the connection charges, this ordinance has already assisted two proposed affordable housing projects, which were awarded grants through the Department of Commerce’s Connecting Housing to Infrastructure grant Program (CHIP). <i>H-4.2: Work with Island County and other local governments to investigate and implement regional funding options to support the development and/or maintenance of affordable housing such as a regional housing trust fund, regional housing tax levy, real estate excise tax or other mechanisms.</i> <i>H-4.3: Explore opportunities and mechanisms for workforce housing for residents with incomes between 80% to 120% of Area Median Income (AMI).</i> Implementation: Langley supported Island County in their adoption of the 1/10th of 1% sales tax for affordable housing</p>

	<p>this year made possible by House Bill 1590. Given the well-documented issues with hiring and retaining employees, Langley should consider addressing workforce housing within their Housing Action Plan.</p> <p><i>H-4.6: Consider establishing an inventory of old buildings that could be converted into affordable housing.</i></p> <p><i>H-4.9: Review the impacts that vacation rentals (Air B&B, VRBO, etc) may be having on long term rentals and housing affordability and if necessary, develop a strategy in response.</i></p> <p>Implementation: Given the City’s inventory of second homes and vacation rentals, the City may want to consider exploring the impacts in their Housing Action Plan.</p> <p><i>H-4.10: Allow increased density on existing affordable housing sites.</i></p>
<p>Goal H-5: Special-Needs Housing Work with Island County and other appropriate agencies to increase opportunities for residents with special housing needs.</p>	<p><i>H-5.1: Encourage special needs housing to be located throughout the City.</i></p> <p>Implementation: The City has a few affordable housing developments that rarely have vacancies, indicating a strong demand for these types of units. The City should consider partnering with the local Housing Authority or another non-profit to build more income-restricted housing to address the needs of low-income residents.</p>
<p>Goal H-7: Mixed Use Neighborhoods Encourage the creation of mixed-use neighborhoods that integrate a mix of housing types, densities, including affordable housing units, limited commercial services, and access to recreation.</p>	<p><i>H-7.1: Establish a mixed-use PUD overlay designation to allow discrete areas to be treated differently and more flexibly than allowed under current zoning standards.</i></p> <p><i>H-7.2: Ensure that mixed use PUD neighborhoods are of sufficient size to promote an appropriate mix of residential and commercial uses.</i></p> <p>Implementation: Langley adopted a new Planned Unit Development (PUD) code in 2020 and received its first application under that code in August of 2022.</p>

2021 Housing Challenges Report

In 2021, the Langley Planning Advisory Board in partnership with the Affordable Housing Work Group prepared the Housing Challenges Report that outlined demographic and housing market factors that have contributed to the City’s affordability challenges. The Report included community perspectives that demonstrated severe pinch points in the housing market that inhibit the ability to attract and maintain employees for both local businesses and government functions, require many residents to pay more than 30 percent of their income on housing costs, and create long waitlists for rental units. The report identified several demographic factors that make Langley unique, relative to Island County and Washington, and contribute to affordability concerns.

- Langley's has a much higher median age and very few families with children.
- Langley has a lower median household income, and almost two-thirds of the households received social security income.
- The City has a higher percentage of renters than the County and State, and 63 percent of them are cost-burdened (paying more than 30 percent of their income on housing costs).

The report also highlighted implications the local economy, geared towards tourism and leisure and retail, had on housing affordability.

- Hospitality and retail employment wages are low and often part-time positions, which present challenges for finding affordable housing in the area (which will also limit the growth of local businesses).
- An increase in short-term rentals has created competition for scarce housing resources.
- 2-bedroom apartments and duplexes are affordable to households making 80 percent AMI or above, and 2-bedroom single family are affordable to households making 120 percent AMI or above.

Langley also faces some unique challenges that may limit residential development potential that were outlined in the Housing Challenges Report, demonstrating the City's need to be flexible and creative when it comes to accommodating future development.

- Potable water source is from a single source aquifer that serves the whole of Island County. The aquifer may be affected by saltwater intrusion and drawdown by a growing population.
- Water rights are limited: only 379 of 1372 Equivalent Residential Units (ERU's) are available for future development under the City's permit from Department of Ecology
- Sewer system is at 60% capacity; a threshold of 85% capacity use triggers facility expansion planning, representing a significant future funding commitment that must be accounted for in current rates and fee-setting, further impacting cost of living and housing.

Review of Key Housing Policies and Programs

Langley has taken several recent steps to incentivize more diverse housing development to provide more opportunity and options for long-term residents. This section summarizes these new programs and policies that are already working towards creating a more affordable Langley. The key programs included in this section are:

- 2019 code amendments that increased allowances for duplexes, ADUs, and tiny homes
- Multi-Family Infill Code

- Waivers of utility participation fees and connection charges for affordable housing developments

2019 Code Amendments

In 2019, the City of Langley adopted code amendments that expanded allowances and increased densities in residential zones for duplexes, ADUs, and tiny homes in an effort to help address many of the housing issues the City has been experiencing. Key changes to the code include: allowing both an attached and detached ADU per single family residence; allowing for duplexes to also have a detached ADU; only requiring an additional parking space for the second ADU on a property; allowing for tiny homes to be used as ADUs; and lastly allowing for the development of multiple tiny homes on a single parcel as a multi-family development. Since the code amendments were adopted, the City has seen an increase in ADU development and an affordable tiny home village was completed by a locally formed non-profit in 2021. The City has not permitted any duplexes since 2014, and all other permitted units since 2019 have been for single-family.

ADU Development

Since the City expanded allowances for ADUs in 2019, the City has permitted an additional 7 units (1 unit in 2019 and 6 units in 2020). This is the biggest increase in ADU permit activity the City has seen since 2010, the largest increase in a single year prior to 2020 was 4 ADUs permitted in 2015. Considering this increase in ADU permit activity, the code amendments have been successful in encouraging more ADU development and should continue finding ways to lower barriers to ADU development considering the interest and need for them in the community.

Tiny Home Village

Since the 2019 code amendments that expanded allowances for tiny homes was adopted, the City has permitted a 9-unit community aimed at providing housing for low-income workers. A local non-profit THINC will provide 9 units (264 square feet each) on a site with office and community space. The units will be rented to low-income South Whidbey Island residents, referred by Island County Housing Support Center or other local agencies. The units will be rented on a sliding scale and lease agreements will be re-evaluated at the end of each year to ensure qualifications are still met. As of May 2022, construction of the community is still ongoing.

Utility Fee Waiver Ordinance

The City is in the process of adopting an ordinance that would provide for the waiver of utility participation fees and connection charges for affordable housing developments. As a small jurisdiction, the city utility cannot always afford to subsidize housing development, so the ordinance is limited to only those situations where grant funding is available to reimburse the city utility for the waiver of the connection charges. Despite this limitation, the ordinance has

already assisted two proposed affordable housing projects, which were awarded grants through the Department of Commerce's Connecting Housing to Infrastructure grant Program (CHIP). The first is the tiny home village operated by THINC and described above. The second is a proposed project by Habitat for Humanity that may result in up to eight units for affordable home ownership housing.

Multi-Family Infill Code

In 2021, Langley adopted a multi-family infill development code aimed at increasing residential building capacity. The work included code amendments to permit multi-family infill housing, including triplexes, in two single family zone districts, RS5000 and RS7200 and the Residential Mixed (multi-family) zone district. Allowances were also expanded to the Neighborhood Business zone district too. Key highlights from the amendments include:

- All development is required to be connected to City sewer.
- Reduces front yard setbacks but regulates how much major façade elements may encroach.
- Increases maximum height in some zone districts when affordable housing units are provided.
- Regulates building height in stories, not feet and regulates the maximum story height.
- Reduces parking requirements to one stall per dwelling unit from two stalls.
- Allows up to 100% of the required parking to be accommodated through on-street parking, although such on-street parking cannot be reserved for residents of the development and must be shared with the public.
- Permits a range of building types and regulates the minimum and maximum number of units per building, buildings per site, building width and depth, and entrance requirements.
- Increases lot coverage but DOE stormwater requirements continue to apply for impervious cover more than 2,000 SF.
- Simplifies the approval process. An application is not required to be reviewed by the Design Review Board.

Since the code was adopted in 2021, the City has had a couple of applications submitted and one has been permitted. One project completed the preliminary binding site plan but discontinued the process to develop duplexes on the existing lots rather than utilize the multi-family infill code. The second project received site plan approval in August of 2022.. The initial plan was for the property owner to live in one of the units and rent out the other two. Since the code is newly implemented it remains to be seen how well it will be utilized, but the City should continue monitoring applications and engaging in conversations with developers to understand if any tweaks should be made to further incentivize its use.

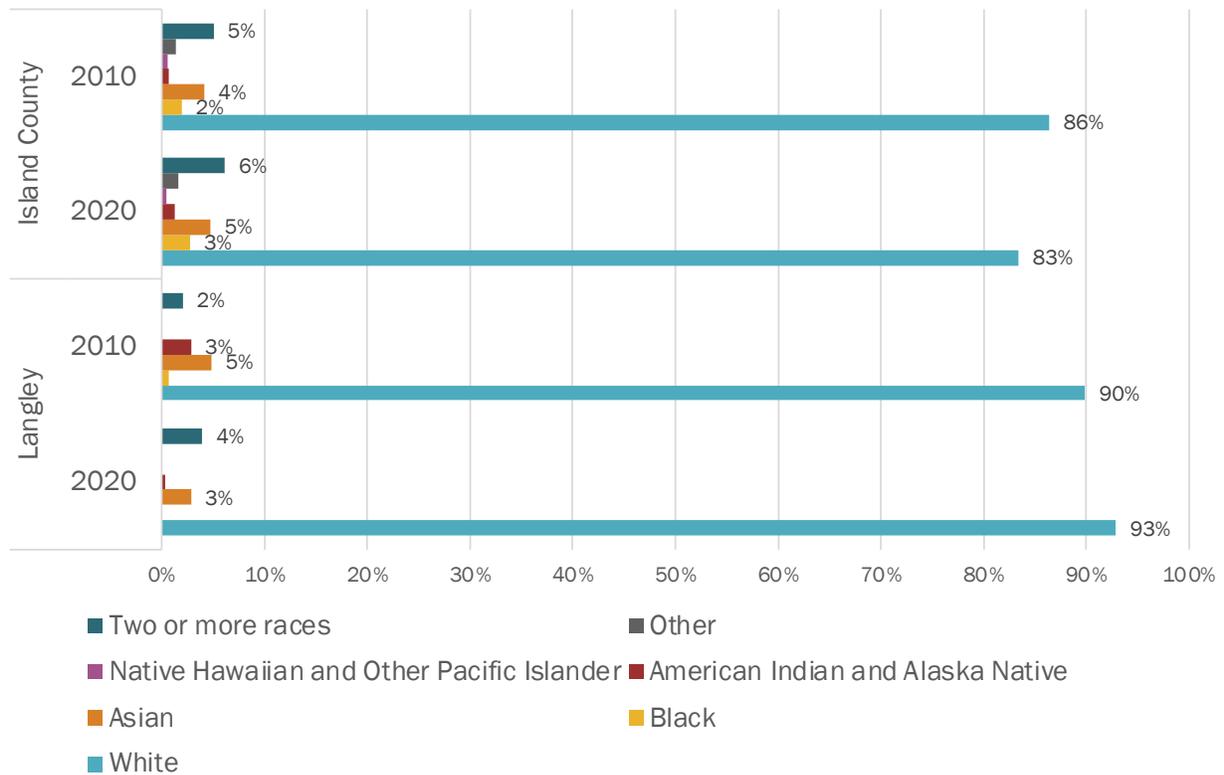
Appendix

Community Profile

Race and Ethnicity

Exhibit 43: Race and Ethnicity, Island County, Langley, 2010-2020

Source: US Census Bureau, ACS 2020 5-year, ACS 2010 5-year



Household Characteristics

Exhibit 44: Household Size by Household Tenure, Island County, 2010-2020

Source: US Census Bureau, ACS 2020 5-year, ACS 2010 5-year

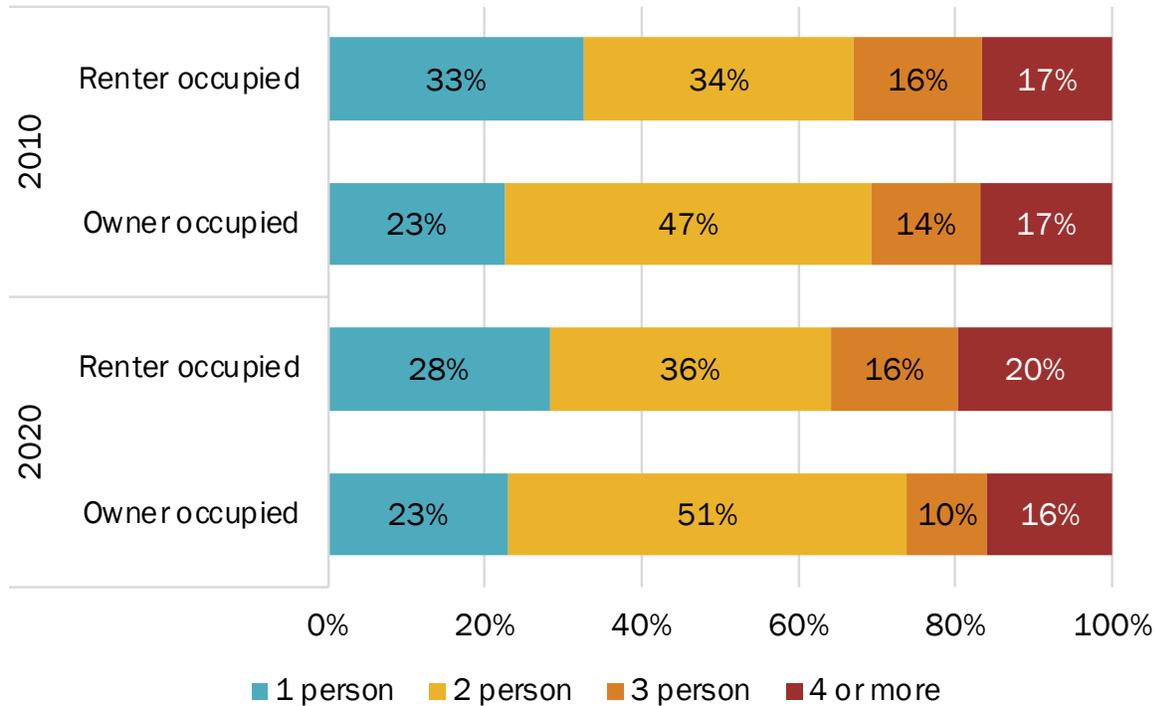


Exhibit 45: Household Size by Household Tenure, City of Langley, 2010-2020

Source: US Census Bureau, ACS 2020 5-year, ACS 2010 5-year

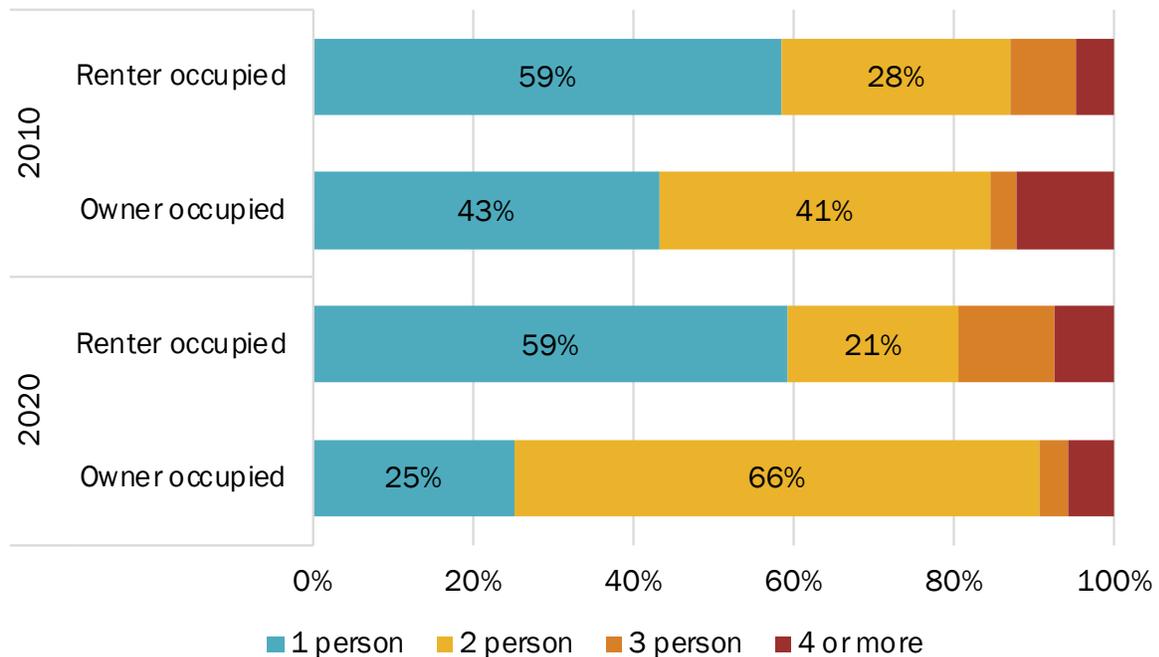
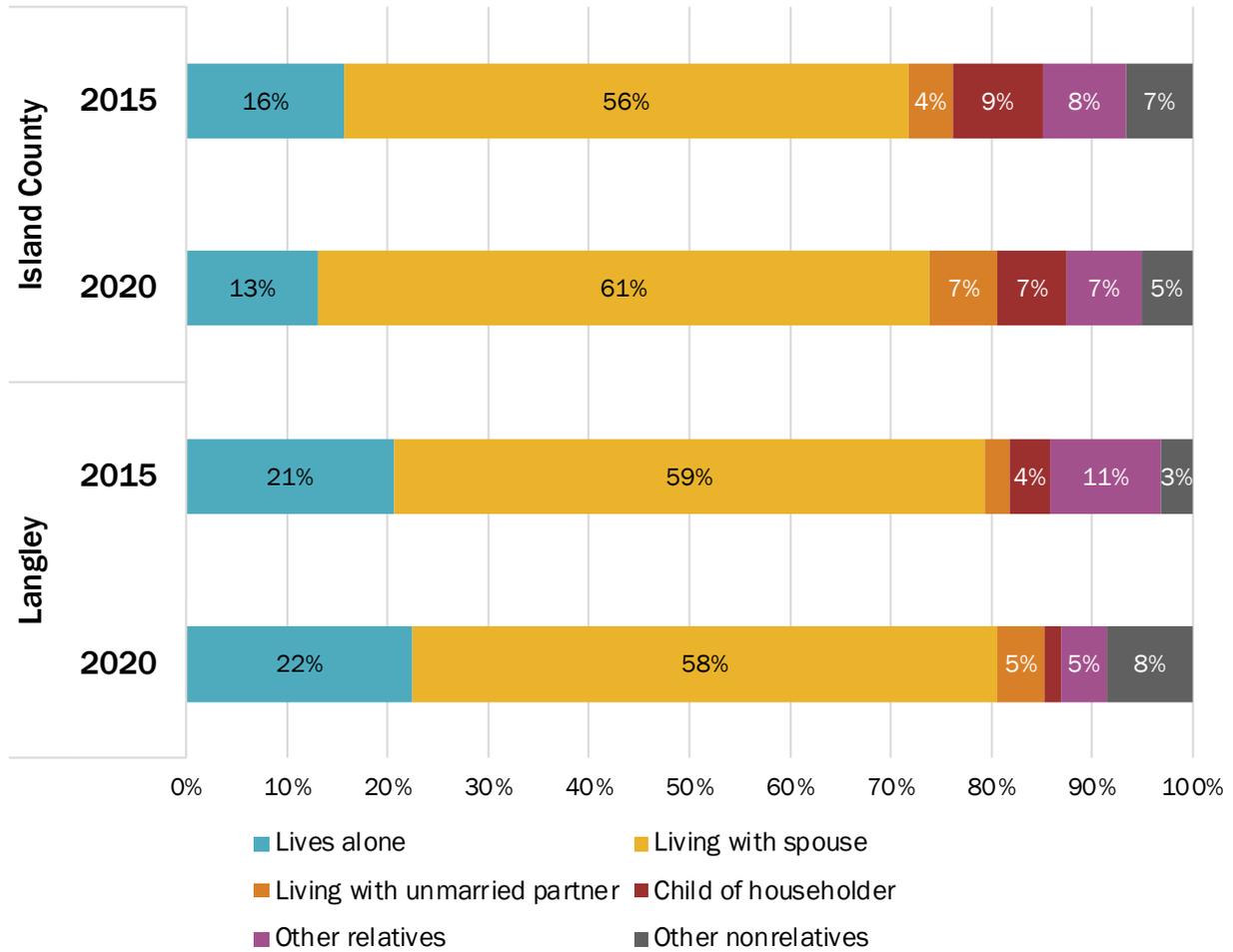


Exhibit 46: Living Arrangement, Island County, City of Langley, 2010-2020

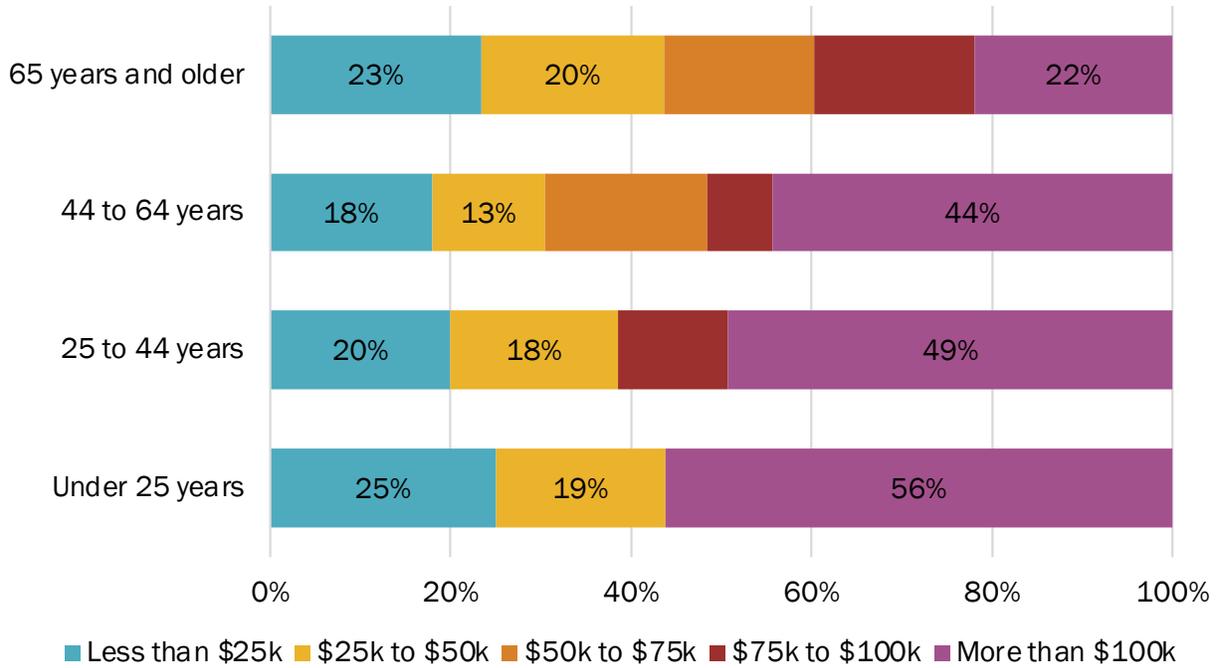
Source: US Census Bureau, ACS 2020 5-year, ACS 2010 5-year



Income Distribution

Exhibit 47: Household Income by Age, City of Langley, 2020

Source: US Census Bureau, ACS 2020 5-year

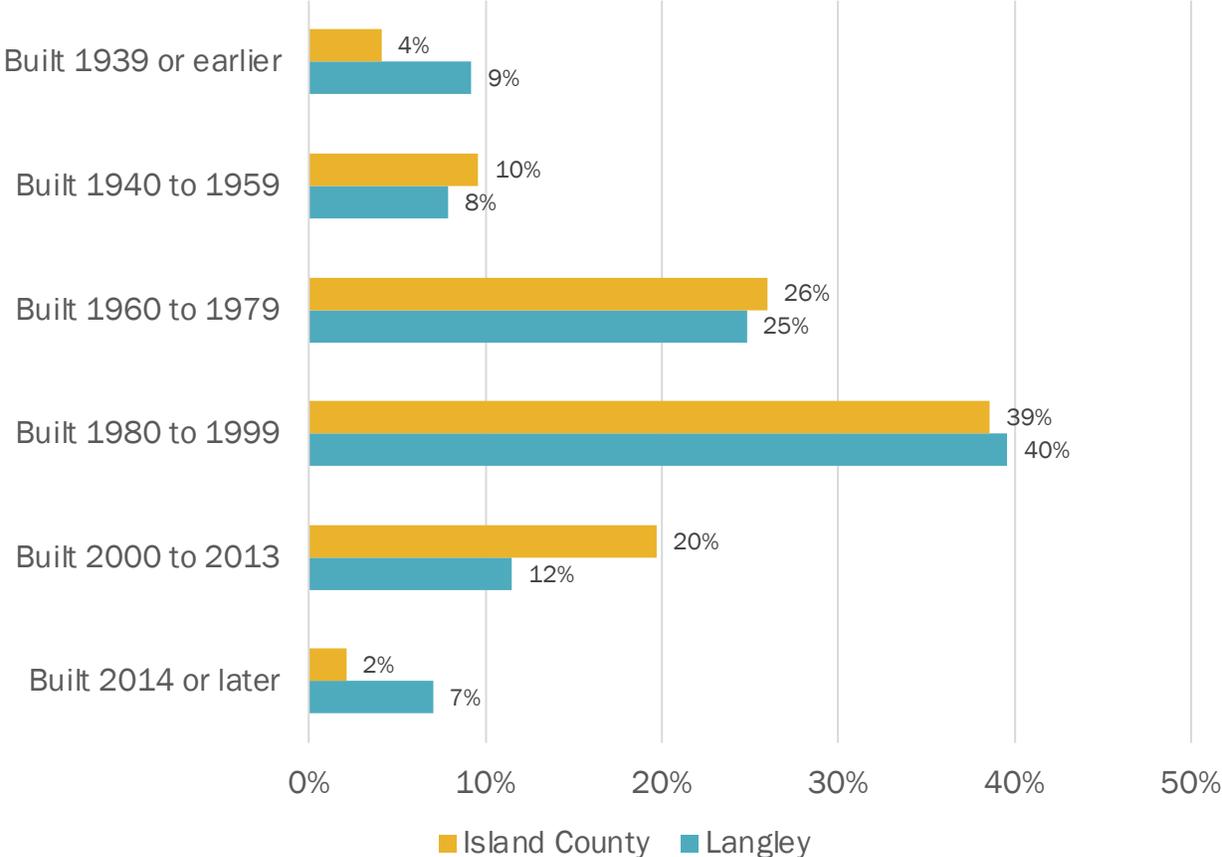


Housing Characteristics

Housing Age

Exhibit 48: Housing Age, Island County, City of Langley, 2020

Source: US Census Bureau, ACS 2020 5-year



Housing Affordability

Exhibit 49: Cost Burden by Tenure and Age Comparison, Washington State, Island County, City of Langley, 2020

Source: US Census Bureau, ACS 2020 5-year

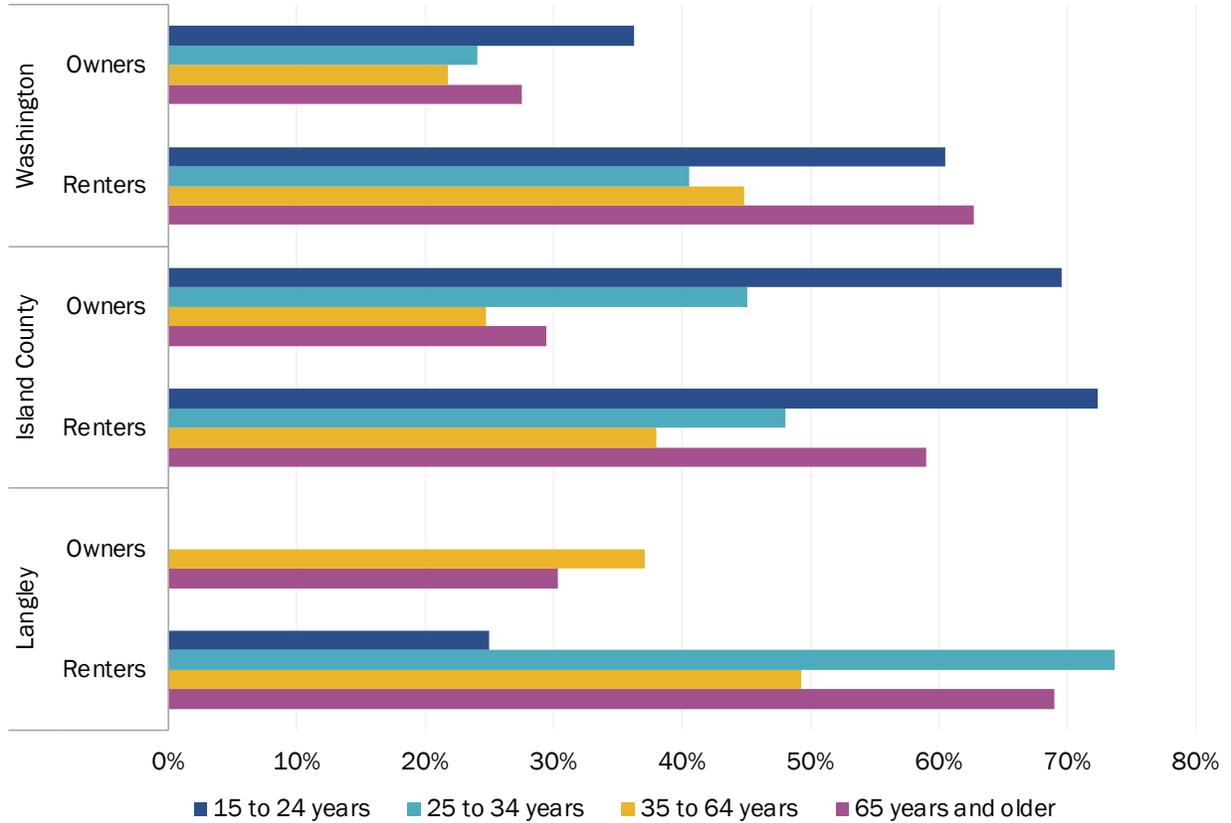


Exhibit 50: Cost Burden by Tenure and Age, City of Langley, 2010-2020

Source: US Census Bureau, ACS 2020 5-year, ACS 2010 5-year

