

Town of Winthrop

2023 Housing Action Plan (HAP)

Authored by:

Rocklynn Culp & Simon Windell

Mayor	Sally Ranzau
Council Position 1	Kirsten Vanderhalf
Council Position 2	Joseph O'Driscoll
Council Position 3	Ben Nelson
Council Position 4	Seth Miles
Council Position 5	Bill McAdow
Planning Commissioner 1	Vacant
Planning Commissioner 2	Peter Goldman
Planning Commissioner 3	Simon Windell
Planning Commissioner 4	Greg Wright
Planning Commissioner 5	Art Campbell (chair)
Planning Commissioner 6	Rita Kenney
Planning Commissioner 7	Vacant
Town Planner	Rocklynn Culp
HAP Consultants	Beckwith Consulting

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Introduction

In 2019, the WA state Legislature passed [HB 1923](#), which set requirements for Housing Action Plans (HAPs) and provided a grant program for local governments to develop them. HB 1923 set the requirements for HAPs as follows:

- a) Quantify existing and projected housing needs for all income levels, including extremely low-income households, with documentation of housing and household characteristics, and cost-burdened households;
- b) Develop strategies to increase the supply of housing, and variety of housing types, needed to serve the housing needs identified;
- c) Analyze population and employment trends, with documentation of projections;
- d) Consider strategies to minimize displacement of low-income residents resulting from redevelopment;
- e) Provide for participation and input from community members, community groups, local builders, local realtors, nonprofit housing advocates, and local religious groups; and
- f) Include a schedule of programs and actions to implement the recommendations of the housing action plan.

Much of HB 1923 is focused on setting milestones and requirements for Growth Management Act (GMA) Fully Planning Counties. Because Okanogan County is only a “Partially Planning County,”ⁱ Winthrop and Twisp are not required to create HAPs. Both Winthrop and Twisp opted into the program, receiving grants from the Department of Commerce to hire a consultant to develop HAPs. The funding is structured in such a way that each town must produce an individual plan.

Using this DOC grant funding, Winthrop, through RFP, hired a consulting firm (Beckwith Consulting) to develop a HAP in accordance with these HB 1923 guidelines. As we reviewed early drafts of the HAP products, we identified several issues with the data and approach that reduced our satisfaction with the results, including:

- The report lacked access to full census data due to the timing of its release.
- The report included verifiably inaccurate demographic statistics based on small sample sizes (used with ACS projection models).
- The data presented was often out of date, not accurate enough, and did not reflect the dramatic changes in the housing market seen locally since 2020 in particular: with pandemic migration, rapid escalation of existing housing costs (both rental and purchase), and limited supply.
- The overall narrative of housing dynamics in the Methow Valley was missing, and therefore corresponding proposed implementations lacked local context.

Given the need for better data and a locally grounded narrative, the Winthrop Planning Commission decided to develop our own Housing Action Plan. **This Winthrop HAP is informed by the Beckwith productⁱⁱ and recommendations, fact checked, supplemented with our own research, and grounded in the local context.**

In 2021 the Winthrop Town Council adopted resolution 2021-36, declaring a housing crisis in the Methow Valley. The resolution directed staff and the planning commission to engage in a review of

local policies and regulations that impact housing affordability. To that end, the planning commission has spent significant time looking at the Comprehensive Plan, Zoning Code, and other regulations. This Housing Action Plan reinforces our work to date, and further informs and guides our path forward.

The HAP recognizes that the critical housing needs of the Methow Valley require broad efforts involving many entities taking action to remove barriers and increase supply through a mix of private and public tools. The Town of Winthrop, through adoption of Resolution 2021-36, outlined the areas in which the Town could feasibly act to address the acknowledged housing crisis. Avenues available for the town to affect housing availability and affordability include:

- Winthrop’s **Comprehensive Plan**, which sets policy that guides future development. The current Comprehensive Plan was adopted in 2015. Updates to the Comprehensive Plan could provide added policy support for densities and a range of housing types that meet local needs effectively.
- The **zoning code**, which sets regulations that guide the pattern of development. The Town could amend zoning regulations and districts in ways that streamline processes, provide for added density in suitable locations, and permit missing middle housing types to be developed broadly.
- Other **development codes** such as subdivision, water, sewer, and street codes, which also impact the feasibility and affordability of developing housing in Town. These codes could be reviewed and amended to provide options that help contain the cost of developing housing without creating added cost burden across the system.
- Utilization of **public funding mechanisms** to support development of affordable housing units in Winthrop. Public funding mechanisms may include utilizing taxing authority as provided in state statutes to generate funds for affordable housing and applying for grants.
- Participation in the Housing Solutions Network and other **partnership opportunities** to support the work of other entities working to supply permanently affordable housing.
- Participation in an active partnership to **purchase and develop land** to meet specific local housing objectives.

Major Findings

- Winthrop has a high percentage of 1-2 person households and an overall older population than many communities.
- A significant portion of single person and single wage earner households are housing-cost burdened.
- Single family housing – which makes up 89% of the housing stock in Winthrop – is unaffordable for those that derive their income locally.
- Only 6% of Winthrop is multi-family housing. There have been no multi-family building permits in the past 20+ years. To meet our housing needs, we will need to build more multi-family housing.
- The cost of housing has outpaced wages 4:1 over the past 5 years: Median home prices have more than doubled since 2018; to afford the median home, a household of two needs to make at least 2.5x median income.

- With a vacancy rate of less than 1%, rental housing is increasingly hard to find as single-family rental housing no longer pencils out and there is a scarcity of multi-family housing.
- Employers have identified housing as a primary barrier to full staffing – from service industry to professional and technical employees.
- The Methow Valley needs about 430 more units of housing for full-time residents **today**. This number represents members of our community that live in “informal housing” today.
- Development costs coupled with market forces have resulted in underproduction of housing supply, particularly in units that are affordable for local people who derive their income from the valley economy.

In summary: We need more housing for valley residents. Many of these units will need to be built. Due to constraints on land and water resources and the need to adapt to changing climate conditions, most of the associated housing development must happen within the two municipalities and at higher density than the existing pattern of development. We need to explore mechanisms for permanence to ensure that investments in local housing stock meet the needs of residents first and foremost, and for the future. A significant percentage of our community’s housing stock should be permanently preserved to meet the needs of local residents and workforce. The economic and cultural future of the Methow Valley, and Winthrop specifically, depends on our ability to deliver on this need.

We cannot emphasize the urgency of this need enough. Due to established long-term housing turnover trends, local residents who purchased lower-cost homes prior to the recent upturn in market prices, and who are vital to the economic viability of this community, will soon be selling their homes at greatly appreciated prices. We must have an adequate and timely supply of affordable homes to enable the community to replace these workers.

Implementation/Recommendations

Considering the needs, gaps, and requirements outlined in this Housing Action Plan, we find that completion of the following recommendations / actions will support development of needed housing supply.

As discussed in the Public Engagement section of this plan, the portion of the Winthrop populationⁱⁱⁱ that responded to surveys seems to prefer low-density solutions, while this report lays out a case for a need for higher-density development. The council will need to grapple with this as we work through implementation.

In considering the implementation of these actions, it's important to remember that the Methow Valley's housing market is largely driven by high earners from outside the valley. As we add additional housing, we should consider how these units will or will not make a positive impact on local housing with subsequent owners, into the future.

High Priority Recommendations

These recommendations represent either "low hanging fruit" (items that we should be able to implement quickly with positive impact), or those that are believed to be time-sensitive and should be considered before further development occurs.

1. Update mixed-use zoning in Business Districts to allow for a blend of long-term residential with commercial. Allow more residential units blended in with commercial in downtown and highway commercial zones.
2. Drop minimum size requirements for homes including ADUs and manufactured homes.
3. Define and develop regulations for Tiny Homes.
4. Establish a Deed Restriction (or "Housing Easement") program, enabling the town to preserve and create permanent local and affordable housing stock. This should be considered to enable both:
 - a. Voluntary participation, where developers, lenders, and homeowners understand the need and desire to contribute to local housing stock, permanently.
 - b. Incentivized participation in exchange for density bonuses, open space reduction, permanent affordability and/or annexation.
5. Adopt limits on the number of overnight rentals (OR) permitted in the Winthrop. Current stock of OR is more than 10% of local housing stock. A cap could be applied townwide or by neighborhood, and could be a percentage of total housing stock (see Chelan^{iv}).

Important Recommendations

These recommendations represent those that may take more time to work through but are important to making progress on housing within the Town of Winthrop. We should begin working towards these items upon completion of, or in parallel to, the High Priority Recommendations.

Changes to Zoning/Development Regulations

These are the recommended actions the Town can take that would encourage development of housing to meet the needs of the local workforce and broader community, identified above.

- Examine density and lot size requirements in residential zones and make adjustments that allow for the development of multi-family housing. (It is notable that cities within

GMA planning counties are now required to increase allowable density, particularly near transit infrastructure.^v)

- Consider allowing higher density development in exchange for a local residency occupancy requirement.
- Consider increasing maximum height requirements to allow for 3 story construction.
- Consider allowing tiny homes and park models as ADUs.
- Consider reduced parking requirements for small dwelling units.
- Consider allowing up to three floors for multifamily developments and/or permanently affordable units.
- Simplify and reduce permitting burden for planned developments. Consider whether tools such as clustering could be used without the requirement for a PD.
- Provide incentives for density and permanently affordable housing units through reduction in open space requirements in Planned Developments. Consider providing this in exchange for permanence via Deed Restriction.
- Adopt SEPA thresholds that permit more housing units without SEPA review.
- Develop and adopt a transportation connectivity plan and street standards.
- Establish standards that address wildfire risks while permitting development of needed housing supply. This may include such measures as adopting fire and building code standards, establishing evacuation routes, and developing shelter-in-place protocols.
- Consider adopting low impact “green” construction standards.

Incentives

These represent potential actions the Town could take to incentivize the development of more units of housing:

- Reduce or waive building fees, utility connections, and other charges for affordable housing units with guarantees of permanency.
- Approve a Multifamily Housing Tax Exemption (MFTE)^{vi}.

Finance

These are items that the Town could consider implementing to generate revenue in support of affordable housing. Not all of these may be an option for Winthrop due to legislative constraints and the need for local voter approval.

- Adopt HB 1590 0.1% Local Housing Sales Tax per RCW 82.14.530, which could generate around \$60K per year dedicated to affordable housing projects and programs.
- Utilize Lodging Tax RCW 67.28.150 and RCW 67.28.160 for housing projects that benefit tourism development such as hostel development for seasonal workers.
- Adopt Affordable Housing Tax Levy per RCW 84.52.105 to collect up to \$0.50 per \$1,000 assessed value and generate approximately \$100K per year dedicated to affordable housing projects and programs.

Projects

These are significant actions toward development of workforce housing that would require partnerships and significant funding and staffing resources. These actions would presumably require public funding

mechanisms and would be required to serve target income households (today public funding requires targeting $\leq 80\%$ AMI).

- Extend utilities using public funding to serve strategic housing sites.

For Consideration

These recommendations represent those that may require more research or are not feasible for the Town of Winthrop to accomplish with current resources but should stay on the radar and be discussed.

Projects

These are significant actions toward development of workforce housing that would require partnerships and significant funding and staffing resources. These actions would presumably require public funding mechanisms and would be required to serve target income households (i.e. 80% AMI and below)

- Acquire land for strategic housing site for workforce housing project with affordability and permanence requirements.
- Extend utilities using public funding to serve strategic housing site.
- Initiate RFP for site and housing design with criteria and performance requirements.
- Participate in developing a proposal for a hostel/boardhouse housing project for seasonal and relocating households to support labor market needs.

Programs

Most of the items on this list represent opportunities to partner with a local nonprofit organization taking the lead; the Town can support these programs for their role in meeting housing needs.

- Repair and renovation program. Given the age of housing stock in the Town of Winthrop, this could be a meaningful way to assist elderly and income-limited households to prevent deterioration of existing housing stocks.
- Property tax education and support to prevent foreclosure. This idea arises from concerns that elderly homeowners and some low-income households become burdened by rising property taxes. Through education, more homeowners may be able to access relief through senior exemptions or other programs. A program to help prevent foreclosures could keep more people in their homes for relatively little investment.

Winthrop and Methow Valley Demographics

The Town of Winthrop represents approximately 7% of the total population of the Methow Valley. Our 2020 census population was 504, representing an average of 2.5% growth each year over the decade. Office of Financial Management (OFM) estimated the 2023 population to be 580, showing that population growth ramped up to slightly over 3% per year. From Lost River to Pateros, there are an estimated 7300 full-time and 4289 part-time residents.^{vii} The split between part time (40%) and full time (60%) residents has remained fairly constant over the past 18 years. Between 2010 and 2020, the Methow Valley’s full-time population grew by a total of 12%, or around 2% annually; Winthrop’s population grew by 20% over that 2010-2020 period, while Okanogan County’s population grew by only 2%. The Methow Valley’s population grew while many other towns in Okanogan County’s populations declined over this period.

Winthrop specifically is using a 3% population projection for planning purposes. This follows the higher growth trends that we are seeing since 2020, and this projection is being used to update water and sewer plans.

Year	Population Projection
2020	504
2025	584
2030	677
2035	785
2040	910
2045	1055

Table 1 - Winthrop Population Projections

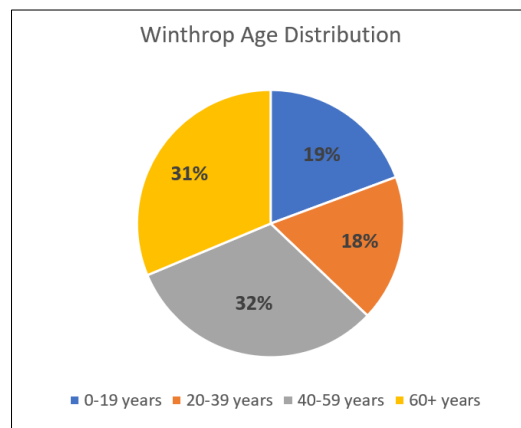


Figure 1-Winthrop Age Distribution

Winthrop has a high proportion of older residents, with 31% over the age of 60, 50% between 20-59, and 19% under the age of 19. In-migration of older, empty-nester, and retirement-age households is high and is a factor in the age distribution.

With an average household size of 1.8, Winthrop is composed of mostly one- and two-person households (~70%), indicating the Town’s housing requirements will reflect a need for smaller units suitable for single person occupancy. For the purposes of this Housing Action Plan, we’re using 2.2 as the average household size for the larger Methow Valley area. It should be noted that, during the past decade, average household sizes increased slightly in several Washington counties. This increase was likely to be at least in part related to widespread housing shortages and lack of affordable housing options, as people “double-up” when there are not enough affordable options.

Less than half of Winthrop are households with families (46%), with the remainder (54%) in non-family households, mostly comprising elderly and young individuals. Winthrop’s proportion of non-family households is higher than Twisp and the Methow Valley at large, as well as Okanogan County and Washington State.

According to the decennial census (in 2020), 94% of the Methow Valley is White, 5% Hispanic, and less than 1% Black, Asian, and Native American.

The Methow Valley continues to attract amenity migrants who often derive some or all their income remotely, middle-aged high-earning Seattle households as second homeowners, and older, empty-nester households with second homes, who often convert from seasonal to year-round occupancy as they retire.

2023 Area Median Income of Okanogan County is \$66,800 for a household of 2^{viii}. According to the TwispWorks Comprehensive Economic study in 2021^{ix}, there are about 2,340 jobs in the Methow Valley, with 33% related to tourism (Retail, Recreation, Accommodation, and Food Service); 12% work in Education, 18% in Construction and Manufacturing, 6% in Public Administration, and 7% in “other services.” While numbers are difficult to accurately pin down, the TwispWorks study suggests that approximately 31% of population derive some portion of their income remotely.

Income Distribution			
Household Income (% of AMI)	Percentage of Population		
	Winthrop	Twisp	Average
0-30%	9%	12%	10.0%
30-50%	16%	20%	18.0%
50-80%	21%	28%	24.0%
80-100%	7%	15%	11.0%
100-120%	11%	7%	9.0%
>120%	36%	18%	28.0%
TOTAL	100%	100%	100.0%

Table 2 - Income Distribution of Methow Valley

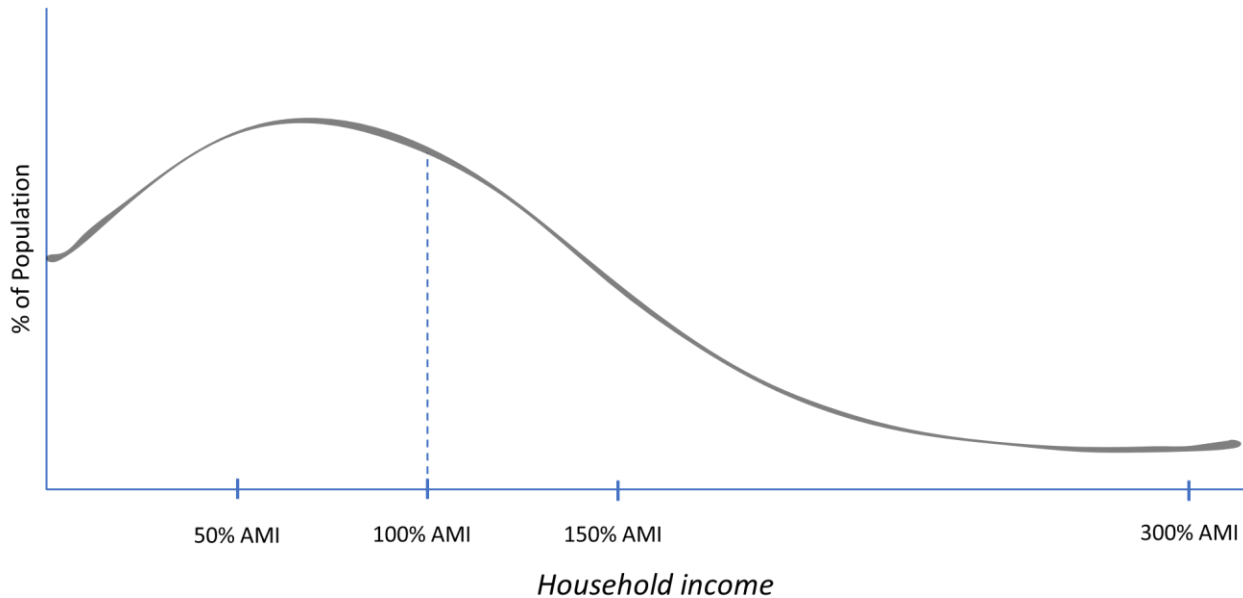


Figure 2 - Graphical Representation of Income Distribution of Methow Valley

Winthrop and Methow Valley Housing Market

It is notable that the populations of Winthrop (580) and Twisp (1077) make up only 14% of population of the Methow Valley. While Winthrop and Twisp are the economic hubs of the Methow Valley community, most housing currently exists outside of town limits, on private wells and septic systems. When considering the housing needs of Winthrop, it is important that the housing market for the whole valley be taken into consideration.

Market Trends & Affordability

The market for single-family homes is competitive and increasingly expensive:

- As of September 1st, there were 60 single family transactions in 2023, compared with 95 during the same period in 2022.
- In 2022 there were a total of 129 transactions, compared to 131 in 2021.
- Of these 129 listings in 2022, 71 were in the Winthrop zip code, 38 in Twisp, 8 in Mazama, 6 in Carlton, and 6 in Methow.
- Across the Methow Valley, single-family home sales prices in 2022 were primarily in the \$500,000-\$750,000 price range, with \$640,000 as the median sold home price. This represents a 15% increase over 2021, and a doubling since 2018.
- In the Winthrop zip code specifically, the 2022 median sold price was \$653k.
- In 2023 the median sold home price so far is \$660k

Affordability is a significant challenge for those that derive their income locally. As seen in Figure 3, up until 2018, home ownership was well within reach for 150% (1.5x) Area Median Income and above.

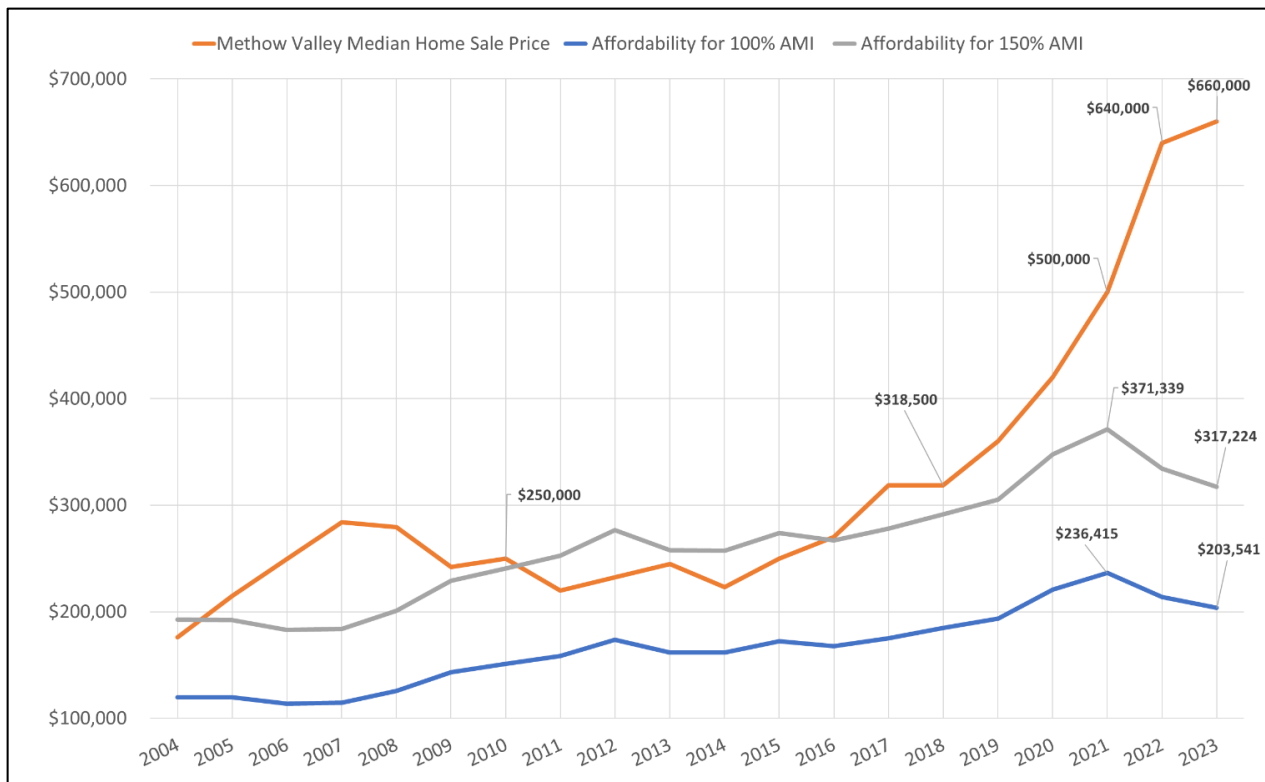


Figure 3 - Housing Affordability by % of AMI

Since 2018 home sale prices have outpaced wages 4:1. To afford the median sold home price in 2023, one would need to make around 2.5-3 times area median income for a household of 2 (or approximately \$200k/year).

Since 2.6% of Okanogan County makes \$200k/year (or more), compared with 26% of Seattle, it's clear that the Methow Valley's housing market is driven by outside influence. High demand from high earners from outside the valley compounds an already overall constrained supply of housing, leaving a negligible supply of market housing for local households.

Median house values and rent in Winthrop are beyond the ability of what those that derive their income locally can afford within 30% of their income. These households must either have 2 or more working members, pay beyond the 30% allowance considered a financially viable percentage of income for housing, or seek alternatives (couch-surfing, tents, cars, etc).

Housing Supply

There are an estimated 342 units of housing in the town of Winthrop, and 5027 across the Methow Valley. The housing stock in Winthrop represents about 7% of the valley total.

- Winthrop's housing stock is 89% single-family, 5% mobile homes, and 6% multi-family.
- 41% of the Winthrop zip code are second homes; an estimated 40% of the housing stock of the Valley are second homes.
- According to 2020 census data, and supported by local experience, rental vacancy is estimated at <1%.
- 24% of Winthrop's housing stock was built over 54 years ago. Housing stock this old may need improvements.

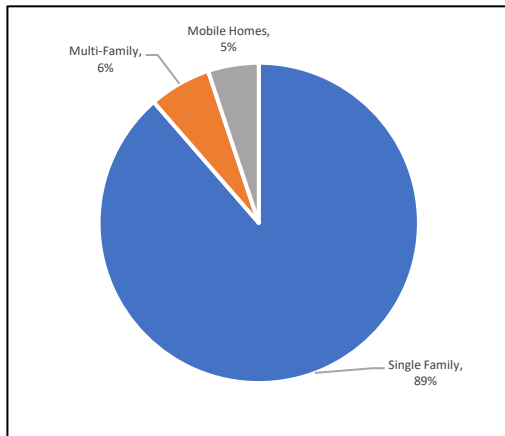


Figure 3 – Winthrop Housing Mix

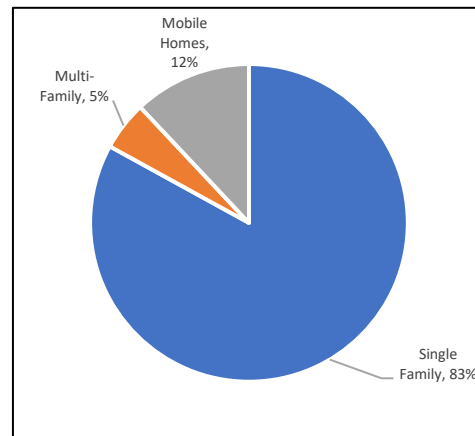


Figure 4 – Methow Valley Housing Mix

With a vacancy rate of <1% rental housing is increasingly hard to find. This is attributable to three primary factors:

- The Methow Valley has a low inventory of multi-family housing (6% in Winthrop and 5% across the valley).

- As single-family home values have increased exponentially over the past 5 years, many units that have historically been rented have come off the rental market and sold, increasing market rent amounts or removing these dwellings from the rental market altogether.
- Winthrop adopted regulations limiting the area where homes can be used as overnight rentals. We see a continued trend of conversion of homes to overnight rental in the zones where the use is permitted. The current number of overnight rentals is around 45, or 13% of the housing stock.

There have been an average of 64 single-family and mobile home building permits per year from 2016-2022 across the valley, for a total of 450 over these 6 years; 68 of these were within the Winthrop zip code. There have been 0 multi-family building permits issued in the Methow Valley in the past 10 years (perhaps even longer).

Given the cost of land and construction (currently estimated at \$525k per unit of single-family housing), new housing construction is likely predominantly due to in-migrating households (of higher income), and, in Winthrop specifically, higher net-worth older households relocating into town, where there are more resources to support aging in place.

Housing starts that add to the housing stock available to full time residents appear to have under-paced population growth in the Methow valley by a factor of 1.5x to 2x for many years.

Affordable housing is currently provided by nonprofit sponsors in 2 developments within Winthrop:

1. Methow Housing Trust (MHT): Cascade Meadows South Neighborhood (homeownership)
 - a. 16 permanently affordable 1–4-bedroom single-family units located on the west side of Highway 20, on the bench across from the Winthrop Post Office.
 - b. MHT Homeowners are full time Methow Valley residents with incomes between 60-150% of AMI.
2. Catholic Charities of Eastern Washington (CCEW): Cedarwood Apartments (rental apartments)
 - a. 3 apartment buildings with 4 one-bedroom, 8 two-bedroom, and 4 four-bedroom units of USDA-RD Family Housing with rent and income restrictions financed with Low-Income Housing Tax Credits (LIHTC) and Section 8 vouchers. Located at 220 White Avenue.
 - b. CCEW serves low-income households that make less than 60% of AMI.

There are 2 proposed affordable housing developments in Winthrop:

- Methow Housing Trust (MHT): Cascade Meadows North Neighborhood (homeownership)
 - MHT is developing 8 acres adjacent to their CM South neighborhood.
 - Planning for 24 more permanently affordable 1–4-bedroom single-family homes, providing homeownership opportunities for residents between 60%-150% AMI.
- Housing Authority of Okanogan County (HAOC): Wildrose Apartments
 - MHT and HAOC are partnering to develop a mixed income neighborhood at Cascade Meadows North.
 - HAOC is purchasing 1.5 acres from MHT to develop 22 affordable rental units in the Cascade Meadows North Neighborhood.
 - HAOC serves low-income households with up to 60% AMI, and is exploring options to make a small number of apartments available up to 80% AMI.

Housing Supply and Market Gaps

Even with the strong work being accomplished by MHT, HAOC, and CCEW, there are large gaps in the rental and homeownership market, as illustrated by Figure 5.

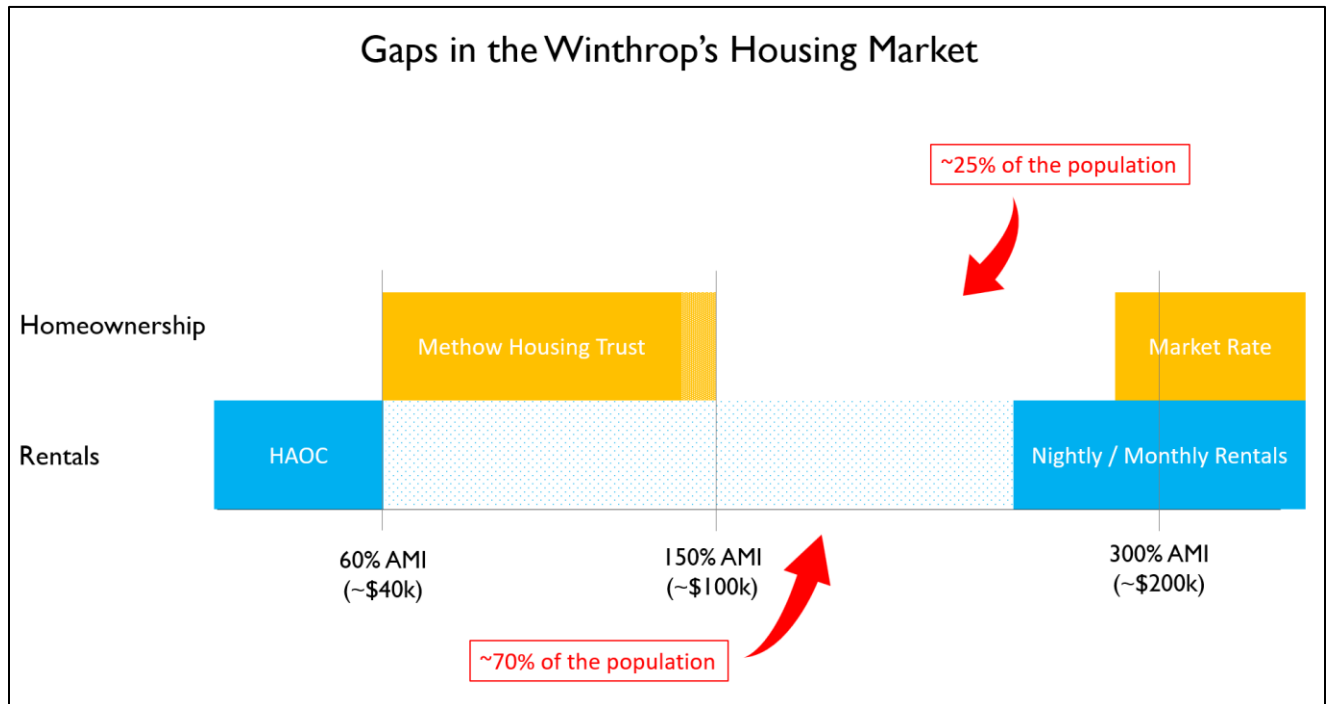


Figure 5 – Gaps in Winthrop's Housing Market

- Methow Housing Trust is developing the only path to homeownership for those that make less than 250% of Area Median Income. There are 66 households in MHT's applicant pool, representing 117 residents.
- Housing Authority of Okanogan County (and Catholic Charities of Eastern Washington) are providing rental opportunities for residents that make less than 60% of AMI. There are long wait lists for these properties.
- Outside of MHT, there are effectively zero homeownership opportunities for those that make up to 150% AMI, and negligible opportunities for those that make less than 300% AMI.
 - This gap represents a lack of stable, long-term housing opportunities for local professionals (servers, biologists, teachers, small business owners, fire fighters, groomers, etc) in our community. This makes it difficult for us to keep our long-time residents, as well as to recruit new full-time professionals.
- Outside of HAOC and CCEW, rental housing is extremely difficult to find, for nearly all incomes.
 - This gap makes it extremely difficult for local businesses to hire enough staff for busy times of the year, and to recruit professionals at all.

Housing Stock Requirements

Today, the Town of Winthrop represents about 7% of the total housing stock of the Methow Valley. However, Winthrop and Twisp (which represents 12% of stock) provide most of the economic, social, and critical services for the entirety of the Methow Valley. The towns' role in housing will need to follow suit.

Growth and new construction outside of town limits is limited by single-family zoning and water infrastructure requirements. From a practical standpoint, growth and construction will need to be focused within town limits: promoting density within town to preserve open space outside of town, maximize efficiency of resources (water in particular), and provide housing near services and jobs. Any multi-family development will have to occur in town.

In addition to the discussion above, we need to note that climate change will demand careful planning to ensure the viability and sustainability of our housing supply. Changing climate means more frequent and intense wildfires, as well as landslide and flood risks, providing further rationale for concentrating housing in defensible "urban" areas with good access to water and roads, and options to shelter in place. A number of valley residents in the wildland interface have lost homes or had to evacuate to safety during wildfires; while there is no guarantee that the towns are safe from wildfire, homes in town are more easily protected due to water systems designed to meet fire flow standards.

To understand Winthrop's housing needs, we must consider the housing needs of the Methow Valley as a whole, and then consider the role that the Town of Winthrop should play (in parallel to and in conjunction with Twisp) in meeting this need.

To quantify the current **full time** housing needs of the Methow Valley, we will use the following methodology:

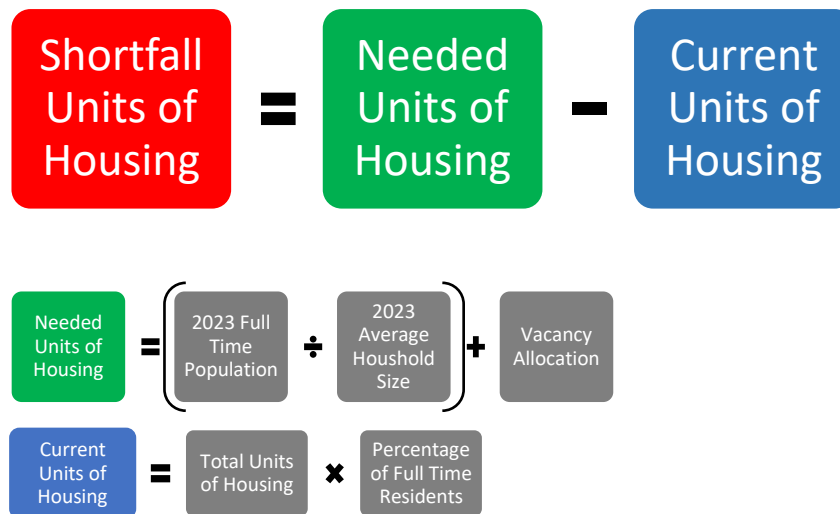


Figure 6 – Housing Shortage Calculation Methodology

To meet current full-time resident housing needs, the Methow Valley is currently short 436 units of formal housing supply*:

Units of Housing Needed in the Methow Valley Today (2023)	
Actual Total Housing Stock	5027
Full time Housing Stock	3016
Full time population	7303
Full Time Housing Stock Required	3452
Additional Units of Housing Needed	436

Table 3-Housing Shortage Today

This **436** number represents all of the local folks that are living in rented rooms and RVs and unpermitted ADUs and couches and tents and cars (“Informal Housing^{xi}”). These are units of housing that are occupied by people that live here today – serving drinks, grooming trails, teaching children, working at non-profits, recreating, and contributing to the community – but do not have access to adequate or formal housing.

Using the economic distribution of the Methow Valley’s full-time residents, here’s how that 436 breaks down by income:

Units of Housing Needed in the Methow Valley Today (2023) - by income		
Household Income (% of AMI)	Household of 2 Income	Units Needed
0-30%	0 - \$20,000	44
30-50%	\$20,000 - \$33,000	78
50-80%	\$33,000 - \$53,000	105
80-100%	\$53,000 - \$66,800	48
100-120%	\$66,800-\$80,000	39
>120%	\$80,000 +	122
TOTAL		436

Table 4-Units Needed by Income Group

For the whole Methow Vally, assuming 2% annual population growth (which is conservative based upon historical trends and employment growth), and current housing starts^{xii}, this shortfall will only increase in magnitude over time:

Units of Housing Needed in the Methow Valley Over Time			
Household Income (% of AMI)	Units of Housing Needed by Year		
	2023	2030	2040
0-30%	44	73	157
30-50%	78	131	283
50-80%	105	174	377
80-100%	48	80	173
100-120%	39	65	141
>120%	122	203	440
TOTAL	436	726	1572

Table 5 - Units needed by Income Group over Time

It is important to remember that each economic need builds on the prior. These projections for each income level assume success at meeting the housing needs of households at lower income levels. Each cost-burdened household is an indicator of an under-supply of housing affordable at that household’s income level compared to demand. So, our collective goal is to provide enough new housing by affordability level to accommodate every household income.

Housing stock primary findings and recommendations:

1. TODAY, the Methow Valley needs 436 units of housing.
2. To meet this demand with efficient use of resources and responsible conservation of open space, the Methow Valley needs more units of multi-family housing.
3. To meet today’s demand, while setting ourselves up for success, it’s important that, when new housing stock is added, some portion is **permanently preserved, with a requirement for local residency.**

Remembering that these projections are for the whole Methow Valley, when we consider the role that Winthrop can and should play in solutions, we are left with the following questions:

- What portion of this housing should be developed in Winthrop?
- What role can the town play to encourage, preserve, facilitate, stimulate, and strategically increase the supply of housing for residents?
- We need to be conscious of our resource efficiency in developing this housing. The most resource- and land-efficient place to build housing is on town infrastructure, and as dense as tolerable. How do we most effectively incorporate multi-family housing in Winthrop?

Winthrop Planning Context

Comprehensive Plan

When Winthrop adopted a new Comprehensive Plan in 2015, we knew that housing affordability was a growing issue. Housing is addressed in the Residential section of the Land Use Element and the Housing Element. Additionally, the Land Use Designation map, which sets the stage for zoning districts, indicates the areas where we envisioned residential development would take place. Winthrop has enacted some of the policies from the Comp Plan including limiting the areas where overnight rentals are permitted (policy R1.5) and providing standards for ADUs (R 2.2). A review completed by the Winthrop Planning Commission in 2022 noted areas that warrant further consideration and potential changes, including:

- Land Use Policy 1.7 says that all the costs associated with land development such as road access, parking, stormwater drainage, and all infrastructure improvements should be borne by developers or private-public partnerships with a net benefit to the public. Residential development rarely pays its way over the long term, so we need other sources of revenue to cover the costs of maintaining infrastructure to support housing. Our policy that developers design, permit, and install all the infrastructure needed is “fair” but those costs make it impossible to develop for affordability without some form of subsidy. This policy could be revised to allow flexibility to reduce/waive fees for a defined public benefit of permanently affordable housing, particularly when we can obtain grant funding that offsets any waived fees.
- Goal R1 says that we will “Protect neighborhood character by providing safe and pleasant residential areas.” Policy R1.2 says we will “adopt standards that provide for safe, quiet, and aesthetically pleasing residential areas.” This is a term commonly used to lock in patterns of single-family development that exclude missing-middle housing, and therefore can affect affordability. This policy could be revised to provide more objective measures.
- Policy R.2 says that we should “provide for some of the residential housing need to be met in Mixed Use and Commercial areas.” The Planning Commission has considered and recommends acting on the creation of a new mixed-use zone that allows more blending of commercial and residential uses.
- Housing Element. Much has changed since 2015, as the Town has seen considerable residential construction to infill existing neighborhoods and subdivisions, and approved subdivisions and planned developments creating residential lots. In reviewing the Housing Element, the Planning Commission identified the following areas to develop new policies:
 - Encourage permanent affordability. This can be achieved through a variety of mechanisms including the Community Land Trust model used by the Methow Housing Trust, development utilizing public funding mechanisms such as existing and proposed low-income apartments, and voluntary deed restrictions (housing easements) that ensure a supply of housing for locals. The housing element could establish policies to encourage the Town to support and potentially play a role in such initiatives.
 - Our existing plan does not explicitly discourage multi-family housing, but it lacks any incentives or specificity about where and how such housing should be provided. We should consider policies with specific language about incentives and location for multi-

family housing. Incentives could include density/height bonuses, a reduction in open space requirements, and fee reductions for permanently affordable housing.

- We provide for planned developments, but the open space requirements tend to cancel out the advantage in terms of added density. If we want to allow more density, we will need to adjust the requirements and incentives for planned developments.
 - We have learned that sustainable and Firewise construction is key to ensuring stable housing stock in our community, which is essential to longer term affordability (especially considering the future of insurability). We should add policies that emphasize sustainable and Firewise construction and site design in a way that is compatible with the density needed to achieve affordability. This should include planning that addresses a connected transportation network that supports emergency evacuation from all neighborhoods. We have some neighborhoods today in which development *will* be limited based upon lack of emergency egress and connectedness of roads.
 - Density of neighborhoods. We know from public input that people prefer single-family neighborhoods; yet market forces no longer support affordability in single-family neighborhoods. We need to make informed decisions about how to distribute the housing availability throughout Winthrop so that it functions to meet community needs. We need to determine how and where to integrate missing-middle and multifamily housing. There are more questions than answers when it comes to where we can fit density, and therefore this is a crucial task in fostering housing availability and affordability.
 - Range of housing types. We should add policies that support a range of housing types/products such as tiny homes, cottage communities, SEDUs, 3-4-plexes or apartments.
 - Deed restrictions. Deed restrictions (alternately referred to as housing easements) are a tool that can limit the sale/rental of homes to residents and local workforce. Adding a policy that supports the use of deed restrictions would set the stage for a partnership strategy led by other organizations such as Methow Housing Trust but may involve regulatory support from the Town.
- Transportation Element. Having a safe, connected road system is essential to serving residential development. New residential development is required to improve any roadways needed to serve the development. The Town has not adopted rules requiring roads to be dedicated as public. Because of the expense of developing roads to meet town standards, developers propose private streets. There are pros and cons to this pattern of development. The cost of maintaining public streets is expensive for the Town, while the cost of maintaining private streets remains with the landowners. The drawback is that we end up without a comprehensively planned network of roadways that are developed to consistent standards, and this in turn impacts the accessibility of our neighborhoods for emergencies and the ease of circulation through town—and, possibly, insurability. Here are some actions to address those needs:

- Adopt a transportation plan that explicitly delineates the need for a connected network of streets throughout Winthrop, and particularly in the SW quadrant where there are no public streets between SR 20 and Horizon Flats Road.
- Develop policy and standards that provide more teeth in requiring connected roadways.
- Consider adopting new standards that are flexible enough to incentivize public streets.
- Land use Map. The existing land use map is outdated. It lumps all residential uses together and does not provide any indication as to where higher levels of density or smaller dwelling units such as tiny homes are suitable.

Zoning Code

Winthrop’s zoning code reflects many of the common features of zoning codes around Washington and across the county. It serves to distinguish between residential, commercial, and industrial uses and establishes districts characterized by the predominant use envisioned for the area. We have five predominantly residential zoning districts in Winthrop:

- R-1 – there are two pockets of R-1 zoning, one encompassing the Heckendorn neighborhood and the other a small area east of downtown along Englar and Corral Street. R-1 is medium density zone, with 5,000 square foot minimum lots, or about 8 units per acre.
- R-2 – this is the most widespread residential zone covering a significant swath along the east side of town, a large area at the base of Horizon Flats (Summerset Addition), and another large area at the south end of Horizon Flats. R-2 is a larger lot zone with 10,000 square foot minimums; however, a duplex is also allowed on the minimum size lot, so technically, the density is 1du/5,000 square feet, 4 – 8 units per acre.
- R-3 – there are three areas zoned R-3, which does allow a higher density of 1du/3,000 square feet. One contains the only multifamily apartment complex. There is a small area encompassing 3 parcels above the ball field. The third area includes an existing subdivision and about 6 acres of undeveloped land with good potential for multifamily development. R-3 would allow up to 14 units per acre.
- Planned Residential (PR) – this is a relatively new zoning district that encourages the use of the planned development process to create developments of up to 1 du/5,000 square feet. PR includes North Village, Cascade Meadows North and South (Methow Housing Trust neighborhoods) and the Cascade Condos.
- Tourist Residential (TR) – to date no housing has been developed in the TR zone. It is one block of three parcels covering about 32 acres of land in the SW quadrant of town. The TR zone allows the same density as R-2 but also allows additional tourism-oriented uses.

Most residential uses in Winthrop are concentrated in the residential districts; however, there are some older homes located in the business districts that are still used as residences. The B-1 zone is functionally a mixed-use district that allows offices, tourist accommodations, and residential uses. ADUs are permitted throughout the residential districts and in B-1 with minimal requirements. Figure 7 below illustrates Winthrop’s zoning districts and describes the residential uses allowed in each.

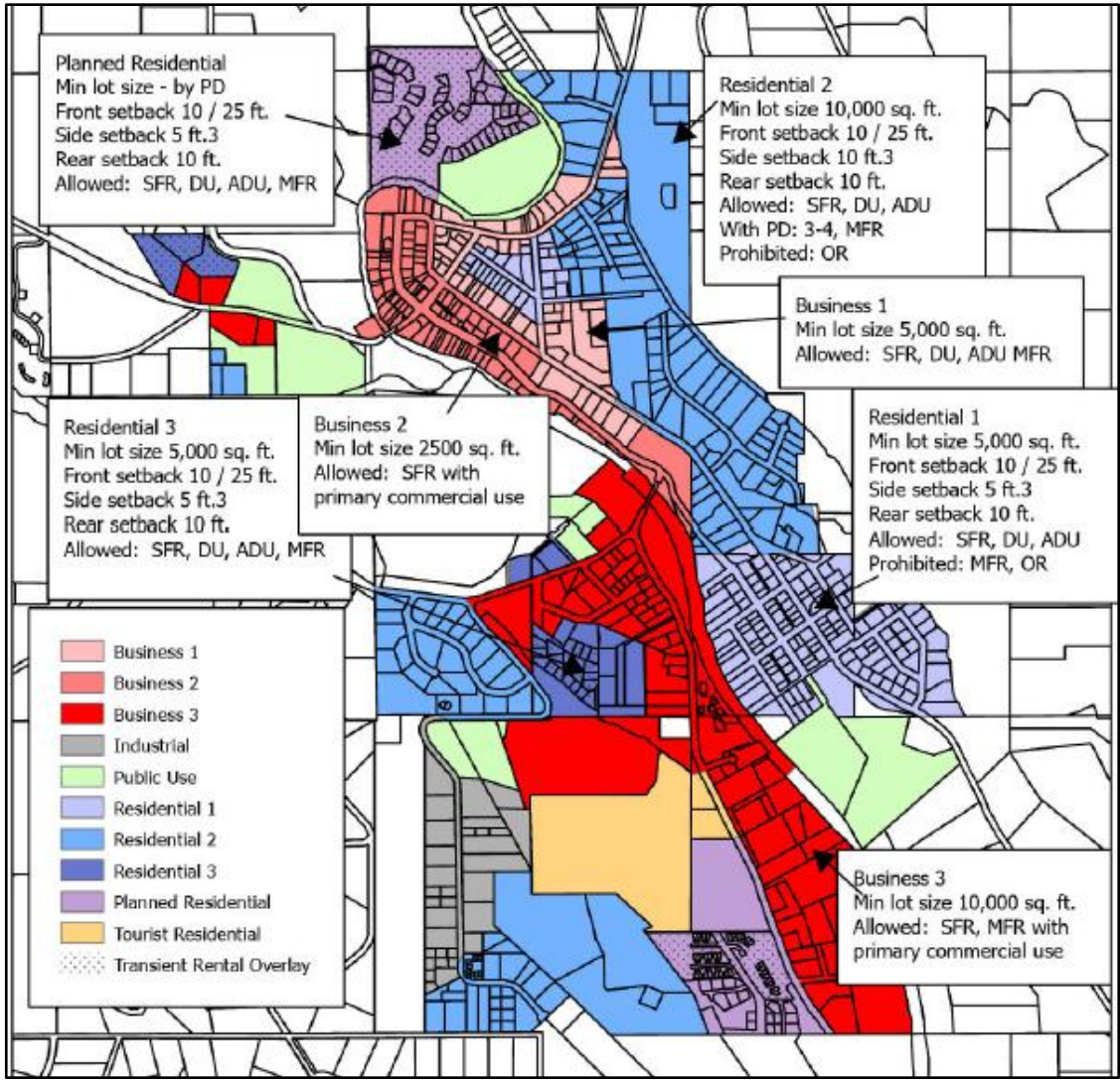


Figure 7 - Winthrop Zoning for Residential Use

How much land is available to meet housing needs in Winthrop?

Over the past decade, Winthrop has seen a dramatic uptick in the rate of new home construction, with construction spread through previously approved subdivisions as well as infill in old neighborhoods. There are around 200 undeveloped parcels over 186 acres in Winthrop, covering approximately 35% of the land in town. The bulk of this land is residentially zoned, with some large parcels that have significant potential to meet development needs. However, most of these parcels will need significant infrastructure investment to meet water, sewer, and road requirements. Environmental constraints such as topography, shoreline location and critical areas may limit the development potential of some parcels.

<i>Land Use</i>	<i># of Parcels</i>	<i>Acres</i>	<i>% Acreage</i>
<i>Residential</i>	345	125	24%
<i>Commercial</i>	154	97	18%
<i>Industrial</i>	16	18	3%
<i>Public Use & Parks</i>	40	75	14%
<i>Common Areas</i>	14	29	5%
<i>Undeveloped</i>	209	186	35%
<i>Total</i>	777	530	
<i>Potential Annexation Areas</i>		157	

Table 6 - Current Land Use, sourced from Okanogan County tax assessor records, July 2023

Currently, **128 parcels** of residentially zoned lands remain undeveloped. See Figure 8 below. Using conservative assumptions about land needed for roads, utilities and environmental considerations, approximately **550 units** of additional housing could be built on those 128 parcels, including infill on existing parcels and future subdivision of developable parcels. (This includes Cascade Meadows North which when approved will result in 48 units that are expected to be produced over the next two years.)

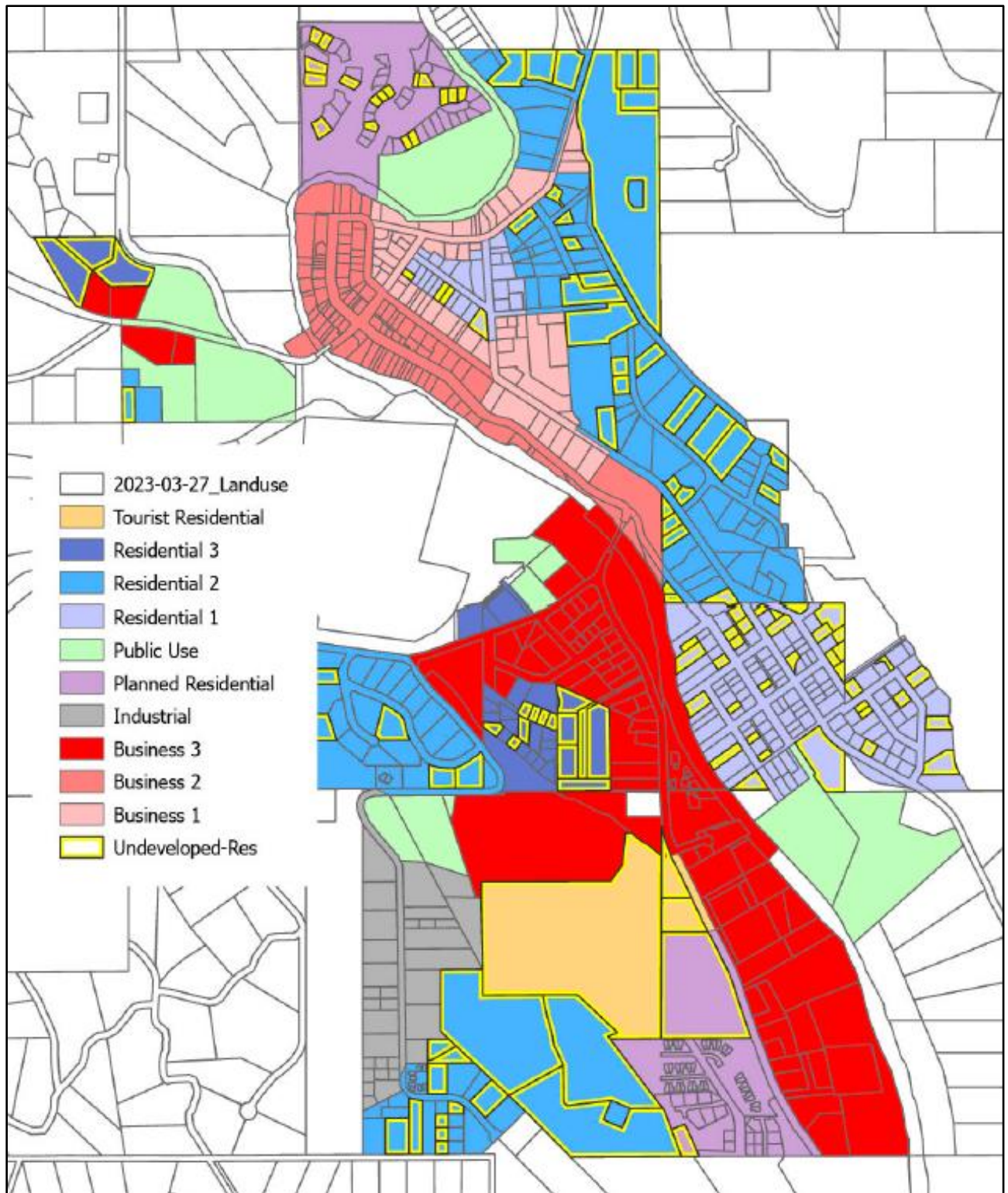


Figure 8 Undeveloped parcels in residential zones

Given the available land, what is Winthrop’s infrastructure capacity to meet the housing needs?

The Town of Winthrop has sufficient water rights to meet the needs for housing construction for the next 10 years (at a projected 3% growth rate), but will need DOH approval and significant capital investments in infrastructure to deliver the water to meet this growth. The Town of Winthrop’s sewer system capacity is nearly maxed out and will also need to expand to meet this growth. The Town is actively updating water and sewer system plans to identify and plan for the necessary capital improvements. However, in the near term, the Town may hit capacity in both systems, at which point there could be a temporary moratorium on new development.

These are identified infrastructure and capacity issues that affect the timeline and affordability of future housing:

- **Sewer System** – Winthrop’s sewer system plan dates to the 1980s. We are close to adopting a new sewer plan based on a thorough assessment of existing infrastructure and projection of needs through 2040 based on 3% growth per year:
 - **Winthrop’s sewer treatment plant** is at capacity and must be replaced at an estimated cost of \$25 million.
 - We need to replace **2,300 feet of sewer mainline and the main sewer pumping station** feeding the wastewater treatment. The 60-year-old main collection system piping is undersized, and the lift station can’t keep up with current demand. The lift station is located approximately 200 feet from the Methow River and less than 10 feet above the 100-year-floodplain elevation. This means that lift station failure would result in the overflowing of raw sewage into the Methow River.
 - There is only one line connecting the sewer system on the west side of the Methow River to the east side where the treatment plant is located. The bulk of developable land is on the west side, and thus future development will require a **new sewer pipe crossing of the river** with sufficient capacity for buildout.
 - We are close to adopting a new Sewer System Plan and are actively moving forward with capital planning for lift station and treatment plant upgrades. These upgrades will mean a **significant increase in the sewer rates**, and therefore another factor in housing affordability.
- **Water System** – Winthrop’s water system plan was adopted in 2012. We have initiated an update of the plan with Dept. of Health following several years of work investigating our water rights.
 - Although Winthrop has adequate water rights for a ten-year planning period, and is working to acquire more to serve buildout, **we have reached the limit of the number of water service connections we are permitted for through DOH**. This means we may need to put a moratorium on new subdivisions until we can complete the process/upgrades necessary to be allowed more connections.
 - We are working on **authorization of a second municipal well** and investigating options for **additional water rights to meet future needs**.

- Our water system also serves both sides of the river, and the only pipe connecting the two sides is on the verge of failure. We have funding for a project to **replace the water line** that hangs from the Methow River bridge and expect the project to be completed within a year.
- We have **significant water loss/leakage** within our existing system and will need to determine the reasons and fixes.
- Investments in our water system will result in **increased rates**. Our current water system rates do not include **conservation pricing**, and we recognize that will become necessary in coming years.
- **Street System** - There is no public road system in the SW quadrant other than Horizon Flats Road to the west and SR 20. All existing developments use private roads. The lack of a connected public road system is a substantial barrier to development. The Town has identified the **need to plan for a connected public road system** that will better serve public safety and future development, particularly as we face ongoing wildfire hazards.

Extending streets and utilities to the larger undeveloped parcels that could support higher density housing construction will require extensive investment.

How Many Units of Housing Can Winthrop Support

The emerging picture shows that Winthrop has considerable capacity to absorb its share of valley-wide housing needs over a 20-year horizon; however, expansive investments in infrastructure need to happen before that capacity can be utilized. The following summarizes what we currently know about Winthrop's capacity for development of new homes:

- Undeveloped residential land under current zoning rules could conservatively support 550 residential units. Except for R-3, the average density allowed in residential zones is 8 units per acre; in R-3 multifamily units are allowed at up to 14 units per acre.
- ADUs are widely allowed in B-1 and all residential zones. Zoning treats ADUs as part of single-family use, and the regulations allow rental of both an ADU and the primary structure. This mechanism could provide significant additional housing if utilized.
- Under current conditions, there are only a few areas where multifamily housing could be developed due to size/characteristics of available land and limited high-density zoning (R-3). Multifamily development requires a minimum of 20,000 square feet of land. Cascade Meadows North is expected to produce the first multifamily development in several decades, resulting in 22 units of housing targeted to lower income households. Ideally, multifamily housing should be developed to meet housing needs for a wider range of incomes and could be especially suitable for single person and single-wage households.
- Winthrop's zoning code remains silent on many missing-middle^{xiii} housing options; with code changes, missing middle housing types could enable development of more affordable units.
- Our current Comprehensive Plan identifies 157 acres of potential annexation areas. Annexation of additional land raises issues of the Town's capacity for water and sewer service, so these

happen on a case-by-case basis. Annexation could allow Winthrop to continue to grow to meet future needs given that options for developing affordable housing outside of town are limited.

- A handful of suitable properties in Winthrop remain unlikely to be utilized due to current owners' wishes to limit or outright prevent development.

As we update other plans (Water, Sewer, Comprehensive), we will continue to refine our understanding of Winthrop's capacity to house more of the valley's population. For now, it appears that investment in upgrading our infrastructure and ensuring adequate water rights will be the limiting factor in meeting current and future needs. As we make those investments, we should be able to grow at a rate corresponding with housing needs so long as we continue to prioritize housing that is affordable and dedicated to residents who derive their income from local jobs.

Public Engagement on Housing

Before HAP

Residents of the Methow Valley have increasingly engaged in confronting a housing crisis since fast-moving wildfires in 2014 and 2015 destroyed homes and displaced many local families. The Methow Valley Long Term recovery group initiated a task force including representatives from a range of organizations and individuals with interest in housing and social services. That effort led to the release of the first valley-wide housing assessment in October 2016 – the *Methow Valley Housing Availability and Affordability Strategy and Action Plan*, produced by Julie Brunner and Associates.

Following the release of the study, Methow Housing Trust (MHT) was formed and immediately got to work to build a Community Land Trust (CLT) program to serve valley residents by providing an affordable route to home ownership for income qualified residents. As this effort progressed, it grew increasingly apparent that meeting local housing needs would take more tools in the hands of more organizations. Thus, the Housing Solutions Network was born, formed through the common interests of MHT, the Methow Conservancy, Room One, Twisp Works and the Methow Valley Citizens Council.

The Housing Solutions Network (HSN) worked to broaden the conversation around housing by bringing interested organizations, developers, and citizens to the table to problem solve around needs and solutions to our local housing crisis. A loose-knit group of citizens dubbed We Methow also worked on a call to action to local governments.

Winthrop responded to this growing conversation by considering and subsequently adopting a resolution that declared a housing crisis – Resolution 2021-36. That resolution directed Winthrop’s town planner and Planning Commission to engage in a review of local codes and suggest changes that could lead to production of more affordable housing to meet the needs of the local community.

By the time Winthrop launched this Housing Action Plan, we were building on several years of public engagement on the issue of housing. We wanted our community to give us tangible feedback on the needs and solutions fitting for the Methow Valley more broadly and Winthrop specifically.

During HAP

Several efforts were made to gauge public opinion to inform the Housing Action Plan, including focus groups, an open house, and an online survey code mailed to all residential addresses within the Winthrop zip code.

Focus Groups

Focus groups with non-profit organizations and employers were conducted in October 2022, led by Beckwith Consulting. Participants were also asked to fill out a sheet identifying their employment and housing needs. These sheets were returned by some but not all participants. During that process we learned:

- Workshop participants reported employing 592 part- and full-time employees and 132 seasonal. This is a partial picture of valley-wide employment. The 2021 TwispWorks Comprehensive Economic Study suggests there are 2,340 jobs in the Methow Valley.
- Many employers reported having “un-housed” employees, including those that live in tents, cars, other non-compliant housing, or in housing greater than 30 miles away.

- Many employers reported that housing is an impediment to filling existing positions – from experienced (e.g.: biologists) positions to seasonal (e.g.: restaurant staff).
- Part- and full-time employees include married households; seasonal employees are primarily individuals.
- Part-time and full-time employees own and rent; seasonal employees rent only.
- The Methow Valley needs more affordable ownership options, better rental options across the income spectrum, and seasonal summer options.
- Employees want a greater variety of housing types including smaller units located in Winthrop and Twisp with services.
- Employers are interested in participating in housing action plans.

A focus group including realtors, builders, and architects was conducted in October 2022, by Beckwith Consulting. Invitations were emailed to 5 realtors, 10 developers, 14 architects, and 11 contractors or 40 in total who are active in the Methow Valley – 22 of which are based in the Methow Valley and 18 in the Seattle area. The participation rate was low, but among those that attended the following opinions stood out:

- Builders would rather not be building for rich part-time residents, but that is the available work.
- Unanimous support for more density, including tools such as reduced lot size and setback requirements, and allowances for missing middle housing types.
- Building costs are prohibitively high, limiting options to build housing products that would be affordable to local wage earners.
- Subcontractors and labor are scarce, further increasing costs to build. There is a need for local training and vocational development to foster more of the skills needed in construction trades.

Workshop

The Planning Commission, in coordination with Beckwith Consulting, hosted an open house (with an option to attend over Zoom) at the Winthrop Barn auditorium in May 2023. The event was publicized on the Town website, by email invitations, and in the Winthrop Valley News. Beckwith Consulting reviewed background findings and implications and information on local housing costs, trends, and density options. Planning Commissioner Simon Windell presented more context on the gaps in affordability across the income spectrum and the costs to develop housing in the Methow Valley. The presentations were recorded and translated simultaneously into Spanish. Following presentations, participants had the opportunity to circulate among breakout tables on housing data, Missing Middle Housing (MMH) examples, and potential locations for locating MMH in the Town’s zoning districts. The open house was attended in-person by around 80 people and on-line by four people.

Public Survey

Beckwith Consulting developed a survey to gather information from households in the Winthrop area. The Planning Commission reviewed the survey and requested some modifications in the language. Beckwith made some revisions based on our suggestions but maintained the response format from prior

surveys they had conducted. We found through testing the survey after it went live that the range of answers respondents had to select from were confusing. We subsequently heard feedback from citizens that the questions and responses were hard to follow.

The survey was announced through a press release in the Methow Valley News on June 1, 2023; noted on utility bills in June; and a mailer that was distributed to 1,825 households in the 98862-zip code. The survey was made available in both Spanish and English.

Who responded? The survey was filled out 194 times. Most of the responses were year-round locals, with 52% from Winthrop and another 37% from other parts of the Methow Valley; 9% of the responses came from part time residents. Only 10% were part of multigenerational families living in the Methow Valley, while 66% had lived here for less than a year. (Note: the survey structure on this question makes it difficult to interpret the responses.) Nearly 2/3 of the respondents were female, 86% were married, and most households did not have any children living in them. Nobody younger than 24 responded, and 60% of the responses were from people 55 and older.

Respondents had higher household income and educational levels than the population on average. Notably, 25% of the households responding reported income greater than 151K; 53% take in more than 100K; and 68% more than 76K. Only 16% of respondents made less than 50K. A full 85% had a college education while only 4% had only a high school diploma.

What did people say about their own housing situation and the housing market generally? Most respondents (87%) owned a single-family home (including 6% manufactured homes, including 52% who owned their home outright (no mortgage). These folks like where they live – both the characteristics of their homes and their location. For those who are paying rent or a mortgage, payments were distributed somewhat evenly across a spectrum from as low as \$500 to more than \$2,500 per month.

There were some signs of stress in responses about the cost of rent or mortgage, property taxes, and utilities. Some 10 – 20% indicated challenges with housing security, while 18% experienced difficulty finding a home to rent and 32% had trouble finding a home to buy. Only three respondents had some housing support from an employer.

It appears most respondents can maintain their homes with around 13% indicating their home is in poor condition and around 35% indicating they need some minor repairs. A handful of respondents indicated that age or disability make it harder to find housing.

Zooming out to how people perceive the housing market in Winthrop, we saw that only 9% think there is a good selection of housing available. Nearly all respondents saw a lack of rental housing. The vast majority (80%) see housing prices whether for rent or purchase as too high.

What did people say about possible solutions to our housing needs? Beyond understanding people's experiences with housing, we wanted to learn more about how the public views the slate of options to address housing needs. We asked about types of housing that could be added to the local mix and about methods the Town of Winthrop could use to encourage housing affordability.

The survey asked about a slate of MMH types, with the goal of understanding how broadly people would tolerate them in Winthrop. Due to a mistake in the way the survey responses were set up, the responses required some interpretation. We learned:

- SF cottages around open space rated the highest, with the fewest people thinking it should be excluded from some neighborhoods or Winthrop altogether.
- Duplexes and ADUs were also broadly accepted, though around 30% thought they should be excluded from some neighborhoods.
- Small Efficiency Dwelling Units (SEDU) and Townhouses rated similarly, with a majority of respondents saying they would support them either in all neighborhoods or would be willing to live in them.
- Courtyard apartments and live/work residences garnered less support, with a majority of respondents either wanting them only if limited to certain neighborhoods or outright prohibited.
- Multiplexes were the least popular option - 30% opposed multiplexes in Winthrop.

The survey asked about various measures to finance or encourage housing affordability. This question was intended to assess the level of interest in ways the Town could promote affordable housing either by generating revenue, tailoring local policies and regulations, or partnering with housing organizations. In reading comments and talking with people in the community, many respondents felt they did not have enough information to decide which mechanisms they would most support. Across the board, there appears to be a majority that supports each of the measures.

- The three most widely supported measures included: encouraging MMH types, initiating a joint venture housing project, and adopting low impact/green development guidelines.
- The three least-supported measures included “non-cash” incentives, property tax levy, and tax exemptions for multifamily.

Take Aways from Public Engagement

The focus groups we called together focused on people who are trying to provide housing and working with people who need housing – nonprofits with some component of housing focus; developers and realtors; and employers. We heard that lack of housing is a critical deterrent to meeting employment needs for local businesses and organizations. We affirmed our understanding that the cost of building is too high to produce affordable homes without significant changes to zoning and land use. We learned about the dilemma of needing a skilled labor force yet having nowhere to house those workers.

As for the public survey, the results should be understood as reflecting the households who chose to respond. We know that overall, the clearest signal came from high income, educated households that own their home already. These are people who also show up to public workshops and meetings. It is important to acknowledge that we heard very little from low-income individuals or families, cost burdened households, renters, younger people, or households with children. It remains a challenge to reach these pockets of our community to assess their needs and opinions. We ended up taking the input of nonprofit organizations and employers closest to these households as a proxy, and while this works to some extent, it does not give true voice to those who are struggling the most with housing security.

In the two main questions where the survey asked about opinions on housing solutions, the answers indicated a preference for less density. In contrast, we know objectively that apartments and small units are more affordable to build and provide housing that can meet basic needs for the segment of our existing community that is priced out of the current market. In the realm of controls the Town could enact, adopting green building standards rated highly, but non-cash incentives such as density or height bonus and reduced setbacks received considerably less support. Again, this presents a tension between the perceptions of those who responded to our survey and the levers of public policy that most impact affordability.

As described above, there are some common themes and tensions that emerge from the public engagement on housing in our community. In many ways our public conversation about housing follows the same contours of the broader engagement with housing at statewide and national levels. It reflects a pattern of engagement in which people with higher levels of financial and housing security turn out to share their opinions and needs in higher numbers than people who critically need housing.

In the context of nationwide research into housing affordability, a clear picture is emerging about the ways in which widespread zoning that favored single family housing shaped market forces and public perceptions about availability and affordability. People who live securely in single-family homes tend to perceive missing-middle and multifamily housing as a threat to property values and quality of life. This holds true from small rural communities like Winthrop to large metropolitan areas. This dynamic is entirely understandable and yet **solving our housing problems requires confronting the reality of high land and building costs, limited supply, and clearly documented need**. The situation requires making deliberate choices about how best to use our resources to ensure greater housing security for our community.

References

ⁱⁱ <https://mrsc.org/explore-topics/planning/general-planning-and-growth-management/growth-management-act> | <https://deptofcommerce.app.box.com/s/z8ygn0ifeimybnlh4j6v8cl1wxkp1jfa>

ⁱⁱ Beckwith Consulting Town of Winthrop Housing Action Plan of June 30, 2023 and appendices.

ⁱⁱⁱ Note that the respondents to the survey highly correlate to higher earners, and those with currently stable housing. While this is an important constituency, it is not representative of those in need of housing. We must balance the desire

^{iv} <https://www.co.chelan.wa.us/news/article/resolution-2021-95-county-commissioners-pass-new-short-term-rental-code> - notably, "In most parts of Chelan County, the maximum share of short-term rentals, in relation to total housing units, is capped at 6 percent."

^v <https://mrsc.org/stay-informed/mrsc-insight/july-2023/major-changes-to-washington-housing-laws>

^{vi} <https://www.commerce.wa.gov/serving-communities/growth-management/growth-management-topics/planning-for-housing/multi-family-housing-property-tax-exemption-program/>

^{vii} Population estimates use a combination of decennial census data and data collected by the Methow Conservancy. We used these two data sources to understand the 'true' population of the Methow Valley, correcting for COVID-related overcounts in the Census, but still capture the portion of our community that does not live in a standard 'dwelling unit' as counted by the MC data. See iv below for more detail.

^{viii} The Department of Housing and Urban Development (HUD) releases AMI numbers annually that all affordable housing organizations use to calculate eligibility and housing cost burden. This is the generally accepted measure of regional income as it pertains to housing: <https://www.huduser.gov/portal/datasets/il.html>

^{ix} [A Comprehensive Economic Study of the Methow Valley](#)

^x HB 1220 mandated that Growth Management Act (GMA) participating counties follow the WA State Dept of Commerce "Projected Housing Needs Methodology" to determine current and future housing needs of their county. Okanogan County is not bound by GMA, but it is important that we follow similar methodology to understand our need and take appropriate action. We determined Dept of Commerce calculations were not using accurate source data, so we leveraged the methodology, utilizing the following datasets:

- Housing stock: Methow Conservancy's "State of the Methow" dataset, prepared by Julie Grialou, using County Parcel data.
- Part time Population: Methow Conservancy's "State of the Methow" dataset, prepared by Julie Grialou, using County Parcel and recorded address data.
- Full time Population: Decennial Census Data (2020), corrected for COVID-related overcounting using trends identified in the Methow Conservancy's State of the Methow dataset, calculated by Simon Windell and Julie Grialou
- Population Growth Estimates: Decennial Census Data (2010 and 2020), combined with Methow Conservancy's State of the Methow data; calculated by Simon Windell and Julie Grialou
- Building Permits: Okanogan County Building Dept monthly and annual reporting.

^{xi} [Definition of Informal Housing \(Wikipedia\)](#) | [Recommended reading/listening on the phenomenon in the US](#) (UCLA Housing Voice)

^{xii} These calculations assume:

- 2% annual population growth (consistent with long term trends)
- Annual housing starts continue as the median of annual Methow Valley housing starts from 2016-2022, minus 10%
- 60% of these housing starts contribute to the full time housing stock

These are conservative estimates because:

-
- Measurable total population increased by 5.5% between 2021-2022 (8.8% part time growth and 3.2% full time growth)
 - Given the cost to construct, it is reasonable to assume that *most* housing starts in the Methow Valley contribute to the part time housing stock, thereby not meaningfully contributing to the full time housing stock

^{xiii} Missing middle housing is a term which describes a range of multi-family or clustered housing types that are compatible in scale with single-family or transitional neighborhoods. The term "missing middle" is meant to describe housing types that were common in the pre-WWII United States such as duplexes, rowhouses, and courtyard apartments but are now less common and, therefore, "missing". Rather than focusing on the number of units in a structure, missing middle housing emphasizes building at a human scale and heights that are appropriate for single-family neighborhoods or transitional neighborhoods.