# City of Port Orchard Council Work Study Session
# September 15, 2020
# 6:30 p.m.



**Meeting Location:**
Council Chambers, 3rd Floor
216 Prospect Street
Port Orchard, WA 98366

**Contact us:**
(360) 876-4407
cityhall@cityofportorchard.us

***Pursuant to the Governor's "Stay Home - Stay Safe" Order, the City will take actions on necessary and routine business items.***

*The City is prohibited from conducting meetings unless the meeting is NOT conducted in-person and instead provides options for the public to attend through telephone, internet or other means of remote access, and also provides the ability for persons attending the meeting (not in-person) to hear each other at the same time. Therefore;*

**Remote access only**
**Link:** https://us02web.zoom.us/j/83106930942
**Zoom Meeting ID:** 831 0693 0942
**Zoom Call-In:** 1 253 215 8782

1. Shoreline Master Plan Program Periodic Update-Climate Change/Sea Level Rise Analysis and Recommendations (Bond) ***Page 2***
   Estimated Time: 25 minutes

2. Multi-Family Property Tax Exemption Requirements-Chapter 3.48 (Bond) ***Page 57***
   Estimated Time: 20 Minutes

3. Request for the City to Accept Landis Court SW as a Public Road (Bond) ***Page 89***
   Estimated Time: 15 Minutes

4. Discussion: CARES Funding (Mayor)
   Estimated Time: 15 Minutes

# City of Port Orchard
# Work Study Session Executive Summary

**Issue Title**: Shoreline Master Program Periodic Update – Climate Change/Sea Level Rise Analysis and Recommendations

**Meeting Date**: September 15, 2020

**Time Required**: 25 minutes

**Attendees**: Nick Bond, Community Development Director, Herrera Environmental Consultants

**Action Requested at this Meeting**: Review sea level rise analysis and recommendations from Herrera, ask questions, and provide feedback to consultants and staff on this topic to address in the SMP update. Herrera's recommendations will be used as the basis for sea level rise policies and development regulations in the 2021 periodic update of the City's Shoreline Master Program.

**Issue:** The City is currently reviewing its Shoreline Master Program (SMP) according to the periodic update timeline and requirements of the Washington State Department of Ecology. The revised SMP is due by June 30, 2021. One area of concern for the City is its downtown shoreline, which is largely built and shoreline fill and already impacted by storm surge and king tide events. It is important for the City to understand how it might be impacted by climate change and rising sea levels over the next few decades, and to prepare and plan accordingly. Kitsap County recently prepared a countywide analysis of potential climate change impacts, which included a Port Orchard-specific appendix. Based on those identified concerns. the City contracted with Herrera Environmental Consultants to prepare a more detailed evaluation of the City's shoreline and areas where the SMP may need to be modified to address sea level rise. Herrera has provided a baseline scientific analysis which will be used to formulate policy and planning recommendations for the SMP update, with regard to addressing sea level rise along Sinclair Inlet and the estuarine (mouth) portion of Blackjack Creek. Herrera will give a Powerpoint presentation to the Planning Commission on its findings and recommendations, and take questions to explain its evaluation process.

**Alternatives**: Do not address sea level rise in the 2021 SMP periodic update (this is not likely to be accepted by the Department of Ecology).

**Relationship to Comprehensive Plan:** Per RCW 36.70A.480(1), the goals and policies of the SMP are considered an element of the City's Comprehensive Plan.

**Recommendations**: Staff recommends that Council provide feedback and guidance to the City's consultant and staff on Herrera's report and recommendations for addressing climate change and sea level rise along the City's downtown shoreline in the 2021 SMP update.

**Attachments**: PDF of Herrera Presentation; Herrera Advisement on Impacts of Sea Level Rise on City of Port Orchard Shoreline; Kitsap County Climate Change Resiliency Assessment Port Orchard Appendix.

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# Sea Level Rise and the City of Port Orchard

## Prepared for Long-Range Planning
## September 1, 2020

**Presented by Andrea MacLennan, MS and Jeff Parsons, PhD, PE**

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# Introduction

## Objectives

- Identify the areas most affected by SLR in the Port Orchard downtown area
- Evaluate current flood hazards
- Identify vulnerable infrastructure
- Review current code
- Provide recommendations for code revisions and additional regulations
- Provide recommendations for next steps and future management of these hazards



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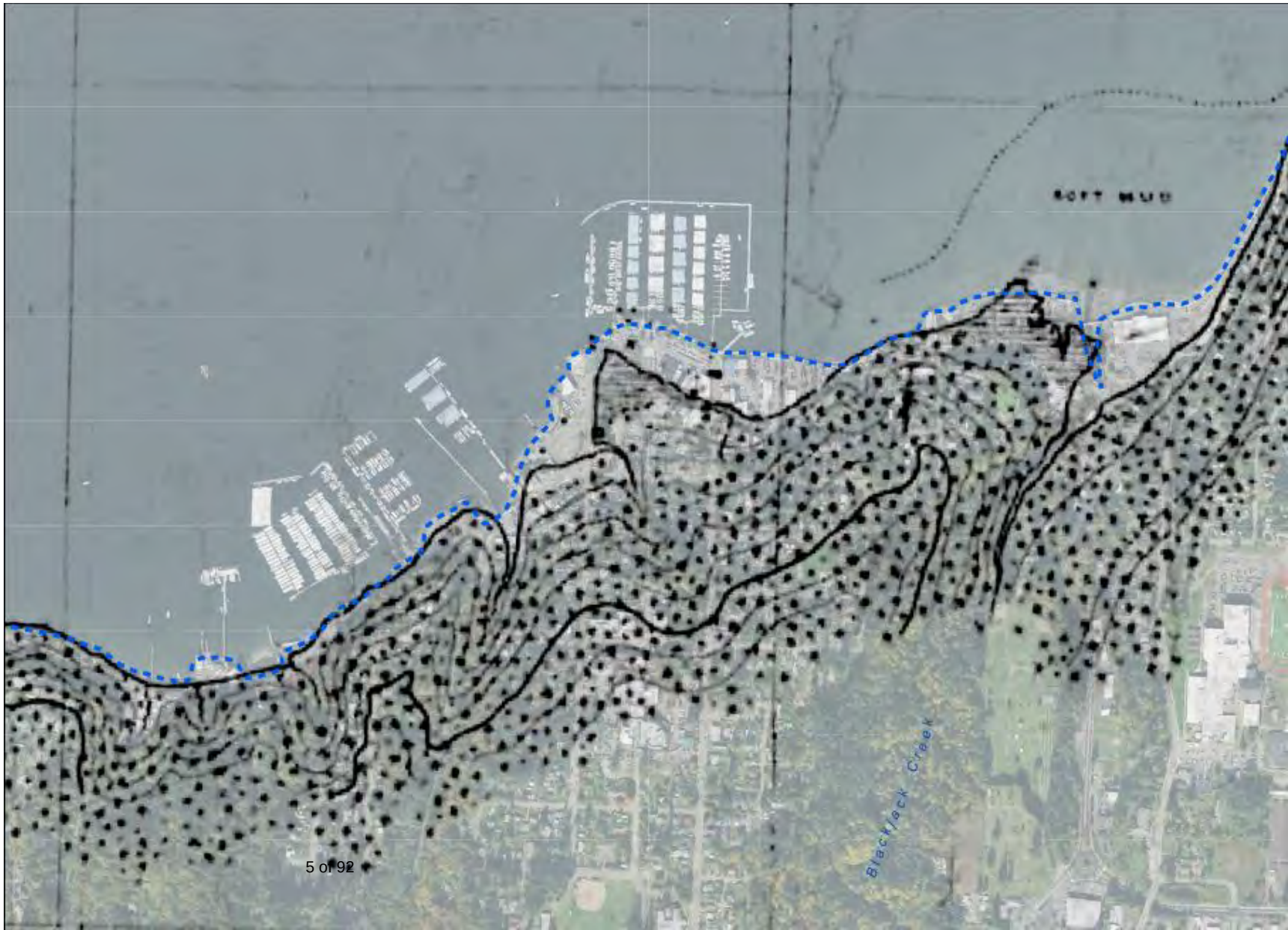
# Substantial Modifications to the Port Orchard Shorelines

- 98% armored
- Extensive fill
- Filled coastal wetlands
- Coastal roads
- Shoreline development
- Contaminated areas



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# Probabilistic Sea Level Rise Projections

**What is a Probabilistic Projection?**

- The risk of a certain elevation being inundated

**How Accepted is This Approach?**

- This guidance was funded by EPA, the Department of Ecology and developed by UW to assess SLR Risk.

**Why Should I Care?**

- This guidance is being used to inform communities of their SLR risk and is likely to be used for the basis for future State regulations regarding SLR



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# Sea Level Rise Projections

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Absolute SLR Projections for Washington State (Miller et al. 2018)

- cryospheric inputs to global oceans
  - WAIS and Greenland
- thermal expansion

| Table 1. Sea level rise estimates (feet) from Miller et al. (2018) | | | |
|---|---|---|---|
| **Time Period** | **Expected value** | **10% probability of exceedance** | **1% probability of exceedance** |
| 2040-2050 | 0.7 | 1.0 | 1.3 |
| 2050-2100 | 2.0 | 3.1 | 4.8 |

Dependent on future greenhouse gas emissions. We used "business as usual" (RCP 8.5) projections.



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# Relative Sea Level Rise Projections

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Incorporates local vertical land movement (uplift or subsidence)

| Table 2. Relative Sea Level Rise Projections for Port Orchard | | | |
|---|---|---|---|
| **Year** | **99% probability of exceedance** | **50% probability of exceedance** | **1% probability of exceedance** |
| 2040 | 0.0 | 0.5 | 1.1 |
| 2100 | 0.3 | 2.1 | 5.0 |



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# Relative Sea Level Rise Projections

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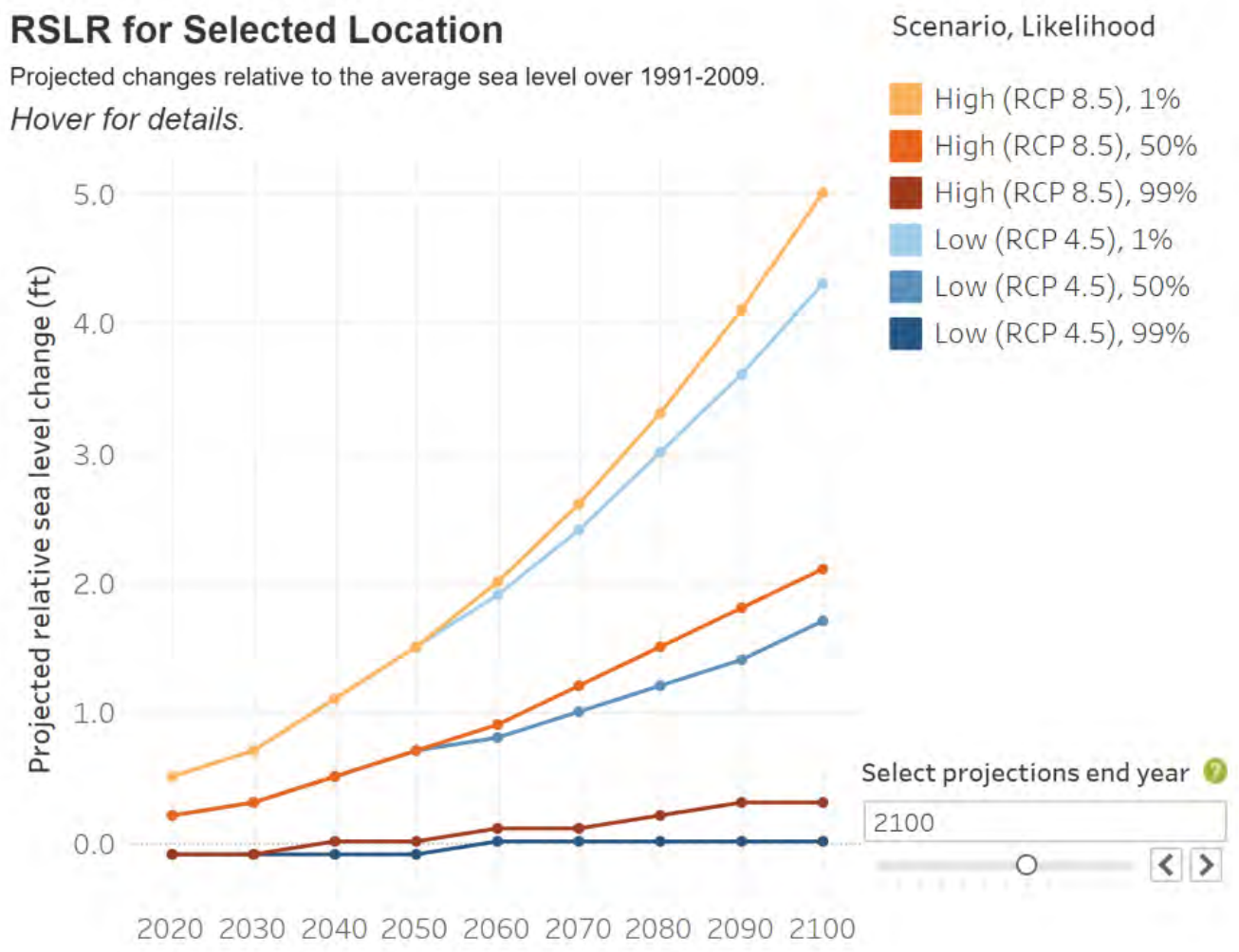
Incorporates local vertical land movement (uplift or subsidence)



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# Sea Level Rise + Storm Surge

- Compared MHHW for Seattle and Bremerton
- Identified 100-year flood elevation for Seattle
- Adjusted for Bremerton
- Converted from MLLW to NAVD88 = 12.77 feet (MHHW 9.22 feet)
- Added to SLR projections

| Table 3. Coastal Flood Elevations Plus Sea Level Rise (feet, NAVD88) | | | |
|---|---|---|---|
| **Year** | **100-Year Flood Elevation** | **50% probability of exceedance** | **1% probability of exceedance** |
| 2040 | 12.77 | 13.27 | 13.87 |
| 2100 | 12.77 | 14.87 | 17.77 |

We did not map the 1% probability of exceedance projection for 2100 due to greater uncertainty



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# Mapping Results

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Figure 4.
Projected 100 Year Marine Flood Extent Under Sea Level Rise Scenarios: Port Orchard Marina

**Legend**

- Outfalls
- DNR Shoreline

**Flood Scenarios**

- 100 Year Marine Flood 2020
- 100 Year Marine Flood + 50% Probability SLR Projection 2040
- 100 Year Marine Flood + 1% Probability SLR Projection 2040
- 100 Year Marine Flood + 50% Probability SLR Projection 2100

**Un-inundated Stormwater Structures**

- Catch Basin
- Other Stormwater Structures

**Inundated Stormwater Structures**

- Catch Basin - Isolated from Coast
- Catch Basin - Connected to Coast
- Other Stormwater Structure

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# Mapping Results

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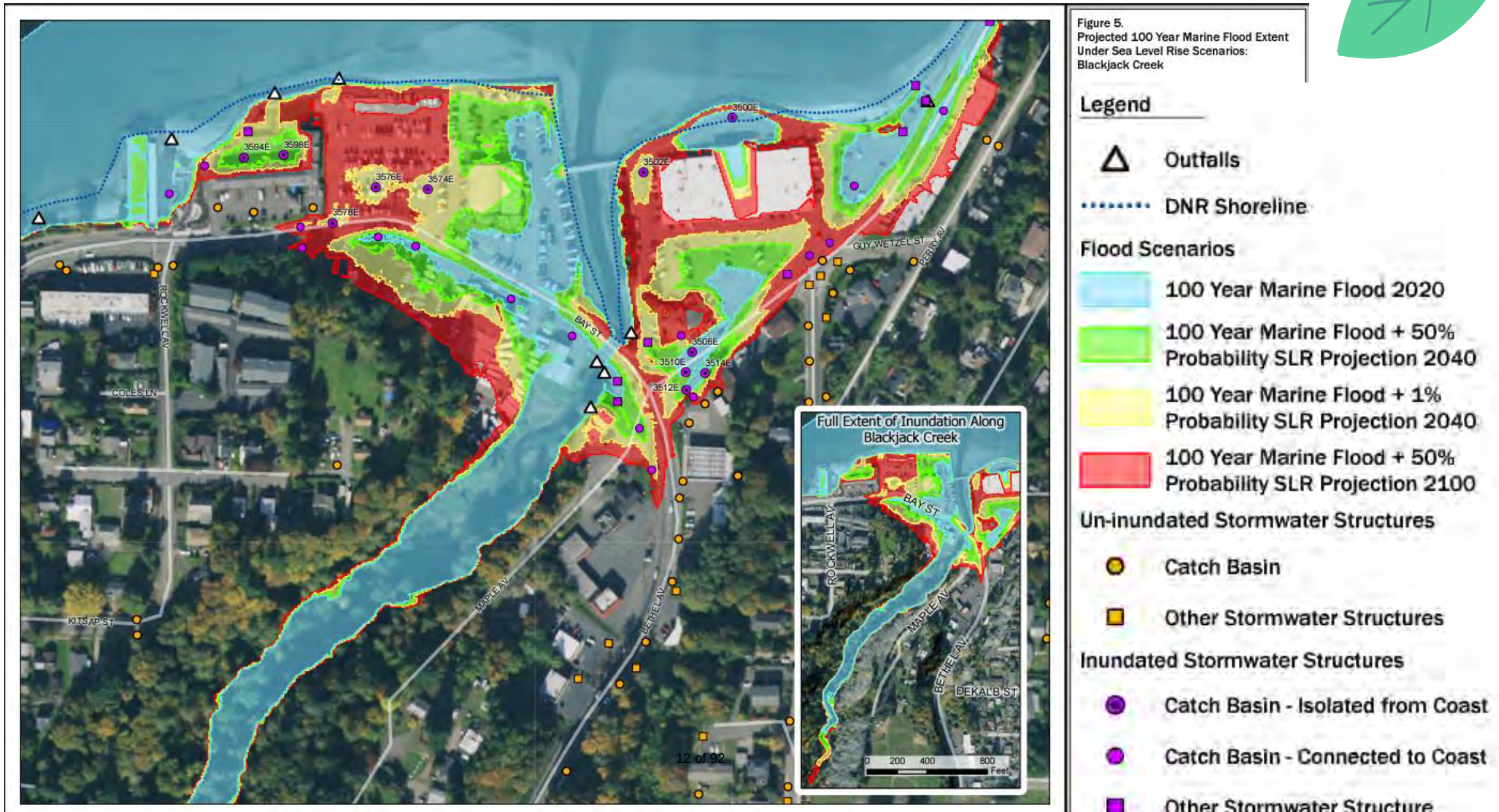




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# Mapping Results

- Vegetation changes will add LWD and expand estuarine conditions
- Slope Stability in the ravine and adjacent neighborhoods
- Several deep-seated landslides are mapped in the ravine
- High Hazard areas in Kitsap CAO
- Rockwell Avenue
- Increased precipitation will add to the accelerated bank erosion


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Figure 6.
Projected 100 Year Marine Flood Extent Under Sea Level Rise Scenarios: Annapolis to Foot Ferry Terminal

Legend

- Outfalls
- DNR Shoreline

Flood Scenarios

- 100 Year Marine Flood 2020
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N

0 100 200 400 Feet

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Coordinates:

# Mapping Results

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# Impacts of SLR - Stormwater

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Inundated outfalls on public and private land (increase with SLR)

- Some are directly connected to marine water (tide gates?)
- Outlets largely unknown in many cases
- Some are topographic lows (vulnerable to upland flooding)

**Table 4. Outfalls Inundated Due to Coastal Flooding Plus Sea Level Rise (feet, NAVD88)**

| Horizon | Total Outfalls | Isolated from marine waters | Connected to marine water | Publicly owned and managed |
|---|---|---|---|---|
| 100-yr Flood Event | 16 | 0 | 16 | 9 |
| 2040 SLR (50%) | 24 | 0 | 24 | 13 |
| 2040 SLR (1%) | 98 | 49 | 49 | 63 |
| 2100 SLR (50%) | 145 | 58 | 87 | 81 |

# Impacts of SLR - Roads

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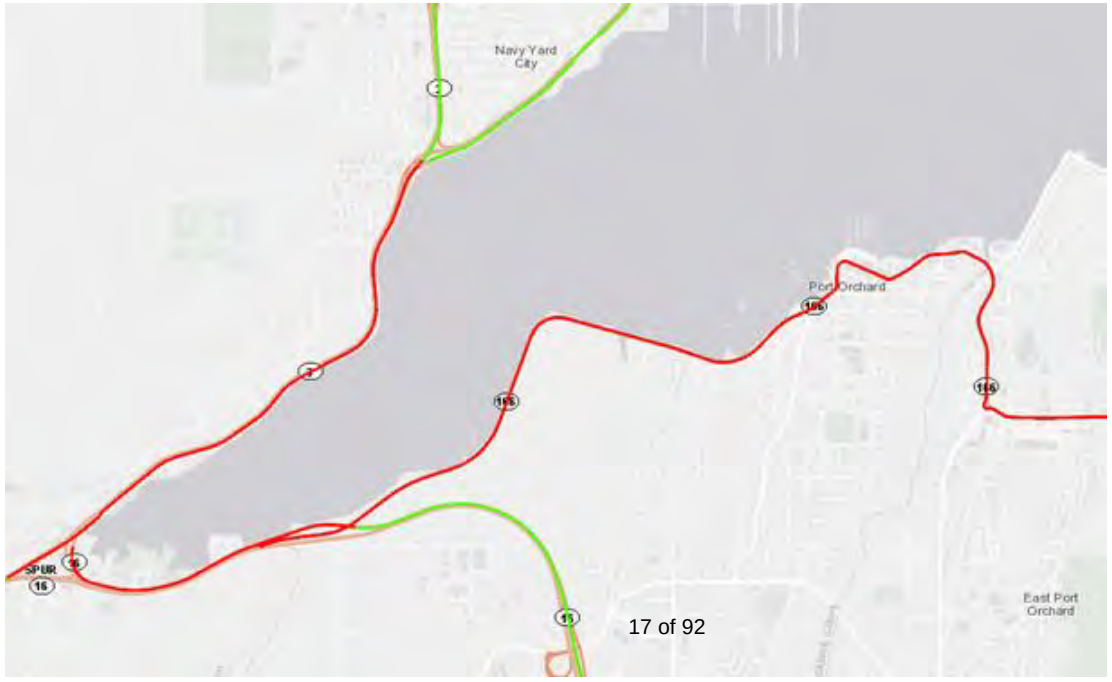
- WSUD-WWTF will not be inundated until after 2040.
  - Excluding Olney Creek area and Beach Road east of the facility
- Bay Street will be inundated in several areas
- Armor waterward of Bay Street is in poor condition in several locations.
- Road elevations should be raised to prevent
- Collaborate with WDOT on schedule and elevations that will be used on SR-16



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# Regulatory Recommendations

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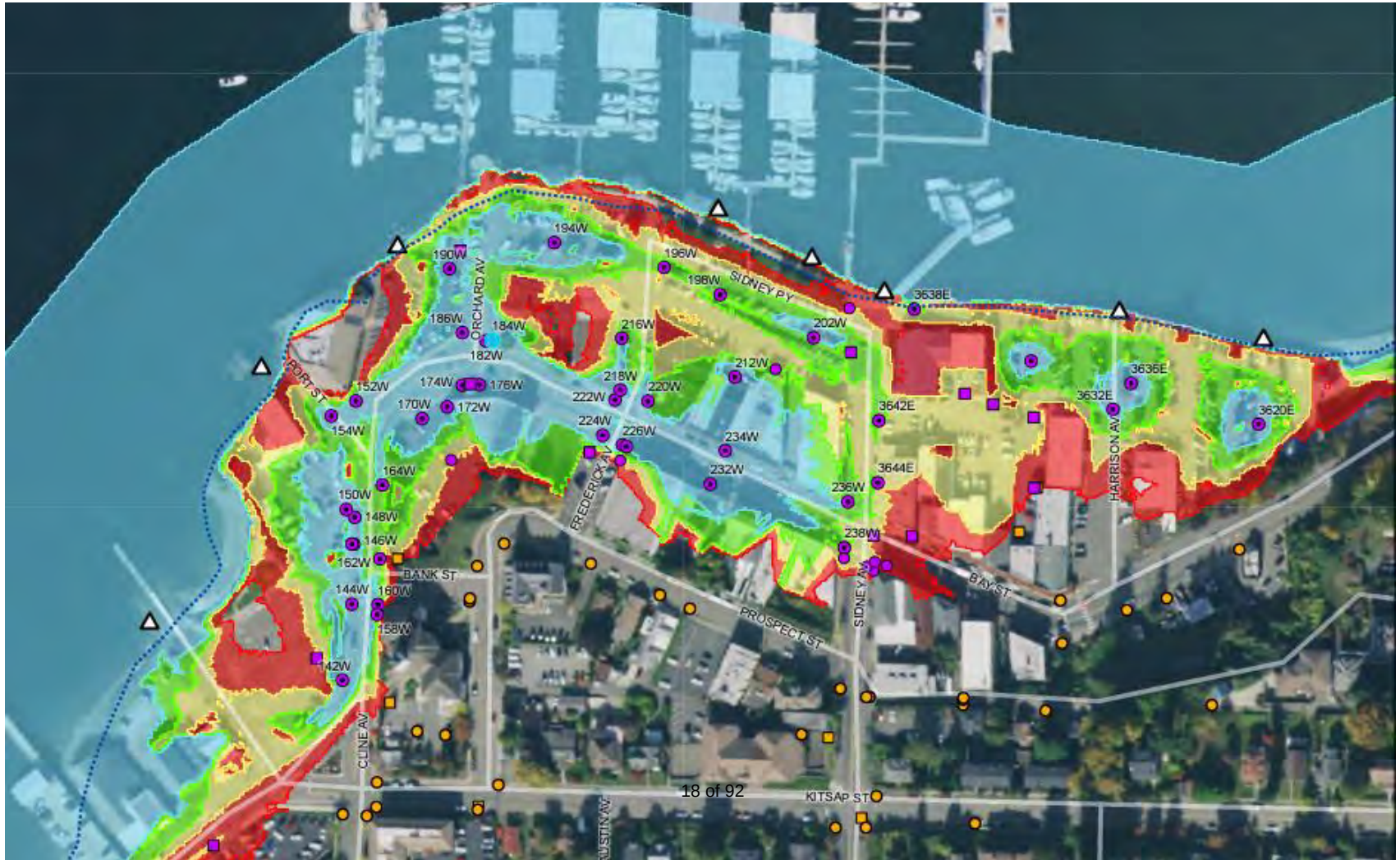
- Updated FIRM mapping should be formally adopted
- Revise all shores in Port Orchard to be Coastal High Hazard Areas



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# Additional Recommendations

- Manage for the long-term, sea level rise will continue beyond 2100
- Apply for funding to support adaptation and hazard mitigation
- Create a stormwater comprehensive plan
- Evaluate armor conditions in areas with known contaminants and prioritize for action
- Form partnerships in the SLR adaptation community
  - WSDOT Roads Work
- Develop SLR standards for the downtown waterfront redevelopment
- Integrate adaptation into long-term planning, where possible



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# Questions?



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# ADVISEMENT ON IMPACTS OF SEA LEVEL RISE ON CITY OF PORT ORCHARD SHORELINE

# PORT ORCHARD SHORELINE MASTER PROGRAM UPDATE

Prepared for
Keri Sallee, Long Range Planner
City of Port Orchard
Department of Community Development
216 Prospect Street
Port Orchard, Washington 98366

Prepared by
Herrera Environmental Consultants, Inc.
2200 Sixth Avenue, Suite 1100
Seattle, Washington 98121
Telephone: 206-441-9080

DRAFT
June 26, 2020

**Note:**
Some pages in this document have been purposely skipped or blank pages inserted so that this document will copy correctly when duplexed.

# CONTENTS

# TABLES



# FIGURES

# INTRODUCTION

Cascadia Consulting Group (CCG) partnered with Herrera Environmental Consultants (Herrera) to evaluate and provide advisement to inform the Shoreline Master Program (SMP) Periodic Updates for the City of Port Orchard (City). The City is tasked with providing advisement on the existing SMP with specific focus on the impacts that sea level rise will have on the downtown marine shorelines and related infrastructure and to identify potential vulnerabilities and opportunities for improved management and code revisions. This report documents the results of the analysis.

# GEOGRAPHIC SETTING

Port Orchard is located on the south shore of Sinclair Inlet, on the Kitsap Peninsula, west of Seattle, Washington (Figure 1). This relatively small coastal community has a long history dating back to the 1850s and was the first town to be incorporated in Kitsap County in 1890. Shortly thereafter the Puget Sound Naval Shipyard was installed on the north shore of Sinclair Inlet, in the town of Bremerton.

Shoreline conditions in Port Orchard and much of the Puget Lowland have been heavily influenced by the region's glacial legacy. The repeated advance and recession of the Puget Lobe of the Cordilleran Ice Sheet carved the north-south trending basins that make up the regions' inlets, straits and passages. As glaciers receded and melted, they left behind an incredible volume of glacially derived sediment, much of which makes up the regions surface geology. As sea levels rose to modern levels, this glacially geology has been shaped into our modern shorelines.

The shores of Port Orchard have incurred substantial modification over the course of the town's development. Almost all the City's marine shoreline is armored and nearshore fill is abundant. Several overwater structures that pre-date the SMP are found along the marine shoreline, some of which are in very poor condition. Many roads are near the marine shoreline. Shoreline development ranges from residential and commercial development, to parks, parking lots, public infrastructure, and water-dependent facilities, including marinas and docks.

Considerable fill has been placed over historical beaches and wetlands to reclaim additional low elevations shore (Figure 2). In some areas this has resulted in substantial changes to nearshore conditions, particularly where fill has been placed waterward of coastal bluffs. Several ravines and embayments, such as Blackjack Creek, contain considerable fill in addition to being heavily altered by major road crossings, wetland loss and reduced tidal flushing.

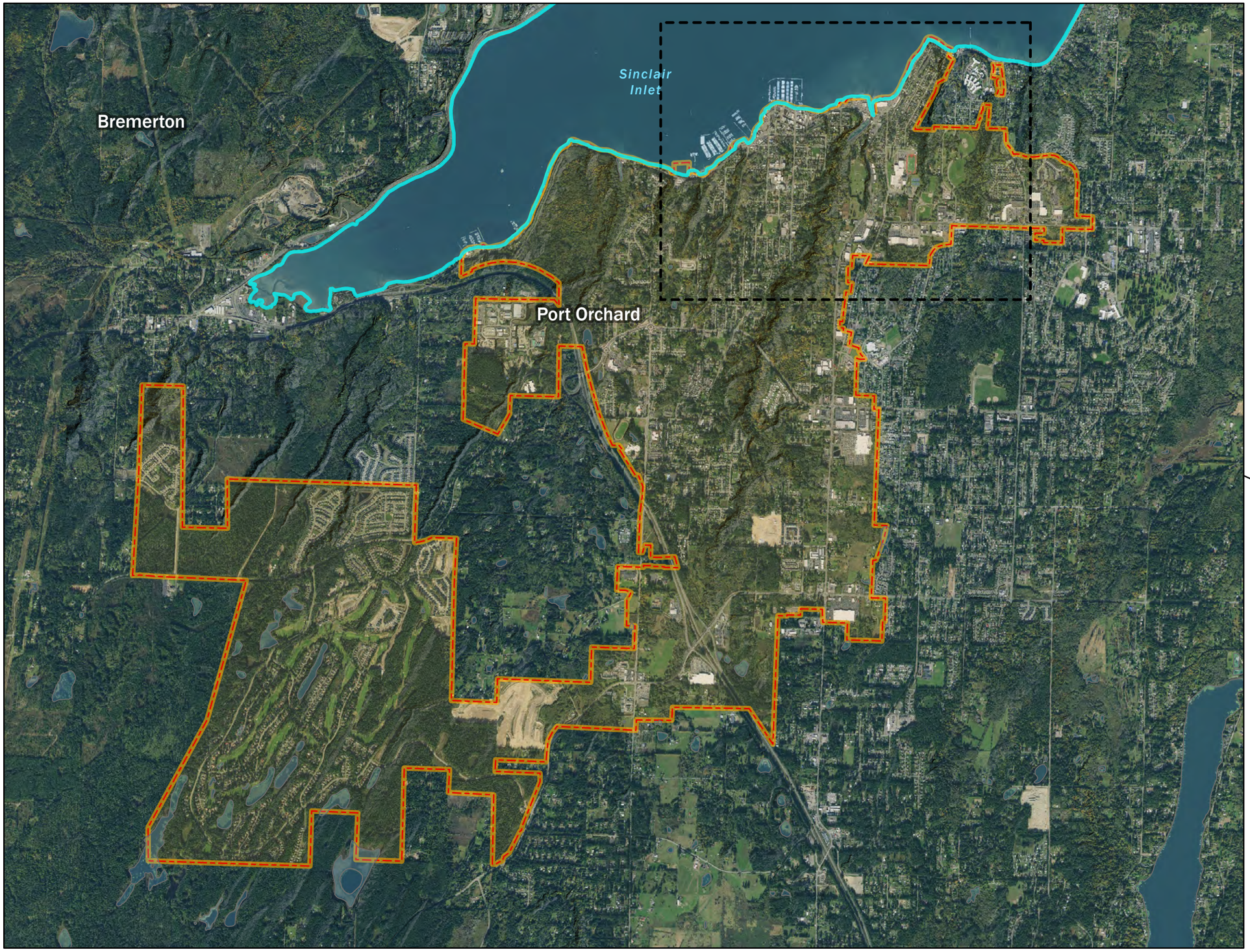
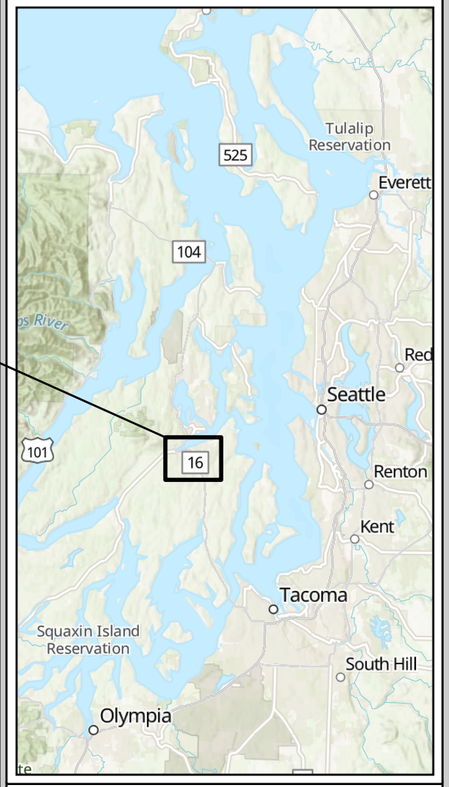



**Figure 1**
**Vicinity Map**

Legend

- Waterbodies
- Port Orchard
- Study Area




0 0.25 0.5 1 Miles

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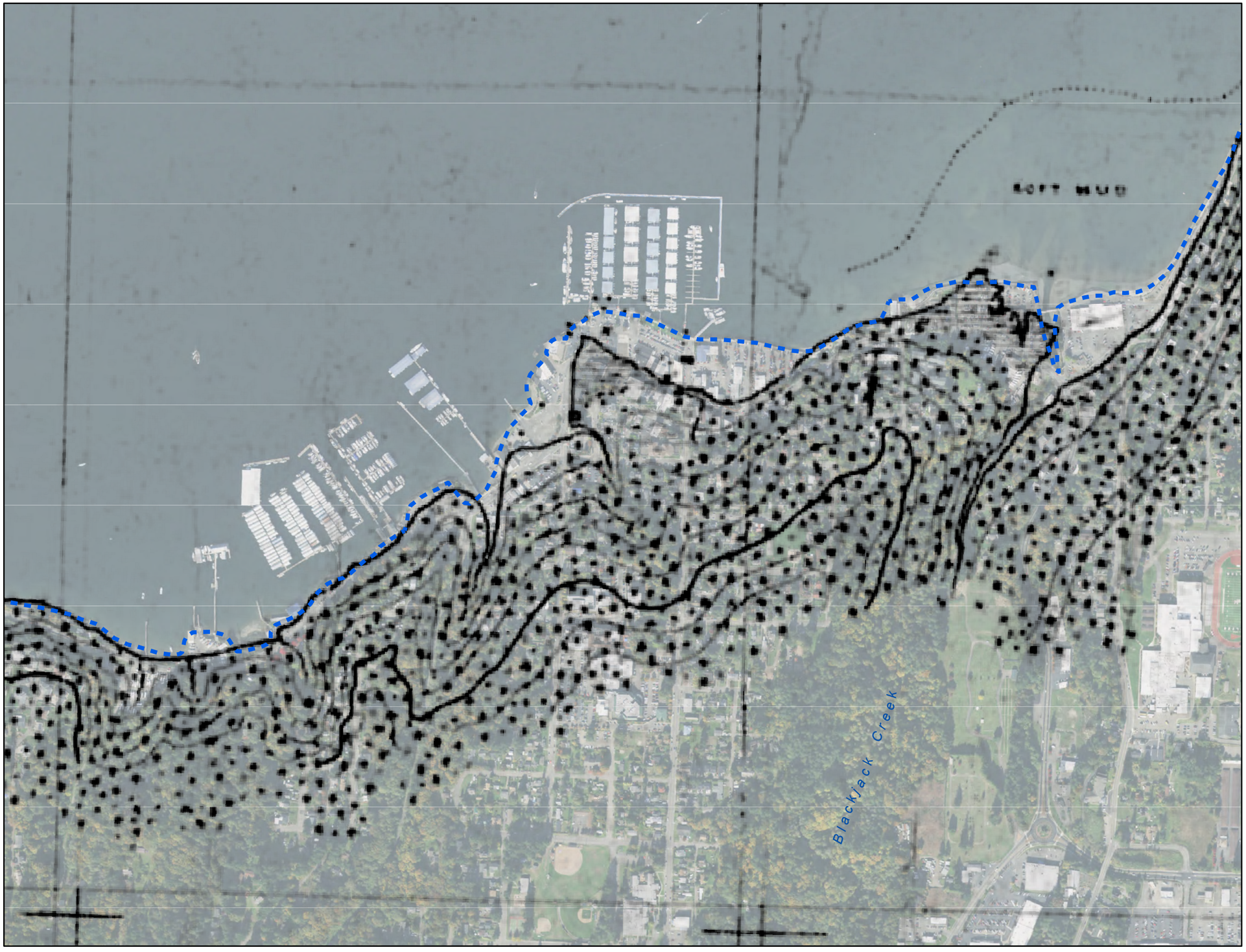


**Figure 2**
**T-sheet 1637 and Shoreline**

Legend

- DNR ShoreZone Shoreline

0 250 500 1,000 Feet

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# SEA LEVEL RISE ANALYSIS

Sea level rise described here is based on recent guidance developed by Washington State (hereafter referred to as the guidance) to estimate the risk of inundation at various points in time in the future, and with varying levels of statistical certainty (Miller et al. 2018). This assessment primarily focused on the projected relative sea level rise for the City of Port Orchard through the year 2040. Rise projections associated with later planning horizons increase with increasing time (Table 1, Figure 3).

There are four components to inundation by sea water: eustatic change (global sea level rise), vertical elevation change of the land of interest (as relates to geologic processes), storm surge, and wave runup and setup. For the purposes of this analysis, the storm surge hazard is assumed to be statistically independent from global sea level rise, but completely statistically dependent on wave runup and setup.

There are four categories of inundation hazard, which relate to the frequency of inundation. Regular inundation is associated with everyday tidal motion. The annual inundation area is the area expected to be inundated at least once per year along the coast. The 100-year inundation area is an area along the coast that is expected to have a 1% chance of being inundated in a given year. The fourth inundation hazard that we evaluated is an "extreme" inundation area. This hazard is reflective of those areas which have an expected probability of inundation less than 1% in a given year but could be inundated due to the statistical limits of known inundation components, given the limits of current knowledge. Since there is a great deal of uncertainty in the statistical dependence and magnitude of the inundation components, it is recommended that these areas be considered at risk of inundation in the future.

## Eustatic Change

Eustatic sea level is the technical description for the sea level averaged throughout the globe. This encompasses all additions to the global ocean, including primarily melting of land-based ice (glaciers)and thermodynamic expansion of the ocean. This is the basis for most of the probabilistic element of the guidance. Eustatic sea level rise is strongly dependent on future greenhouse gas emissions. The International Panel on Climate Change (IPCC) has identified a number of scenarios that relate to future greenhouse gas emissions. For the purposes of this analysis, the "business as usual" case is used (i.e., RCP 8.5), particularly in light of the lack of current policy worldwide to reduce carbon emissions and the relatively short periods of interest in this study. Eustatic sea level rise projections reported by the IPCC were downscaled for the northeast Pacific Ocean and adapted to local conditions in Washington State by Miller et al. (2018). These locally adapted projections describe the absolute sea level change for the State of Washington (Table 1).

| Table 1. Sea level rise estimates (feet) from Miller et al. (2018) | | | |
|---|---|---|---|
| **Time Period** | **Expected value** | **10% probability of exceedance** | **1% probability of exceedance** |
| 2040-2050 | 0.7 | 1.0 | 1.3 |
| 2050-2100 | 2.0 | 3.1 | 4.8 |

## Vertical Land Movement

A key component to any sea level rise analysis is determination of the vertical movement of the land due to tectonics (Miller et al. 2018). Vertical land movement (VLM) across Washington State was recently updated by (Miller et al. 2018) integrating VLM measurements collected using three different methods, including: leveling, water-level differencing, and continuous GPS (CGPS). Vertical land movement for Sinclair Inlet was measured at -0.1 feet/century, +/- 0.5 feet/century (negative value represents subsidence).

## Relative Sea Level Rise (RSLR)

Vertical land movement is combined with the state's absolute sea level rise projections to determine relative sea level rise (RSLR) projections for the selected range of planning horizons (Table 2). The planning horizon for this assessment is 2040, which is when the next comprehensive Shoreline Master Program is required by Washington Department of Ecology. Sea level rise is projected to accelerate after 2050 resulting in additional coastal flooding and erosion (Figure 3), however the extent of additional sea level rise and the rate at which that rise will occur are both uncertain. Based on our current understanding of the science, there is a 1% chance that amount of relative sea level rise will meet or exceed 1.1 feet by 2040. Similarly, there is a 50% chance that 0.5 feet or more of sea level rise will occur by 2040. These projections will be added to various water levels to better understand the frequency of inundation, the upper limits of current flood hazards, and the spatial extent of future flood vulnerability.

| Table 2. Relative Sea Level Rise Projections for Port Orchard. | | | |
|---|---|---|---|
| **Year** | **99% probability of exceedance** | **50% probability of exceedance** | **1% probability of exceedance** |
| 2040 | 0.0 | 0.5 | 1.1 |
| 2100 | 0.3 | 2.1 | 5.0 |

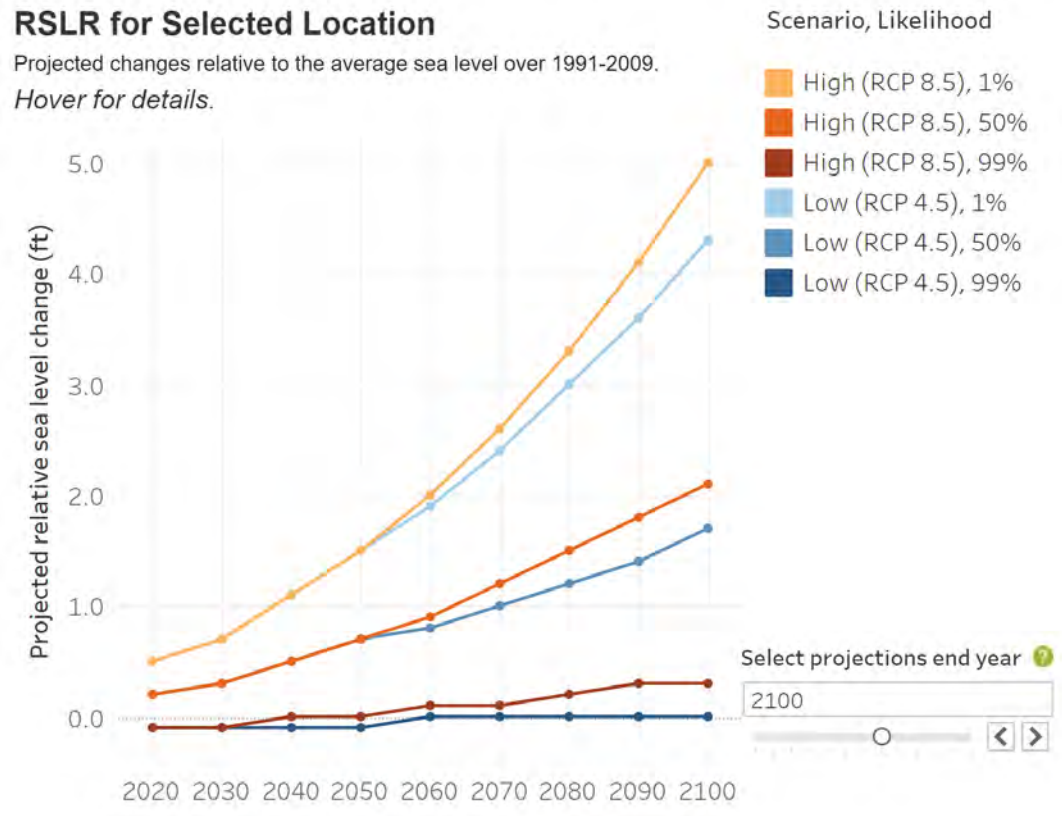


**Figure 3. Relative sea level rise scenarios, probabilities and planning horizons showing accelerated rate of SLR between 2020 and 2100**

## Storm Surge

Coastal flooding from storm surge is one of the most damaging environmental hazards, responsible for great loss of life, property and long-term effects on municipal services and economic health (Buchanan et al. 2017). Low lying coastal towns, such as Port Orchard, with considerable shoreline development are no exception. Coastal flooding can occur as the result of exceptionally astronomical high tides, often referred to as "King Tides" or as a result of a storm surge, which is when high water is amplified by low pressure storm events and wind forcing. King Tides are the highest tides that occur each year, while the highest astronomical tide (HAT) is the highest tide across the entire tidal datum epoch or lunar node cycle (18.6 years). For the City of Port Orchard HAT measures approximately 11.28 feet NAVD88. These elevations are limited to coastal waters only and do not account for additional water elevation from upland drainage/stormwater.

The highest observed water level (HOWL) is a high tide event that is combined with a storm surge that has occurred in the past. HOWL is a still water level and does not include wave run-up. The highest observed water level (in the current tidal epoch) for the nearby City of Seattle

(NOAA Benchmark Sheet No 9447130) measured 12.54 feet (NAVD-88) and occurred on January 27, 1983.

Flood mapping is slightly different, and like sea level rise projections, entails a probabilistic approach. The 1% exceedance probability flood, is also referred to as the 100-year flood. To determine the local elevation of the 1% exceedance probability flood, we first compared the elevations of mean higher high water (MHHW) from Seattle and the Bremerton NOAA Benchmark Sheet (No 9445958). The ratio between the two values was then applied to the Seattle 1% exceedance probability flood elevation. The resulting estimated tidal elevation of the 100-year flood for Bremerton and Port Orchard is 12.77 feet NAVD88. To conservatively measure the potential impacts of coastal flooding and sea level rise in the Port Orchard study area, maps were developed to show the full extent of both 100-year flood elevation, the 1% probability relative sea level rise projections for Port Orchard. These combined flood and SLR elevations are shown in Table 3 and Figures 4-7. LIDAR elevations were ground-truthed in the field and later compared to the LIDAR data to document the accuracy of the LIDAR mapping. Measured elevations were consistently lower than the LIDAR data, with a difference of 0.15-0.3 feet.

FEMA recently updated coastal flooding mapping in 2017 within Kitsap County and the Port Orchard area. The new mapping is consistent with NOAA's 100-year flood elevation converted from the Seattle tide gauge. Mean higher high water for the Seattle tide gauge with adjustments for the City of Bremerton is 9.22 feet (NAVD88).

**Table 3. Coastal Flood Elevations Plus Sea Level Rise (feet, NAVD88)**

| Year | 100-Year Flood Elevation | 50% probability of exceedance | 1% probability of exceedance |
|---|---|---|---|
| 2040 | 12.77 | 13.27 | 13.87 |
| 2100 | 12.77 | 14.87 | - |

*converted to MLLW by adding 2.53 feet

## Waves

Like much of the Puget Sound region, the shores of Port Orchard are considered a low wave energy environment. The complex, crenulated nature of the shoreline results in limited fetch (overwater distance across which waves develop), which is one of the fundamental controls on wave development. The sheltered wave environment results in slower rates of sediment transport, erosion, and very little beach change outside of large storm events.

Boat wakes contribute considerable wave energy along the shores of Sinclair Inlet and Port Orchard. Some of the largest waves that occur in the area are from ships moving from and around the Bremerton naval base, tugboats, and the Bremerton-Seattle ferry. Additional foot ferry and recreational boaters also contribute to boat wakes in the study area.


Figure 4.
Projected 100 Year Marine Flood Extent Under Sea Level Rise Scenarios:
Port Orchard Marina

Legend

- Outfalls
- DNR Shoreline

Flood Scenarios

- 100 Year Marine Flood 2020
- 100 Year Marine Flood + 50% Probability SLR Projection 2040
- 100 Year Marine Flood + 1% Probability SLR Projection 2040
- 100 Year Marine Flood + 50% Probability SLR Projection 2100

Un-inundated Stormwater Structures

- Catch Basin
- Other Stormwater Structures

Inundated Stormwater Structures

- Catch Basin - Isolated from Coast
- Catch Basin - Connected to Coast
- Other Stormwater Structure

N

0 100 200 400 Feet

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Coordinates:

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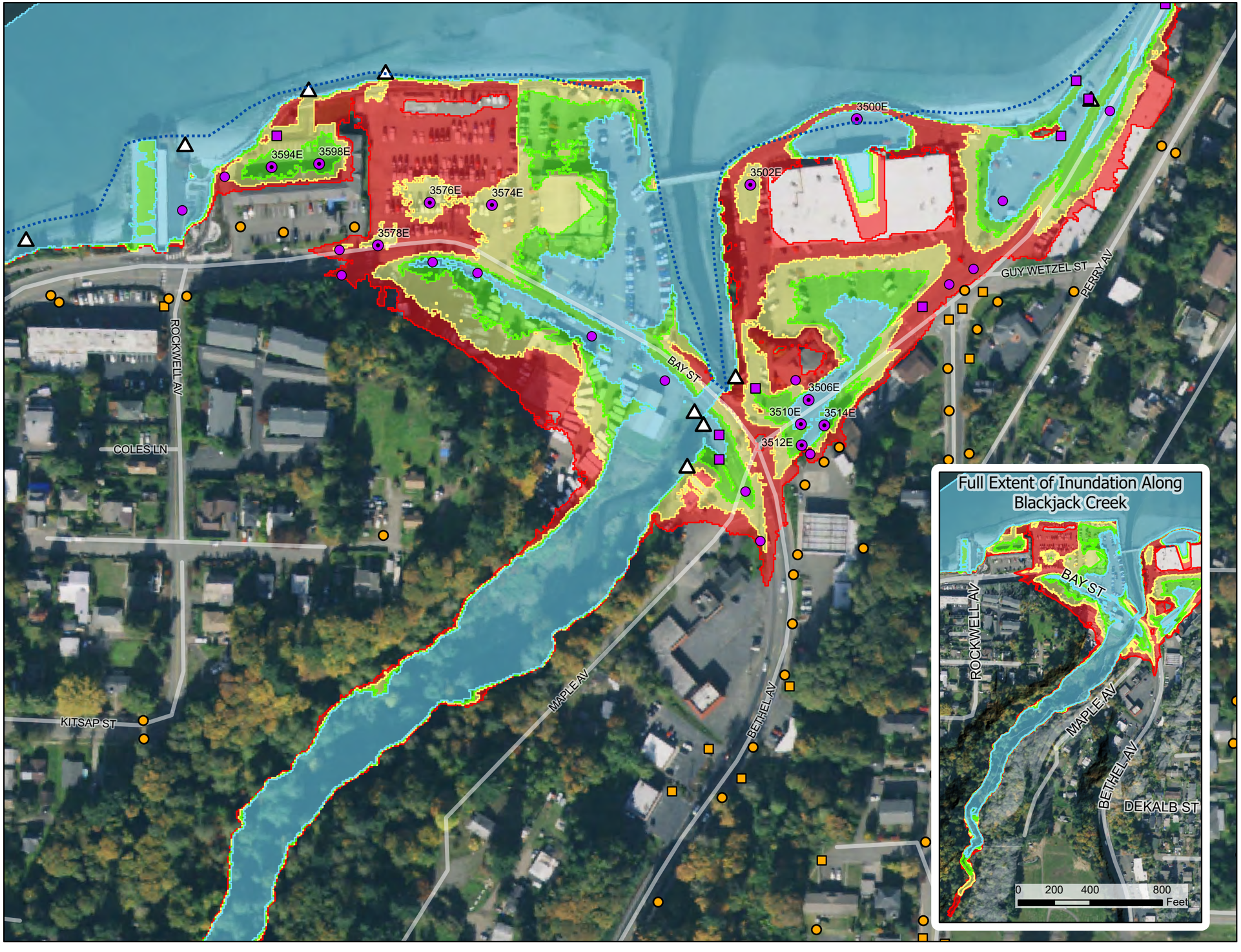


Figure 5.
Projected 100 Year Marine Flood Extent Under Sea Level Rise Scenarios: Blackjack Creek

Legend

- Outfalls
- DNR Shoreline

Flood Scenarios

- 100 Year Marine Flood 2020
- 100 Year Marine Flood + 50% Probability SLR Projection 2040
- 100 Year Marine Flood + 1% Probability SLR Projection 2040
- 100 Year Marine Flood + 50% Probability SLR Projection 2100

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Figure 6.
Projected 100 Year Marine Flood Extent Under Sea Level Rise Scenarios: Annapolis to Foot Ferry Terminal

Legend

- Outfalls
- DNR Shoreline

Flood Scenarios

- 100 Year Marine Flood 2020
- 100 Year Marine Flood + 50% Probability SLR Projection 2040
- 100 Year Marine Flood + 1% Probability SLR Projection 2040
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N

0 100 200 400 Feet

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Coordinates:

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Figure 7.
Projected 100 Year Marine Flood Extent Under Sea Level Rise Scenarios: Wastewater Treatment Facility

Legend

- Outfalls
- DNR Shoreline

Flood Scenarios

- 100 Year Marine Flood 2020
- 100 Year Marine Flood + 50% Probability SLR Projection 2040
- 100 Year Marine Flood + 1% Probability SLR Projection 2040
- 100 Year Marine Flood + 50% Probability SLR Projection 2100

Un-inundated Stormwater Structures

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Inundated Stormwater Structures

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N

0 25 50 100
Feet

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Coordinates:

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# GEOMORPHIC RESPONSE OF DIFFERENT SHOREFORMS TO SLR

Sea level rise will produce a range of impacts from increased erosion of coastal bluffs, the inundation of low-lying coastal areas, and the landward translation of beach profiles, among other impacts (Huppert et al. 2009). The shores of Port Orchard were historically comprised of a range of geomorphic shoretypes (also referred to as coastal landform types or shoretypes), which respond to the rise in sea level in different ways. Certain shoretypes are more vulnerable to erosion, others to inundation, and some are vulnerable to both. Bedrock shores are less likely to incur considerable impacts outside of a vertical rise in the mean highwater mark. The geomorphic response of each of the shoretypes found in the City of Port Orchard are included below.

## Barrier Beaches/Accretion Shoreforms

These shores include low lying depositional beaches and spits that are often associated with landward coastal wetlands. The natural response of these shores is to build additional elevation and translate landward through repeated overwash during high water events. These areas are vulnerable to coastal flooding, beach erosion, loss of dune and backshore habitats, and landward wetland loss.

## Coastal Bluffs/Feeder Bluffs

Coastal bluffs, commonly described regionally as feeder bluffs, contribute most of the sediment found on Puget Sound beaches. Bluff recession rates and mass wasting are expected to accelerate due to sea level rise and increased precipitation, for which there is a documented threshold for when Puget Sound landslides are known to occur (Chleborad et al. 2006). The combined results of the added erosion is likely to contribute additional sediment to littoral drift cells, which will enable down-drift shores to naturally adapt or translate landward.

## Embayments

There are several small stream mouths and embayments located within the City of Port Orchards shores, the largest of which is Blackjack Creek. In many cases, these areas include a waterward spit or shoal, and landward coastal wetlands, estuaries, and lagoons. Sea level rise will affect stream mouths and embayments by expanding their tidal prism and the landward extent of inundation (salt wedge). This expansion is likely to result in additional changes in riparian conditions such as adjacent flood areas, coastal wetlands, mortality of less salt tolerant marine riparian vegetation, bank toe erosion, and additional mass wasting. Mass wasting is likely to be further exacerbated by increased precipitation due to climate change.

## Armored and Artificial Shores

Armored shores are any kind of shore with shoreline armor, including riprap, bulkheads, seawalls and other similar structures designed to mitigate wave-induced coastal erosion. Artificial shores include shoreline armor as well as considerable fill that likely entails changes to landward elevations. These altered shores represent static shorelines in which the natural geomorphic response of the shoreline is precluded. When sea levels rise along a static shoreline, beaches and the habitats found therein, narrow in a process referred to as the 'coastal squeeze'. Along artificial shores the coastal squeeze will continue as sea levels rise until intertidal areas are entirely inundated and the rise and fall of the tide is observed as only vertical change along the face of the structure.

Filled, armored shore near the boat ramp in downtown Port Orchard.

In most cases, armored and artificial shores are engineered for current sea levels and sea level rise results in their frequent inundation or overtopping, which can lead to structure failure. Many filled, armored shores do not include sufficient drainage to effectively drain water during overtopping, which can lead to additional problems. In most areas, for the fill and armor to persist the rise in sea level, additional elevation or "freeboard" needs to be added to existing coastal structures. Inundated fill can contribute to additional issues such as settling, scour, sink holes and subsidence, particularly where fill is placed over salt marshes.

# POTENTIAL IMPACTS OF SLR ON INFRASTRUCTURE

The impacts of sea level rise will be visible throughout most of the City of Port Orchard's marine shoreline but is likely to be more dramatic in three different regions, which are described in greater detail below. Some of these impacts are already apparent during flood events and each location is well within the existing 100-year flood mapping.

## Annapolis

Several houses were built on a large fill prism of variable elevation in Annapolis. Most of the structure are well below the current 100-year flood elevations and will be inundated in the future due to sea level rise, as early as 2040. However, the fourplex located at 1833 Bay Street, appeared to have a higher floor elevation placing it outside the flood zone and may not be inundated in the near future (but perhaps after 2040).

Flood mapping shows that Bay Street will be inundated from the nearby foot ferry parking lot to the west and then to the south for roughly 400 feet of roadway. Coastal flooding along Bay Street is intermittent and then continuous as the road reaches the shore just north of Blackjack Creek.

Failing armor on Bay Street near Annapolis Creek.

At least 8 public stormwater outfalls are encompassed within flood mapping at Bay Street near Annapolis. The terminal end of at least one outfall has not been located. The seawall beneath Bay Street near the mouth of Annapolis Creek, is both failing and regularly overtopped, such that the road prism landward of the sea wall is being eroded. Road repairs are planned to take place when the Annapolis Creek culvert is replaced (designs are currently in development; Reid Middleton, 2018) .

The parking lot east of the Whiskey Gulch restaurant is showing signs of failure and the landward fill material is apparently contaminated. If the armor fails before the fill and armor are removed, those contaminants will end up in Sinclair Inlet. Long-term planning should address

contaminated sediments that are subject to flooding and assure that they area effectively managed.

## Blackjack Creek

Sea level rise will affect effect the Blackjack Creek estuary by expanding the extent of salt water in the ravine, which will indirectly result in additional changes to nearshore conditions in the marine shoreline, creek channel, and adjacent lands. Changes to the marine shoreline will likely begin to occur with coastal flooding occurring with increasing frequency along the west shore of the estuary. Much of this area has been filled and was historically intertidal. The LIDAR data shows that the armor elevations are lower than 100-year flood elevations. As sea levels rise, flooding will extend further to the west and cover a more expansive area of the historical stream delta. As this area is known to include contaminated sediment, the contaminated sediment should be adequately contained behind structurally sound shoreline armor to assure that contaminants do not mobilize during flood events. Inundated areas around Blackjack Creek also include extended stretches of Bay Street, both east and west of the intersection at Bethel Avenue.

Bridge over confluence of Blackjack Creek with Sinclair Inlet; looking upstream

The added inundation of salt water up Blackjack Creek will likely affect fringing wetlands in the estuary, vegetation assemblages in the ravine, and exacerbate mass wasting along the steep bluffs that line the stream channel. Several deep-seated landslide complexes are mapped along the banks of Blackjack Creek (WA DNR). Tension cracks, J-ed trees, cracked and repaired pavement were all observed in close proximity to the bluff crest on Rockwell Avenue. These steep slopes are considered "High Hazard" areas as mapped in the GeoHazards in Kitsap Counties Critical Areas Ordinance. Mass wasting is likely to be further exacerbated by increased precipitation due to climate change.

## Downtown Area

Early maps show that historically, much of the downtown shoreline, was low elevation shore, including large coastal wetlands near the mouth of Blackjack Creek and landward of the marina.

Although much of this area is armored and filled, it is also mapped within the 100-year flood areas and inundation is likely to occur due to SLR by 2040 for both the 50% probability and 1% probability projections.

Considerable public infrastructure is found within this vulnerable part of the City including approximately 18 outfalls, one public and one private drain, and considerable stormwater infrastructure including the marina pump-station. The marina pump station is responsible for pumping wastewater from the downtown area to the West Sound Water Treatment facility located just east of the City limits.

Considerable parking area is found either directly adjacent to or in extremely close proximity to the marine shoreline. Nearshore conditions would be improved by planting a narrow riparian buffer in any of these shores.

### *Outfalls*

Many of the City's stormwater facilities are located well below 100-year flood elevation and will therefore be compromised by coastal flooding (Table 4). The number of outfalls that will be inundated during coastal floods will dramatically increase as sea levels rise in the City. Many private structures are also encompassed within the 100-year flood areas.

Some structures are directly connected to marine waters, while others are found in topographic lows were sea water may seep through fill and armor and collect. These areas will likely have additional problems and required pumps to drain.

These catch-basins present opportunities to improve drainage in the City of Port Orchard, by installing tide gates and/or pinch valves. It should be noted that the flood elevations used to identify vulnerable structures consider only marine flooding and do not account for additional stormwater from precipitation.

**Table 4. Outfalls Inundated Due to Coastal Flooding Plus Sea Level Rise (feet, NAVD88)**

| Horizon | Total Outfalls | Isolated from marine waters | Connected to marine water | Publicly owned and managed |
|---|---|---|---|---|
| 100-yr Flood Event | 16 | 0 | 16 | 9 |
| 2040 SLR (50%) | 24 | 0 | 24 | 13 |
| 2040 SLR (1%) | 98 | 49 | 49 | 63 |
| 2100 SLR (50%) | 145 | 58 | 87 | 81 |

## Water Treatment Facility

Sea level rise mapping showed that the West Sound Utility District wastewater treatment facility (WSUD-WWTF) will not be inundated until after 2040 (Figures 6 and 7). However, some inundation of the property will occur via Olney Creek (Cartcher Creek) and over the Beach Road, directly east of the facility. Additional detailed surveying of the facility should be conducted to

inform the full adaptation of the facility to sea level rise, particularly related to the elevation of the tide gate, channel banks and surrounding infrastructure.

The Marina Pump Station, located near the downtown marina is also in the process of being updated and will deliver wastewater to the WSUD-WWTF (RH2 2020). The hydraulic design should consider sea level rise at the WSUD-WWTF to the structure's design lifetime.

## Roads

Many roads within Port Orchard are likely to be flooded as a result of SLR, some of which are currently flooded during high water events. It is likely that some elevation of the roadway alignment will need to be made. Washington State Department of Transportation (WSDOT) did a climate change vulnerability assessment of the State's roads (Figure 8). SR 116 was mapped as being of "high" vulnerability to climate impacts in their high climate change scenario. WSDOT will likely be adding additional elevation to SR-116 in the coming years. Outreach to WSDOT could be conducted to coordinate long term planning and fill elevations to avoid future problems.

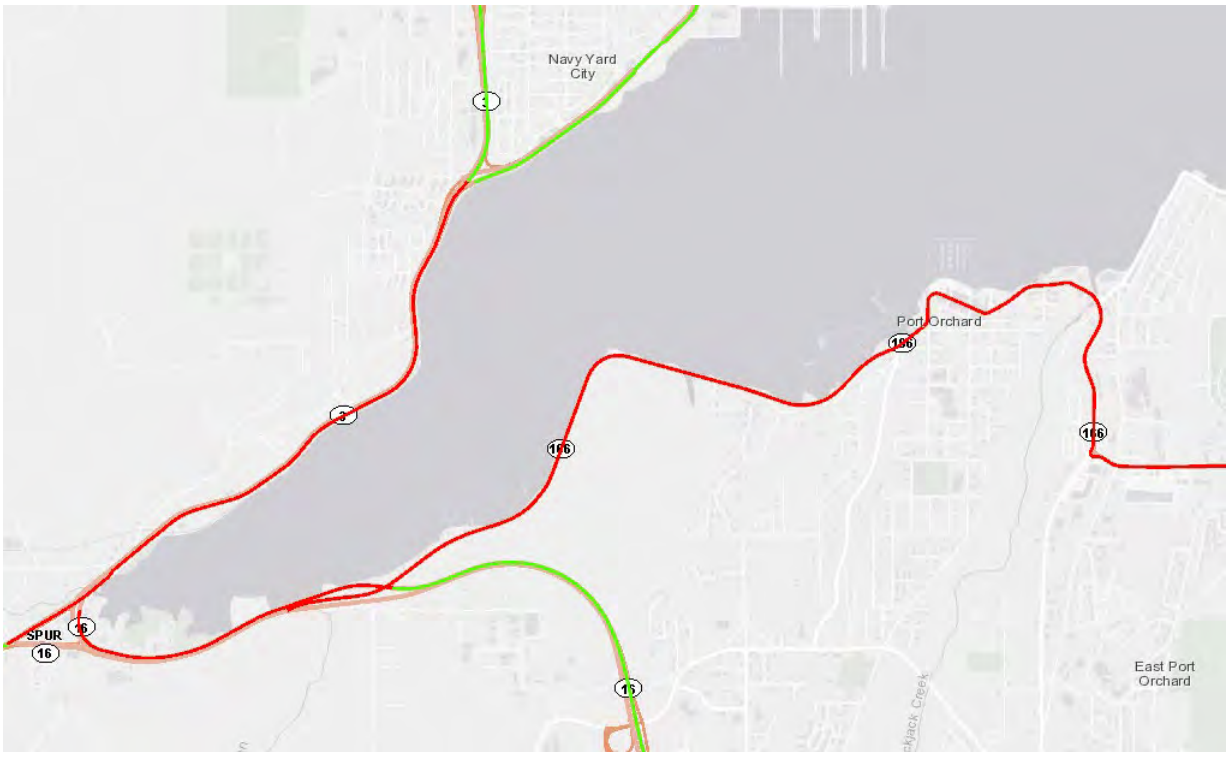


**Figure 8. Washington State Department of Transportation Climate Impact Vulnerability Assessment**

# RECOMMENDATIONS

## Formally Adopt New Flood Mapping

Coastal flooding in the City of Port Orchard is an existing problem that will continue to get worse with sea level rise. Existing flood regulations [City of Port Orchard's Municipal Code (COPO MC) 20.170.060], referenced "The Flood Insurance Study for the Kitsap County, Washington and Incorporated Areas," dated November 4, 2010. The COPO MC states that this document should be the basis for new regulation until a new FIRM is issued. A new FIRM was developed in 2017, but the new mapping has yet to be formally adopted. Existing regulations interpret the base flood as the 100-year flood. Coastal flood mapping depicts the spatial extent of flooded areas from marine waters only and does not account for additional flooding from heavy precipitation or stormwater.

## Revise Coastal Hazard Language in the Code

According to the existing COPO MC,

> "Coastal high hazard area" means an area of special flood hazard extending from offshore to the inland limit of a primary frontal dune along an open coast and any other area subject to high velocity wave action from storms or seismic sources".

Current and past flood mapping of the City of Port Orchard is largely mapped as A (or AE in the past (2010) mapping method), which does not qualify as a high coastal hazard area. Code language currently includes the V-zone for coastal high hazard areas, which is not mapped anywhere within the City, and is therefore irrelevant.

It is recommended that all the City's marine shoreline be designated a coastal high hazard area due to the frequency and spatial extent of coastal flooding, the abundance of nearshore fill, and the risk of tsunamis. Coastal flooding will increase in frequency over a relatively short period of time with additional implications associated with mass wasting, coastal roads, and other heavily utilized public areas. The mapping developed for this effort does not include flooding from stormwater. Recent research has documented the projected increase in the frequency of 100-year floods. In Seattle, with 1.6 feet of SLR the 10% 1% and 0.2% annual chance of floods are expected to recur 108, 335 and 814 times as often (Buchanan et al. 2017).

The spatial extent of nearshore fill also contributes to the recommendation to consider all shores coastal high hazards areas in Port Orchard. Although there is not substantial wave energy in Sinclair Inlet, shorter frequency waves can do considerable damage when sustained over longer duration, particularly in flooded areas.

The threat of wave action from tsunamis, contributes to the recommended coastal hazard status of the Port Orchard shoreline. According to the Washington Department of Geology and Earth Resources, much of the City of Port Orchard's downtown shore is considered to be within areas

mapped as having "High Liquefaction Susceptibility" due to the extent of nearshore fill (Figure 9). The Seattle-fault zone earthquake that occurred in 900-930 resulted in at least 9.8 feet (3 meters) of uplift near Gorst, located at the head of Sinclair Inlet (Arcos 2012). Tsunami and debris flow deposits in the salt marsh sediment at Gorst further document this historical occurrence of Tsunamis from a large Seattle fault earthquake in Sinclair inlet. Arcos (2012) confirmed paleotsunami modeling of a Seattle fault earthquake by Koshimura et al. (2002). Model results showed that a Tsunami wave measuring up to 13.1 feet (4 meters) in height would develop in Sinclair Inlet (Figure 10), which had some of the largest tsunami wave heights resulting from a Seattle fault earthquake in the Puget Sound region.

## Stormwater Management

Improving stormwater management in anticipation of more frequent flooding is recommended. A comprehensive stormwater management plan would enable larger scale vision and a cohesive plan to address stormwater issues, opportunities and improved management.

## Support Additional Analysis and Develop Partnerships

- Consider applying for funding to mitigate flood impacts, there are several unique resources for climate change impacts as well as small cities.
    - Mitigate Floods and prepare for Climate Impacts https://mcusercontent.com/ec9c20819838d6547c69401b2/files/1253f254-be8c-4425-a9fd-7fd397e2e359/AFC_small_cities_funding_guide_FINAL_042820_20_DIGITAL.pdf
- Consider developing a stormwater comprehensive plan
- Consider evaluating all locations in which there are know contaminated sediments that are within coastal flooding areas and develop a long-term plan to address those in need of attention.
- Form partnerships in the Sea Level Rise adaptation community
- Reach out to WSDOT regarding long-term plans for threatened roads and adding elevation to roadways
- Create standards for sea level rise for the downtown waterfront redevelopment based on design lifetimes and offering leadership for other small coastal cities

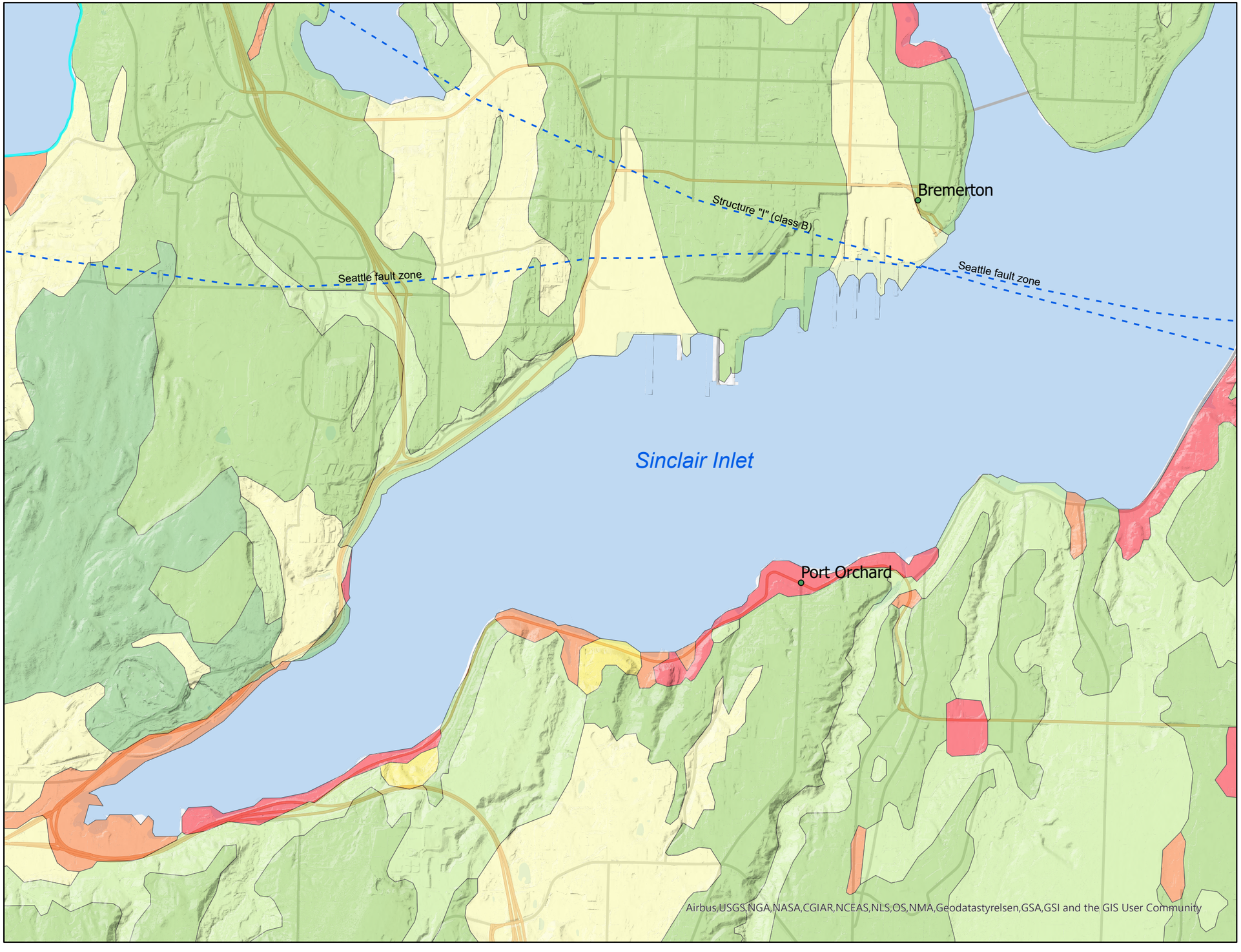


**Figure 9.**
**Liquefaction hazard mapping and Seattle fault shown crossing Sinclair Inlet.**

Legend

- Cities

Active Fault Zones

- Visible fault trace
- Inferred fault trace
- Concealed fault trace

Liquefaction Zones

- N/A (bedrock)
- high
- low
- low to moderate
- moderate
- moderate to high
- very low
- very low to low

N

0 1,000 2,000 4,000 Feet

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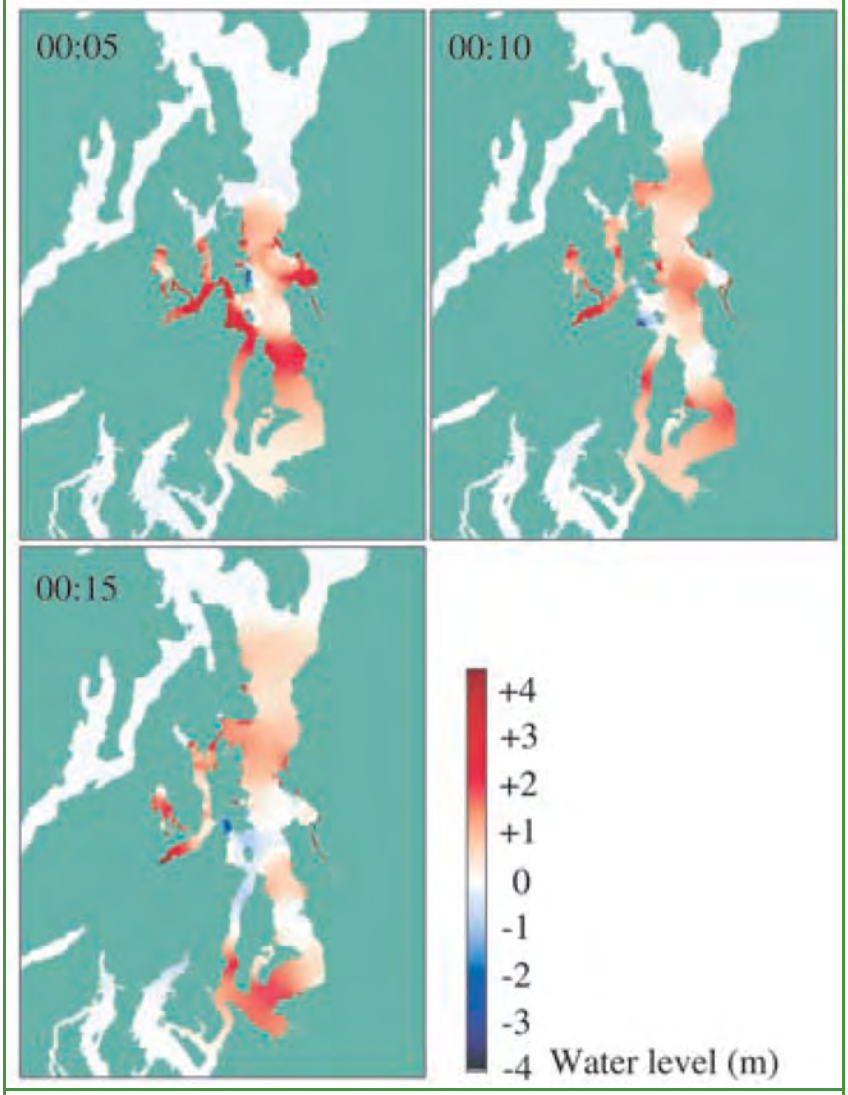


**Figure 10. Snapshot of Tsunami Propagating within Central Puget Sound from a Seattle Fault Earthquake, from Koshimura et al. 2002.**

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## KITSAP COUNTY

# Climate Change Resiliency Assessment

JUNE 2020 | FINAL REPORT

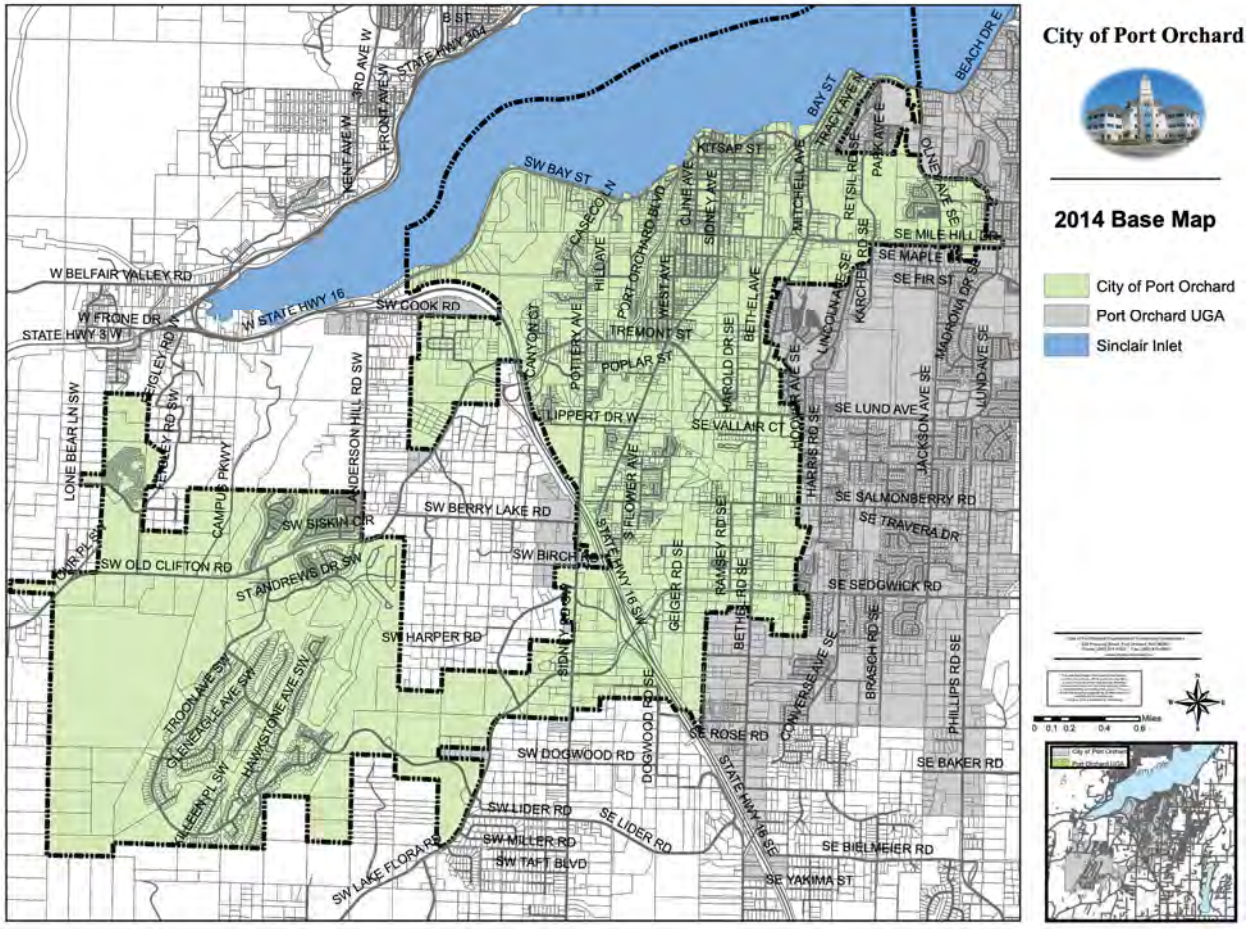
# Kitsap County Climate Change Resiliency Assessment

# Appendix A. Port Orchard Climate Impacts

## Introduction

This appendix highlights projected impacts of climate change for the City of Port Orchard. Port Orchard is a small but growing city in Kitsap County that is located near other major urban centers in the Puget Sound region. The small city has a strong community spirit and maritime history. This appendix is organized to mirror the organization of the main assessment report, with specific impacts to Port Orchard highlighted.

**Figure A-1. Map of Port Orchard**



# Future Climate Change Projections

## Sea Level Rise

Under the low-emissions scenario (RCP4.5), Port Orchard will as likely as not (50% likelihood) experience sea level rise of 0.4 feet by 2030, 0.8 feet by 2050, and 2.2 feet by 2100. Port Orchard is virtually certain (99% likelihood) to experience sea level rise of 0.05 feet by 2050 and 0.3 feet by 2100. Under the high-emissions scenario (RCP8.5), Port Orchard will as likely as not (50% likelihood) experience sea level rise of 0.35 feet by 2030, 0.75 feet by 2050, and 2.15 feet by 2100 and virtually certain (99% likelihood) to experience sea level rise of 0.1 feet by 2050 and 0.45 feet by 2100. These rising sea levels are expected to exacerbate the city's existing challenges with saltwater in its downtown area, which the City is currently seeking to address through updates to its Shoreline Master Program and downtown area plan.

**Table A-1. Probabilistic Sea Level Rise Projections for Port Orchard**[914]

| Emissions Scenario | Likelihood | Location | | Year (sea level rise, ft) | | | Location Notes |
|---|---|---|---|---|---|---|---|
| | | Lat. | Long. | 2030 | 2050 | 2100 | |
| **RCP4.5 Low Emissions Scenario** | 50% | 47.6°N | 122.7°W | 0.4 | 0.8 | 2.2 | West Port Orchard |
| | 90% | 47.6°N | 122.7°W | 0.2 | 0.4 | 1.3 | West Port Orchard |
| | 95% | 47.6°N | 122.7°W | 0.2 | 0.3 | 1.1 | West Port Orchard |
| | 99% | 47.6°N | 122.7°W | 0.1 | 0.2 | 0.6 | West Port Orchard |
| | 50% | 47.6°N | 122.6°W | 0.3 | 0.7 | 1.7 | Port Orchard and Bremerton |
| | 90% | 47.6°N | 122.6°W | 0.1 | 0.3 | 0.7 | Port Orchard and Bremerton |
| | 95% | 47.6°N | 122.6°W | 0 | 0.2 | 0.5 | Port Orchard and Bremerton |
| | 99% | 47.6°N | 122.6°W | -0.1 | -0.1 | 0 | Port Orchard and Bremerton |
| | 50% | | | 0.35 | 0.75 | 1.95 | Average sea level rise |
| | 90% | | | 0.15 | 0.35 | 1 | Average sea level rise |
| | 95% | | | 0.1 | 0.25 | 0.8 | Average sea level rise |
| | 99% | | | 0 | 0.05 | 0.3 | Average sea level rise |
| **RCP8.5 High Emissions Scenario** | 50% | 47.6°N | 122.7°W | 0.4 | 0.8 | 2.2 | West Port Orchard |
| | 90% | 47.6°N | 122.7°W | 0.2 | 0.4 | 1.3 | West Port Orchard |
| | 95% | 47.6°N | 122.7°W | 0.2 | 0.3 | 1.1 | West Port Orchard |
| | 99% | 47.6°N | 122.7°W | 0.1 | 0.2 | 0.6 | West Port Orchard |
| | 50% | 47.6°N | 122.6°W | 0.3 | 0.7 | 2.1 | Port Orchard and Bremerton |
| | 90% | 47.6°N | 122.6°W | 0.1 | 0.3 | 1.1 | Port Orchard and Bremerton |
| | 95% | 47.6°N | 122.6°W | 0.1 | 0.2 | 0.8 | Port Orchard and Bremerton |
| | 99% | 47.6°N | 122.6°W | -0.1 | 0 | 0.3 | Port Orchard and Bremerton |
| | 50% | | | 0.35 | 0.75 | 2.15 | Average sea level rise |
| | 90% | | | 0.15 | 0.35 | 1.2 | Average sea level rise |
| | 95% | | | 0.15 | 0.25 | 0.95 | Average sea level rise |
| | 99% | | | 0 | 0.1 | 0.45 | Average sea level rise |

[914] See all Kitsap County sea level rise projections in Appendix D. Sea Level Rise Projections, Likelihood Maps, and Graphs.

## Other Future Climate Projections

In addition to localized sea level rise projections, Port Orchard is likely to experience climate impacts comparable to other parts of the Puget Sound region. These impacts include:

- **Warmer surface and subsurface marine waters**. Regional models project a 2.2°F temperature increase by mid-century (2030-2059) under moderate emissions scenarios.
- **More acidic oceans** and **more intense and frequent low dissolved oxygen events** and dead zones.
- **Warmer air temperatures**, with expected warming of 4.9°F by end of century under RCP4.5 and 8.5°F by end of century under RCP8.5.
- An **increase in the number of extreme heat days** during the summer and **decrease in freeze-free days** during the winter.
- **Increased intensity of maximum 24-hour precipitation events**.
- **Changes in seasonal precipitation patterns,** with **increased winter precipitation** and **decreased summer precipitation**.

# Climate Impacts

## Public Health

Many of the public health impacts associated with future climate change in Port Orchard are likely to reflect countywide health impacts. Health impacts include:

- **More heat-related illnesses and deaths** from more frequent heat waves. This will particularly affect **outdoor laborers, elderly people, and youth**.
- **More acute and chronic respiratory illnesses** with air quality degradation from regional wildfires and longer pollen seasons.
- **More acute injuries directly associated with extreme events**, such as flooding, winter storms, and landslides. There may also be additional injuries or deaths associated with disruption of medical services and communication channels.
- **Increased prevalence of vector-borne diseases**, such as West Nile virus, Lyme diseases, paralytic shellfish poisoning, and *C. gattii*.
- **Increased food insecurity**, especially for those who are reliant on natural resources for jobs and wages.
- **Potential increases in mental health illnesses** (e.g., post-traumatic stress disorder, anxiety, depression). Children and people dependent on natural resources face a higher risk of mental health illnesses linked to climate change.
- Children, elderly people, Tribal and Indigenous peoples, outdoor laborers, homeless people, people with chronic illnesses, and low-income people will be **disproportionately at risk of climate-related health risks.**
- Long-term climate impacts will likely continue **stress the regional health and social safety net**.

## Economy

Port Orchard's industries are diverse, and include retail trade, healthcare, educational services, manufacturing, construction, accommodation and food services, public administration, and construction. The most common occupations from Port Orchard residents include construction and extraction occupations, sales and related occupations, office and administrative support occupations, management occupations, and food preparation and service occupations.[915] People working in the natural resource economies, such as logging, mining, fishing, and agriculture, are likely to experience future impacts to business revenue. Outdoor laborers are likely to experience lost labor hours due to extreme heat and poor air quality during the summer. This is particularly salient for Port Orchard, which has a large workforce in construction. Lost labor hours from future climate change is the biggest economic damage from future climate change across the Pacific Northwest.

Climate change may also affect housing values and buildable land for Port Orchard, especially for many of its low-lying coastal residences. The average housing sales value for Port Orchard is $291,390 (reported in 2019).[916] Future sea level rise, storm surges, and flooding events could lead to decreased values for these properties.

## Cultural Resources

There are 21 nationally registered historic places and 201 archaeological sites in Kitsap County. In Kitsap County, places and districts listed in the National Register of Historic Places in Port Orchard include the Masonic Hall (also known as Sidney Museum, at 202 Sidney Avenue, shown in Figure A-2) and Hotel Sidney (also known as Navy View Apartments, at 700 Prospect Street). Both places are near the Port Orchard waterfront, which may face future damages from flooding, storm surges, and sea level rise. Maintenance costs and operations of these historical buildings may be affected due to future climate change. Similarly, recreational opportunities, parks, and monuments may face similar impacts.

**Figure A-2. Historic Masonic Hall in Port Orchard**[917] *(photo from Kitsap County Historical Society & Museum)*

[915] https://datausa.io/profile/geo/port-orchard-wa.
[916] Kitsap County Assessor Single Family Residence Sales History. 2020
[917] Kitsap County Historical Society & Museum. Kitsap County Register of Historic Places. https://kitsapmuseum.org/research-archives/kitsap-county-register-of-historic-places/.

## Public Infrastructure

Climate impacts to public infrastructure in Port Orchard could include:

- **Potential disruption of transportation routes and damage to ferry terminals**. This may affect the Bremerton/Port Orchard ferry operations as well as Port Orchard's connection to other parts of Kitsap County and Puget Sound.
- Potential **overload and damage of stormwater and wastewater infrastructure** from flood inundation and/or saltwater intrusion.
- More **frequent flooding of low-lying coastal infrastructure**, including roads, structures, and public facilities.
    - Downtown Port Orchard, which is built largely on piers and on pilings, may experience a higher risk of impacts from flooding events and storms surges.
    - This could also disrupt access for Port Orchard residents. For example, State Route 3 through Gorst frequently floods during heavy rain events and storms.
- **Degradation of public infrastructure** from flooding, saltwater intrusion, and extreme heat.
- **Disruption of power and energy** to residents and businesses during extreme events.

## Land Use and Development

Climate change is likely to affect future land use development. For example, the mixed-use development of Port Orchard's waterfront may be affected by future sea level rise, storm surges, and flooding. Future climate change may also affect buildable land, zoning, land cover types, and vegetation cover for Port Orchard. However, land use decisions can worsen or mitigate future climate change. For example, increasing green spaces can offset heat island effects and provide natural flood control.

## Agriculture

Port Orchard has several working farms and nurseries. Any negative impact of climate change will have detrimental effects for agricultural economics and livelihoods. Future climate change impacts to crops, nurseries, and livestock include the following:

- Potential competing interests of future irrigation demand and limited summer water availability.
- Benefits to some crops that will thrive in warmer temperatures and increased carbon dioxide concentrations, which could extend growing seasons.
- Expansion of pest and disease ranges, which could lead to decreased agricultural productivity.
- More frequent flooding, which could lead to decreased yields.

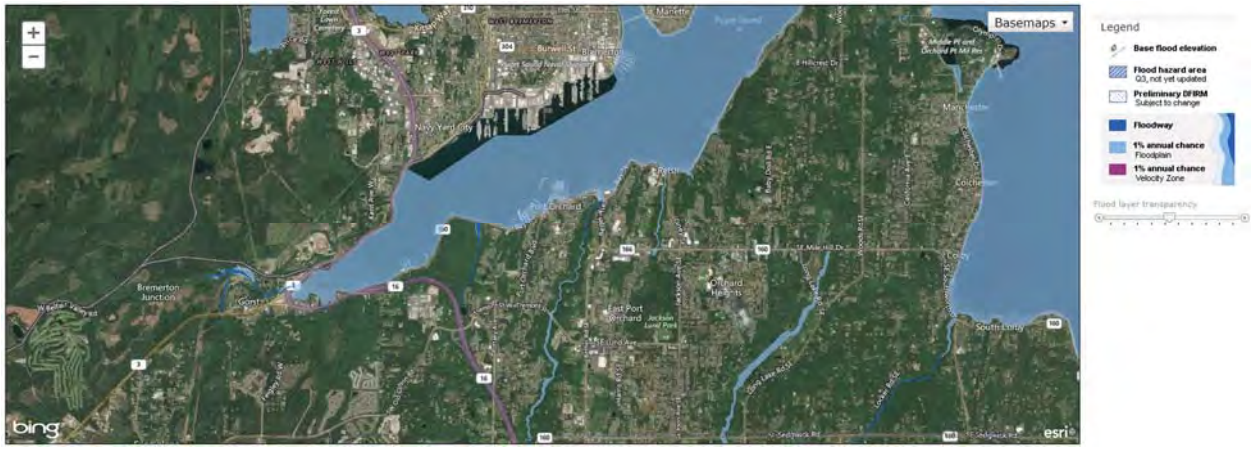
## Local Government Finance

Insurance premiums could increase in the future due to climate change. In particular, insurance costs for structures and buildings within the flood zone is likely to increase as the risk of damages from flooding will increase due to sea level rise and storm surges (Figure).

Although municipal bonds for Kitsap County and Puget Sound are relatively resilient compared to other urban areas in the U.S., municipal bonds for Kitsap County localities may also be adversely affected in the future, especially if future extreme weather events increase in frequency and intensity. Furthermore, tax revenue

may be affected from future climate change and regional growth trends, especially if developers and potential residents are deterred from investing in Port Orchard area properties due to perceived climate-related risks.

**Figure A-3. FEMA Flood Insurance maps for the 1% annual chance floodplain for Port Orchard.**
*(Flood insurance rate maps outline flood hazards in a community and includes flood insurance risk zones, 1% and 0.2% annual chance floodplains.)*




## Geologic and Natural Hazards

There is a range of geologic and natural hazards that will increase due to future climate change. Landslide risk will likely increase due to heavier rain events, soil erosion and destabilization, and sediment transport patterns. There have been 3 LIDAR-defined landslides in Port Orchard, affecting about 0.54 square miles. An estimated 1,031 people, or about 9.4% of Port Orchard's population, live in landslide hazard areas. Additionally, about 11% of Port Orchard's building stock, or 739 structures, and 39 critical facilities are located within the landslide hazard area.[918]

Furthermore, there is very high likelihood that coastal flooding from sea level rise and storm surges will increase in frequency and intensity. From FEMA and U.S. Census data, flood damages and insurance claims have totaled $6.8 million for Port Orchard (dollar year not reported).[919] Future flooding will result in more damages, which will subsequently affect insurance rates and property values.

[918] Kitsap County Department of Emergency Management. 2015.

[919] FEMA. 2015. Risk Report: For Kitsap County, including the Cities of Bremerton, Bainbridge, Port Orchard, Poulsbo, the Port Gamble S'Klallam Indian Reservation, the Suquamish Tribe, and Unincorporated Kitsap County. https://fortress.wa.gov/ecy/gispublic/AppResources/SEA/RiskMAP/Kitsap/Kitsap_Project_Docs/Risk%20Report%20-%20Kitsap%20County%20-%20Final.pdf.

# Hydrology and Hydrogeology

Port Orchard is likely to see similar climate impacts to hydrologic and hydrogeologic systems as Kitsap County. Key impacts could include:

- **Groundwater recharge** may be affected by hydrologic changes, including from increasing water temperatures, sea level rise, and declining summer flows.
- **Stream and riverine flooding** will become more frequent, which can have widespread health, infrastructure, and habitat impacts.
- **Regional hydropower production** will decrease in the summer months, which may create a mismatch in energy supply and demand with expected increases in energy demand during the summer due to cooling demands.
- **Summer water availability** may affect irrigation capacity for agriculture.

# Habitat

Climate change will affect all types of habitat in Kitsap County. Key climate impacts include:

- **Terrestrial habitats**
  - Some impacts to vegetation distribution and composition, forest growth and productivity and wildfire regimes are expected to change in lower elevation areas in the Puget Sound region.
  - Prevalence of invasive species and pests will increase, altering habitat types and vegetation distribution.
- **Freshwater and aquatic habitats**
  - Regionally, warmer stream temperatures and lower spring and summer flows will affect cold-water fish species across multiple life-cycle stages.
  - Wetland habitats are likely to contract, threatening habitats for a variety of species and shelter for juvenile fish.
  - Climate impacts to aquatic benthic invertebrates, amphibians, and salmonids will have downstream ecosystem and food-web impacts.
- **Marine and coastal habitats**
  - Marine waters around Kitsap County will likely experience increased acidification, more frequent growth of harmful algal blooms (HABs), and more frequent low dissolved oxygen events and dead zones. These changes will have impacts to shellfish populations, reduce benthic invertebrate and crustaceans, and alter marine food webs.
- **Increased prevalence of invasive species and diseases** across all habitat types. Novel and new species and diseases could emerge in the future. Currently known invasive species and diseases known include the following:
  - Invasive tunicates
  - European green crabs
  - New Zealand mud snail
  - Varnish clams
  - Giant hogweed
  - Tansy ragwort
  - Purple loosestrife
  - Hydrilla
  - Parrotfeather
  - *Ichthyophonus hoferi*
  - Harmful algae
  - *Alexandrum catanella*
  - Mountain pine beetle
  - Spruce beetle
  - Swiss needle cast

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# Fire

Kitsap County's wildland-urban interface (WUI) area has not been linked to future increased wildfire risk. However, warmer and drier conditions coupled with population growth and development will likely increase relative wildfire risk for Kitsap County. WUI expansion increases the risk of wildfires to rapidly spread across the wildland-to-urban landscape, potentially resulting in significant costs and damages to infrastructure and result in the loss of human life.[920,921] The increased risk is often due to the land use changes associated with increasing population growth and development as well as higher probability of fires spreading across a landscape due to the additional fuel loads from residences.[922,923] Although there has been no scientific studies in the Puget Sound area on WUI expansion and fire risk, regional and national trends are suggesting that there is an association between WUI growth and fire risk due to compounding impacts of climate change, development, and individual residents' choices.[924,925] For example, **parts of Port Orchard has been defined as "at-risk" areas because it is considered to be part of the WUI, as defined by the Healthy Forest Restoration Act**.[926,927] Expanding development and WUI areas are partially correlated to increasing fire suppression and response costs, suggesting that Kitsap County and its municipalities may carry additional cost burden of firefighting in the future.[928,929]

Kitsap County already has a robust capacity to respond to fires. Kitsap County has multiple fire districts and staffed firefighters based out of 29 fire stations and multiple other volunteer firefighting units that covers most County area.[930] South Kitsap Fire and Rescue provides services to the Port Orchard area.

[920] Bar Massada *et al.* 2009. Wildfire risk in the wildland-urban interface: A simulation study in northwestern Wisconsin. *Forest Ecology and Management*. 258: 1990-1999.
[921] Bar Massada *et al.* 2014.
[922] Bar Massada *et al.* 2014.
[923] Warziniack *et al.* 2019. Responding to Risky Neighbors: Testing for Spatial Spillover Effects for Defensible Space in a Fire-Prone WUI Community. *Environmental and Resource Economics*. 73: 1023-1047. Doi:10.1007/s10640-018-0286-0.
[924] Liu *et al.* 2015. Climate change and wildfire risk in an expanding wildland-urban interface: a case study from the Colorado Front Range Corridor. *Landscape Ecology*. 30(10): 1943-1957. Doi: 10.1007/s10980-015-0222-4.
[925] Morgan *et al.* 2019.
[926] Silvis Lab. Wildland-urban interface (WUI) change 1990-2010. University of Wisconsin-Madison. Accessed 9 January 2020. http://silvis.forest.wisc.edu/data/wui-change/.
[927] Bainbridge Island Fire Department. 2010.
[928] Bainbridge Island Fire Department. 2010.
[929] Gude *et al.* 2013. Evidence for the effect of homes on wildfire suppression costs. *International Journal of Wildland Fire.* 22: 537-548. https://doi.org/10.1071/WF11095.
[930] Kitsap County Department of Information Services. Kitsap County Fire Districts and Stations. Geographic Information System (GIS) Division, Kitsap County Department of Information Services. www.kitsapgov.com/dis/Documents/fire_districts_stations.pdf.

# City of Port Orchard
# Work Study Session Executive Summary

**Issue Title**: Multifamily Property Tax Exemption Requirements – Chapter 3.48

**Meeting Date**: September 15, 2020

**Time Required**: 20 minutes

**Attendees**: Nick Bond, Community Development Director

**Action Requested at this Meeting**: Provide feedback and additional guidance to staff on proposed revisions to multifamily property tax exemption requirements that have been prepared following Council direction at the June 16 work-study meeting.

**Background:** In June 2016, the City adopted Chapter 3.48 POMC (Multifamily Property Tax Exemption), Ord. 023-16, to encourage the development of additional multifamily housing, including affordable housing units, and to encourage the redevelopment and revitalization of targeted neighborhoods within the City's designated Centers. Initially, Chapter 3.48 provided 8-year and 12-year tax exemption alternatives for all targeted areas, with the requirement that a 12-year tax exemption must include a commitment to rent or sell at least 20% of the multifamily housing units as affordable housing to low and moderate income households. Chapter 3.48 was amended in January 2018 with the adoption of Ord. 003-19, which expanded the targeted neighborhoods, and revised the 12-year tax exemption to apply only to the downtown area.

Currently, an applicant can receive an 8-year tax exemption in any area shown as "8 Year Eligible" or "12 Year Eligible" in Figure 1 of this chapter. The 8-year exemption is offered without any requirements to provide affordable housing or other public benefit. However, for a property to qualify for a 12-year tax exemption, it must be located in the downtown area ("12-Year Eligible"), and at least twenty (20) percent of the multifamily units must be affordable housing units to low- and moderate-income households.

In 2018, a developer approached the City asking the City Council to amend the MFTE map to include additional properties in the benefit area. This request was approved, but the City Council was concerned that there were no criteria for determining when to amend the map. In addition, through the issuance of our first MFTE approval, City staff learned that the affordability requirement is easily met due to Kitsap County's relatively high adjusted median income (AMI), which is likely higher than Port Orchard's AMI. This means that a developer gets an extra 4 years of tax exemption without providing housing that is significantly less expensive than market rate.

**Issue:** In 2020, the Land Use Committee worked with staff to propose a new MFTE framework, which was brought to the June 16 Council work-study meeting for discussion. The Council directed staff to proceed with the proposed revisions, which require the creation of three different MFTE maps and have different criteria associated with each map:

1. Type 1 tax exemption provides 12-year exemptions for affordable housing in centers and for other selected properties, and provides additional standards to be met. It also requires that the affordable units be significantly more affordable than is currently required.
2. Type 2 exemption is an 8-year exemption to encourage redevelopment with very few strings attached, and recognizes the relatively higher cost of redevelopment as compared to greenfield development. The City could designate sites that it would like to encourage for redevelopment on this map. Sites with abandoned buildings, underutilized buildings, or sites where improvement to land value ratios are at least 2:1 are included.
3. Type 3 exemption is an 8-year exemption for what would generally be characterized as greenfield development, where the City only provides the incentive if certain performance standards are met. Examples of these performance standards include structured parking instead of surface parking, constructing mixed use buildings as part of a proposed project, or purchasing additional height through the City's transfer of development rights (TDR) program and building taller buildings with higher assessed valuations. With this approach, the City is seeking win-win projects where the incentive results in higher value projects than would otherwise be constructed, in the absence of an incentive resulting in increased long-term revenues for the City.

The proposed amendments also clarify that in order to be eligible for MFTE, a property must either be in a center as designated in the Comprehensive Plan, or it must have been designated on Figure 1: Alternative 1 in the original 2016 MFTE ordinance. Going forward, if any other properties are proposed for MFTE, either the Comprehensive Plan center boundaries would have to be amended before the City Council amends the MFTE maps, or the City Council would have to amend the MFTE criteria in this ordinance to remove the requirement that MFTE only be offered in centers as designated in the Comprehensive Plan.

**Alternatives**: Revise the proposed revised options for multifamily property tax exemption; do not amend existing requirements in Chapter 3.48.

**Relationship to Comprehensive Plan:**

- Housing Element Goal 2. Ensure that housing is affordable and available to all socioeconomic levels of Port Orchard residents.
- Policy HS-4 Adopt zoning and development regulations that will have the effect of minimizing housing costs and maximizing housing options.
- Policy HS-7 Consider the creation of zoning and other land use incentives for the private construction of affordable and special needs housing as a percentage of units in multi-family development.
- Policy HS-8 Consider adopting incentives for development of affordable multi-family homes through property tax abatement in accordance with 84.14 RCW, focusing on designated mixed-use local centers with identified needs for residential infill and redevelopment.
- Policy HS-14 Implement zoning and development regulations which encourage infill housing on empty and redevelopable parcels.
- Policy CN-2 Focus future growth in designated, higher intensity areas in an effort to encourage the preservation of open space and maintain surrounding neighborhood character.

- Policy CN-10 The City should support employment growth, the increased use of non-automobile transportation options, and the preservation of the character of existing built-up areas by encouraging residential and mixed-use development at increased densities in designated Centers.
- Policy CN-11 The City shall ensure that higher density development in Centers is either within walking or biking distance of jobs, schools, and parks or is well-served by public transit.

**Recommendations**: Staff recommends that Council provide feedback and guidance to staff on the proposed revisions to Chapter 3.48 (Multifamily Property Tax Exemption), and direct staff to prepare an ordinance revising Chapter 3.48 accordingly. If the Council wishes to bring the ordinance forward for consideration, staff would propose that it be considered on September 22nd, 2020.

**Attachments**: Clean and redline Revised Chapter 3.48; Proposed Maps 1, 2 and 3.

# Chapter 3.48

# MULTIFAMILY PROPERTY TAX EXEMPTION

**REVISED - CLEAN**

Sections:



## 3.48.010 Purpose.

As provided for in Chapter 84.14 RCW, the purpose of this chapter is to provide limited exemptions from ad valorem property taxation for multifamily housing in designated residential targeted areas to:

(1) Encourage increased residential opportunities, including affordable housing units, within areas of the city designated by the city council as residential targeted areas; and/or

(2) Stimulate new construction or rehabilitation of existing vacant and underutilized buildings for multifamily housing in designated residential targeted areas to increase and improve housing opportunities, including affordable housing; and

(3) Accomplish the planning goals required under the Growth Management Act, Chapter 36.70A RCW, as implemented by the city's comprehensive plan.

## 3.48.020 Definitions.

When used in this chapter, the following terms shall have the following meanings, unless the context indicates otherwise:

(1) "Affordable housing" means the definition provided for in RCW 84.14.010.

(2) "Department" means the city department of community development.

(3) "Director" means the director of the department of community development, or designee.

(4) “Fair market rent” means the federal department of housing and urban development’s estimate of what a household seeking a modest rental home in a short amount of time can expect to pay for rent and utilities in the current market, as updated annually.

(5) “Household” means the definition provided for in RCW 84.14.010.

(6) “Median family income” means the median family income for the Bremerton-Silverdale Metropolitan Statistical Area, as calculated by the federal department of housing and urban development and updated annually.

(7) “Mixed-use development” means a mix of residential and commercial development, either in the same building or in separate buildings on a site, and involving one or more building types, as permitted by the city’s comprehensive plan, zoning (including any overlay districts), and design regulations.

(8) “Multifamily housing” (for the purposes of this chapter) means a building having 10 or more dwelling units not designed or used as transient accommodations and not including hotels and motels. Multifamily units may result from new construction or rehabilitated or conversion of vacant, underutilized, or substandard buildings to multifamily housing.

(9) “Owner” means the definition provided for in RCW 84.14.010.

(10) “Permanent residential occupancy” means the definition provided for in RCW 84.14.010.

(11) “Rehabilitation improvements” means the definition provided for in RCW 84.14.010.

(12) “Residential targeted area” means the definition provided for in RCW 84.14.010 and the area(s) that have been so designated by the city council pursuant to this chapter.

(13) “Substantial compliance” means the definition provided for in RCW 84.14.010.

(14) “Urban center” means the definition provided for in RCW 84.14.010.

**3.48.030 Residential targeted areas – Criteria – Designation.**

(1) Following notice and public hearing as prescribed in RCW 84.14.040 of the city council’s intention of designating a residential targeted area, the city council may, in its sole discretion, designate one or more residential targeted areas. Each residential targeted area must meet the following criteria, as determined by the city council:

(a) The area is within an urban center as designated in the City’s Comprehensive Plan (as a regional, countywide, or local center), or, was previously designated a residential target area as shown on the map labeled Figure 1: Alternative 1 in Port Orchard Ordinance 023-16; and

(b) The area lacks sufficient available, desirable, and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the urban center if affordable, desirable, attractive, and livable residences were available; and

(c) Providing additional housing opportunities, including affordable housing, in the area will assist in achieving one or more of the purposes of this chapter.

(2) In designating a residential targeted area, the city council may also consider other factors including, but not limited to:

(a) Additional housing, including affordable housing units, in the residential targeted area will attract and maintain an increase in the number of permanent residents;

(b) An increased permanent residential population in the residential targeted area will help to achieve the planning goals mandated by the Growth Management Act under Chapter 36.70A RCW, as implemented through the city's current and future comprehensive plans;

(c) Encouraging additional housing in the residential targeted area is consistent with public transportation plans; or

(d) Additional housing may contribute to revitalization of a distressed neighborhood or area within the city.

(3) At any time the city council may, by resolution, and in its sole discretion, amend or rescind the designation of a residential targeted area pursuant to the same procedural requirements as set forth in this chapter for original designation.

**3.48.040 Designated residential targeted areas – Types 1 through 3.**

In accordance with section 3.48.030, the City Council has designated three types of designated residential targeted areas, as provided below and as shown on Figures 1 through 3. The maps in Figures 1 through 3 are provided for planning purposes only, and all development that is proposed to qualify for tax exemption within these areas must meet the criteria of this chapter, as well as all other relevant City standards, including but not limited to: the comprehensive plan, zoning code, building code, public works standards, critical areas regulations and the shoreline master program. The project must also comply with any other standards and guidelines adopted by the city council for the specific residential targeted area.

(1) Type 1: Affordable Housing with Transit Access.

(a) As shown on Figure 1, the Type 1 residential targeted area is limited to parcels within centers designated in the comprehensive plan that are zoned for multifamily (including mixed use) development within one-half mile of a transit route or ferry terminal. If more than 75% of the buildable portions of the property area are located more than one-half mile from a transit route or ferry terminal, the property is not eligible for inclusion on the Figure 1 map.

(b) Residential development in a Type 1 residential targeted area is eligible to be considered for 12-year tax exemption.

(c) An affordable housing component is required:

1. A minimum of 20 percent of all residential units in the development shall be rented for at least 10 percent below fair market rent for 12 years, to tenants whose household annual income is:

- At or below 40% of median family income, for housing units in congregate residences or small efficiency dwelling units;
- At or below 65% of median family income for one-bedroom units;
- At or below 75% of median family income for two-bedroom units; and
- At or below 80% of median family income for three-bedroom and larger units.

2. If calculations for the minimum 20 percent of the residential units required under 1. of this subsection result in a fraction, then the minimum number of residential units required to meet the affordable housing requirement shall be rounded up to the next whole number.

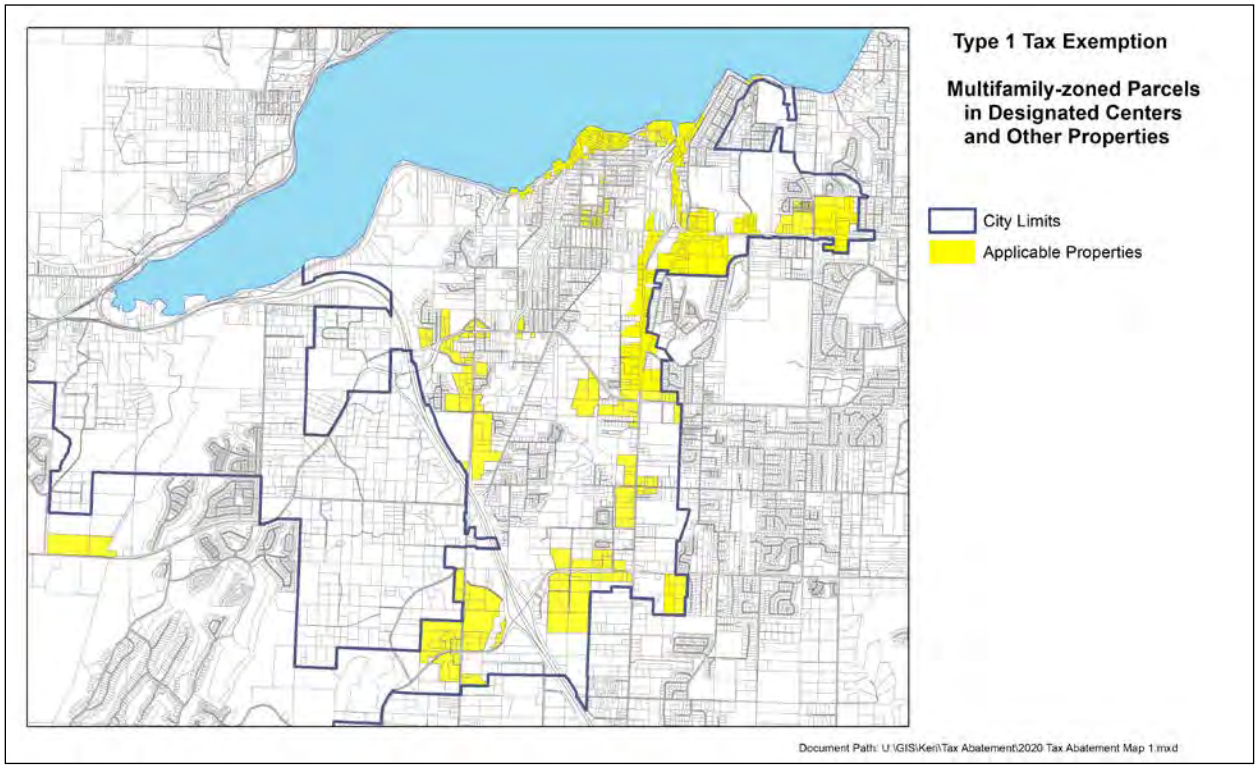



Figure 1: Type 1 Tax Exemption Map

(2) Type 2: Redevelopment Areas.

(a) As shown on Figure 2, the Type 2 residential targeted area is limited to parcels within centers designated in the comprehensive plan that are encouraged to redevelop with multifamily or mixed-use development. These include parcels that: (1) have abandoned buildings (vacant or unused for more than two years); underutilized buildings (50% or more vacancy for more than two years); or (3) contain existing structures and improvements with an assessed building value to land ratio of 2:1 or more.

(b) Residential development in a Type 2 residential targeted area is eligible to be considered for 8-year tax exemption.

(c) No affordable housing component is required.

(d) For certain parcels, rezoning may be required for multifamily or mixed-use development.

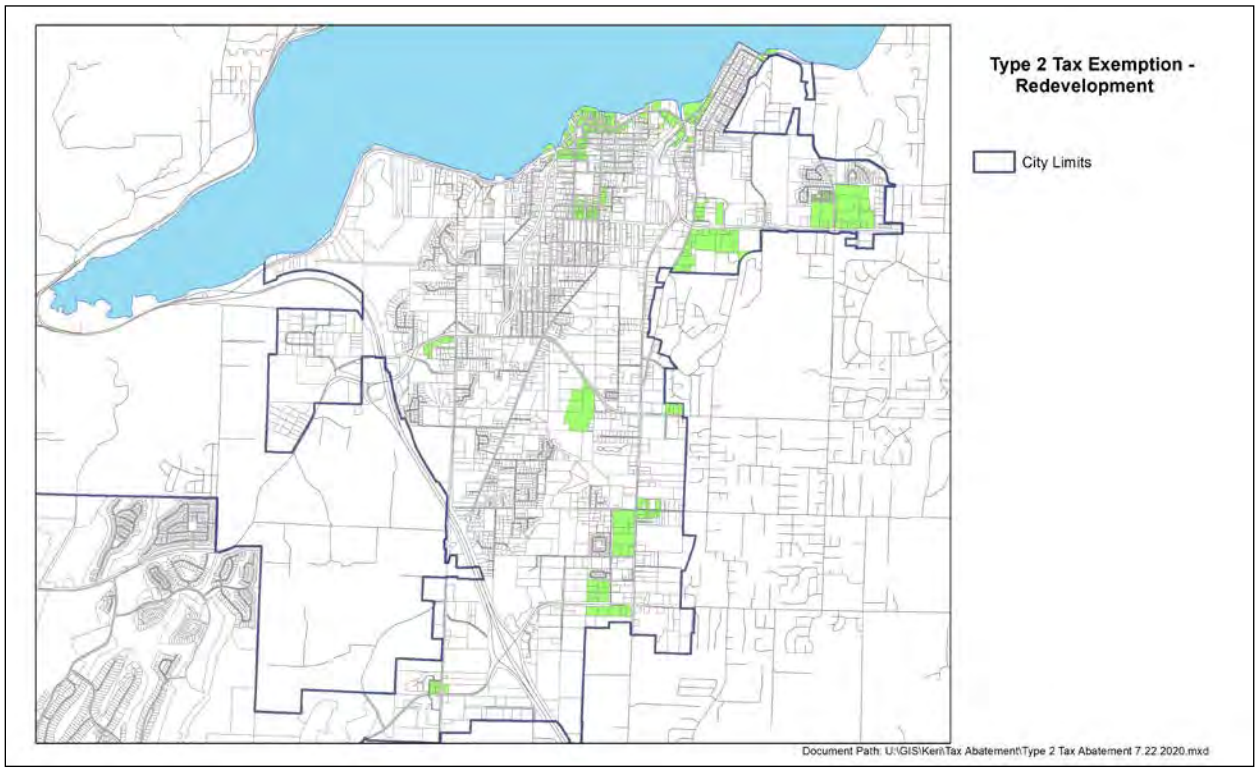



Figure 2: Type 2 Tax Exemption Map

(3) Type 3: Mixed-Use Development with Structured Parking and/or Transfer of Development Rights.

(a) As shown on Figure 3, the Type 3 residential targeted area is limited to parcels within centers designated in the comprehensive plan that are zoned for multifamily (including mixed-use) development.

(b) Residential development in a Type 3 residential targeted area is eligible to be considered for an 8-year tax exemption.

(c) No affordable housing component is required.

(d) The proposed development shall include at least one of the following:

1. At least 50% of the required parking for the proposed use(s) shall be located within the footprint of a building containing multifamily units, in a multistory parking structure, and/or below grade; and the project should achieve at least 50 units per net developable acre (excluding critical areas and buffers, and other land that is undevelopable such as shoreline buffers and tidelands).

2. Construct mixed-use shopfront building type development (refer to POMC 20.32) containing non-residential/non-parking garage square footage that measures at least 40% of the total building footprint square footage for all buildings on the development site. The non-residential/non-parking garage square footage may be in one or more buildings on the site. Live-work units shall be considered as non-residential square footage for the purpose of

achieving the required 40% minimum, provided that the units are designed as shopfronts along a public street.

3. Purchase one additional story of building height for one or more buildings through the city's transfer of development rights (TDR) program (refer to POMC 20.41) and construct (a) building(s) that utilizes the additional height allowance.

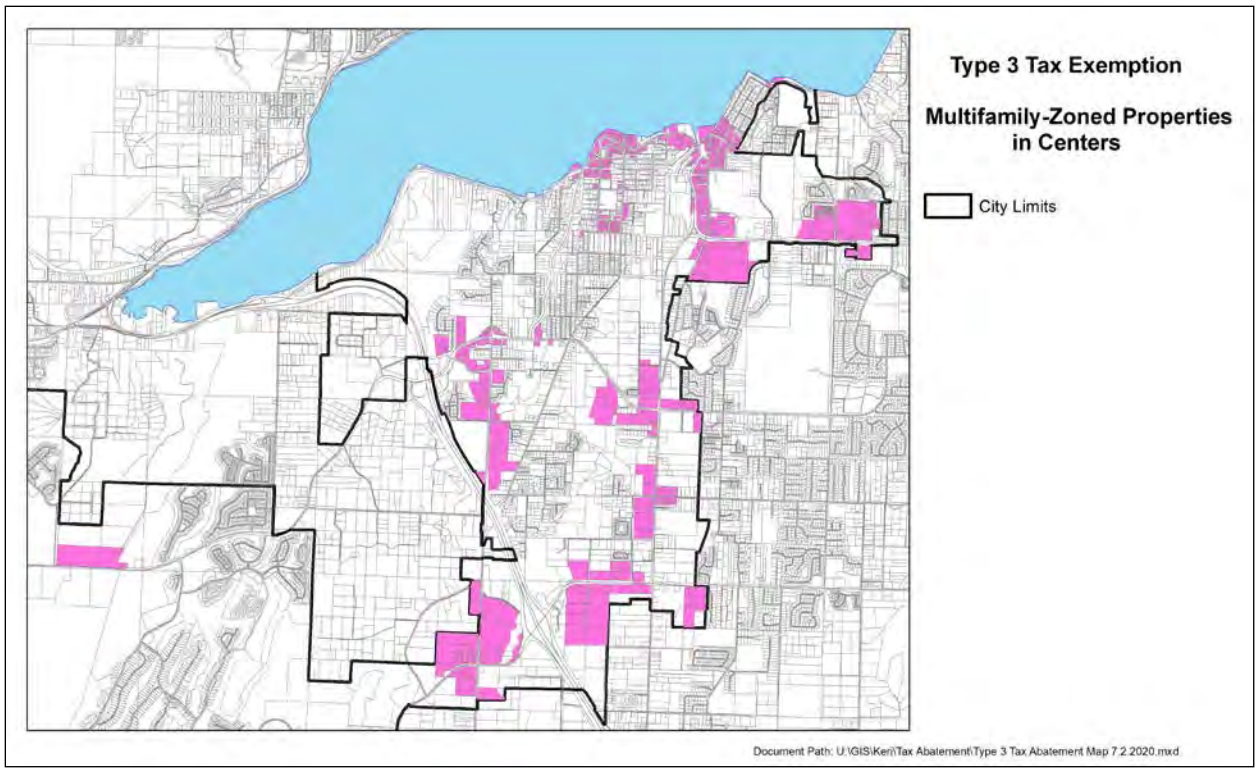



Figure 3: Type 3 Tax Exemption Map

**3.48.050 Terms of the tax exemption.**

(1) Duration of Exemption. The value of new housing construction, conversion, and rehabilitation improvements qualifying under this chapter is exempt from ad valorem property taxation, as follows:

(a) For both 8-year and 12-year exemptions, the exemption begins on January 1st of the year immediately following the calendar year of issuance of the tax exemption certificate.

(b) For 12-year exemptions, the number of residential units identified to meet the requirements for an affordable housing component per 3.48.040(1)(c) shall continue to be made available for the length of the exemption period.

(iii) The mix and configuration of housing units (e.g., studio, one-bedroom, two-bedroom) used to meet the requirement for affordable units shall be substantially proportional to the mix and configuration of the total housing units in the project.

(iv) When a project includes more than one building with multifamily housing units, all of the affordable housing units required in this subsection must not be located in the same building.

(2) Limits on Exemption. The exemption does not apply:

(a) To the value of land or to the value of non-housing-related improvements not qualifying under this chapter.

(b) In the case of rehabilitation of existing buildings, to the value of improvements constructed prior to submission of the completed application required under this chapter.

(c) To increases in assessed valuation made by the Kitsap County Assessor on nonqualifying portions of building or other improvements and value of land nor to increases made by lawful order of a county board of equalization, the Department of Revenue, or Kitsap County, to a class of property throughout the county or specific area of the county to achieve the uniformity of assessment or appraisal required by law.

(3) Conclusion of Exemption. At the conclusion of the exemption period, the new or rehabilitated housing cost shall be considered as new construction for the purposes of Chapter 84.55 RCW.

**3.48.060 Project eligibility.**

A proposed multifamily housing project must meet all of the following requirements for consideration for a property tax exemption:

(1) Location. The project must be located within a residential targeted area as provided in POMC 3.48.040.

(2) Tenant Displacement Prohibited. The project must not displace existing residential tenants of structures that are proposed for redevelopment. If the property proposed to be rehabilitated is not vacant, an applicant shall provide each existing tenant housing of comparable size, quality, and price and a reasonable opportunity to relocate.

(3) Noncompliance with Building Codes. Existing dwelling units proposed for rehabilitation must fail to comply with one or more standards of the applicable state or city building codes.

(4) Size of Project. The new, converted, or rehabilitated multiple-unit housing must provide for a minimum of 50 percent of the space (excluding structured parking) for permanent residential occupancy. The project, whether new, converted, or rehabilitated multiple-unit housing, must include at least 10 units of multifamily housing within a residential structure or as part of an urban development. In the case of existing multifamily housing that is occupied or which has not been vacant for 12 months or more, the multifamily housing project must also provide for a minimum of four additional multifamily units for a total project of at least 10 units including the four additional units. Existing multifamily housing that has been vacant for 12 months or more does not have to provide additional units.

(5) Proposed Completion Date. New construction of multifamily housing and rehabilitation improvements must be completed within three years from the date of approval of the application.

**3.48.070 Application procedure.**

A property owner who wishes to propose a project for a tax exemption shall complete the following procedures:

(1) The exemption application provided by the city shall be completed and filed with the department prior to issuance of a building permit for the project. The completed application shall be accompanied by the application fee as authorized by RCW 84.14.080 and as set forth in the city's current fee resolution.

(2) The exemption application shall contain and require such information as deemed necessary by the director, including:

(a) A brief written description of the project, including timing and construction schedule, setting forth the grounds for the exemption.

(b) Floor and site plans of the proposed project, which may be revised by the owner, provided such revisions are made and presented to the director prior to the city's final action on the exemption application.

(c) For rehabilitation projects, the applicant shall provide a report prepared by a registered architect identifying property noncompliance with current building codes. This report shall identify specific code violations and must include supporting data that satisfactorily explains and proves the presence of a violation. Supporting data must include a narrative and such graphic materials as needed to support this application. Graphic materials may include, but are not limited to, building plans, building details, and photographs.

(d) If applying for a 12-year exemption, it shall include information describing how the applicant will comply with the affordability requirements set forth in POMC 3.48.040(1)(c).

(e) A statement from the owner acknowledging the potential tax liability when the project ceases to be eligible under this chapter.

(f) An affidavit signed by the owner stating the occupancy record of the property for a period of 12 months prior to filing the application.

(g) Verification of the correctness of the information submitted by the owner's signature and affirmation made under penalty of perjury under the laws of the state of Washington.

**3.48.080 Application review – Issuance of conditional certificate – Denial – Appeal.**

(1) Director's Decision. The director may certify as eligible an application which is determined to comply with all applicable requirements of this chapter. A decision to approve or deny an application shall be made within 90 calendar days of receipt of a complete application.

(2) Approval of Application – Contract Required. If an application is approved, the applicant shall enter into a contract with the city, regarding the terms and conditions of implementation of the project, and pursuant to the following:

(a) The contract shall be subject to approval by the city council, in the form of a resolution, regarding the terms and conditions of the project and eligibility for exemption under this chapter. This contract shall be a covenant running with the land and shall be binding on the assigns, heirs, and successors of the applicant.

(b) For any development project including owner-occupied units, the contract with the city shall also require that an owners' association organized under RCW 64.34.300 be formed for all owner-occupied units within the development, for at least the length of the exemption period granted, to

assume the responsibility for collecting from all individual unit owners the information and documents required to complete the annual reporting requirements and for filing the required annual report with the city for each of the individual homeowners pursuant to POMC 3.48.120.

(c) Amendment of Contract. Within three years of the date from the city council's approval of the contract, an owner may request an amendment(s) to the contract by submitting a request in writing to the director. The fee for an amendment is as set forth in the city's current fee resolution. The director shall have authority to approve minor changes to the contract that are reasonably within the scope and intent of the contract approved by the city council, as solely determined by the director. Amendments that are not reasonably within the scope and intent of the approved contract, as solely determined by the director, shall be submitted to the city council for review and approval. The date for expiration of the conditional certificate shall not be extended by contract amendment unless all the conditions for extension set forth in POMC 3.48.090 are met.

(3) Issuance of Conditional Certificate. Upon city council approval of the contract required under subsection (2) of this section, the director shall issue a conditional certificate of acceptance of tax exemption. The conditional certificate shall expire three years from the date of city council approval unless an extension is granted as provided in this chapter.

(4) Denial of Application. If an application is denied, the director shall state in writing the reasons for denial and shall send notice to the applicant at the applicant's last known address within 10 calendar days of issuance of the denial.

(5) Appeal. Per RCW 84.14.070, an applicant may appeal a denial to the city council within 30 calendar days of receipt of the denial by filing a complete appeal application and fee, as set forth in the city's current fee resolution, with the director. The appeal before the city council will be based on the record made before the director. The director's decision shall be upheld unless the applicant can show that there is no substantial evidence on the record to support the director's decision. The city council's decision on appeal will be final.

**3.48.090 Extension of conditional certificate.**

(1) Extension. The conditional certificate and time for completion of the project may be extended by the director for a period not to exceed a total of 24 consecutive months. To obtain an extension, the applicant must submit a written request with a fee, as set forth in the city's current fee resolution, stating the grounds for the extension. An extension may be granted if the director determines that:

(a) The anticipated failure to complete construction or rehabilitation within the required time period is due to circumstances beyond the control of the owner; provided, that financial hardship, regardless of the cause or reason, shall not be considered by the director as a circumstance beyond the control of the owner in order to grant an extension;

(b) The owner has been acting and could reasonably be expected to continue to act in good faith and with due diligence; and

(c) All the conditions of the original contract (and as amended) between the applicant and the city will be satisfied upon completion of the project.

(2) Denial of Extension. If an extension is denied, the director shall state in writing the reason for denial and shall send notice to the applicant's last known address within 10 calendar days of issuance of the denial.

(3) Appeal. An applicant may appeal the denial of an extension to the hearing examiner within 14 calendar days of receipt of the denial by filing a complete appeal application and appeal fee with the director. The appeal before the hearing examiner shall be processed as a closed record hearing. No appeal to the city council is provided from the hearing examiner's decision.

**3.48.100 Application for final certificate.**

Upon completion of the improvements agreed upon in the contract between the applicant and the city and upon issuance of a temporary or permanent certificate of occupancy, the applicant may request a final certificate of tax exemption by filing with the director such information as the director may deem necessary or useful to evaluate the eligibility for the final certificate, including the following:

(1) A statement of expenditures made with respect to each multifamily housing unit and the total expenditures made with respect to the entire property;

(2) A description of the completed work and a statement of qualification for the exemption;

(3) The total monthly rent or total sale amount of each multifamily housing unit rented or sold to date;

(4) A statement that the work was completed within the required three-year period or any authorized extension;

(5) If a 12-year exemption, information on the applicant's compliance with the affordability requirements of this chapter; and

(6) Any additional information requested by the city pursuant to meeting any reporting requirements under Chapter 84.14 RCW.

**3.48.110 Issuance of final certificate.**

(1) Director's Decision. Within 30 calendar days of receipt of all materials required for a final certificate, the director shall determine whether the specific improvements satisfy the requirements of the contract, application, and this chapter.

(2) Granting of Final Certificate. If the director determines that the project has been completed in accordance with this chapter and the contract between the applicant and the city, and has been completed within the authorized time period, the city shall, within 10 calendar days of the expiration of the 30-day review period above, file a final certificate of tax exemption with the Kitsap County assessor. The director is authorized to cause to be recorded, at the owner's expense, in the real property records of the Kitsap County department of records, the contract with the city, as amended if applicable, and such other document(s) as will identify such terms and conditions of eligibility for exemption under this chapter as the director deems appropriate for recording, including requirements under this chapter relating to affordability of units.

(3) Denial of Final Certificate. The director shall notify the applicant in writing that a final certificate will not be filed if the director determines that:

(a) The improvements were not completed within the authorized time period;

(b) The improvements were not completed in accordance with the contract between the applicant and the city; or

(c) The owner's property is otherwise not qualified under this chapter.

(4) Appeal. An applicant may appeal a denial of a final certificate to the hearing examiner within 14 calendar days of issuance of the denial of a final certificate by filing a complete appeal application and appeal fee with the director. The appeal before the hearing examiner shall be processed as a closed record hearing. No appeal to the city council is provided from the hearing examiner's decision.

**3.48.120 Annual compliance review – Reporting.**

(1) Within 30 calendar days after the first anniversary of the date of filing the final certificate of tax exemption and each year for the tax exemption period, the property owner shall be required to file a notarized declaration with the director indicating the following:

(a) A statement of occupancy and vacancy of the multifamily units during the previous 12 months;

(b) A certification by the owner that the property has not changed use and continues to be in compliance with the contract with the city and the applicable requirements of this chapter;

(c) A description of changes or improvements to the property made after the city's issuance of the final certificate of tax exemption;

(d) The total monthly rent of each multifamily housing unit rented or the total sale amount of each unit sold during the 12 months ending with the anniversary date;

(e) A breakdown of the number, type, and specific multifamily housing units rented or sold during the 12 months ending with the anniversary date;

(f) If granted a 12-year exemption, information demonstrating the owner's compliance with the affordability requirements of this chapter, including, but not limited to, the income of each renter household at the time of initial occupancy or the income of each purchaser of owner-occupied units at the time of purchase;

(g) The value of the tax exemption for the project; and

(h) Any additional information requested by the city pursuant to meeting any reporting requirements under Chapter 84.14 RCW.

(2) City staff may also conduct on-site verification of the declaration and reporting required under this section. Failure to submit the annual declaration and report may result in cancellation of the tax exemption pursuant to this chapter and shall result in a review of the exemption per RCW 84.14.110.

(3) If the city issues final tax exemption certificates pursuant to this chapter, the director shall submit the report required by RCW 84.14.100 to the state Department of Commerce by December 31st of each year.

**3.48.130 Cancellation of tax exemption.**

(1) The director may cancel a tax exemption on a property if he/she determines any of the following:

(a) The owner is not complying with the terms of the contract or this chapter;

(b) The use of the property is changed or will be changed to a use that is other than residential;

(c) The project violates applicable zoning requirements, land use regulations, building, or fire code requirements; or

(d) The owner fails to submit the annual declaration and report specified in POMC 3.48.120.

(2) If the owner intends to convert the multifamily housing to another use, the owner shall notify the director and the Kitsap County assessor in writing within 60 calendar days of the change in use.

(3) Cancellation may occur in conjunction with the annual review or at any such time noncompliance has been determined.

(4) Upon cancellation of the tax exemption, additional taxes, interest, and penalties shall be imposed on the property, and a priority lien may be placed on the land, pursuant to state law.

(5) Notice of Cancellation. Upon determining that a tax exemption is to be canceled, pursuant to RCW 84.14.110(2), the director shall notify the owner by mail, return receipt requested.

(6) Appeal of Cancellation. The owner may appeal the determination of cancellation to the hearing examiner by filing a notice of appeal and appeal fee with the city clerk within 30 calendar days of the date of the notice of cancellation, specifying the factual and legal basis for the appeal. The appeal shall be heard by the hearing examiner as a closed record hearing. No appeal to the city council is provided from the hearing examiner's decision.

**3.48.140 Conflict of provisions.**

If any provision of this chapter is in legal conflict with the provisions of Chapter 84.14 RCW, as currently adopted or hereafter amended, the provisions of Chapter 84.14 RCW shall apply as if set forth in this chapter.

# Chapter 3.48

# MULTIFAMILY PROPERTY TAX EXEMPTION

**REVISIONS IN REDLINE**

Sections:



## 3.48.010 Purpose.

As provided for in Chapter 84.14 RCW, the purpose of this chapter is to provide limited exemptions from ad valorem property taxation for multifamily housing in designated residential targeted areas to:

(1) Encourage increased residential opportunities, including affordable housing units, within areas of the city designated by the city council as residential targeted areas; and/or

(2) Stimulate new construction or rehabilitation of existing vacant and underutilized buildings for multifamily housing in designated residential targeted areas to increase and improve housing opportunities, including affordable housing; and

(3) Accomplish the planning goals required under the Growth Management Act, Chapter 36.70A RCW, as implemented by the city's comprehensive plan.

## 3.48.020 Definitions.

When used in this chapter, the following terms shall have the following meanings, unless the context indicates otherwise:

(1) "Affordable housing" means the definition provided for in RCW 84.14.010.

(2) "Department" means the city department of community development.

(3) "Director" means the director of the department of community development, or designee.

(4) "Fair market rent" means the federal department of housing and urban development's estimate of what a household seeking a modest rental home in a short amount of time can expect to pay for rent and utilities in the current market, as updated annually.

~~(54) "High-cost area" means the definition provided for in RCW 84.14.010.~~

(65) "Household" means the definition provided for in RCW 84.14.010.

~~76) "Low-income household" means the definition provided for in RCW 84.14.010.~~

(8) "Median family income" means the median family income for the Bremerton-Silverdale Metropolitan Statistical Area, as calculated by the federal department of housing and urban development and updated annually.

(9) "Mixed-use development" means a mix of residential and commercial development, either in the same building or in separate buildings on a site, and involving one or more building types, as permitted by the city's comprehensive plan, zoning (including any overlay districts), and design regulations.

~~(107) "Moderate-income household" means the definition provided for in RCW 84.14.010.~~

(118) "Multifamily housing" (for the purposes of this chapter) means a building having 10 or more dwelling units not designed or used as transient accommodations and not including hotels and motels. Multifamily units may result from new construction or rehabilitated or conversion of vacant, underutilized, or substandard buildings to multifamily housing.

(129) "Owner" means the definition provided for in RCW 84.14.010.

(130) "Permanent residential occupancy" means the definition provided for in RCW 84.14.010.

(141) "Rehabilitation improvements" means the definition provided for in RCW 84.14.010.

(152) "Residential targeted area" means the definition provided for in RCW 84.14.010 and the area(s) that have been so designated by the city council pursuant to this chapter.

(163) "Substantial compliance" means the definition provided for in RCW 84.14.010.

(174) "Urban center" means the definition provided for in RCW 84.14.010.

**3.48.030 Residential targeted areas – Criteria – Designation.**

(1) Following notice and public hearing as prescribed in RCW 84.14.040 of the city council's intention of designating a residential targeted area, the city council may, in its sole discretion, designate one or more residential targeted areas. Each residential targeted area must meet the following criteria, as determined by the city council:

(a) The area is within an urban center as designated in the City's Comprehensive Plan (as a regional, countywide, or local center)~~;~~, or, was previously designated a residential target area as shown on the map labeled Figure 1: Alternative 1 in Port Orchard Ordinance 023-16; and

(b) The area lacks sufficient available, desirable, and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the urban center if affordable, desirable, attractive, and livable residences were available; and

(c) Providing additional housing opportunities, including affordable housing, in the area will assist in achieving one or more of the purposes of this chapter.

(2) In designating a residential targeted area, the city council may also consider other factors including, but not limited to:

(a) Additional housing, including affordable housing units, in the residential targeted area will attract and maintain an increase in the number of permanent residents;

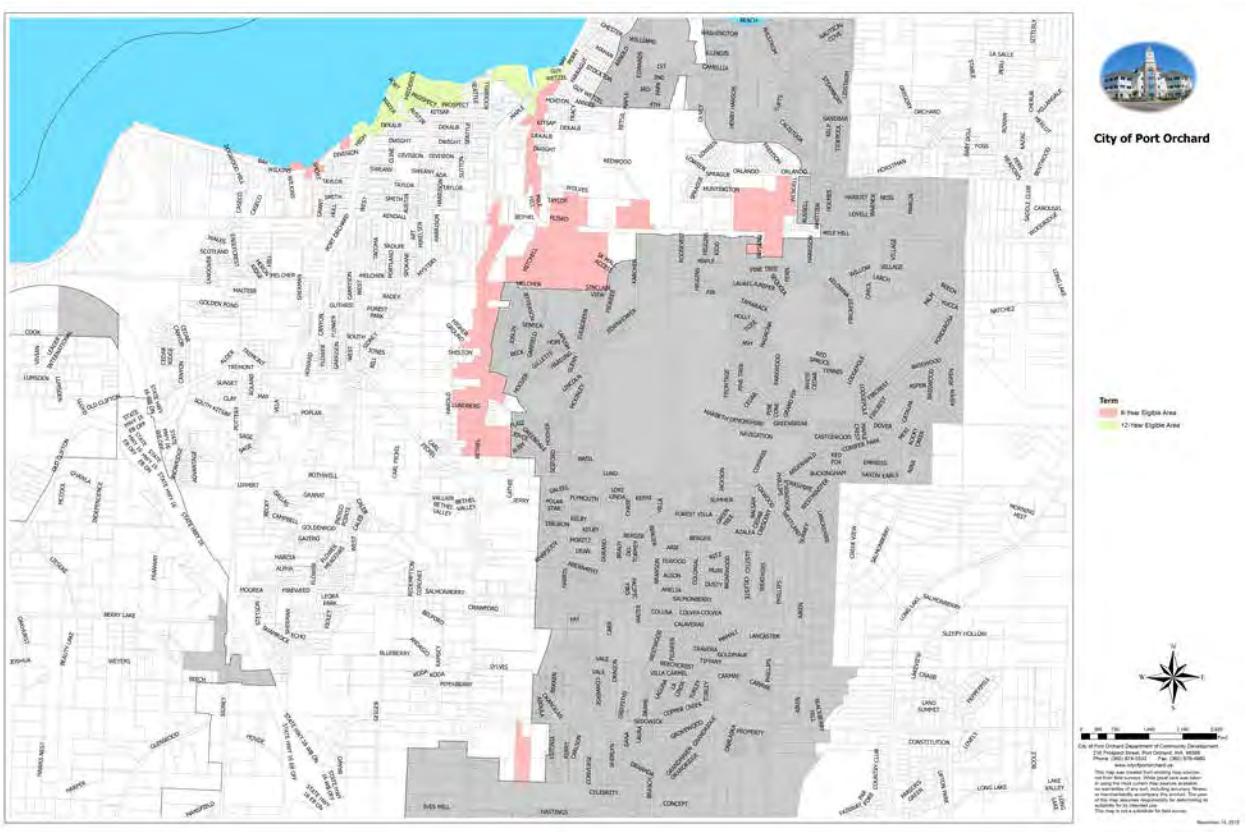
(b) An increased permanent residential population in the residential targeted area will help to achieve the planning goals mandated by the Growth Management Act under Chapter 36.70A RCW, as implemented through the city's current and future comprehensive plans;

(c) Encouraging additional housing in the residential targeted area is consistent with public transportation plans; or

(d) Additional housing may contribute to revitalization of a distressed neighborhood or area within the city.

(3) At any time the city council may, by resolution, and in its sole discretion, amend or rescind the designation of a residential targeted area pursuant to the same procedural requirements as set forth in this chapter for original designation.

~~(4) The following areas are designated as residential targeted areas under this chapter, as shown on the map labeled Figure 1: Alternative 1:~~




~~Figure 1: Alternative 1~~

~~(5) If a part of any legal lot is within a designated residential targeted area then the entire lot shall be deemed to lie within such residential targeted area. Property located outside of, but adjacent to, the described areas is not designated as residential targeted areas.~~

**3.48.040 Designated residential targeted areas – Types 1 through 3.**

In accordance with section 3.48.030, the City Council has designated three types of designated residential targeted areas, as provided below and as shown on Figures 1 through 3. The maps in Figures 1 through 3 are provided for planning purposes only, and all development that is proposed to qualify for tax exemption within these areas must meet the criteria of this chapter, as well as all other relevant City standards, including but not limited to: the comprehensive plan, zoning code, building code, public works standards, critical areas regulations and the shoreline master program. The project must also comply with any other standards and guidelines adopted by the city council for the specific residential targeted area.

(1) Type 1: Affordable Housing with Transit Access.

(a) As shown on Figure 1, the Type 1 residential targeted area is limited to parcels within centers designated in the comprehensive plan that are zoned for multifamily (including mixed use) development within one-half mile of a transit route or ferry terminal. If more than 75% of the buildable portions of the property area are located more than one-half mile from a transit route or ferry terminal, the property is not eligible for inclusion on the Figure 1 map.

(b) Residential development in a Type 1 residential targeted area is eligible to be considered for 12-year tax exemption.

(c) An affordable housing component is required:

1. A minimum of 20 percent of all residential units in the development shall be rented for at least 10 percent below fair market rent for 12 years, to tenants whose household annual income is:

- At or below 40% of median family income, for housing units in congregate residences or small efficiency dwelling units;
- At or below 65% of median family income for one-bedroom units;
- At or below 75% of median family income for two-bedroom units; and
- At or below 80% of median family income for three-bedroom and larger units.

2. If calculations for the minimum 20 percent of the residential units required under 1. of this subsection result in a fraction, then the minimum number of residential units required to meet the affordable housing requirement shall be rounded up to the next whole number.

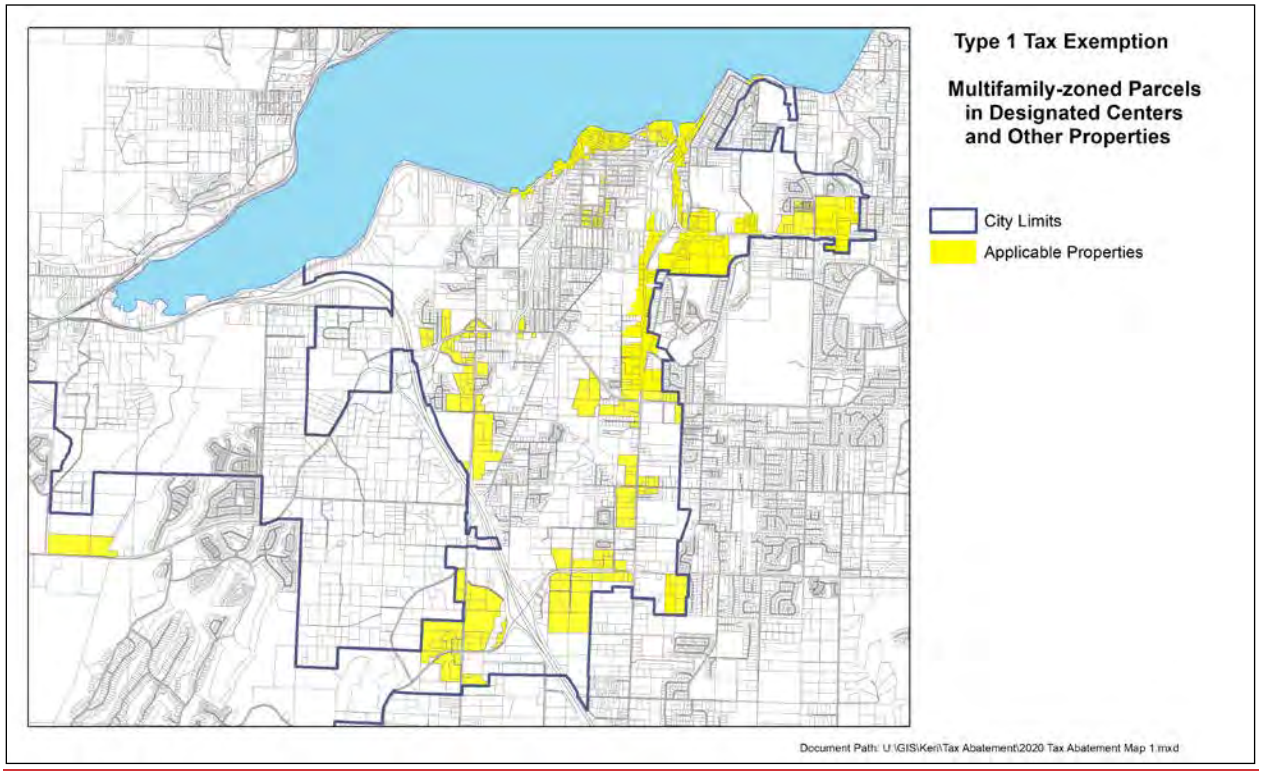



Figure 1: Type 1 Tax Exemption Map

(2) Type 2: Redevelopment Areas.

(a) As shown on Figure 2, the Type 2 residential targeted area is limited to parcels within centers designated in the comprehensive plan that are encouraged to redevelop with multifamily or mixed-use development. These include parcels that: (1) have abandoned buildings (vacant or unused for more than two years); underutilized buildings (50% or more vacancy for more than two years); or (3) contain existing structures and improvements with an assessed building value to land ratio of 2:1 or ~~less~~more.

(b) Residential development in a Type 2 residential targeted area is eligible to be considered for 8-year tax exemption.

(c) No affordable housing component is required.

(d) For certain parcels, rezoning may be required for multifamily or ~~mixed use~~mixed-use development.

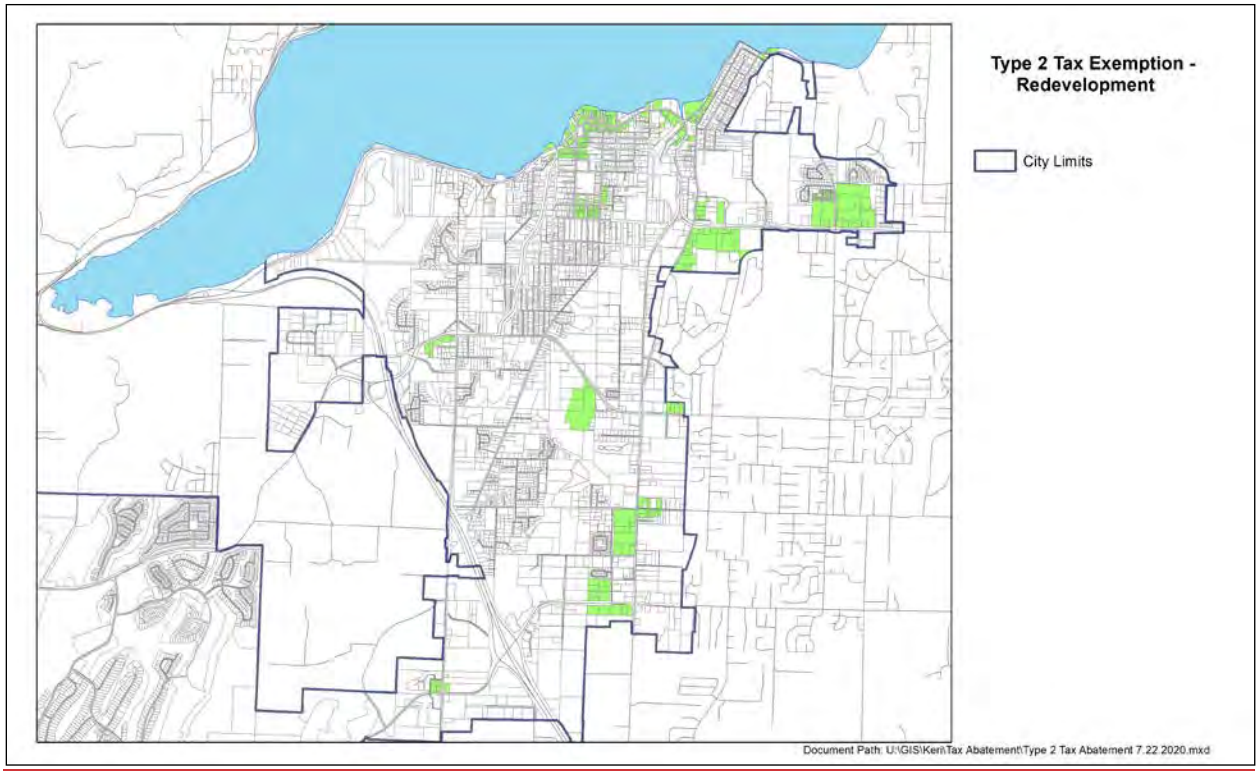



Figure 2: Type 2 Tax Exemption Map

(3) Type 3: Mixed-Use Development with Structured Parking and/or Transfer of Development Rights.

(a) As shown on Figure 3, the Type 3 residential targeted area is limited to parcels within centers designated in the comprehensive plan that are zoned for multifamily (including mixed-use) development.

(b) Residential development in a Type 3 residential targeted area is eligible to be considered for an 8-year tax exemption.

(c) No affordable housing component is required.

(d) The proposed development shall include at least one of the following:

1. At least 50% of the required parking for the proposed use(s) shall be located within the footprint of a building containing multifamily units, in a multistory parking structure, and/or below grade; and the project should achieve at least 50 units per net developable acre (excluding critical areas and buffers, and other land that is undevelopable such as shoreline buffers and tidelands).

2. Construct mixed-use shopfront building type development (refer to POMC 20.32) containing non-residential/non-parking garage square footage that measures at least 40% of the total building footprint square footage for all buildings on the development site. The non-residential/non-parking garage square footage may be in one or more buildings on the site. Live-work units shall be considered as non-residential square footage for the purpose of achieving the required 40% minimum, provided that the units are designed as shopfronts along a public street.

3. Purchase one additional story of building height for one or more buildings through the city's transfer of development rights (TDR) program (refer to POMC 20.41) and construct (a) building(s) that utilizes the additional height allowance.

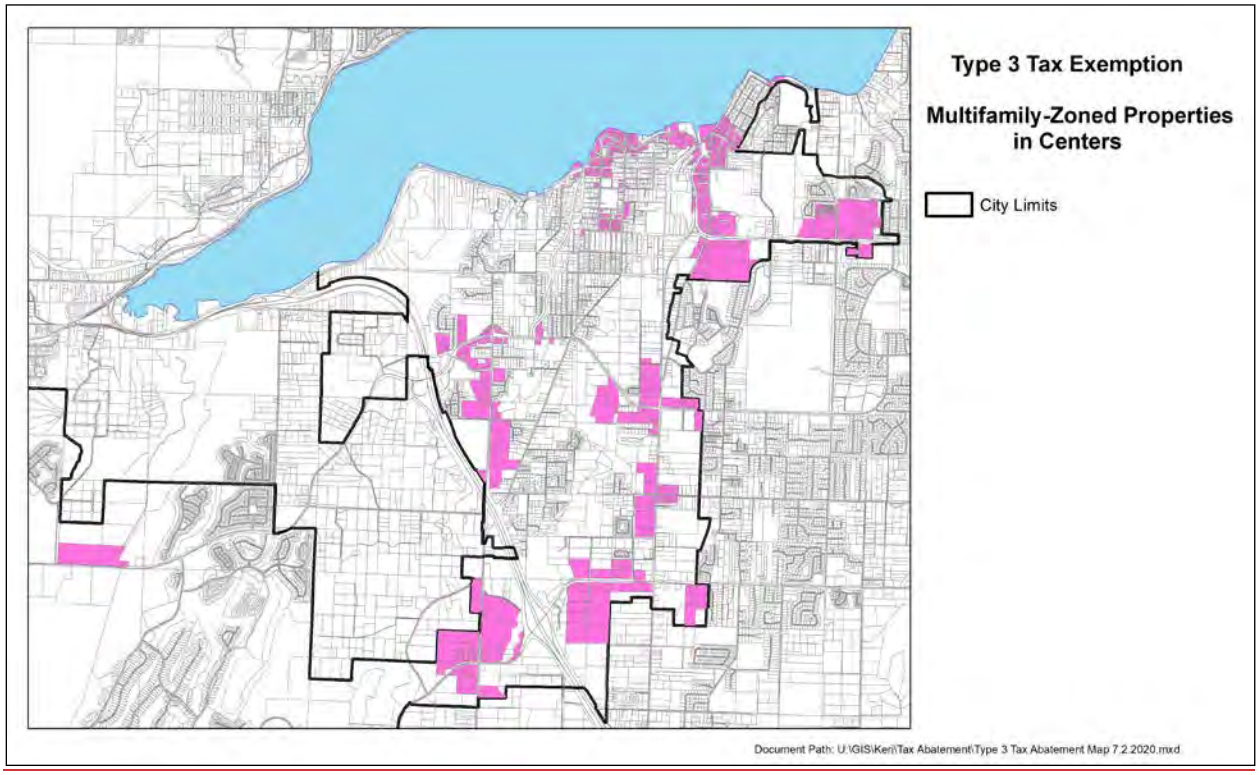



Figure 3: Type 3 Tax Exemption Map

**3.48.0540 Terms of the tax exemption.**

(1) Duration of Exemption. The value of new housing construction, conversion, and rehabilitation improvements qualifying under this chapter is exempt from ad valorem property taxation, as follows:

~~(a) Within the areas shown as "8 Year Eligible Area" and "12 Year Eligible Area" in Figure 1 of this chapter, for eight successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate. No requirements for affordable housing are required for an eight-year tax exemption within either of these areas; or~~

~~(b) Within the area shown as "12 Year Eligible Area" in Figure 1 of this chapter, for 12 successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate, if the property otherwise qualifies for the exemption under this chapter and meets the conditions in this subsection. For the property to qualify for the 12-year exemption under this subsection, the applicant must commit to renting or selling at least 20 percent of the multifamily housing units as affordable housing units to low- and moderate-income households, and the property must satisfy that commitment and any additional affordability and income eligibility conditions adopted by the city under this chapter. In the case of projects intended exclusively for owner occupancy, the minimum requirement of this subsection may be satisfied solely through housing affordable to moderate-income households.~~

(a) For both 8-year and 12-year exemptions, the exemption begins on January 1st of the year immediately following the calendar year of issuance of the tax exemption certificate.

~~(i) If calculations for the minimum 20 percent of the multifamily housing units required under this subsection result in a fraction, then the minimum number of multifamily housing units for affordable housing shall be rounded up to the next whole number.~~ ~~(moved to Type I)~~

~~(b)(ii) In projects granted~~ For 12-year exemptions, the number of residential~~housing~~ units identified to meet the requirements for an affordable housing component per 3.48.040(1)(c)~~for households with low, affordable, or moderate annual income~~ shall continue to be made available ~~to low, affordable, or moderate households~~ for the length of the exemption period.

(iii) The mix and configuration of housing units (e.g., studio, one-bedroom, two-bedroom) used to meet the requirement for affordable units ~~under this subsection~~ shall be substantially proportional to the mix and configuration of the total housing units in the project.

(iv) When a project includes more than one building with multifamily housing units, all of the affordable housing units required in this subsection must not be located in the same building.

(2) Limits on Exemption. The exemption does not apply:

(a) To the value of land or to the value of non-housing-related improvements not qualifying under this chapter.

(b) In the case of rehabilitation of existing buildings, to the value of improvements constructed prior to submission of the completed application required under this chapter.

(c) To increases in assessed valuation made by the Kitsap County Assessor on nonqualifying portions of building or other improvements and value of land nor to increases made by lawful order of a county board of equalization, the Department of Revenue, or Kitsap County, to a class of property throughout the county or specific area of the county to achieve the uniformity of assessment or appraisal required by law.

(3) Conclusion of Exemption. At the conclusion of the exemption period, the new or rehabilitated housing cost shall be considered as new construction for the purposes of Chapter 84.55 RCW.

**3.48.0~~65~~0 Project eligibility.**

A proposed multifamily housing project must meet all of the following requirements for consideration for a property tax exemption:

(1) Location. The project must be located within a residential targeted area as provided ~~defined~~ in POMC 3.48.0~~43~~0.

(2) Tenant Displacement Prohibited. The project must not displace existing residential tenants of structures that are proposed for redevelopment. If the property proposed to be rehabilitated is not vacant, an applicant shall provide each existing tenant housing of comparable size, quality, and price and a reasonable opportunity to relocate.

(3) Noncompliance with Building Codes. Existing dwelling units proposed for rehabilitation must fail to comply with one or more standards of the applicable state or city building codes.

(4) Size of Project. The new, converted, or rehabilitated multiple-unit housing must provide for a minimum of 50 percent of the space (excluding structured parking) for permanent residential occupancy. The project, whether new, converted, or rehabilitated multiple-unit housing, must include

at least 10 units of multifamily housing within a residential structure or as part of an urban development. In the case of existing multifamily housing that is occupied or which has not been vacant for 12 months or more, the multifamily housing project must also provide for a minimum of four additional multifamily units for a total project of at least 10 units including the four additional units. Existing multifamily housing that has been vacant for 12 months or more does not have to provide additional units.

(5) Proposed Completion Date. New construction of multifamily housing and rehabilitation improvements must be completed within three years from the date of approval of the application.

~~(6) Compliance with Guidelines and Standards. The project must be designed to comply with the city's comprehensive plan, building, housing, and zoning codes, and any other applicable regulations. The project must also comply with any other standards and guidelines adopted by the city council for the residential targeted area.~~ ~~(moved to 3.48.040~~

**3.48.0~~7~~60 Application procedure.**

A property owner who wishes to propose a project for a tax exemption shall complete the following procedures:

(1) The exemption application provided by the city shall be completed and filed with the department prior to issuance of a building permit for the project. The completed application shall be accompanied by the application fee as authorized by RCW 84.14.080 and as set forth in the city's current fee resolution.

(2) The exemption application shall contain and require such information as deemed necessary by the director, including:

(a) A brief written description of the project, including timing and construction schedule, setting forth the grounds for the exemption.

(b) Floor and site plans of the proposed project, which may be revised by the owner, provided such revisions are made and presented to the director prior to the city's final action on the exemption application.

(c) For rehabilitation projects, the applicant shall provide a report prepared by a registered architect identifying property noncompliance with current building codes. This report shall identify specific code violations and must include supporting data that satisfactorily explains and proves the presence of a violation. Supporting data must include a narrative and such graphic materials as needed to support this application. Graphic materials may include, but are not limited to, building plans, building details, and photographs.

(d) If applying for a 12-year exemption, it shall include information describing how the applicant will comply with the affordability requirements set forth in POMC 3.48.040(1)(c~~b~~).

(e) A statement from the owner acknowledging the potential tax liability when the project ceases to be eligible under this chapter.

(f) An affidavit signed by the owner stating the occupancy record of the property for a period of 12 months prior to filing the application.

(g) Verification of the correctness of the information submitted by the owner's signature and affirmation made under penalty of perjury under the laws of the state of Washington.

**3.48.0870 Application review – Issuance of conditional certificate – Denial – Appeal.**

(1) Director's Decision. The director may certify as eligible an application which is determined to comply with all applicable requirements of this chapter. A decision to approve or deny an application shall be made within 90 calendar days of receipt of a complete application.

(2) Approval of Application – Contract Required. If an application is approved, the applicant shall enter into a contract with the city, regarding the terms and conditions of implementation of the project, and pursuant to the following:

(a) The contract shall be subject to approval by the city council, in the form of a resolution, regarding the terms and conditions of the project and eligibility for exemption under this chapter. This contract shall be a covenant running with the land and shall be binding on the assigns, heirs, and successors of the applicant.

(b) For any development project including owner-occupied units, the contract with the city shall also require that an owners' association organized under RCW 64.34.300 be formed for all owner-occupied units within the development, for at least the length of the exemption period granted, to assume the responsibility for collecting from all individual unit owners the information and documents required to complete the annual reporting requirements and for filing the required annual report with the city for each of the individual homeowners pursuant to POMC 3.48.1210.

(c) Amendment of Contract. Within three years of the date from the city council's approval of the contract, an owner may request an amendment(s) to the contract by submitting a request in writing to the director. The fee for an amendment is as set forth in the city's current fee resolution. The director shall have authority to approve minor changes to the contract that are reasonably within the scope and intent of the contract approved by the city council, as solely determined by the director. Amendments that are not reasonably within the scope and intent of the approved contract, as solely determined by the director, shall be submitted to the city council for review and approval. The date for expiration of the conditional certificate shall not be extended by contract amendment unless all the conditions for extension set forth in POMC 3.48.0980 are met.

(3) Issuance of Conditional Certificate. Upon city council approval of the contract required under subsection (2) of this section, the director shall issue a conditional certificate of acceptance of tax exemption. The conditional certificate shall expire three years from the date of city council approval unless an extension is granted as provided in this chapter.

(4) Denial of Application. If an application is denied, the director shall state in writing the reasons for denial and shall send notice to the applicant at the applicant's last known address within 10 calendar days of issuance of the denial.

(5) Appeal. Per RCW 84.14.070, an applicant may appeal a denial to the city council within 30 calendar days of receipt of the denial by filing a complete appeal application and fee, as set forth in the city's current fee resolution, with the director. The appeal before the city council will be based on the record made before the director. The director's decision shall be upheld unless the applicant can show that there is no substantial evidence on the record to support the director's decision. The city council's decision on appeal will be final.

**3.48.0980 Extension of conditional certificate.**

(1) Extension. The conditional certificate and time for completion of the project may be extended by the director for a period not to exceed a total of 24 consecutive months. To obtain an extension, the applicant must submit a written request with a fee, as set forth in the city's current fee resolution, stating the grounds for the extension. An extension may be granted if the director determines that:

(a) The anticipated failure to complete construction or rehabilitation within the required time period is due to circumstances beyond the control of the owner; provided, that financial hardship, regardless of the cause or reason, shall not be considered by the director as a circumstance beyond the control of the owner in order to grant an extension;

(b) The owner has been acting and could reasonably be expected to continue to act in good faith and with due diligence; and

(c) All the conditions of the original contract (and as amended) between the applicant and the city will be satisfied upon completion of the project.

(2) Denial of Extension. If an extension is denied, the director shall state in writing the reason for denial and shall send notice to the applicant's last known address within 10 calendar days of issuance of the denial.

(3) Appeal. An applicant may appeal the denial of an extension to the hearing examiner within 14 calendar days of receipt of the denial by filing a complete appeal application and appeal fee with the director. The appeal before the hearing examiner shall be processed as a closed record hearing. No appeal to the city council is provided from the hearing examiner's decision.

**3.48.100990 Application for final certificate.**

Upon completion of the improvements agreed upon in the contract between the applicant and the city and upon issuance of a temporary or permanent certificate of occupancy, the applicant may request a final certificate of tax exemption by filing with the director such information as the director may deem necessary or useful to evaluate the eligibility for the final certificate, including the following:

(1) A statement of expenditures made with respect to each multifamily housing unit and the total expenditures made with respect to the entire property;

(2) A description of the completed work and a statement of qualification for the exemption;

(3) The total monthly rent or total sale amount of each multifamily housing unit rented or sold to date;

(4) A statement that the work was completed within the required three-year period or any authorized extension;

(5) If a 12-year exemption, information on the applicant's compliance with the affordability requirements of this chapter; and

(6) Any additional information requested by the city pursuant to meeting any reporting requirements under Chapter 84.14 RCW.

**3.48.110 Issuance of final certificate.**
(1) Director's Decision. Within 30 calendar days of receipt of all materials required for a final certificate, the director shall determine whether the specific improvements satisfy the requirements of the contract, application, and this chapter.

(2) Granting of Final Certificate. If the director determines that the project has been completed in accordance with this chapter and the contract between the applicant and the city, and has been completed within the authorized time period, the city shall, within 10 calendar days of the expiration of the 30-day review period above, file a final certificate of tax exemption with the Kitsap County assessor. The director is authorized to cause to be recorded, at the owner's expense, in the real property records of the Kitsap County department of records, the contract with the city, as amended if applicable, and such other document(s) as will identify such terms and conditions of eligibility for exemption under this chapter as the director deems appropriate for recording, including requirements under this chapter relating to affordability of units.

(3) Denial of Final Certificate. The director shall notify the applicant in writing that a final certificate will not be filed if the director determines that:

(a) The improvements were not completed within the authorized time period;

(b) The improvements were not completed in accordance with the contract between the applicant and the city; or

(c) The owner's property is otherwise not qualified under this chapter.

(4) Appeal. An applicant may appeal a denial of a final certificate to the hearing examiner within 14 calendar days of issuance of the denial of a final certificate by filing a complete appeal application and appeal fee with the director. The appeal before the hearing examiner shall be processed as a closed record hearing. No appeal to the city council is provided from the hearing examiner's decision.

**3.48.120 Annual compliance review – Reporting.**
(1) Within 30 calendar days after the first anniversary of the date of filing the final certificate of tax exemption and each year for the tax exemption period, the property owner shall be required to file a notarized declaration with the director indicating the following:

(a) A statement of occupancy and vacancy of the multifamily units during the previous 12 months;

(b) A certification by the owner that the property has not changed use and continues to be in compliance with the contract with the city and the applicable requirements of this chapter;

(c) A description of changes or improvements to the property made after the city's issuance of the final certificate of tax exemption;

(d) The total monthly rent of each multifamily housing unit rented or the total sale amount of each unit sold during the 12 months ending with the anniversary date;

(e) A breakdown of the number, type, and specific multifamily housing units rented or sold during the 12 months ending with the anniversary date;

(f) If granted a 12-year exemption, information demonstrating the owner's compliance with the affordability requirements of this chapter, including, but not limited to, the income of each renter

household at the time of initial occupancy or the income of each purchaser of owner-occupied units at the time of purchase;

(g) The value of the tax exemption for the project; and

(h) Any additional information requested by the city pursuant to meeting any reporting requirements under Chapter 84.14 RCW.

(2) City staff may also conduct on-site verification of the declaration and reporting required under this section. Failure to submit the annual declaration and report may result in cancellation of the tax exemption pursuant to this chapter and shall result in a review of the exemption per RCW 84.14.110.

(3) If the city issues final tax exemption certificates pursuant to this chapter, the director shall submit the report required by RCW 84.14.100 to the state Department of Commerce by December 31st of each year.

**3.48.130~~20~~ Cancellation of tax exemption.**
(1) The director may cancel a tax exemption on a property if he/she determines any of the following:

(a) The owner is not complying with the terms of the contract or this chapter;

(b) The use of the property is changed or will be changed to a use that is other than residential;

(c) The project violates applicable zoning requirements, land use regulations, building, or fire code requirements; or

(d) The owner fails to submit the annual declaration and report specified in POMC 3.48.12~~1~~0.

(2) If the owner intends to convert the multifamily housing to another use, the owner shall notify the director and the Kitsap County assessor in writing within 60 calendar days of the change in use.

(3) Cancellation may occur in conjunction with the annual review or at any such time noncompliance has been determined.

(4) Upon cancellation of the tax exemption, additional taxes, interest, and penalties shall be imposed on the property, and a priority lien may be placed on the land, pursuant to state law.

(5) Notice of Cancellation. Upon determining that a tax exemption is to be canceled, pursuant to RCW 84.14.110(2), the director shall notify the owner by mail, return receipt requested.

(6) Appeal of Cancellation. The owner may appeal the determination of cancellation to the hearing examiner by filing a notice of appeal and appeal fee with the city clerk within 30 calendar days of the date of the notice of cancellation, specifying the factual and legal basis for the appeal. The appeal shall be heard by the hearing examiner as a closed record hearing. No appeal to the city council is provided from the hearing examiner's decision.

**3.48.140~~30~~ Conflict of provisions.**
If any provision of this chapter is in legal conflict with the provisions of Chapter 84.14 RCW, as currently adopted or hereafter amended, the provisions of Chapter 84.14 RCW shall apply as if set forth in this chapter.

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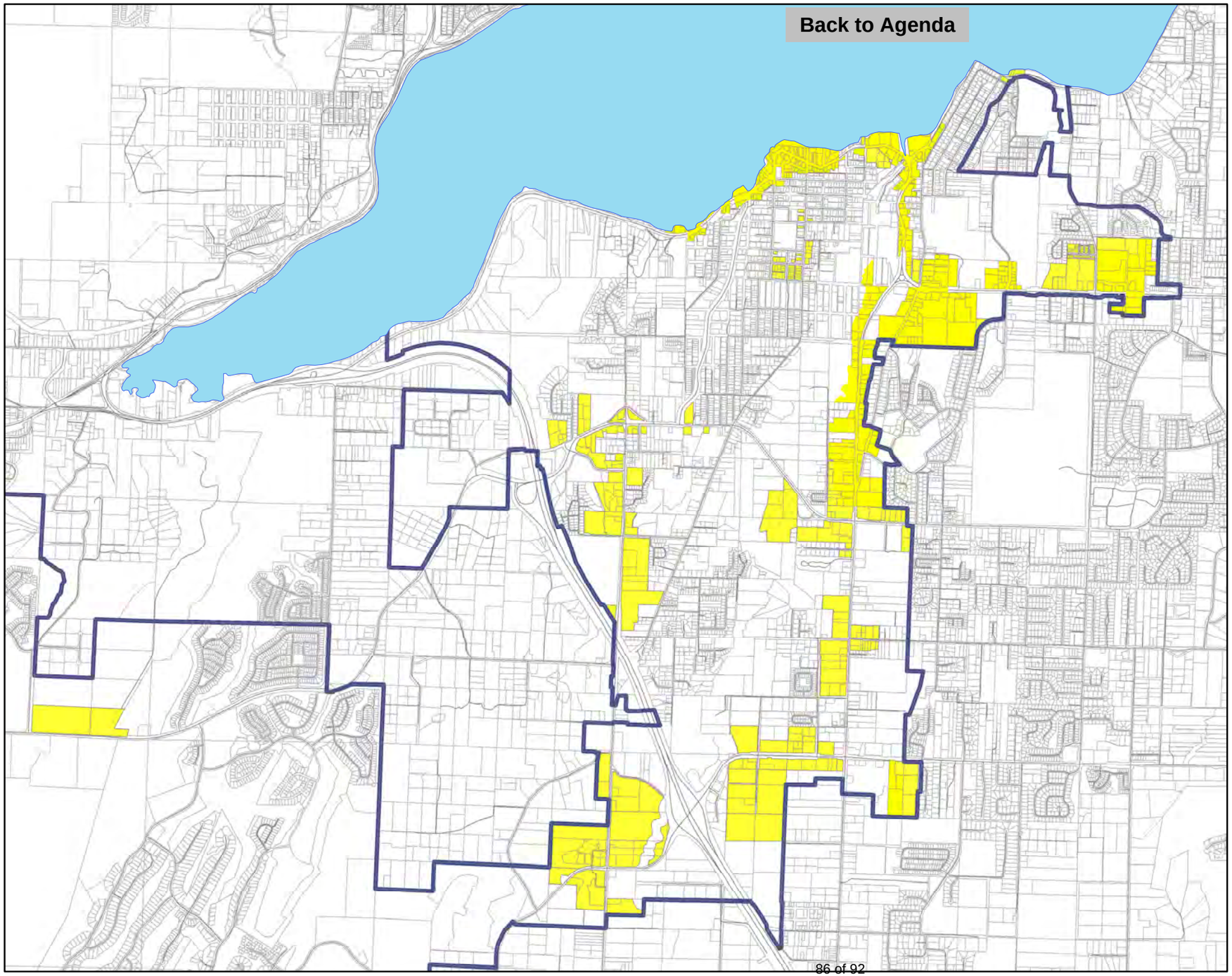
# Type 1 Tax Exemption

## Multifamily-zoned Parcels in Designated Centers and Other Properties



City Limits

Applicable Properties



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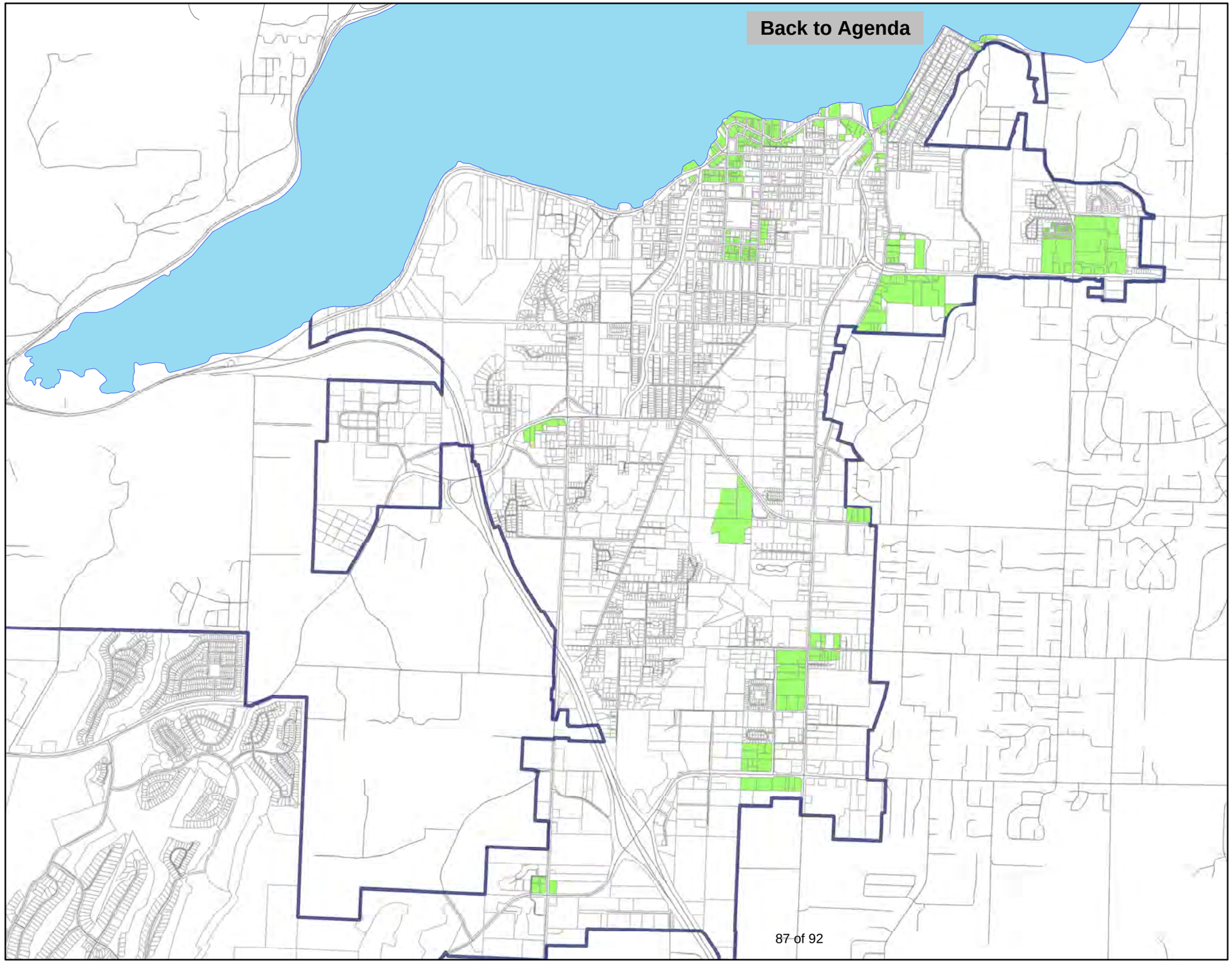

# Type 2 Tax Exemption - Redevelopment

City Limits



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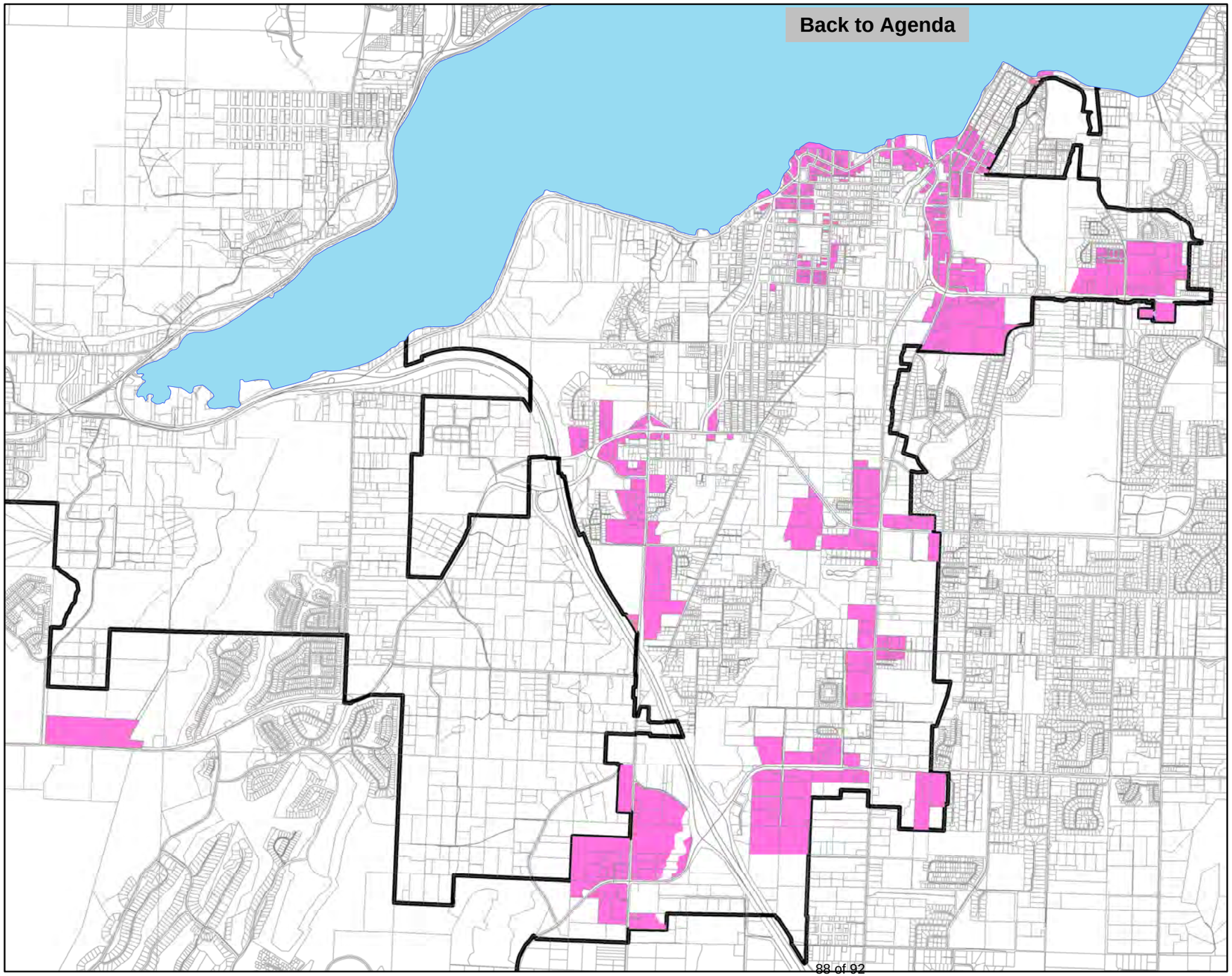

# Type 3 Tax Exemption

## Multifamily-Zoned Properties in Centers

City Limits



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# City of Port Orchard
# Work Study Session Executive Summary

**Issue Title**: Request for the City to Accept Landis Court SW as a Public Road

**Meeting Date**: September 15, 2020

**Time Required**: 15 minutes

**Attendees**: Nick Bond, Community Development Director

**Action Requested at this Meeting**: Advise staff on whether Landis Court SW, which is currently a private road, should be accepted for dedication as a City owned and maintained public road.

**Issue:** Landis Court SW is a cul-de-sac private road in the McCormick Meadows subdivision. When Division 1 of McCormick Meadows was recorded in 2011, the City declined to accept the road because the radius of its curve exceeded the City's Public Works road standards. Due to an oversight, the developer removed the road from the public dedications on the final plat, but did not actually convey it to the homeowners association (HOA). This has resulted in Landis Court SW being in a "limbo" situation, with neither the City nor the McCormick Meadows HOA having ownership or maintenance rights and responsibilities for the road. The HOA has been asking the City to take over this road for several years.

The road curve radius cannot be corrected without buying out property occupied by an existing home. However, the City has performed tests to ensure that the road subgrade is in satisfactory condition, and has indicated to the HOA that if the HOA pays for a pavement grind and overlay to bring the road to like-new condition, the City may accept the road and take over future maintenance. The former developer, while claiming that he no longer owns the road, is willing to sign a quit claim deed to relinquish any legal interest he may still have in it. The HOA has indicated that it is willing to do a special assessment to meet the City's requirements for the road improvements, and to clear the cloud on title.

The South Kitsap Fire Department (SKFD) does not object to the City taking ownership of Landis Court SW, as a change in ownership will make no difference to SKFD's existing emergency response access. City ownership would also allow the City to enforce parking requirements in future, if desired.

**Alternatives**: Do not accept Landis Court SW as a public road.

**Relationship to Comprehensive Plan:** N/A

**Recommendations**: Advise staff of any concerns related to accepting Landis Court SW as a public road. If Council wishes to move forward with this action, direct staff and the City Attorney to proceed with legal agreements necessary to obtain dedication of the road.

**Attachments**: Maps of Landis Court SW.

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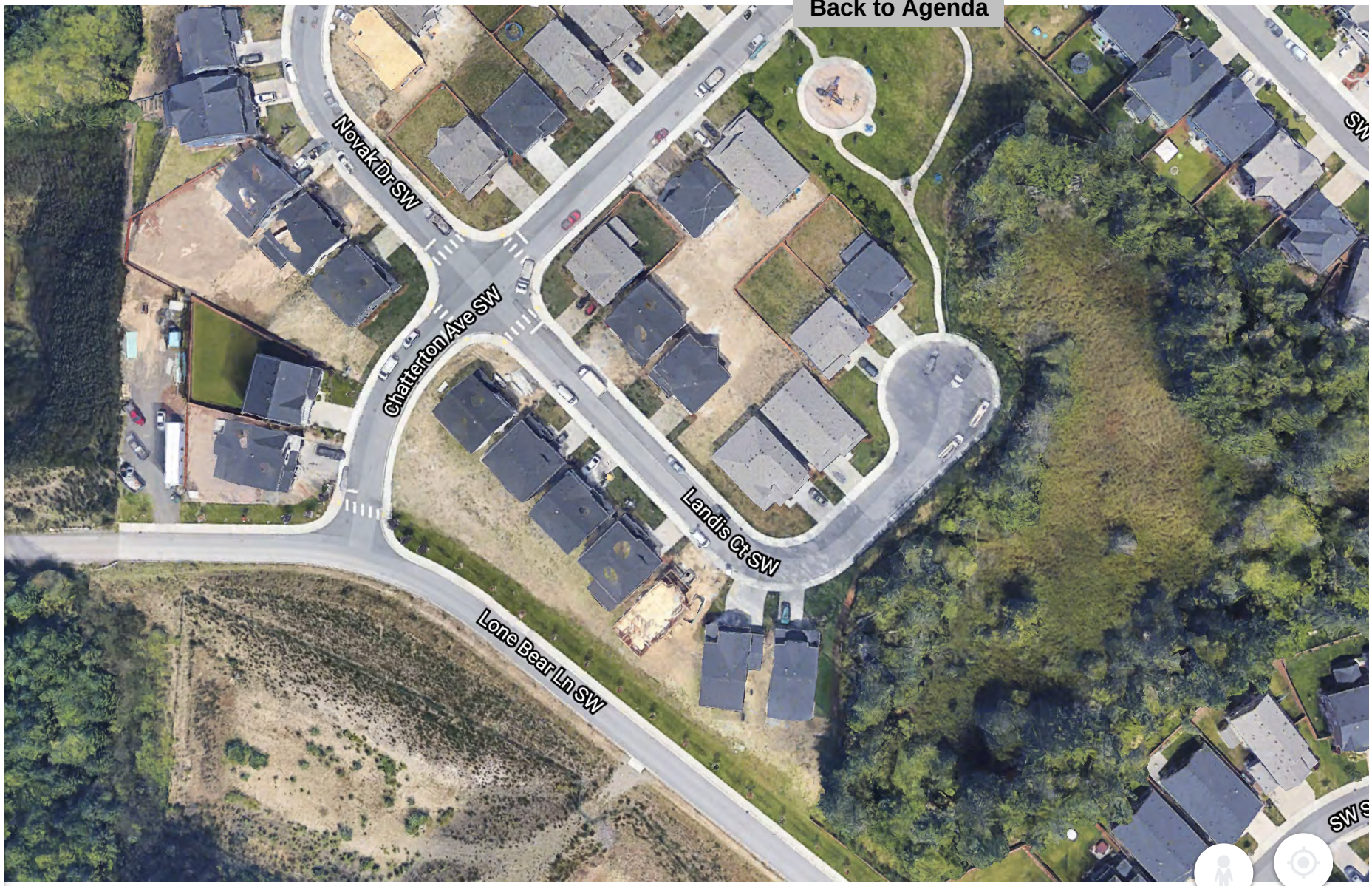


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