

Port Orchard Housing Action Plan

Existing Conditions and Housing Needs Analysis Report

February 13, 2023

Introduction

The Port Orchard Housing Action Plan (HAP) defines strategies and implementing actions that promote greater housing diversity, affordability, and access to opportunity for residents of all income levels. The process to develop the HAP included a review of Port Orchard's system of policies, programs, and regulations which shape opportunities for housing development.

The purpose of this effort is to define strategies and actions that promote greater housing diversity, affordability, and access to opportunity for residents of all income levels.

The HAP is intended to inform updates to the Port Orchard Comprehensive Plan (most notably the Land Use and Housing elements) and to guide implementation strategies such as development regulations, housing programs, fee structures, and infrastructure spending priorities.

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Abbreviations

ACS. American Community Survey, an annual product of the U.S. Census Bureau.

AMI. Area median income.

BIPOC. Black, Indigenous, (and) People of Color.

CHAS. Comprehensive Housing Affordability Strategy, a product of the U.S. Department of Housing and Urban Development.

GIS. Geographic Information System.

HAP. Housing Action Plan.

HUD. U.S. Department of Housing and Urban Development.

LEHD. Longitudinal Employer-Household Dynamics, a product of the U.S. Census Bureau.

MFI. Medium family income.

MFTE. Multifamily tax exemption program.

MHI. Medium household income.

MSA. Metropolitan Statistical Area.

POMC. Port Orchard Municipal Code (city law).

OFM. Washington State Office of Financial Management.

RCW. Revised Code of Washington (state law).

Section 1 – Community Profile

The Community Profile discusses Port Orchard’s current and future population and the age, race, and ethnicity of residents. It also discusses the size, income, and characteristics of the City’s households, as well as households with specific needs and risks such as cost-burdened households, older adults, and adults with disabilities. These demographic and household characteristics provide background and context for the types of housing required to better serve all of Port Orchard’s residents.

Population and Demographics

Historic and Future Population

Port Orchard’s population in 2020 was 15,587 according to the U.S. Census. The Washington Office of Financial Management Postcensal 2022 population estimate for the city is 16,400. Figure 1 shows the city’s population trends since 1960, average annual growth rates by decade, and the latest Port Orchard 2044 population target of 26,087 residents as detailed in the Kitsap County Countywide Planning Policy Update.

Port Orchard is a fast-growing community that has historically grown more rapidly than national and statewide averages. The city grew at an average annual rate of about 2.8 percent since 1960, but growth accelerated around 2000. Since 2000 the city has grown on average 4.0 percent annually, an increase of 9,442 residents. By comparison, Kitsap County grew at a rate of 0.9 percent per year over the same period and national population growth was 0.7 percent in the 2000-2020 period. The 2020 census and 2044 population target represent an expected annual growth rate of 2.2 percent per year, though recent trends have suggested higher growth rates closer to 3 percent indicating that Port Orchard may exceed its planning target.

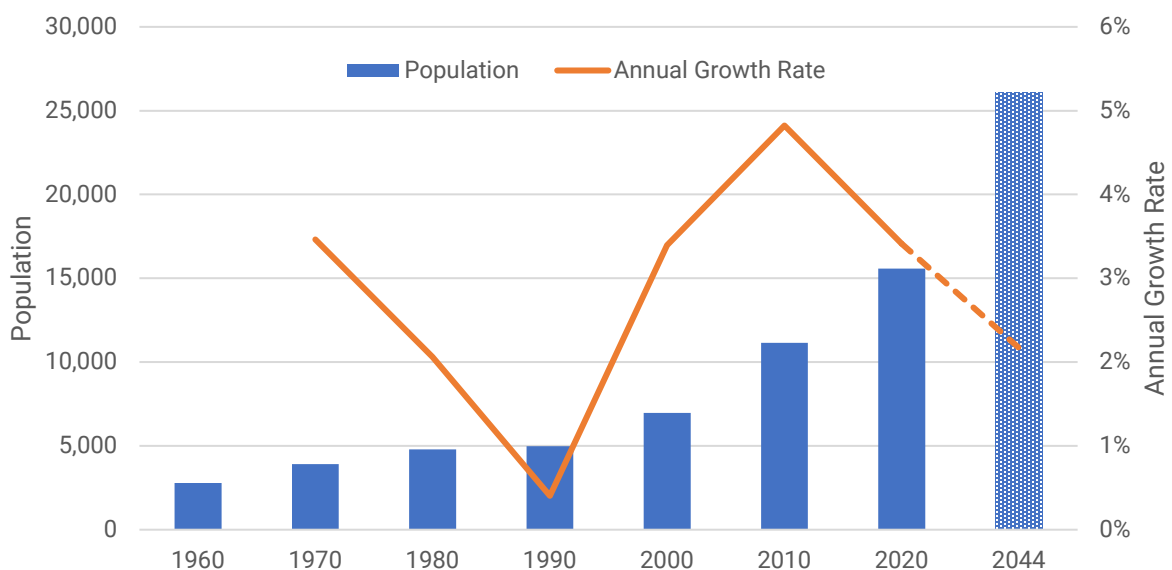


Figure 1. Port Orchard Population, Historic Through 2020 and Projected Through 2044 with Annual Growth Rates. Sources: WA OFM (Historic Population), Kitsap County Countywide Planning Policy Update 10/4/2022 (Projections)

The City of Port Orchard annexed a large amount of acreage between 2010 and 2012, which contributed to the comparatively rapid population growth in the 2010s. During this period, the City annexed 1,400 acres comprising 515 parcels. Together, the newly annexed areas make up 19.5% of Port Orchard’s total acreage. Without granular population numbers at a parcel level, it is difficult to assess exactly how many new residents are represented by this area, but these annexations have certainly affected the rapid growth rates seen over the past 20 years.

Age, Race/Ethnicity, and Language

Figure 2 shows the racial and ethnic breakdown of the Port Orchard and Kitsap County populations. Port Orchard is about 67 percent White, compared with 76 percent in Kitsap County. The city has a higher share of Hispanic/Latino and mixed-race residents than the county and similar shares of Asian and Black/African-American residents.

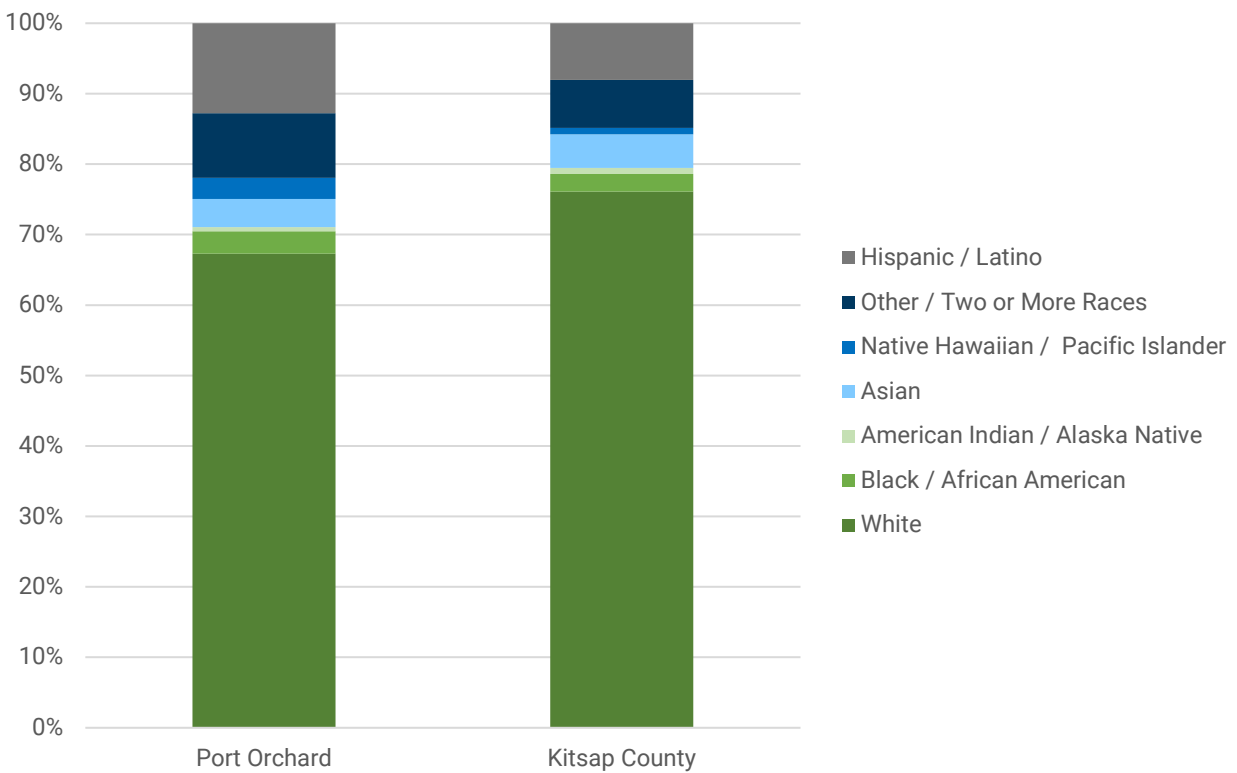


Figure 2. Racial and Ethnic Distribution in Port Orchard and Kitsap County, 2020. Source: 2020 American Community Survey 5-Year Estimates, Table DP05

The Port Orchard population is somewhat younger than regional and statewide populations, as shown in Figure 3. Over half the population is under 35 years old, and 14 percent of residents are over 65, compared with 18 percent countywide. This younger population suggests a current need for smaller or more affordable housing units, and the potential for larger units as younger residents age and form households in coming decades.

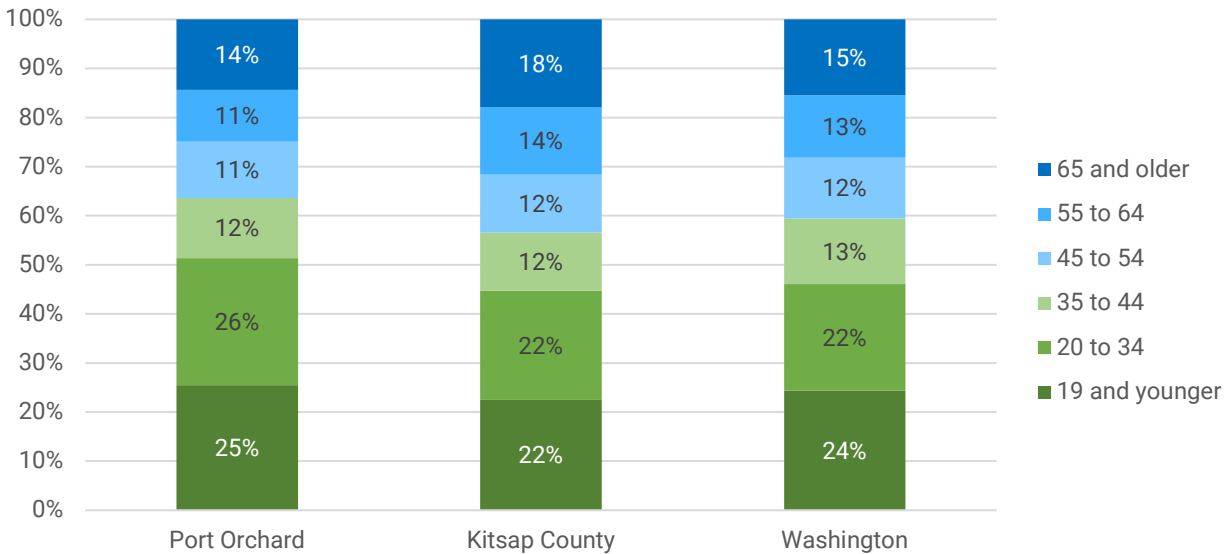


Figure 3. Age Distribution in Port Orchard and Kitsap County, 2020. Source: 2020 American Community Survey 5-Year Estimates, Table DP05

The chart below shows the age distribution of Port Orchard residents by sex. Generally, there are more males in the 25 to 54 age group and more females in older age cohorts.

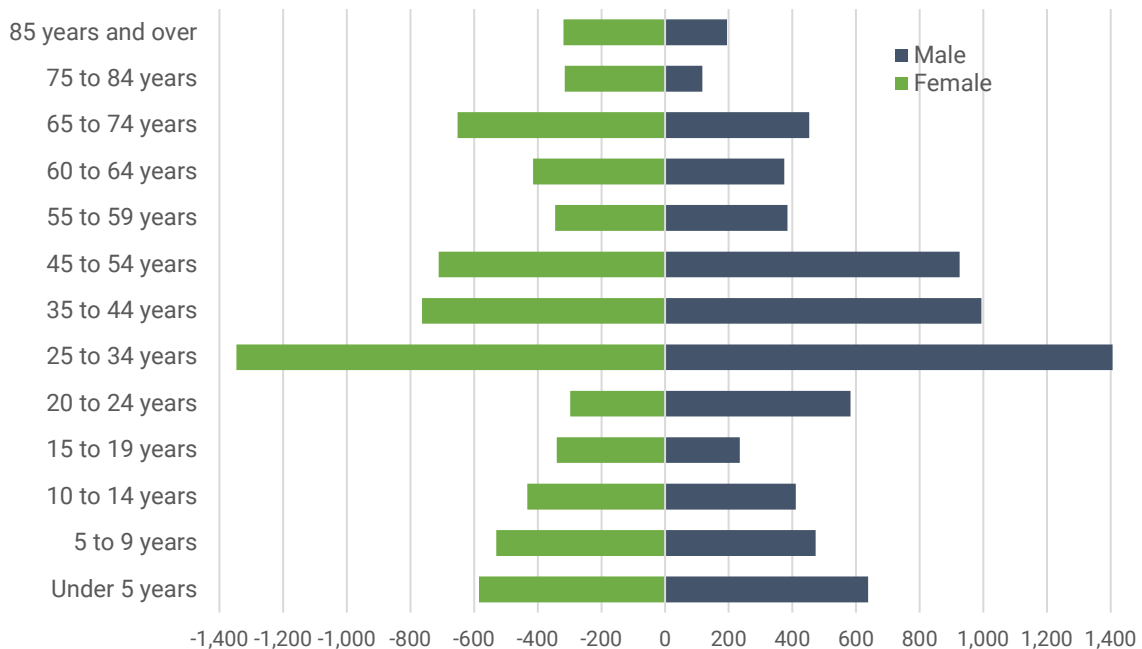


Figure 4. Age Distribution by Sex in Port Orchard and Kitsap County, 2020. Source: 2020 American Community Survey, Table S0101

Most Port Orchard residents are citizens born in the United States. About a third of Port Orchard’s residents were born in the state of Washington. About half were born in another state (including U.S. territories). Almost five percent were born in Asia, with small numbers born in other regions of the world, as seen in Figure 5.

| Place of Birth | Percent | Total |
|-------------------|---------|-------|
| USA (same state) | 37.0% | 5,292 |
| USA (other state) | 52.3% | 7,480 |
| Europe | 0.6% | 79 |
| Asia | 4.8% | 685 |
| Africa | 0.0% | 0 |
| Oceania | 0.1% | 20 |
| Latin America | 1.3% | 188 |
| Northern America | 0.4% | 59 |

Figure 5. Port Orchard Residents Place of Birth, 2020. Source: 2020 American Community Survey 5-Year Estimates, Table CP02

Most Port Orchard households speak English as a first language. Almost six percent, or 815 households, speak an Asian or Pacific Island language, and about two percent, or 272 households, speak Spanish at home.

Census data on English language proficiency is not available at the geographic scale of Port Orchard, but across all of Kitsap County, about 29 percent of Spanish speakers and 39 percent of Asian or Pacific Island language speakers do not speak English “very well.” Limited English proficiency can have implications for housing security if materials are not translated or there is confusion over contracts, expectations, or tenant rights.

| Language | Percent | Total |
|---------------------------------|---------|--------|
| English | 91.8% | 13,130 |
| Spanish | 1.9% | 272 |
| Indo-European languages | 0.6% | 86 |
| Asian/ Pacific Island languages | 5.7% | 815 |
| Other languages | 0.1% | 14 |

Figure 6. Language Spoken at Home, 2020. Source: 2020 American Community Survey 5-Year Estimates, Table S1601

Household Characteristics

Household Size, Type, and Tenure

The U.S. Census Bureau defines a household as “all the people who occupy a housing unit.” Households can be comprised of any combination of related family members, unrelated people, or individuals.¹ The 2020 American Community Survey estimated about 5,517 total households in Port Orchard, up from about 4,316 households in 2010—an increase of about 28 percent, or 2.5 percent per year. Figure 7 shows total households, occupied households, and the vacancy rate over the past decade.

The vacancy rate compares the total number of occupied versus unoccupied units. This accounts for all “natural vacancies” due to units on the market being available for sale or rent, second homes and seasonal homes, vacation rentals, and any other type of unoccupied housing. See Section 2 for more information on market-based vacancy rates.

¹ U.S. Census Bureau: Subject Definitions.

The vacancy rate has fluctuated from seven percent in 2010 to as high as 14 percent in 2015 but has decreased to 5.6 percent in 2020. This decreasing vacancy rate suggests increased demand for housing in the city.

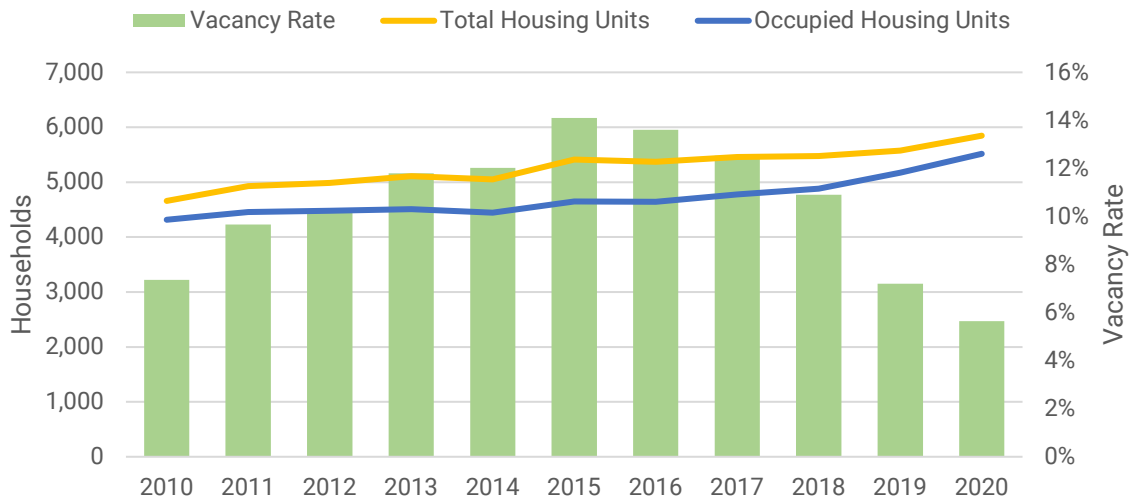


Figure 7. Vacancy Rates and Housing Unit Occupancy, 2010-2020. Source: 2010-2020 American Community Survey 5-Year Estimates, Table B25002

The following table shows household composition in Port Orchard and Kitsap County. Overall, the shares of family and non-family households are very similar to county averages, with nearly 70 percent of households classified as family households, about half of which are married couples. Twenty-two percent of Port Orchard residents live alone, and about half of those residents are over 65 years old. Household composition data can provide insight into the various types and sizes of housing to best meet the needs of the city’s residents.

| Household Type | Port Orchard | | Kitsap County | |
|-------------------------------|--------------|-------------|----------------|-------------|
| | Total | Percent | Total | Percent |
| Total Households | 5,517 | 100% | 105,758 | 100% |
| Family households | 3,819 | 69% | 71,415 | 68% |
| Married-couple family | 2,995 | 54% | 56,388 | 53% |
| Other family | 824 | 15% | 15,027 | 14% |
| Nonfamily households | 1,698 | 31% | 34,343 | 32% |
| Householder living alone | 1,214 | 22% | 25,787 | 24% |
| Householder 65 years and over | 601 | 11% | 11,396 | 11% |

Figure 8. Household Composition in Port Orchard, 2020. Source: 2020 American Community Survey (ACS) 5-Year Estimates, Table S2501

Figure 9 shows tenure in Port Orchard. About 60 percent of households are homeowners and 40 percent are renters. This is broadly similar to statewide averages though a higher share of renter households than in Kitsap County, likely owing to the large number of apartments in Port Orchard compared to the rest of the county.

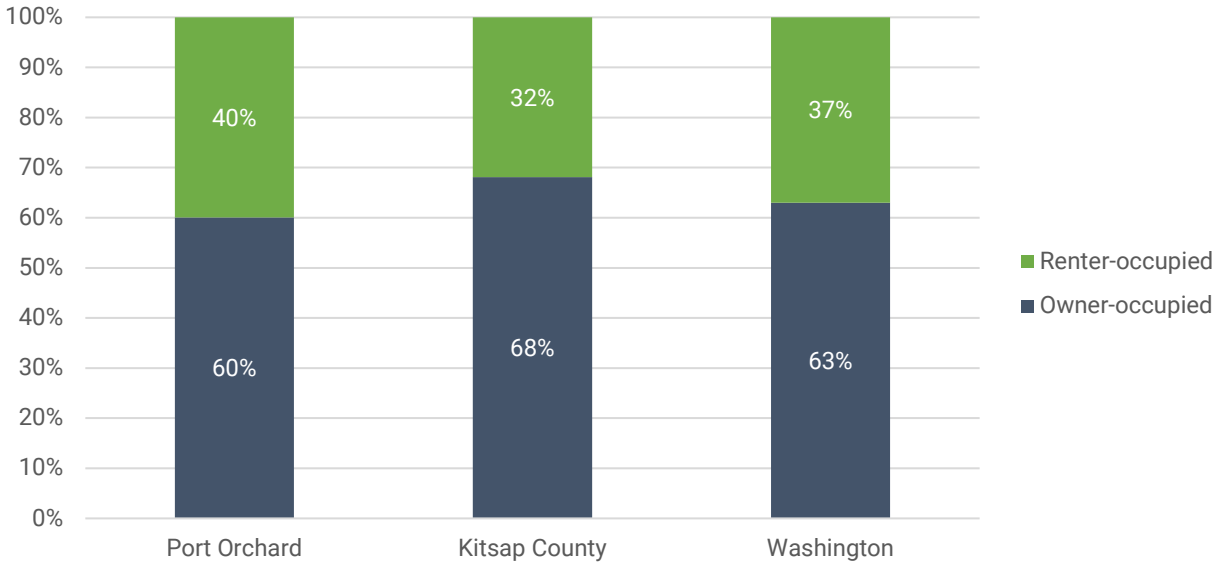


Figure 9. Tenure in Port Orchard, 2020. Source: 2020 American Community Survey (ACS) 5-Year Estimates, Table S2501

Renters can face increased housing instability due to evictions and rent increases not faced by homeowners. In addition, renters are more likely to be BIPOC and lower-income households, compounding the effects of these housing challenges. As shown below in Figure 10, about 86 percent of ownership households in Port Orchard have a householder who identifies as White, compared with 64 percent of renter households. Nationally, Black households had the highest renter rate in 2022 at 55 percent, and Hispanic households were at 51 percent, compared to 26 percent for white households.² Additionally, as discussed below under “Income” and shown in Figure 14, renters in Port Orchard earn less than homeowners, with a median household income for renter households of \$46,209 in 2020 compared to \$97,504 for ownership households.

| Race of Householder | Ownership Households | Renter Households |
|--|----------------------|-------------------|
| One Race | | |
| White | 89.4% | 71.5% |
| Black or African-American | 2.2% | 4.5% |
| American Indian or Alaska Native | 0.3% | 0.0% |
| Asian | 3.0% | 4.3% |
| Native Hawaiian or Pacific Islander | 0.8% | 8.8% |
| Some Other Race | 0.5% | 3.2% |
| Two or More Races | 3.8% | 7.8% |
| Hispanic or Latino Origin | 6.2% | 12.9% |
| White alone, not Hispanic or Latino | 86.4% | 64.4% |
| All Households | 60.1% | 39.9% |

Figure 10. Tenure by Race in Port Orchard, 2020. Source: 2020 American Community Survey (ACS) 5-Year Estimates, Table S2502

² Harvard University Joint Center for Housing Studies, “The State of the Nation’s Housing 2022”

Figure 11 shows the breakdown of Port Orchard’s households by tenure and household size. About 34 percent of households are two-person households, and 27 percent have four or more members. Renters make up a slightly larger share of smaller households, although 11 percent of four-or-more-person households are also renters.

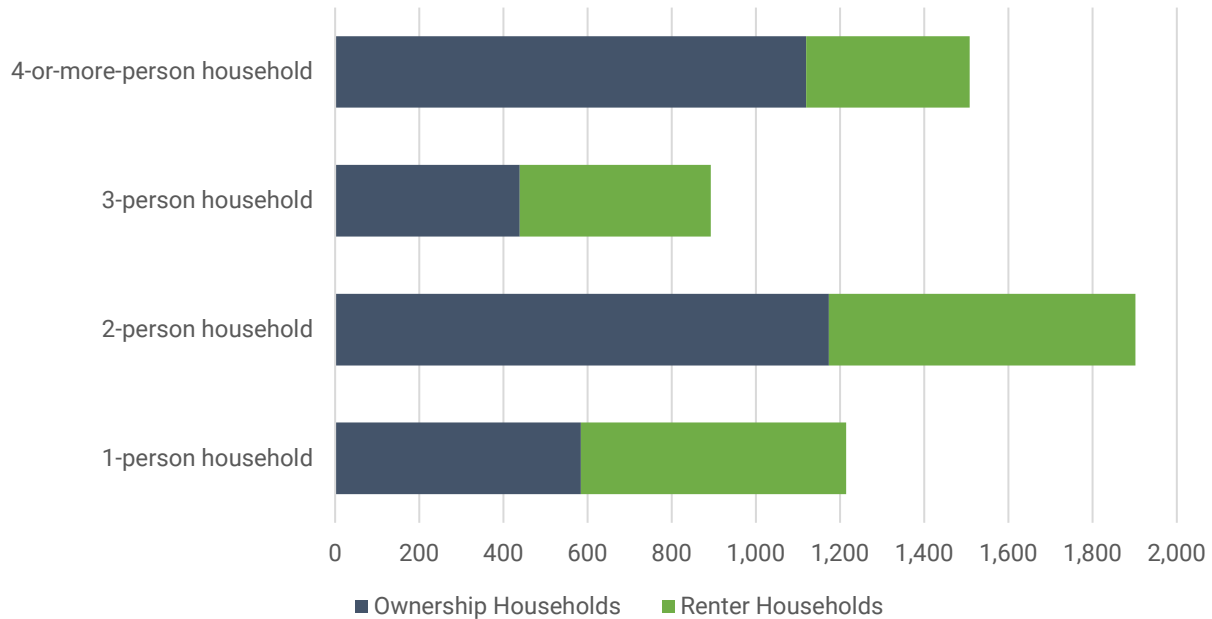


Figure 11. Port Orchard Tenure by Household Size, 2020. Source: 2020 American Community Survey (ACS) 5-Year Estimates, Table S2501

The average household size in Port Orchard is 2.4 people per household³.

There is a mismatch between housing size and household size in Port Orchard. Fifty-six percent of households are made up of one or two people, whereas only 37 percent of housing units are studio, one- or two-bedroom units, as shown below in Figure 11. Although smaller households may prefer to live in larger units, this type of mismatch can cause housing affordability issues if smaller households are forced to rent more expensive larger units due to supply constraints.

³ 2020 American Community Survey 5-Year Estimates, Table DP04

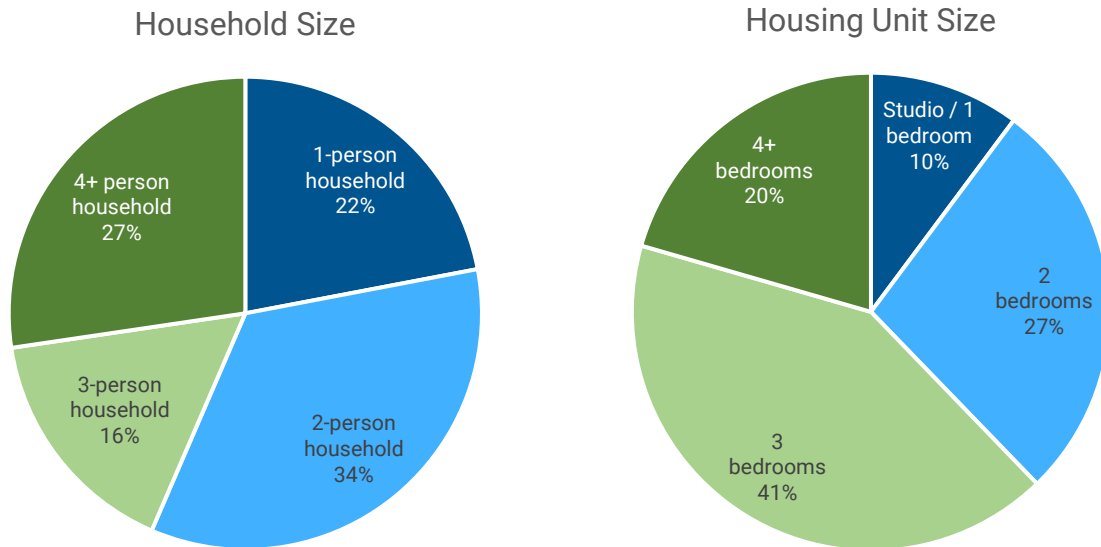


Figure 12. Household Size and Housing Unit Size in Port Orchard, 2020. Source: 2020 American Community Survey 5-Year Estimates, Tables S2501, DP04

When analyzed by tenure, there are more significant disparities in household size and housing unit size for homeowners, as shown below in Figure 12. Only 2 percent of ownership housing units are studio or one-bedroom units, whereas 53 percent of ownership households are one- or two-person households. The rental housing stock is more closely matched with renters’ household sizes in the city. This shows that residents in smaller households seeking to purchase housing may face difficulties and higher costs due to lack of availability of small ownership units.

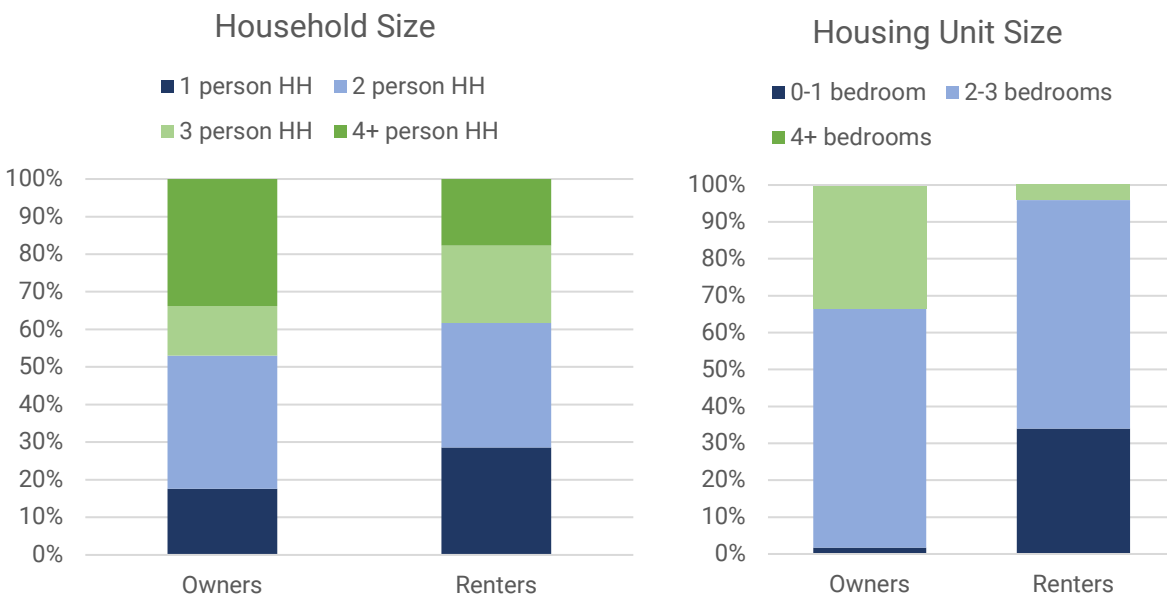


Figure 13. Household Size and Housing Unit Size by Tenure in Port Orchard, 2020. Source: 2020 American Community Survey 5-Year Estimates, Tables S2501, S2504

Income

The median household income (MHI) in Port Orchard was \$71,719 in 2020, \$7,250 less than the Kitsap County MHI and \$5,287 less than the statewide average. The Port Orchard MFI increased 21 percent since 2010, when adjusted for inflation. This is significantly higher than the 12 percent increase in Kitsap County and 14 percent increase across Washington during the same timeframe, as shown in Figure 13.

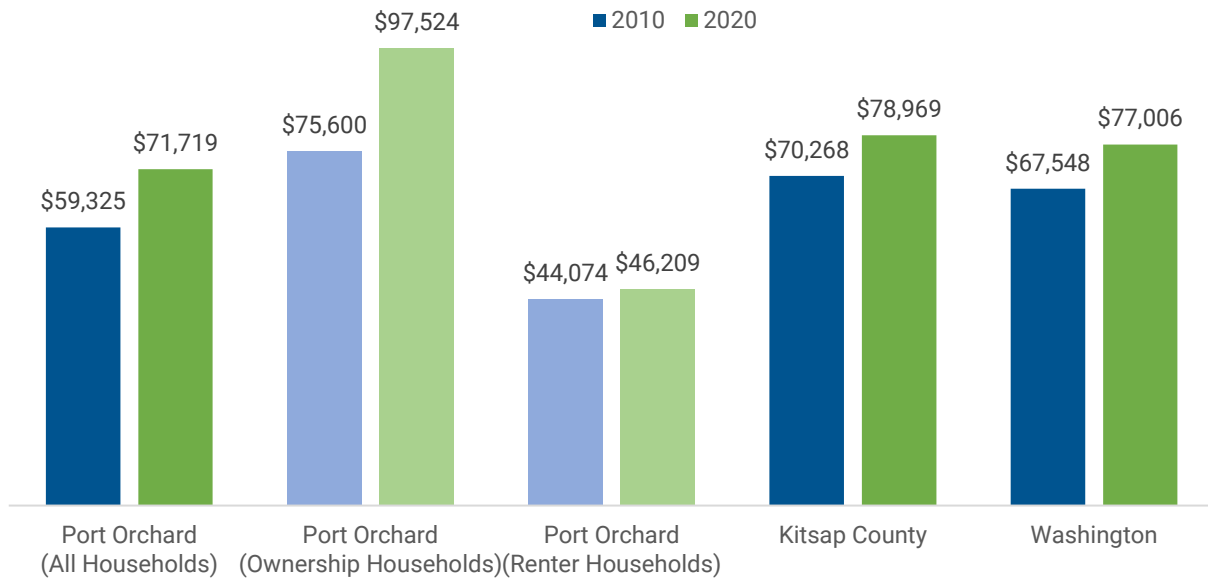


Figure 14. Inflation-Adjusted Median Household Income in Port Orchard and Region, 2010-2020. Source: 2010-2020 American Community Survey 5-Year Estimates, Table S2503, CPI Inflation Index

Renters in Port Orchard earn considerably less than homeowners. In 2020, the MHI for ownership households was \$97,524, compared to only \$46,209 for renter households. In addition, renters in Port Orchard have seen only a five percent increase in incomes between 2010 and 2020, compared to a 29 percent increase in incomes of ownership households, when adjusted for inflation. Rental households’ lower incomes and slower income growth compared with ownership households raises concerns over the ability of renters to keep up with rising housing costs or to move into homeownership, particularly given that wealthier ownership households may be able to pay more for housing.

Median family income (MFI) is used by the U.S. Department of Housing and Urban Development to set income limits for subsidized affordable housing. Data in this report about cost-burdened households and affordable housing thresholds is based on the MFI measurement.

MFI is based on Census-reported family incomes and based on a household of four people. As a result, MFI is typically higher than the **median household income (MHI)**, which is an average from all households regardless of size.

For the Bremerton-Silverdale Metropolitan Statistical Area (MSA), the 2022 median family income (MFI) is \$102,500 and the 2020 MFI was \$91,700.

When broken down across income levels, the largest share of Port Orchard households earn between \$75,000 and \$100,000 per year, as shown in Figure 14. Port Orchard has smaller shares of high-income earners making over \$150,000 per year than Kitsap County, and a much larger share of the lowest-income households earning less than \$10,000 per year than countywide averages. This shows a high level of need for subsidized affordable housing, discussed further in Section 2 under “Affordable Housing.”

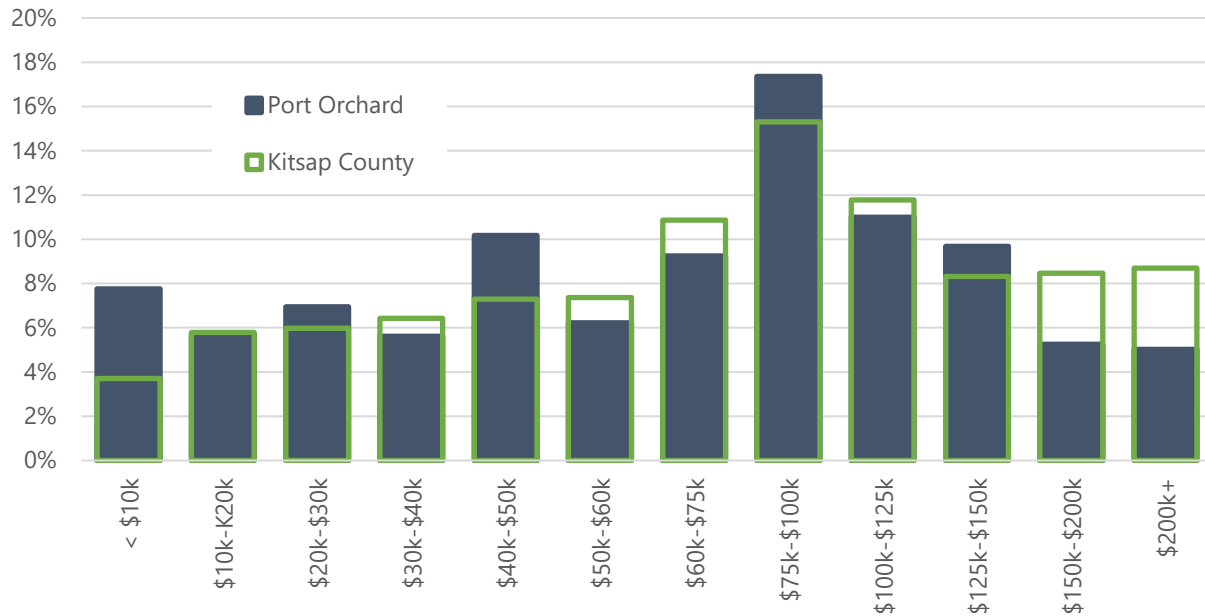


Figure 15. Household Income in the Past 12 Months, 2020. Source: 2020 American Community Survey 5-Year Estimates, Table B19001

Figure 16 below is from HUD Comprehensive Housing Affordability Strategy (CHAS) data⁴ for 2019 and shows a breakdown of Port Orchard’s households by income level and tenure. Almost half of Port Orchard residents (46 percent) earn less than 80 percent of the AMI, a common threshold for subsidized housing eligibility. About 69 percent of renter-occupied households earn less than 80 percent AMI, while 30 percent of owner-occupied households earn less than 80 percent AMI.

Area median income (AMI) is another data point often used by local governments to set income limits for subsidized affordable housing. It is the household income for the median/‘middle’ household in a given region.

Additionally, over a quarter (28 percent) of renters earn under 30 percent of the AMI, or \$27,500 for a family of four, demonstrating the need for more subsidized affordable housing in Port Orchard, which is typically the only type of housing that can meet these deep affordability levels. Stakeholders described over 1,000 people are on the waiting list for housing vouchers at the Kitsap Housing Authority, which manages vouchers in both Bremerton and Port Orchard.

⁴ Comprehensive Housing Affordability Strategy, a HUD dataset based on calculations from the American Community Survey 5-Year Estimates that provides a series of tables demonstrating housing problems and needs.

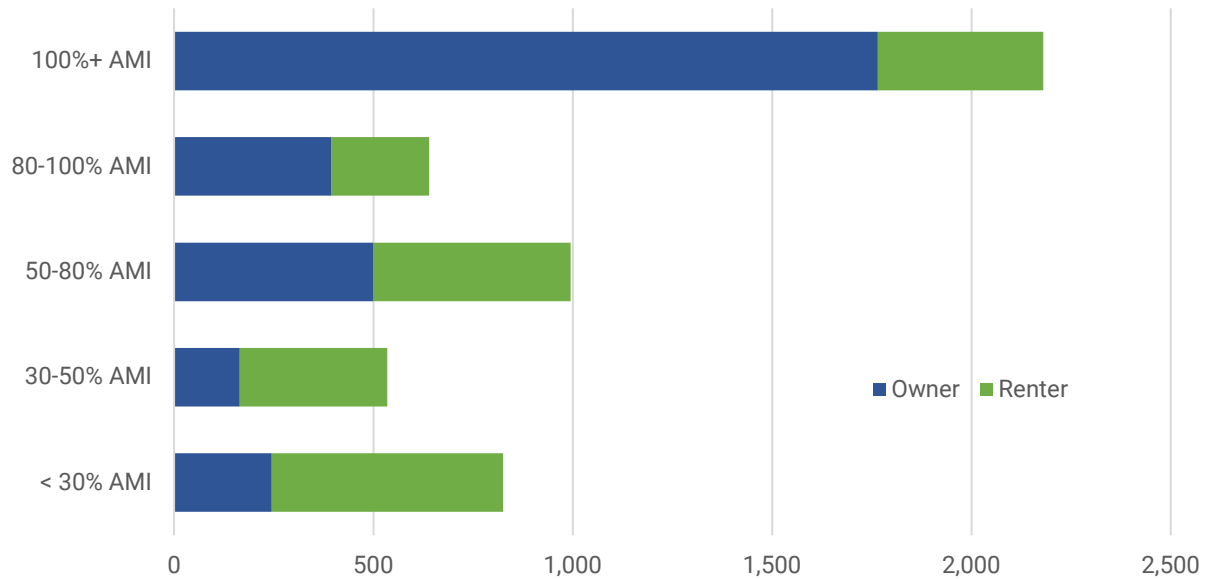


Figure 16. Port Orchard Households by Income Level and Tenure. Source: 2015-2019 HUD CHAS data.

Vehicle Ownership

Figure 16 shows number of vehicles available to Port Orchard households by the tenure of unit. Owner-occupied units are more likely to have two or three vehicles, while renter-occupied units are more likely to have one to two vehicles. Also of note, 14 percent of renter households have no access to a vehicle. These vehicle ownership ratios are similar to statewide averages, although ownership households are slightly more likely to have two vehicles in Port Orchard than statewide.

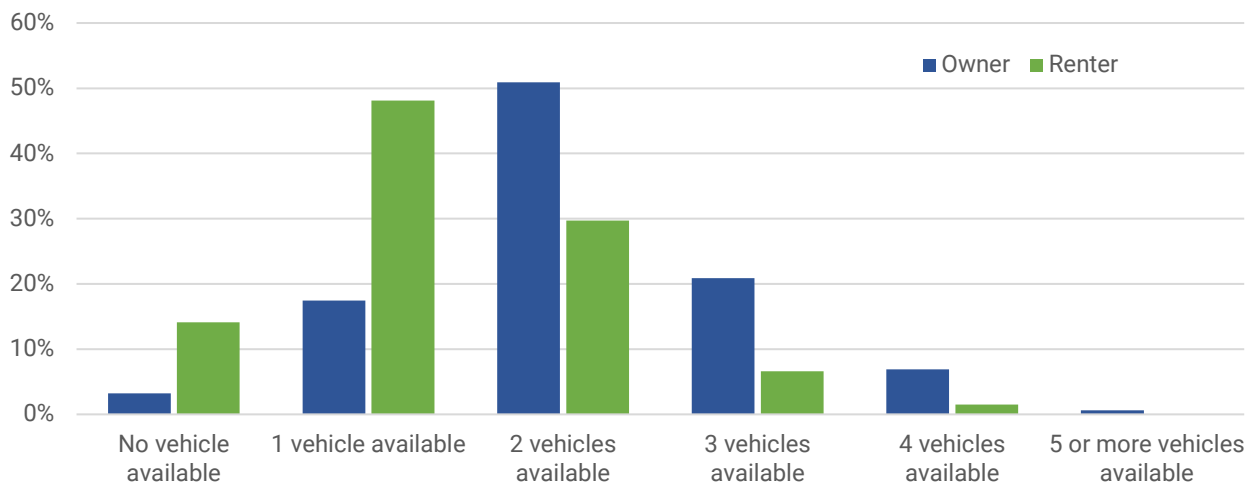


Figure 17. Vehicle Ownership by Tenure of Unit, 2020. Source: 2020 American Community Survey 5-Year Estimates, Table B25044

Employment Trends

Understanding workforce and employment trends is essential for housing planning. A growing, shrinking, or shifting economy can affect residents’ ability to afford housing and limit or expand their housing choices. Strong economies in nearby communities can also affect commuting and residential patterns.

Figure 18 shows changes in Port Orchard’s top employment sectors from 2009 to 2019, the year of the most recent Census employment data. Retail jobs have increased significantly, and health care and food service jobs have also seen growth since the 2008 recession. The large number of public administration jobs reflect county offices within Port Orchard, the county seat.

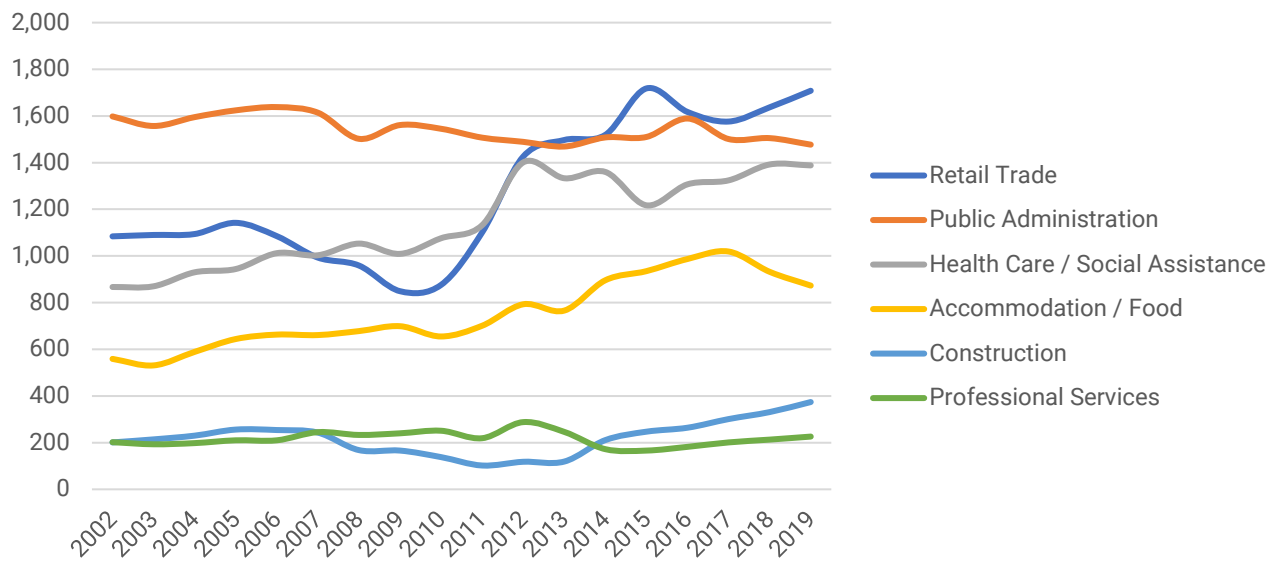


Figure 18. Job Trends by Top Sectors in Port Orchard, 2009-2019. Source: U.S. Census Bureau Longitudinal Employer-Household Dynamics (LEHD) via Census OnTheMap

Figure 19 shows the top job sectors in the city and the top job sectors worked by Port Orchard residents. Many of the employees in the top sectors, particularly retail and public administration, are not Port Orchard residents. On the other hand, there are larger shares of residents who work in professional services, education, and manufacturing than jobs in the city. This reflects a variety of scenarios, including technology/knowledge workers employed in Seattle, regional educators at schools in nearby cities, and industrial employees in surrounding areas, potentially connected to the Naval shipyard in Bremerton.

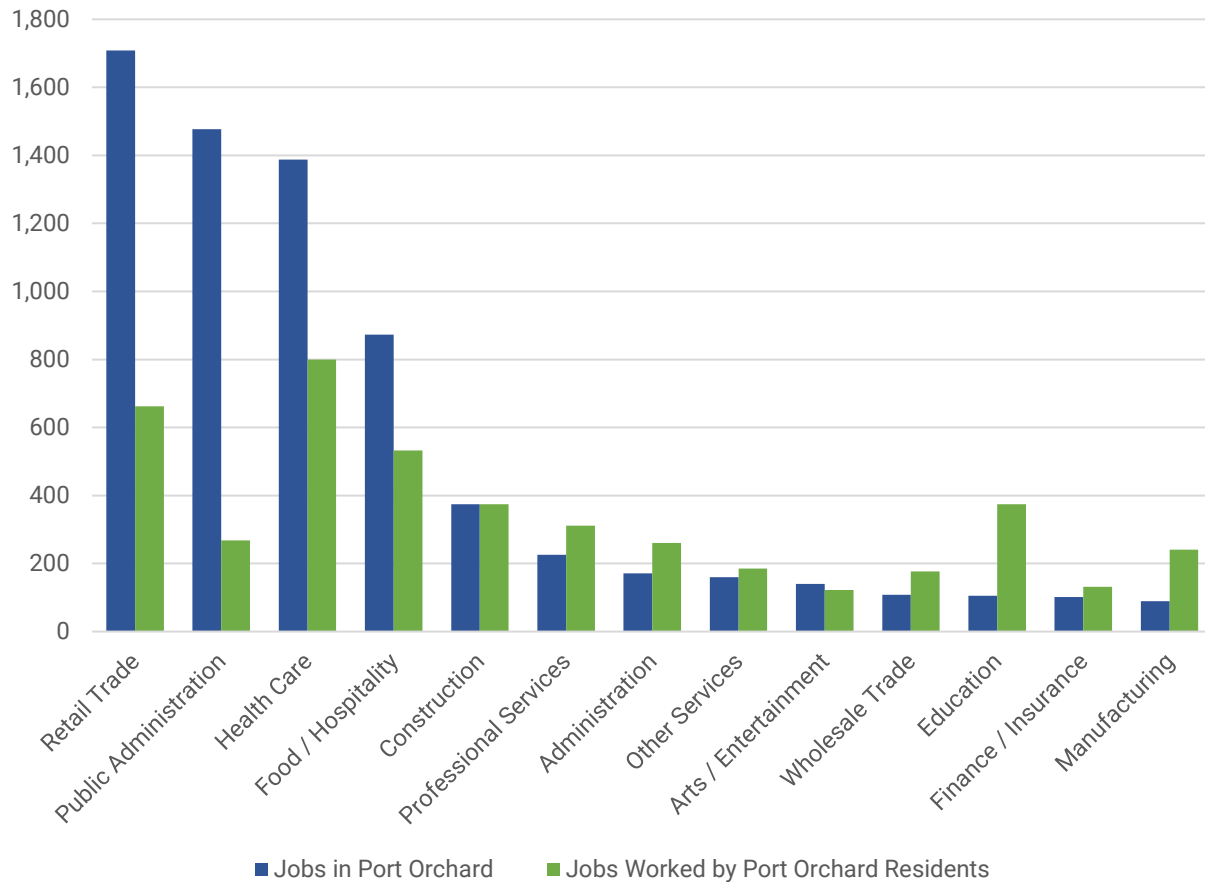


Figure 19. Top Job Sectors in Port Orchard and Jobs Worked by Port Orchard Residents, 2019. Source: U.S. Census Bureau Longitudinal Employer-Household Dynamics (LEHD) via Census OnTheMap

The map below shows commuting patterns of Port Orchard workers as of 2019, the year of the most recent Census commuter data. About 585 workers, or 11.7 percent of Port Orchard employees, both lived and worked in the city. 6,540 workers lived outside of the city and commute in for work, and 4,396 workers lived in the city but commuted to work elsewhere.

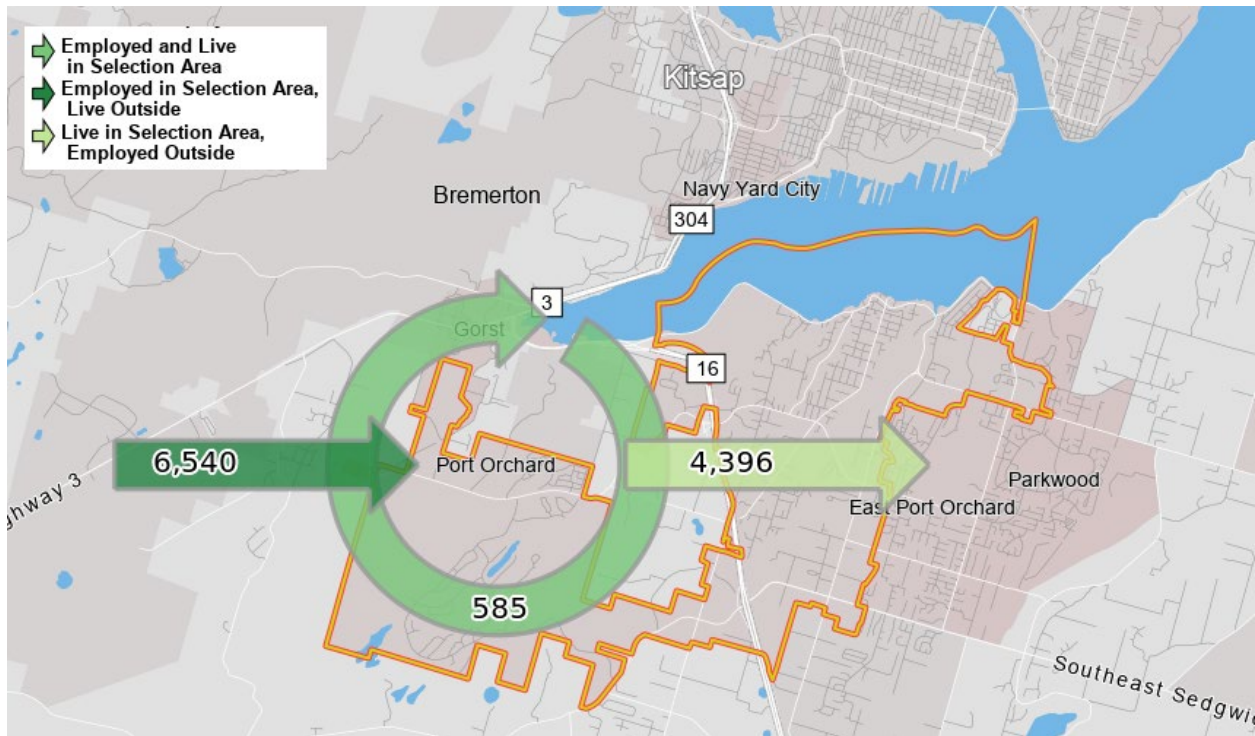


Figure 20. Port Orchard Commuting Inflow and Outflow, 2019. Source: U.S. Census Bureau LEHD (Longitudinal Employer-Household Dynamics) via Census OnTheMap tool.

As shown below in Figure 21, a similar amount of Port Orchard residents were working in Seattle, Port Orchard, and Bremerton in 2019. Smaller shares of residents were working in other nearby locales, including unincorporated East Port Orchard. This data is not yet available for more recent years but monitoring these commuting trends will be important due to the changes in workplace dynamics and remote work since the COVID-19 pandemic that began in 2020.

| Work Location | Percent |
|---------------------------|---------|
| Seattle city, WA | 12.3% |
| Port Orchard city, WA | 11.7% |
| Bremerton city, WA | 10.8% |
| Silverdale CDP, WA | 5.0% |
| East Port Orchard CDP, WA | 4.7% |
| Tacoma city, WA | 4.3% |
| Gig Harbor city, WA | 4.0% |
| Bellevue city, WA | 2.2% |
| Kent city, WA | 1.7% |
| Poulsbo city, WA | 1.5% |
| All Other Locations | 41.6% |

Figure 21. Port Orchard Commuting Locations, 2019. Source: U.S. Census Bureau LEHD (Longitudinal Employer-Household Dynamics) via Census OnTheMap tool.

Puget Sound Naval Shipyard

The Puget Sound Naval Shipyard in Bremerton is part of Naval Base Kitsap (NBK), a large military installation across multiple sites in Kitsap County. The military is a significant contributor to the economy of the region.

As of 2017, NBK contributed \$4 billion to the regional economy, including \$1.1 billion in payroll, \$792 million in operations and contracts, \$14 million in visitor spending, and \$2.1 billion in direct military and civilian payroll to residents residing in Kitsap, Jefferson, and Mason counties. The installation as a whole has 45,532 employees, including 31,585 military and civilian personnel residing in the same counties.⁵ Average salaries of enlisted personnel were \$33,400, plus an annual housing allowance of \$12,000 - \$25,000, and average salaries of civilian employees were \$74,000 as of 2014.⁶

This data demonstrates the overall importance of the military to the economy of the Kitsap Peninsula. Port Orchard's proximity to the Puget Sound Naval Shipyard results in housing demand in the city from shipyard employees. Detailed demographics of shipyard employees were not available for this study, but interviews with stakeholders, city council, and community members in Port Orchard suggest that Navy employees contribute significantly to housing demand in the city, particularly for smaller units and shorter-term housing options due to the nature of military operations.

The Kitsap Economic Development Alliance notes that the shipyard is anticipated to see significant investment through the Navy's 21-year, \$20 billion Shipyard Infrastructure Optimization Program (SIOP), suggesting continued economic and housing impacts in the region.⁷

⁵ Naval Base Kitsap. "Naval Base Kitsap Operations and Economic Contributions."

http://www2.economicgateway.com/media/userfiles/subsite_197/files/nbk-economic-impact-factsheets.pdf

⁶ Naval Base Kitsap and Naval Magazine Indian Island Joint Land Use Study, September 2015.

http://compplan.kitsapgov.com/Documents/KIILJLUS_Full.pdf. Note that More recent wage and Bremerton-specific employee data from the Navy was not available as of February 2023.

⁷ Kitsap Economic Development Alliance. "Kitsap is a Leader in the States and Nation's Defense Industry."

<https://www.kitsapeda.org/key-industries/defense>

Section 2 – Housing Inventory and Production Trends

This section discusses the type and age of Port Orchard’s existing housing stock and current and future housing production. It also identifies special housing types in Port Orchard such as subsidized affordable units and senior housing. An inventory of existing housing creates a baseline for future housing planning and identifies market trends.

Total Housing Units

Port Orchard’s 5,577 housing units account for approximately five percent of Kitsap County’s housing units. The breakdown of unit types is shown below in Figure 22. Sixty-three percent of units are single-family detached units, somewhat less than the county. Port Orchard has a noticeably higher share of buildings with 5-19 units than the county, and an overall higher share of multifamily units.

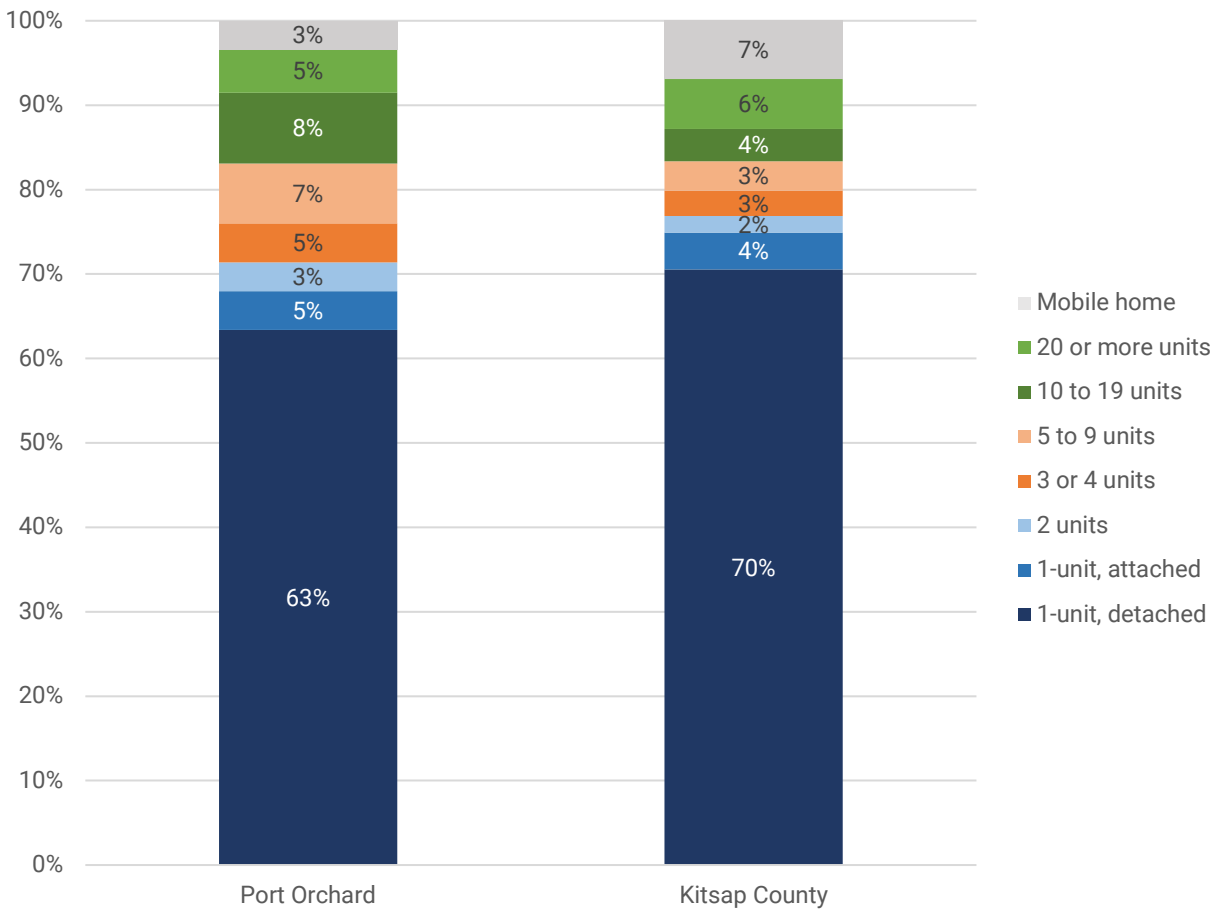


Figure 22. Housing Unit Type in Port Orchard and Kitsap County, 2020. Source: 2020 American Community Survey 5-Year Estimates, Table DP04.

Housing Age and Production

Figure 23 shows the age of housing stock in Port Orchard as of 2020. The city has a considerably younger housing stock than Kitsap County overall, with 57 percent of housing built since 1990, compared with 40 percent countywide. However, Port Orchard also contains a slightly larger share of older buildings constructed before 1950 than the county, at 23 percent.

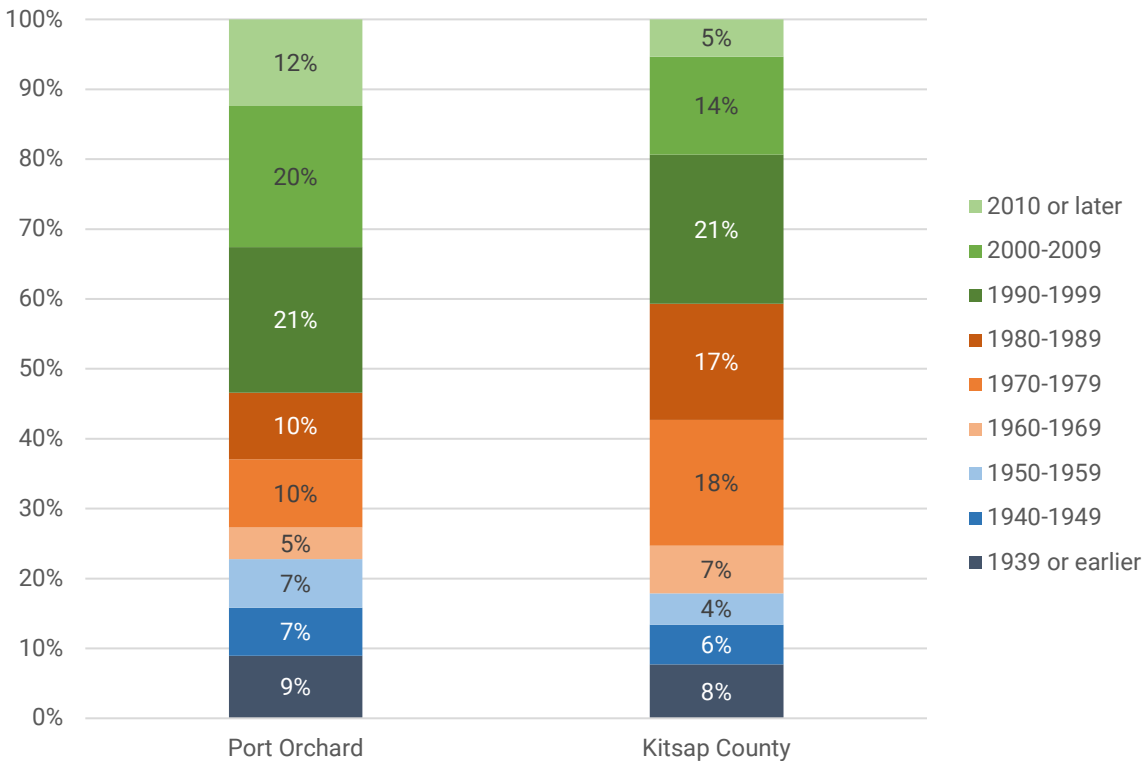


Figure 23. Age of Housing in Port Orchard and Kitsap County, 2020. Source: 2020 American Community Survey 5-Year Estimates, Table DP04.

Building permit issuance data shown below in Figure 20 corroborates this data on housing age. A significant number of multifamily housing permits were issued in the 1990s, and multifamily permitting has accelerated in the past decade, as have single-family housing permits. This data shows issued permits, not completions, so much of the housing shown in the past several years has not yet been occupied but is in the pipeline.

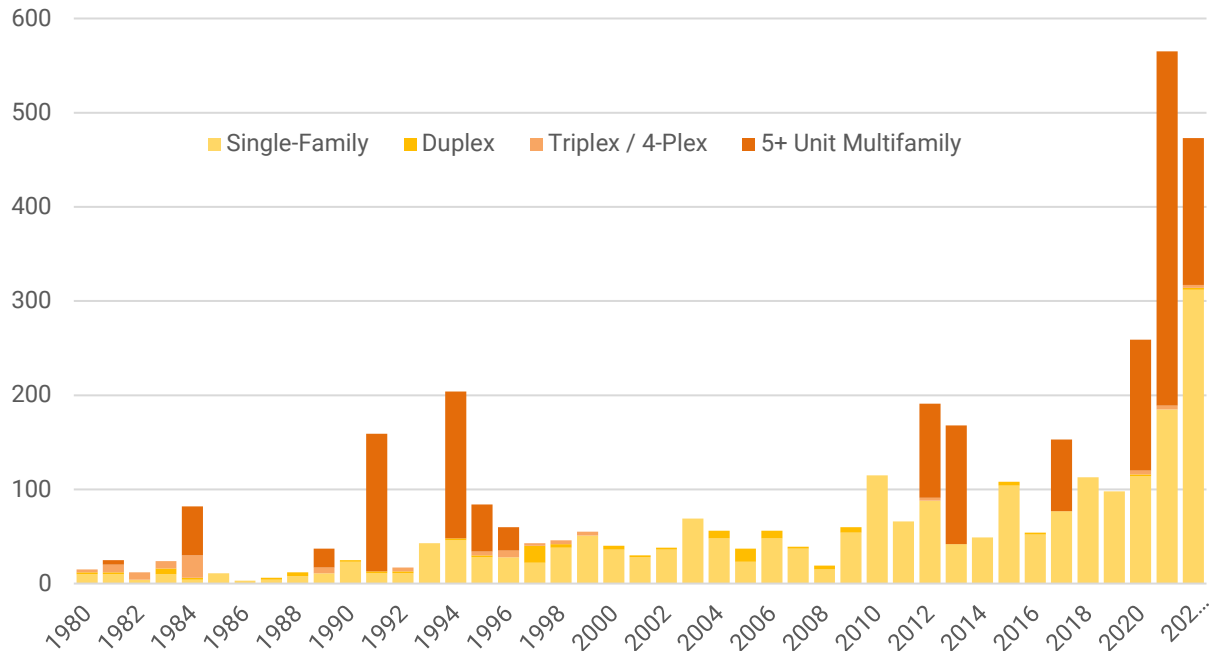


Figure 24. Port Orchard Building Permits Issued by Unit Type, 1980-2022 (to date). Source: HUD State of the Cities Data Systems (SOCDS)

Figure 25 shows expected dates when certificates of occupancy will be granted for permitted housing in the pipeline. In total, 5,198 units are permitted and expected to be completed in Port Orchard in the coming years, and 2,482 of those units are planned to be completed between 2022 and 2024, of which 45 percent will be multifamily units. This high rate of housing production will nearly double the city’s housing inventory within the next several years.

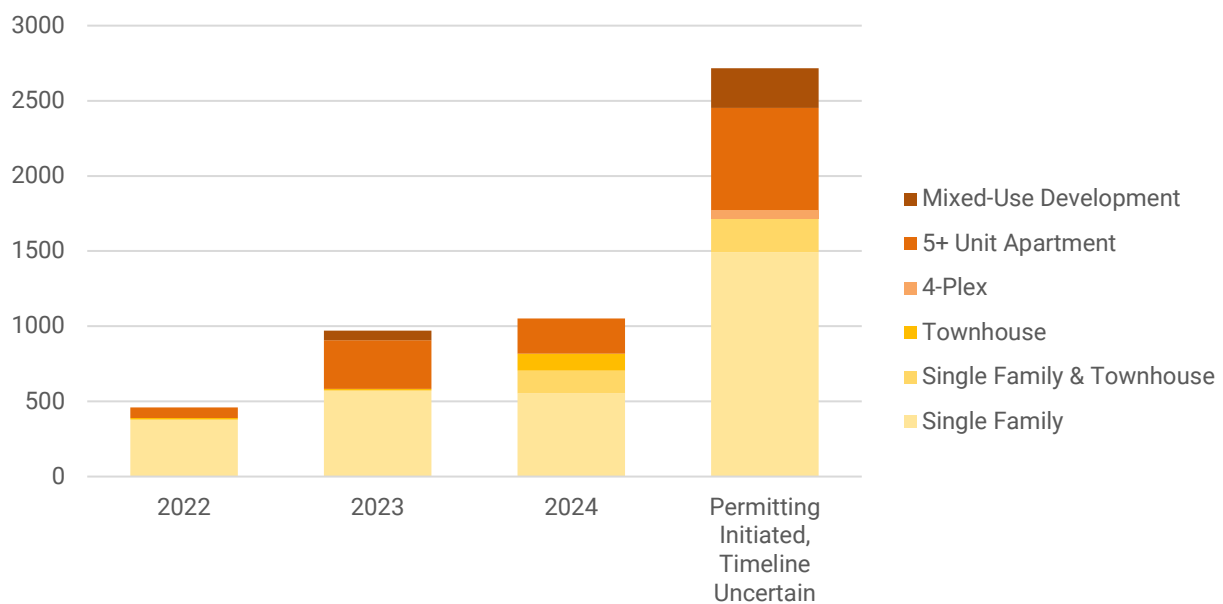


Figure 25. Number of Units Permitted with Certificates of Occupancy Expected 2022 and Later by Unit Type. Source: City of Port Orchard.

Interviews with developers and stakeholders conducted by the project team in summer 2022 confirmed a large amount of single-family and apartment construction both underway and planned. In particular, the McCormick Woods development, a large master planned community in the western part of the city, has been in development since the 1980s and will significantly increase the city’s housing stock, as well as representing a portion of the newly annexed land previously discussed. City permitting data indicates 2,729 units at McCormick Woods either permitted or currently in the permitting process.

The multifamily developments built in Port Orchard to date have been walk-up apartments. Some developers indicated that there may be a market for denser podium-style development in the 10-20 year time horizon, and at least one such project has recently been proposed (see the project spotlights later in this section).

Vacancy Rates

Port Orchard’s vacancy rates for rental and ownership properties are shown in Figure 26. In 2020, the Census-reported rental vacancy rate was 5.8 percent and the ownership vacancy rate was 1.4 percent. Both vacancy rates have decreased over the past decade as shown below, and the 5.8 percent rental vacancy rate reflects the large amount of rental apartment construction which has taken place in Port Orchard in recent years.

Note that this vacancy rate is based only on dwelling units that are available on the market for sale or rent. It is different from the total number of unoccupied units discussed in Section 1.

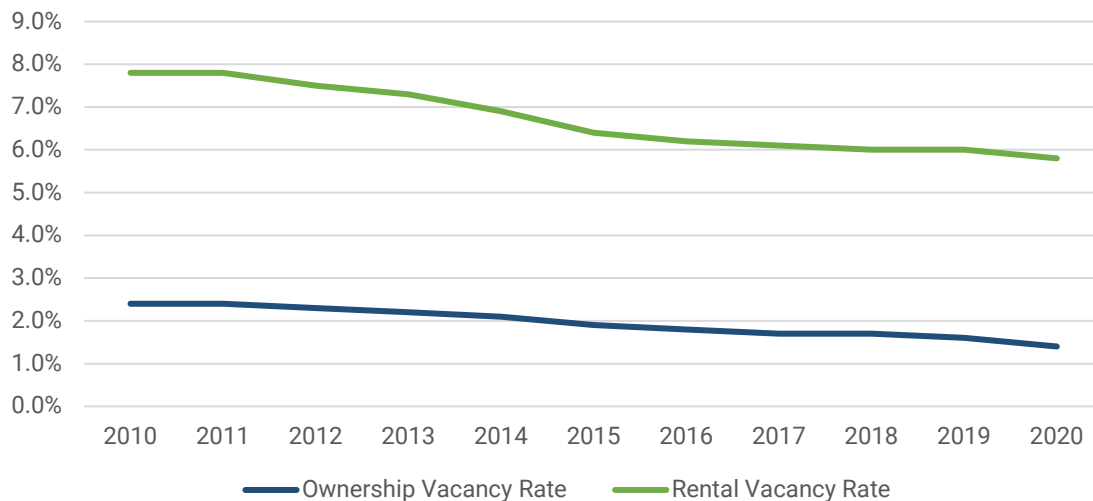


Figure 26. Vacancy Rates in Port Orchard, 2010-2020. Source: American Community Survey 5-Year Estimates, Table DP04

In contrast with the relatively high census-reported rental vacancy rates shown above, CoStar, a commercial real estate database, estimates vacancy rates for multifamily apartments in Port orchard at about 3.5 percent as of mid-2022, as shown below in Figure 27, which shows the stabilized (accounting for new development coming onto the market) vacancy rates in the city over the past decade. This lower vacancy rate reported by the real estate industry may be more representative of the strong demand for apartments in the city.

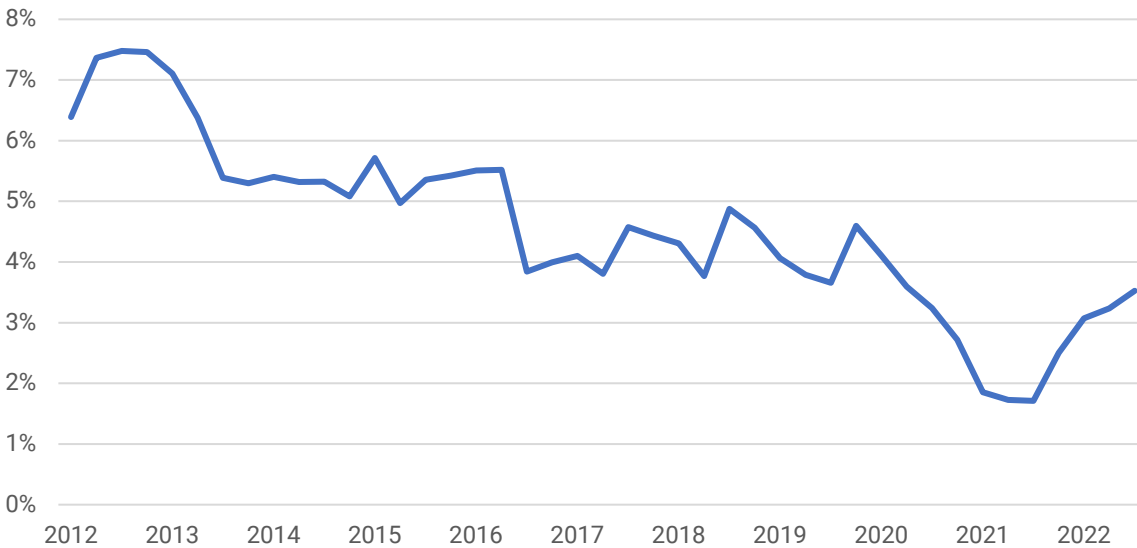


Figure 27. Multifamily Rental Vacancy Rate in Port Orchard, 2012-2022. Source: Costar

Vacation Housing

Census data shows there are zero seasonal and recreational housing units in Port Orchard.

Short-Term Rentals

Short-term rentals, also known as vacation rentals, are considered stays of 30 days or less in a residential dwelling. Looking at listings on Airbnb, VRBO, and Vacasa for the December to January 2022/2023 holiday season, there are 15 short-term rentals in Port Orchard.

Most of the short-term rentals are in the downtown area, with proximity to the water and Bay Street. Rentals range from a private room up to five bedrooms. The average cost per night for a private room or one bedroom is \$114, \$194 per night for two- and three-bedroom listings, and \$292 per night for four- and five-bedroom listings. City staff report that many short-term rentals are not paying the required lodging tax.

Affordable Housing

Affordable housing is housing reserved for people earning below a certain income and who cannot afford market-rate costs (other interrelated terms include low-income housing, subsidized housing, public housing, or rent-restricted housing). Affordable housing properties may be reserved for people meeting other criteria such as families with children, seniors, people with physical or intellectual disabilities, or people with substance abuse disorders.

Affordable housing is important to support community members who face barriers in the private housing market, especially those who are on the edge of or transitioning out of homelessness. This type of housing is subsidized and mostly operated by government or non-profit organizations.

The main affordable housing provider in Port Orchard is Housing Kitsap, a government agency that provides housing assistance for families who need affordable alternatives to the private market. Housing Kitsap operates countywide. In and near Port Orchard, Housing Kitsap's portfolio includes 375 units across six properties and 109 "Section 8" vouchers (which pay rents for voucher recipients).

In addition, Housing Kitsap has a [Mutual Self-Help Housing](#) program where homeowners put in sweat equity to build their home and purchase it at an affordable price point. Housing Kitsap also has a [Home Rehabilitation Program](#) that assists with home repairs. According to Housing Kitsap staff, approximately 500 homes in Port Orchard have benefited from the two programs since the 1970's.

Under Port Orchard's multifamily tax exemption program, 20 privately-owned units are being rented at affordable rates. See more information under Section 5.

| Property Name | Zone | Units | Housing Type | Resident Criteria |
|---|---------|-----------------------------|----------------------|---|
| Housing Kitsap Rental Housing | | | | |
| Heritage Apartments | R3 | 56 | Multifamily | Section 8; families or people with disabilities |
| Orchard Bluff | R2 | 89 | Mobile Home Park | Low income & head of household 55 or older |
| Port Orchard Vista | R4 | 42 | Multifamily (senior) | Low income & 62 or older |
| Conifer Woods Apartments <i>(outside city limits)</i> | UGA | 72 | Multifamily | Low income |
| Viewmont East Apartments <i>(outside city limits)</i> | UGA | 76 | Multifamily | Section 8; families or people with disabilities |
| Madrona Manor <i>(outside city limits)</i> | UGA | 40 | Multifamily (senior) | Low income & head of household 55 or older |
| Housing Kitsap Homeownership Mutual Self-Help Housing | | | | |
| Sherman Ridge | R2 | 27 | Single-family | 80% AMI or less |
| Riverstone | R3 & R2 | 39 | Single-family | 80% AMI or less |
| Multifamily Tax Exemption Sites (Private Rental Housing) | | | | |
| The Overlook | R3 | 8 affordable (39 total) | Multifamily | MFTE Type I (12 year affordability) |
| Plisko Apartments | CMU | 12 affordable (58 total) | Multifamily | MFTE Type I (12 year affordability) |

Figure 28. Port Orchard affordable housing inventory (Housing Kitsap and City of Port Orchard)

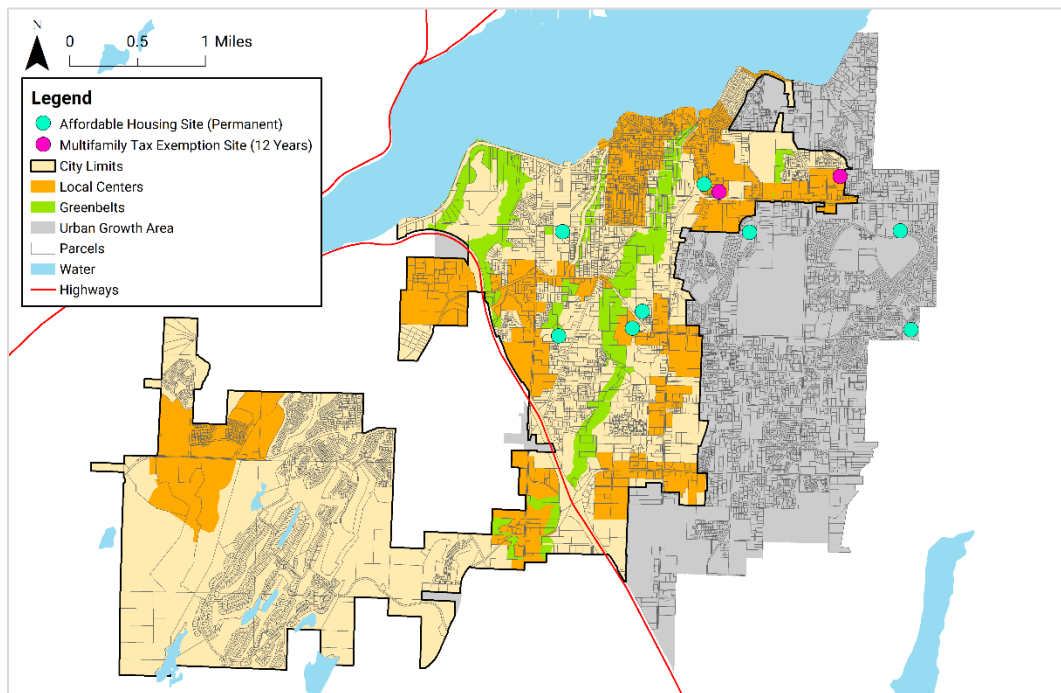


Figure 29. Affordable housing sites in Port Orchard

Public Land

Surplus public land is sometimes used for affordable housing. State law enacted in 2018 ([RCW 39.33.015](#)) allows local governments to transfer, lease, or dispose of surplus property at low or no cost to developers for affordable housing projects. Port Orchard has a large number of City-owned lands, and most are actively used for utility purposes or other public works, parks, and administrative functions. Some lands are also in greenbelts, wetlands, or ravines which are undevelopable.

Discussion with City staff yielded the following sites to consider in the Housing Action Plan. Other public lands (such as those owned by Kitsap County, the Port of Bremerton, and other agencies) could be reviewed in the future.

| Map Key | Parcel # | Zoning | Area | Considerations |
|---------|---------------------------------------|--------|------------|---|
| 1 | 342401-4-016-2001 & 342401-4-015-2002 | CMU | 1.0 acres | Surplus property from the construction of the roundabout at Tremont/Pottery. Considerable size and has appropriate zoning for affordable housing. |
| 2 | 252401-3-045-2009 | R4 | 1.7 acres | Sloped site near the high school on Mitchell Avenue. Considerable size, ideally located, and has appropriate zoning for affordable housing. |
| 3 | 4062-003-005-0006 | R1 | 0.86 | Vacant parcel owned by the water utility; it would need to be purchased from the enterprise fund. Considerable size and good location. Would likely need to be rezoned. |
| 4 | 4650-009-006-0208 | DMU | 0.25 acres | 640 Bay Street (see Project Spotlights). This site is planned for a housing project by a private developer. |
| 5 | 4538-009-007-0007 | UGA | 0.21 acres | Vacant property just outside city limits in the Annapolis neighborhood. |
| 6 | 4537-014-001-0004 | UGA | 0.15 acres | Vacant property just outside city limits in the Annapolis neighborhood. |

Figure 30. Table of surplus or vacant public land to consider for housing opportunities. Source: City of Port Orchard

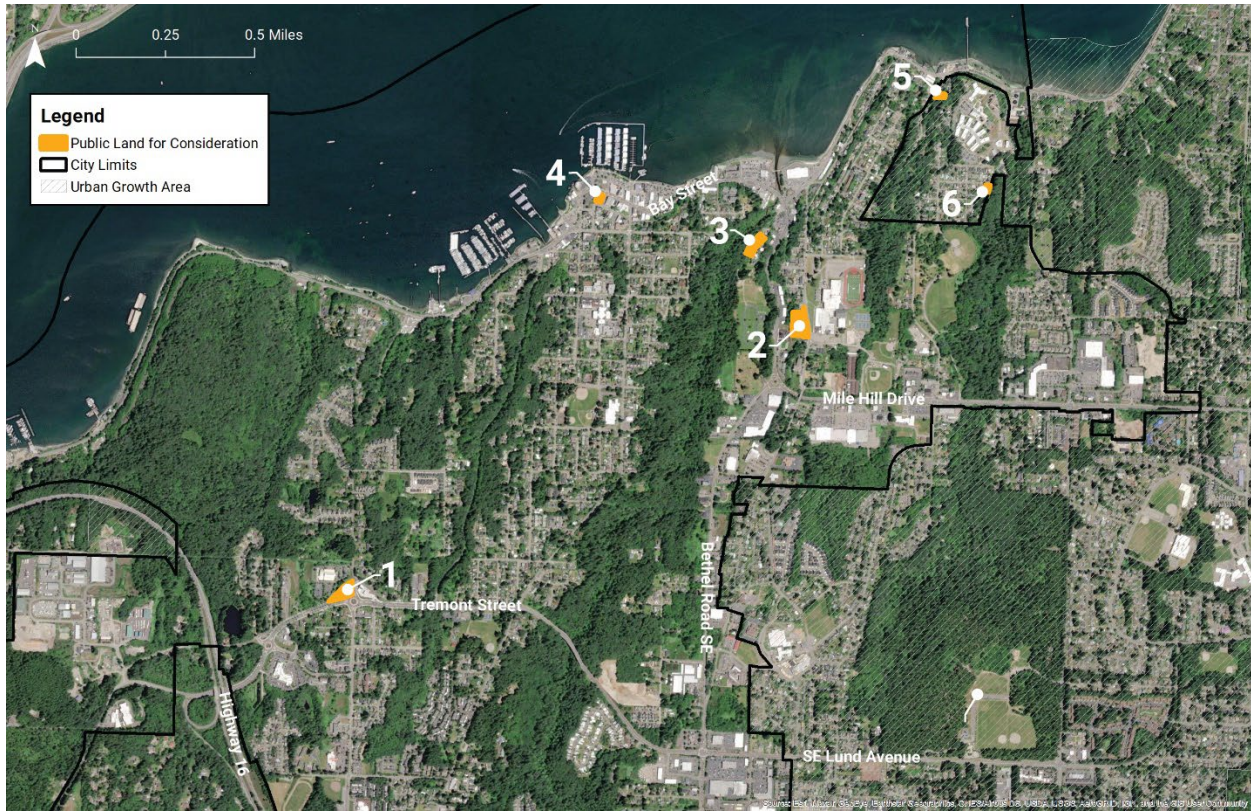


Figure 31. Map of surplus or vacant public land to consider for housing opportunities. Source: City of Port Orchard

Project Spotlights

This section provides detailed case studies of recent and ongoing housing developments in Port Orchard. It includes a cross-section of housing types. The spotlights are intended to provide insights on housing cost and design trends.

Valley Quadplex

This a recently completed fourplex development at the corner of Mitchell Avenue and Dwight Street. The site is zoned R3 and is within the Downtown Countywide Center. The site is on a block with single-family homes, to the south is a small multifamily complex, and to the east is South Kitsap High School.



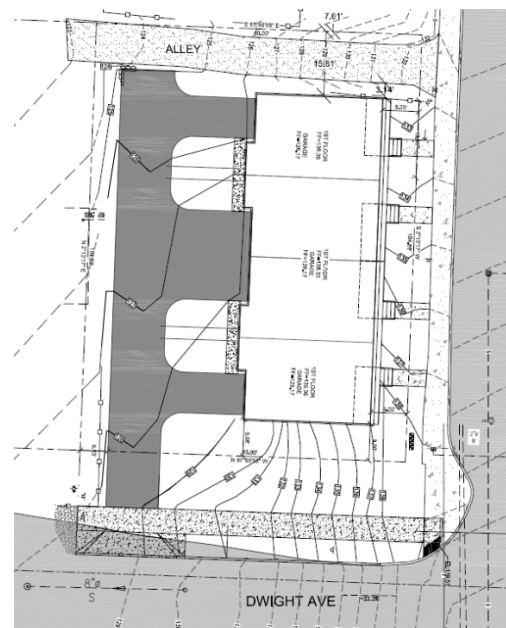
Each of the four units is 3 bed/2.5 bath with about 1,450 square feet of living area. The lot is 8,276 square feet lot (0.19 acres), so the density is 21 units per acre.

The building is three-stories and steps down a slope, with one-car garages located in a daylight basement in the rear of each unit. The site incorporates a rear shared access drive connected to a private alley. Residential open space is provided on the east and south sides of the building.

Staff report the development fits the neighborhood well and it is a good example of infill. The developer suggested more friendly paperwork and inspection scheduling (the City just recently launched online scheduling and permitting). The fourplex was as intimidating and laborious to permit as an apartment building, possibly due to the required environmental review and the use of the commercial building code (as opposed to the residential building code).

The developer was interested in but unable to participate in the multifamily tax exemption (MFTE) program due to the local minimum threshold of 10 dwelling units (under updated state law a four-unit development is the minimum).

The land cost was about \$93,000 and the total construction cost (before sales tax) was about \$200 per square foot. The units are each renting for \$2,300 to \$2,500 per month.



Haven Apartments

This is a nearly complete garden apartment development in southern Port Orchard located off Pottery Avenue and within the Ruby Creek subarea. The site is zoned Commercial Mixed Use and is within the Ruby Creek Overlay District. This is a semi-rural area quickly transitioning into a low-density neighborhood center.

Adjacent to the site to the south is Ruby Creek and a single-family property, to the west is additional vacant land where the Haven Townhome project is planned by the same developer, to the north is a church and car dealership, and to the east is a wooded wetland.

Only about half of the 18-acre parcel is developable due to the wetland and stream buffers; after subtracting those, the development's net density is about 24 units per acre. The development has 216 total units spread across 10 three-story buildings. About 36% of units are 1-bedrooms, 52% are 2-bedrooms, and 11% are 3-bedrooms. An average of 1.65 parking spaces per unit are provided.

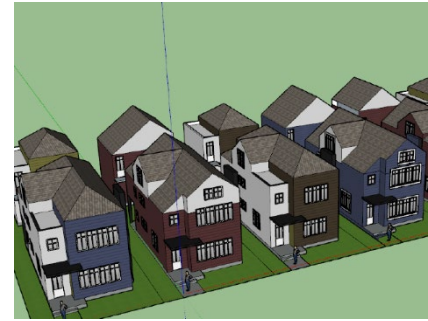
This development offers more amenities than typical multifamily projects in Port Orchard. With units renting slightly above \$2.00 per square foot (e.g. at least \$2,100/month for a two-bedroom unit), the project will serve the mid-high end of the Port Orchard rental market. This is partly due to the developer's intentional positioning and the site amenities, including a 6,000 square foot clubhouse with a swimming pool.

Higher rents are also partly due to the high construction costs that need to be recouped. Hard construction costs, not including land, were about \$170 per square foot. Impact fees totaled about \$28,000 per unit (\$6 million total). Through a development agreement, the developer is receiving sewer general facility fee credits to help offset the cost of a new \$2.5 million sewer lift station constructed at the developer's expense. The developer is also receiving transportation and park impact fee credits for constructed improvements constructed and land dedication.



McCormick Village

This is a planned mixed-use subdivision that is a small part of the large master planned McCormick Woods area, which has been under development since the 1980's and was annexed to Port Orchard in 2009. This particular site is about 23 acres and located on the north side of Clifton Road. The area is currently forested vacant land, with a large church to the southwest of the site, single-family subdivisions planned or under construction in the vicinity, and new public schools planned just west of the site.

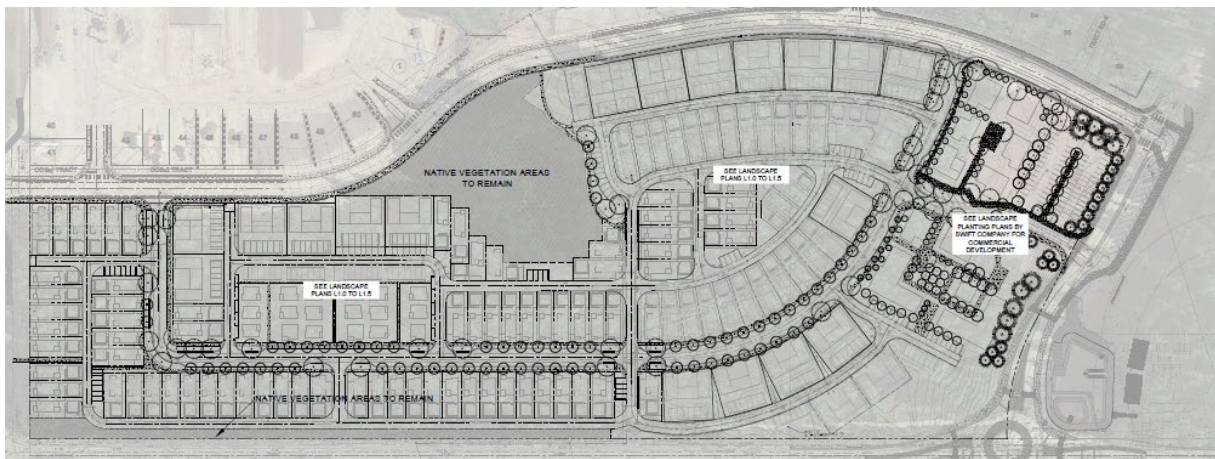


The site has a mix of zoning: Residential 3, Neighborhood Mixed Use, and Commercial Mixed Use. It also has a special McCormick Village Overlay (MVOD) with subtle changes to the residential lot standards. The City developed the MVOD regulations to implement the McCormick Village Subarea Plan and worked closely with the landowner. The overlay provides some nuances such as additional allowed building types, revised minimum/maximum setbacks, and a prohibition on parking in the front of lots.



The residential preliminary plat shows up to 153 lots and all lots having alley access. A variety of housing types are illustrated, with the majority being 30-foot wide lots with detached homes and above-garage accessory dwelling units (uniquely, all such units will start as rentals). One version of the plat also shows paseo houses (similar to cottage housing, but with less common open space) and two-story forecourt apartment buildings (with 6-8 units per site). The total unit count is not yet known, but based on one drawing provided to the City, the site could have up to 320 units (including ADU's). The gross density (including ADU's and excluding the commercial area) would be about 20 units per acre.

The separately permitted commercial village is at the northeast corner of the site. This would be Port Orchard's first retail development west of State Route 16. Preliminary plans show pads for about 10 small commercial buildings served by surface parking and woonerf-style drive aisles.



The Ramsey

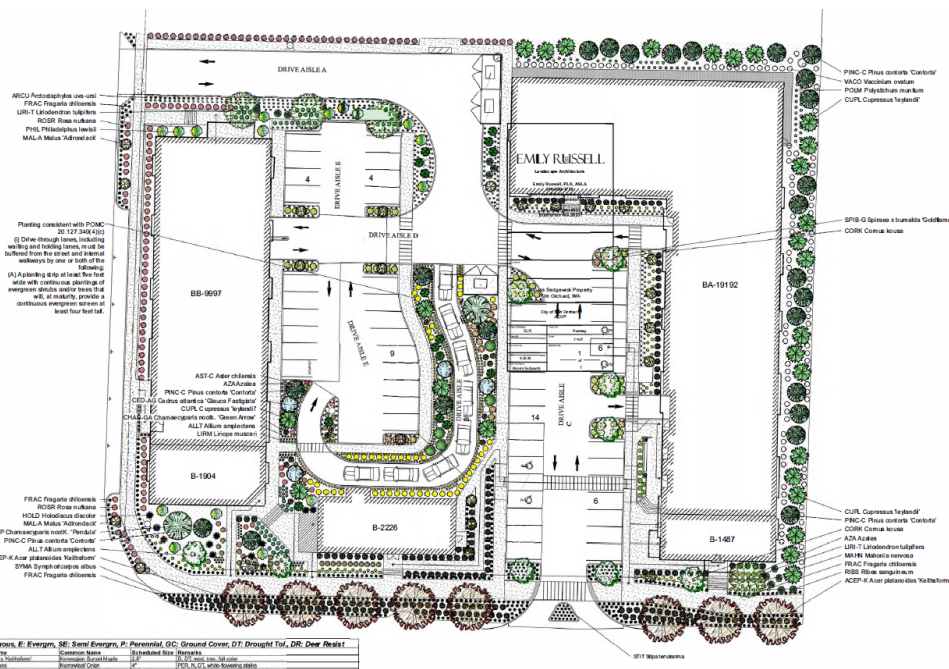
This is an ongoing mixed-use development in southern Port Orchard located at the northeast corner of Sedgwick Road and Ramsey Road. It is zoned Commercial Mixed Use, located within the Sedgwick-Bethel SR-16 center, and within the soon-to-be master planned Bethel Sedgwick Countywide Center. This is a semi-developed suburban area characterized by a mixture of small and large auto-oriented commercial uses.

This site is located uphill from the area’s major intersection. Adjacent to the site to the east is a gas station, to the south are single-family homes and a home-based auto detailing shop, to the west is a fitness center, and to the north is vacant forested land.

The development is occurring on a relatively compact and sloping 2.5-acre site. It consists of three buildings, one of which is small drive-through coffee stand. The other two buildings are three stories and, combined, contain commercial space and 99 apartments on the upper floors. The gross density is about 40 units per acre.

The development is one of the few participating in the multifamily tax exemption (MFTE) program since the program was started in 2016. The developer is currently applying for a “Type 3” 8-year property tax exemption in exchange for incorporating structured parking and a shopfront design (commercial retail space).

This is the first large private development in Port Orchard to incorporate structured parking. The project is located far from Downtown Port Orchard, and yet the land value and market economics appear to be enabling this unconventional hybrid between suburban and urban land use intensity. While it was assisted by the MFTE program, this project may be representative of an early transition in the Port Orchard real estate market where more dense, mixed-use development is becoming economically viable.



Downtown Mixed Use Projects

Several residential-commercial mixed-use projects have been proposed in Downtown Port Orchard in recent years. None have broken ground as of this writing, though one is now permitted. Conceptual designs show urban features like structured parking, storefronts, rooftop open space, and being at least four stories in height. This swell may be signaling a shift in the local real estate economy where compact infill and redevelopment is on the verge of being more feasible due to a combination of land values and market rents.

| Project | Description |
|--|--|
| <p>Bay Street Apartments (429 Bay Street)</p>  | <p>This project has been permitted on the site of the old Lighthouse Restaurant and will develop 39 units and 500 square feet of commercial on four levels. It is located on a 1.35 acre waterfront site. The project will have a single level of structured parking on the ground floor. The developer requested a reduction of 66 parking spaces to 41 spaces. The residential density is 29 units per acre.</p> |
| <p>Heronview (100 Bethel Avenue)</p>  | <p>The conceptual plans have a total of 106 units on four levels; 55% of units are studios, 23% are 1-bedrooms, 15% are 2-bedrooms, and 7% are live/work units. Proposed on a 1.08 acre site, the development's residential density would be 98 units per acre. About 6,000 square feet of commercial space are shown in conceptual drawings. At least 143 parking spaces would be required if no on-street parking is available. Parking would be provided in a two-level garage, with the roof used as a residential open space.</p> |
| <p>1626-1636 Bay Street</p>  | <p>This concept includes 71 units on five levels, including two levels of structured parking. Proposed on a 0.51 acre site, the residential density would be 139 units per acre. The site and development concept is currently for sale for about \$6 million.</p> |
| <p>640 Bay Street</p>  | <p>This a City-owned property that was intended to be sold to a private developer, though the project has been on hold for at least four years. This early concept proposed to include 44 units on five levels and about 12,000 square feet of commercial space. Parking is proposed off-site. It would include a rooftop garden and a vacation of Fredrick Street which would be developed as a landscaped public space and hill climb. The potential residential density is 159 units per acre.</p> |

Section 3 – Cost Trends

Housing Cost Trends

Housing costs in Port Orchard have been increasing steadily over the last decade, for both renters and homeowners, as shown in Figure 32 below. As of mid-2022, Zillow reports an average home value of \$511,600 and an average rent of \$1,638 per unit in the city, a yearly increase of five percent for ownership units and nine percent for rentals over the past decade. Notably, both ownership and rental housing costs have increased more rapidly since the onset of the COVID-19 pandemic, a pattern seen across the greater Puget Sound region, and particularly in smaller and moderate-sized jurisdictions when compared with larger cities such as Seattle.

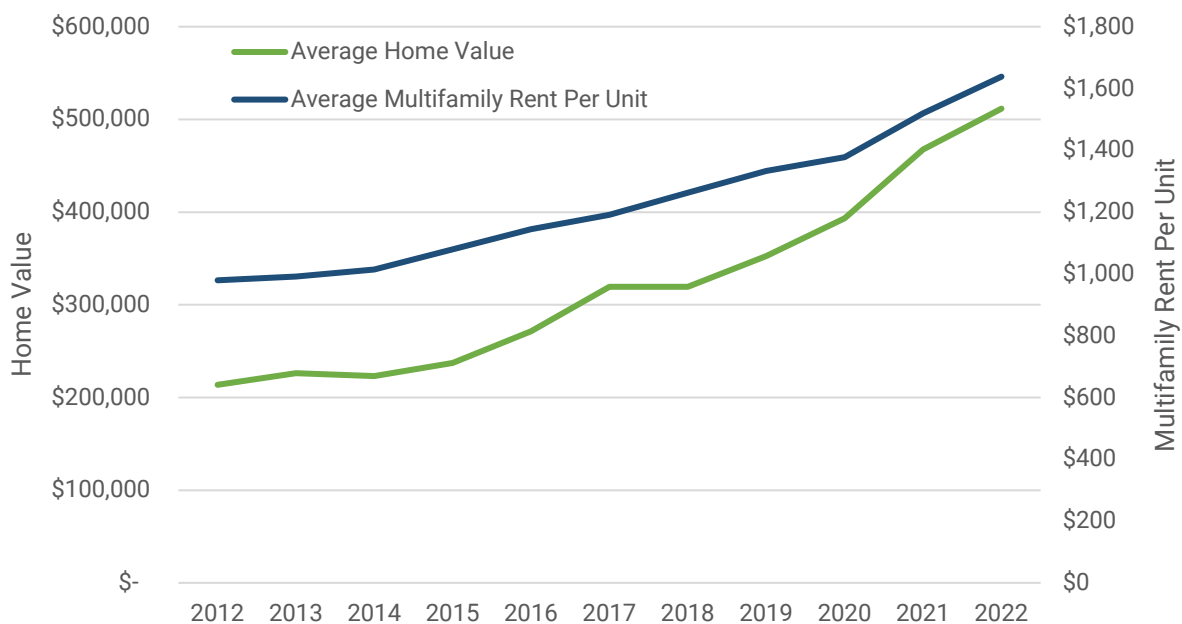


Figure 32. Housing Costs in Port Orchard, 2012-2022. Source: Zillow, CoStar.

Figure 33 shows the change in Port Orchard’s housing prices compared with the change in incomes from 2010-2020. After a drop in home prices between 2010 and 2012, incomes and housing prices increased similarly between 2012 and 2015, after which home prices began to increase significantly faster than incomes. Rental prices, which had been stable from 2013-2017, also began a steep increase in 2017, also outpacing incomes. The gap has continued to worsen over the past few years, with a 28 percent increase in rents and 56 percent increase in home values from 2015-2020, compared to only a 15 percent increase in incomes over the same period. This shows that housing has become more difficult to afford for the average Port Orchard resident in recent years, a trend also seen across the country.

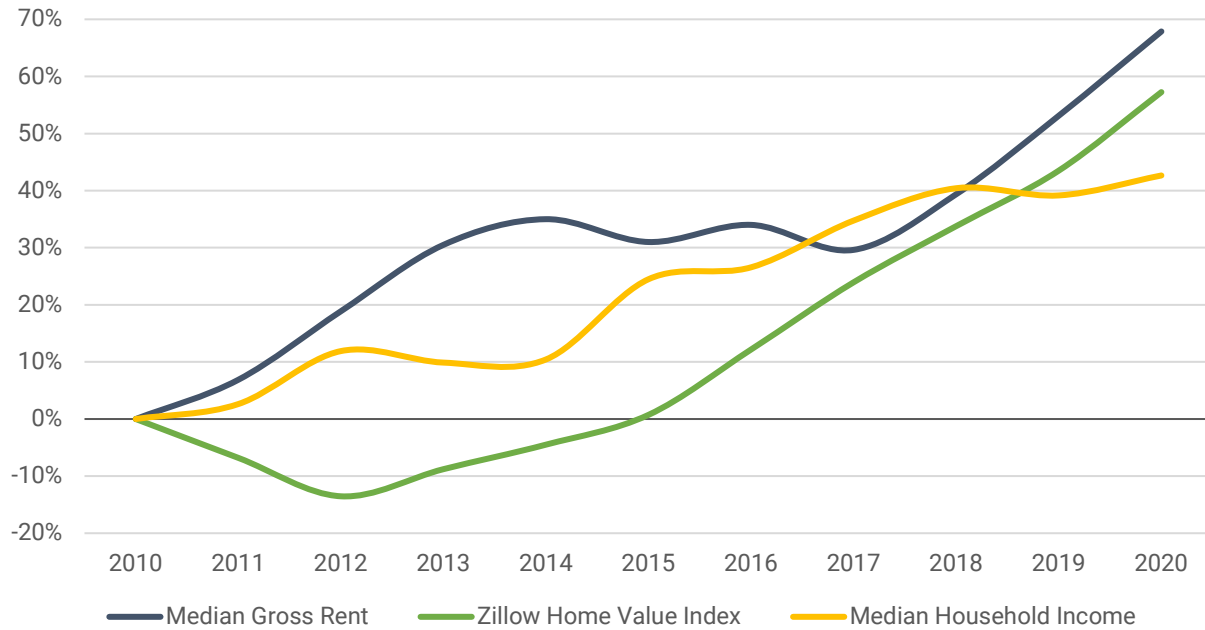


Figure 33. Change in Home Prices, Rents, and Incomes in Port Orchard, 2010-2020. Source: Zillow, American Community Survey 2020 5-Year Estimates, Table S2503, DP04, Leland Consulting Group

Figure 34 shows the relationship between what the typical Port Orchard household earns in a year and the amount they would need to earn to afford the typical home in the city, based on 2020 census and home price data. The income needed to afford the median home in the city is about \$50,585 more than the median household currently earns, or to put it another way, the typical Port Orchard household could afford a home worth about \$303,012, but the typical home in the city in 2020 was worth 1.5 times as much, \$468,702.

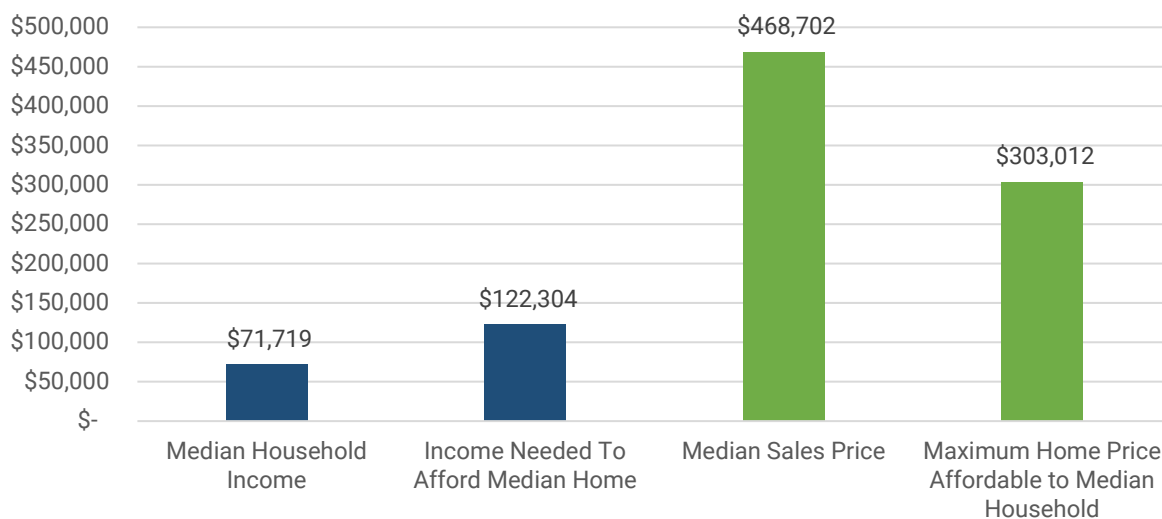


Figure 34. Ownership Housing Affordability in Port Orchard. Source: Zillow, Freddie Mac, 2020 American Community Survey 5-Year Estimates, Leland Consulting Group

A housing affordability chart illustrating home prices which would be affordable to a variety of income levels is shown below in Figure 35. Port Orchard’s median incomes and sales prices are both shown. This data illustrates the degree to which ownership housing has become out of reach for many Port Orchard residents, even those earning more than the city’s median household income.

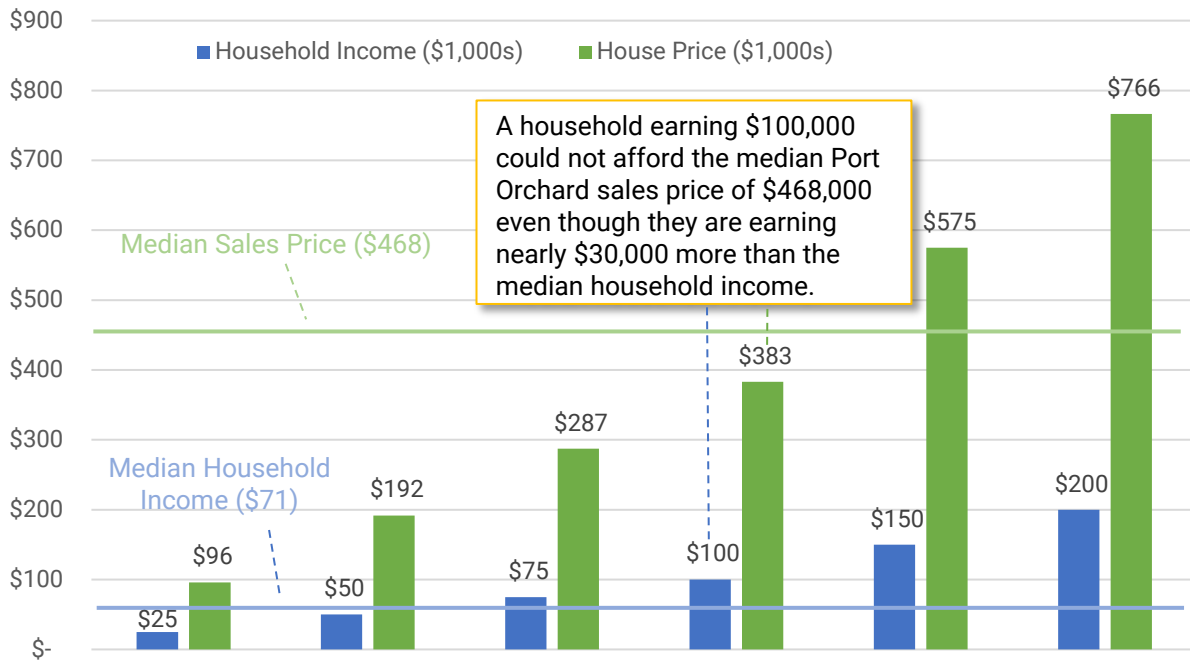


Figure 35. Housing Prices Affordable to Various Incomes with Port Orchard Median Income and Sales Price, 2021. Source: Zillow, Freddie Mac, 2020 American Community Survey 5-Year Estimates, Leland Consulting Group

Construction Costs

The cost of construction for all housing types has been increasing for decades, although the past few years have seen unprecedented increases. These costs have a major impact on development feasibility. Higher development costs ultimately drive up the sales price of finished housing and can lead to reduced housing production when the market cannot support those higher housing prices.

The following chart provides construction price indexes⁸ for multifamily housing units under construction, single-family houses sold, and for single-family houses under construction. Recent data from the U.S. Census Bureau shows construction costs went up by 17.5% year-over-year from 2020 to 2021, the largest spike in this data from year to year since 1970. Costs in 2021 were also more than 23% higher than pre-pandemic 2019. Preliminary data for 2022 indicates an even greater jump in construction costs, largely due to supply chain issues, inflation, and labor shortages.

⁸ The houses sold index incorporates the value of the land and is available quarterly at the national level and annually by region. The indexes for houses under construction are available monthly at the national level. The indexes are based on data from the Survey of Construction (SOC).

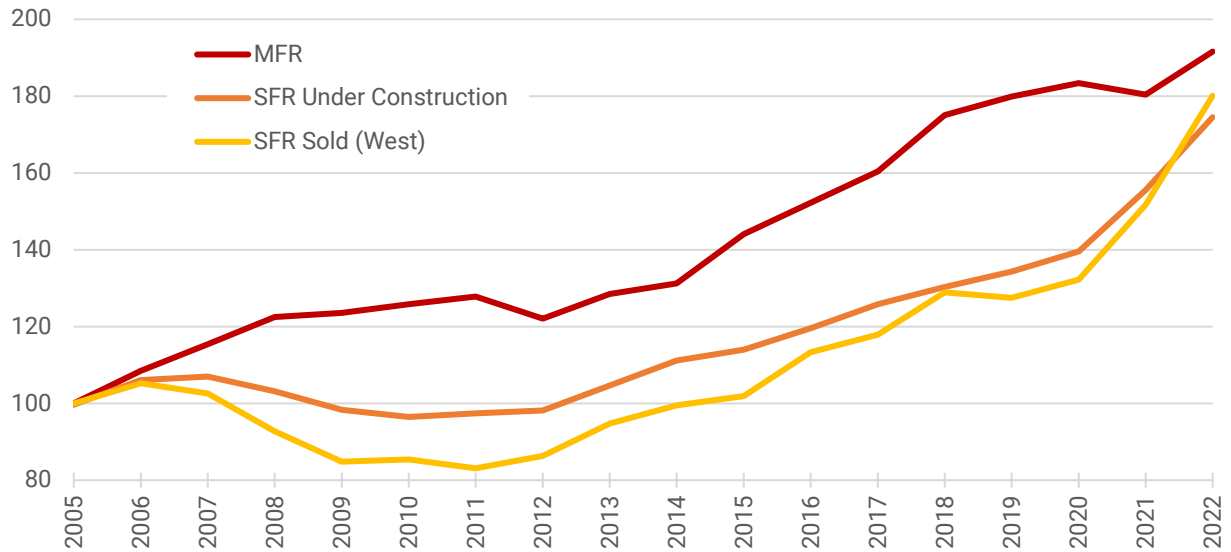


Figure 36. Construction Price Indexes. Source: U.S. Census Bureau Construction Price Indexes

Developers interviewed by the project team in summer 2022 indicated concerns over construction costs in the region. They described as many as ten material cost adjustments per year, compared to one to two price changes per year in the past. Developers generally agreed that lumber prices were likely to begin decreasing and stabilize in the coming years, though they expressed less optimism about short-term decreases in other material costs.

Impact Fees

Impact fees are a one-time fee required by local governments for new development to help pay for a portion of the expected costs of providing increased public services. The topic arose in stakeholder interviews and so an analysis compared Port Orchard’s impact fees to other Kitsap County jurisdictions. Determining impact fee by building type (housing type) also provides information about how the fees are affecting the variety of housing being built.

The table below a table shows total impact fees (combining fees for roads, parks, and schools) by housing type. Roads impact fee schedules typically have the most detailed housing types and thus was used as the basis for housing type comparison. The breakdown of impact fees by type of impact fee can be seen in Appendix A. Port Orchard has a fee for all three categories, which is not the case for some of the other jurisdictions. Bremerton currently does not collect impact fees but may start collecting them in the near future.

The comparison finds that Port Orchard does have some of the highest impact fees in Kitsap County, but these fees may be closer to the median when making wider regional comparisons. For example, Sammamish impact fees total at least \$14,000 per unit (as of 2019). Judging by the large volume of permitted developments in Port Orchard, the fees are having little negative effect on total development.

However, the fees may be a minor factor for the variety of housing products being produced. Duplexes, triplexes, fourplexes, townhouses, and ADU’s have notably high fees for the lower resource impacts and land area they require compared to single-family homes. This may partially be because the school and park impact fees do not provide a high level of distinction among building types due to those fees being based more on persons per household.

| | Single-Family | Duplex | Triplex & Fourplex | Townhouse | Multifamily 1-2 floors | Multifamily 3+ floors | Multifamily Mixed Use | ADU |
|--------------------------|---------------|------------|-------------------------|------------------------|------------------------|-----------------------|-----------------------|-------------------------|
| Port Orchard | \$10,856.52 | \$9,156.34 | \$6,835.28 – \$9,096.34 | \$9,156.34 – 10,347.34 | \$6,820.28 | \$6,189.29 | \$5,768.63 | \$4,677.97 - \$6,150.28 |
| Kitsap County | \$6,428.60 | \$3,496.75 | \$3,496.75 | \$3,766.74 | \$3,496.75 | \$2,956.77 | \$2,821.78 | \$3,766.74 |
| Bremerton | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Poulsbo | \$7,969.18 | \$6,163.29 | \$6,163.29 | \$6,163.29 | \$6,163.29 | \$5,102.97 | \$5,102.97 | \$5,323.48 |
| Bainbridge Island | \$1,811.82 | \$1,123.33 | \$1,123.33 | \$1,413.22 | \$1,123.33 | \$1,123.33 | \$1,123.33 | \$1,123.33 |
| Gig Harbor | \$11,350.00 | \$9,764.00 | \$9,764.00 | \$9,764.00 | \$9,764.00 | \$9,764.00 | \$9,764.00 | \$11,715.00 |

Figure 37. Impact Fees per Unit by Housing Type. Source: Kitsap County and Municipalities of Kitsap County

Some cities exempt ADU’s from impact fees since they are not a primary unit and because the fees can be insurmountable for low- and moderate-income homeowners. Also, under [RCW 82.02.060](#), cities may reduce impact fees by up 80% for affordable housing. Under POMC 20.182, the City has not adopted any impact fee exemptions or reductions, though the idea is supported by Comprehensive Plan policy HS-6.

Section 4 – Housing and Service Needs

This section offers information about the needs for households in the City of Port Orchard.

Market Rate Housing

The chart below shows projected demand for new housing units through 2044 by income in Port Orchard based on the Kitsap County target of 5,291 new housing units in Port Orchard by 2044.⁹ The allocation of housing units by income is shown using three projection methodologies. The Washington State Department of Commerce (Commerce) has recently released a draft calculator which uses two methodologies to calculate future housing needs by income by county, city, and UGA. Method “A” shown below allocates future housing needs by projected household income (as a share of AMI) evenly across all municipalities in Kitsap County. This shows a particularly high 2044 need of over 1,400 units affordable to the lowest-income households earning less than 30% AMI – which would need to be provided by subsidized affordable units. Commerce Method “B” allocates housing across all jurisdictions in the County after taking into account their *existing* housing unit breakdown by income level. Because Port Orchard already provides some subsidized units (and a larger share than some other Kitsap County municipalities), this method shows a need for fewer units for households earning under 30 percent AMI and between 30 and 50 percent AMI, but allocates more units for higher-income households earning more than 120 percent AMI.

The third methodology shown is Leland Consulting Group’s model which allocates future housing units based on Port Orchard’s current income breakdown. This methodology shows a strong housing need for the lowest-income residents of the City but also reflects the need for “workforce” housing for the significant share of Port Orchard’s population earning between 50 and 100 percent of the AMI.

Overall, these three methodologies show that the largest housing needs by income in Port Orchard in the next two decades will be for the lowest-income households, which can only be met through regulated affordable (i.e. subsidized) housing, to a lesser degree for “workforce” housing for residents earning less than 100% AMI, which can be provided through a variety of channels including subsidized units, vouchers, other incentive programs such as MFTE, and filtering of existing units as new housing stock is built. Finally, there will remain a demand for between 1,200 and 1,800 market rate housing units targeting households earning more than 120 percent AMI over the next 20 years.

Although the Commerce methodologies are still in draft form, all three sets of results are presented here to demonstrate the various calculations and considerations underlying future housing needs and targets regionally. The Kitsap County Regional Coordinating Council will decide on a final target number of new units by income level for all jurisdictions in the County in 2023, and that final target breakdown will be integrated into the 2024-2044 Port Orchard Comprehensive Plan.

⁹ This housing unit target and the Kitsap County population target for Port Orchard (10,500 new residents by 2044) would yield an average household size of 1.98 people per household. This is significantly less than the current Port Orchard household size of 2.44 people per household. This discrepancy may need to be addressed by Commerce.

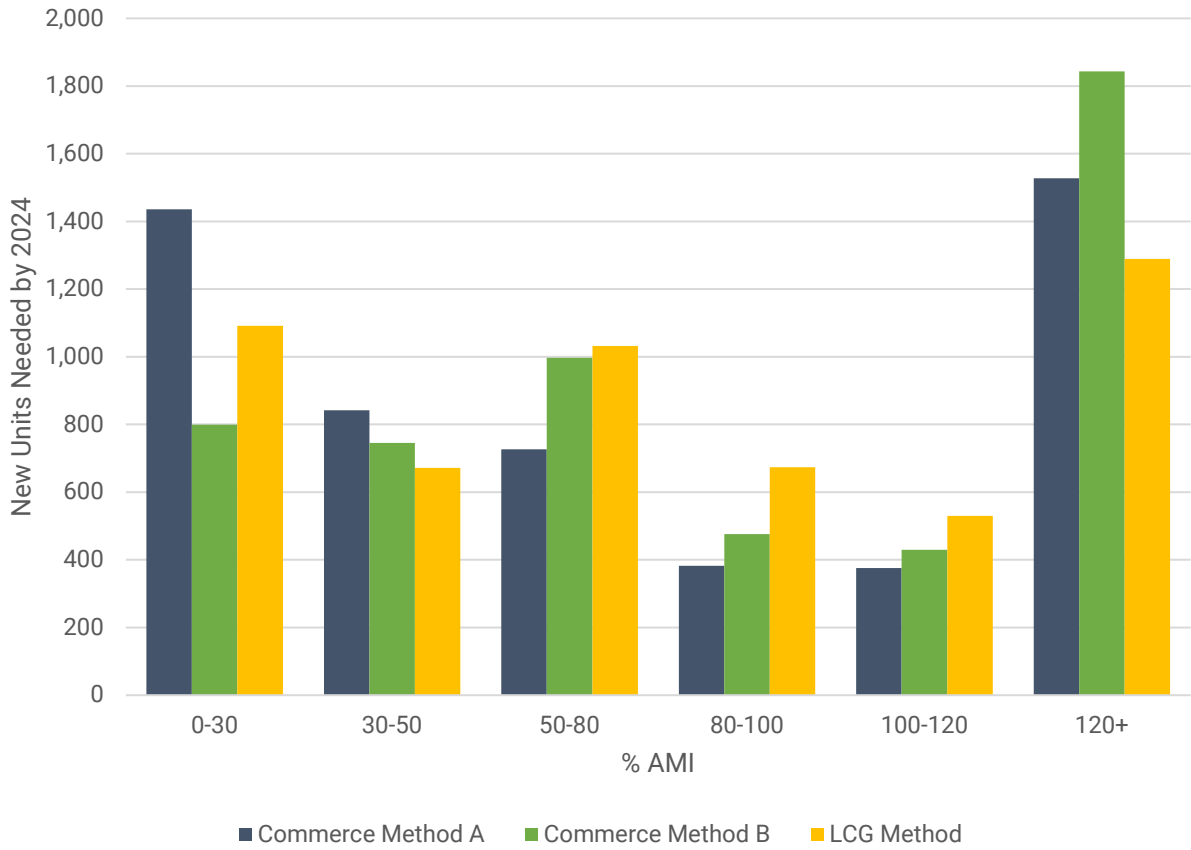


Figure 38. Housing Demand Projections for Port Orchard, 2022-2044 Source: Washington Department of Commerce Draft Projected Housing Needs Methodologies, Leland Consulting Group

Low-Income and Cost-Burdened Households

HUD sets income limits that determine eligibility for assisted housing programs.¹⁰ The 2022 Area Median Income (AMI) for the Bremerton-Silverdale Metropolitan Statistical Area (MSA) is \$102,500. The following table outlines the 2022 Bremerton-Silverdale MSA HUD income limits for low, very low, and extremely low-income households making 80 percent, 50 percent, and 30 percent of the Area Median Income (AMI), respectively.

| Household Size | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|-----------------------|--------|--------|--------|--------|--------|--------|---------|---------|
| Extremely Low (30%) | 21,600 | 24,700 | 27,800 | 30,850 | 33,350 | 37,190 | 41,910 | 46,630 |
| Very Low Income (50%) | 36,050 | 41,200 | 46,350 | 51,450 | 55,600 | 59,700 | 63,800 | 67,950 |
| Low Income (80%) | 57,650 | 65,850 | 74,100 | 82,300 | 88,900 | 95,500 | 102,100 | 108,650 |

Figure 39. HUD FY 2022 Income Limits (\$), Bremerton-Silverdale, WA MSA. Source: HUD

In addition to income, HUD uses a measurement of “cost burden” to further determine which subset of a community’s residents are most in need of housing support or most at risk of displacement or housing hardship.

A household is considered to be “cost-burdened” if they are spending more than 30% of monthly income on housing costs (including rent/mortgage and utilities).

A “severely cost-burdened” household spends more than 50% of their monthly income on housing costs.

Figure 40 shows a breakdown of Port Orchard’s households by tenure and cost burden status. Overall, about 35 percent of Port Orchard’s households are considered cost-burdened. Half of all renter-occupied households are considered cost-burdened, while one quarter of owner-occupied households are considered cost-burdened.

As is the case nationwide, renters are significantly more at risk of economic hardship and displacement than homeowners. With rental rates increasing dramatically in recent years and income growth failing to keep up, it appears that renters are suffering the consequences in terms of cost burden. There is a clear need for more rental housing that is affordable to all income levels.

¹⁰ Including the Public Housing, Section 8 project-based, Section 8 Housing Choice Voucher, Section 202 housing for the elderly, and Section 811 housing for persons with disabilities programs HUD develops income limits based on median family income estimates and fair market rent area definitions.

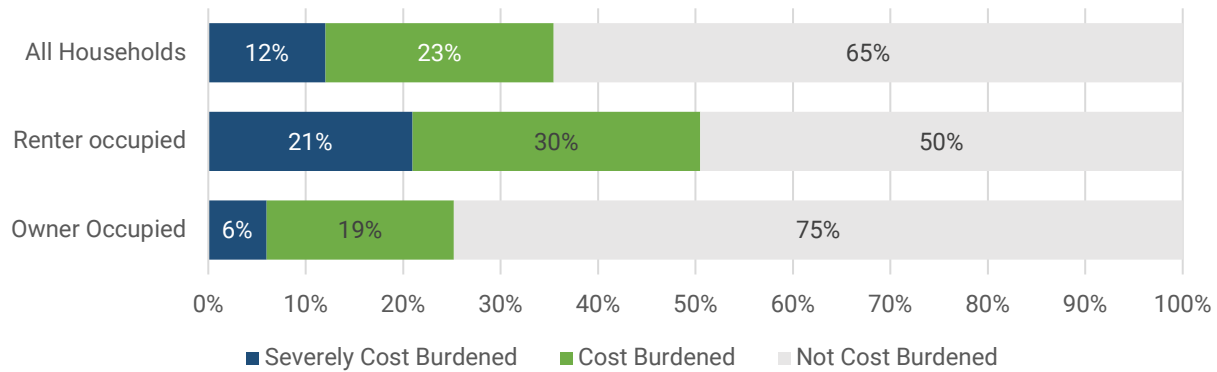


Figure 40. Household Tenure by Cost Burden in the City of Port Orchard, 2020. Source: HUD CHAS 2015-2019.

The following chart shows cost burden status by household income level for households earning less than the area median income (AMI). The lowest-income households earning 30 percent AMI or less have by far the highest cost burden, with 615 of the 715 households in this income bracket spending more than 30 percent of their income on housing costs, and 495 households, or 70 percent of households in the income bracket, spending more than half their income on housing costs. Similarly, 75 percent of households earning between 30 and 50 percent of the AMI also spend more than a third of their income on housing costs. However, there are still a substantial number of households earning between 30 and 80 percent AMI which are also housing cost-burdened, as well as a quarter of households earning between 80 and 100 percent AMI.

This data shows a need for subsidized affordable housing at various income levels, but particularly for households earning less than 50 percent AMI.

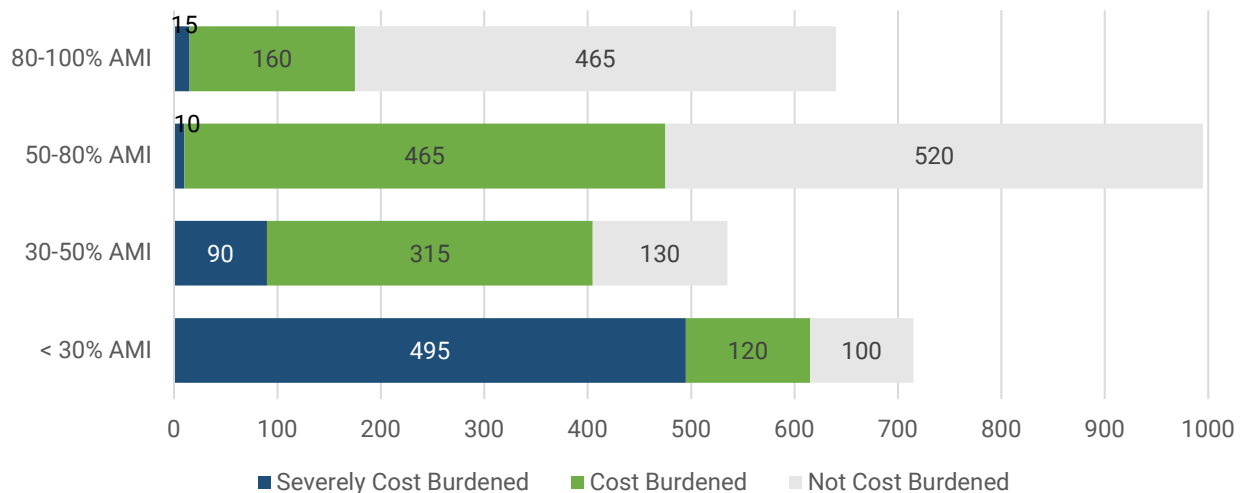


Figure 41. Cost Burden Status by Household Income Level in Port Orchard. Source: HUD CHAS 2015-2019.

Special Needs Housing

Figure 42 shows the number of households in Port Orchard with a disabled resident by disability status and income. Most households with a disabled resident earn more than 80 percent of AMI, though particularly for residents with an ambulatory limitation (generally meaning they are unable to walk), there is a significant number of households earning less than 30 percent AMI. In addition to ambulatory limitations, hearing or vision impairments are the most common disability reported in Port Orchard households.

| Disability Status (any household member) | Extremely Low Income (≤ 30% AMI) | Very Low Income (30- 50% AMI) | Low Income (50-80% AMI) | Moderate Income or Higher (>80% AMI) | Total Households |
|---|--|-------------------------------------|-------------------------------|---|---------------------|
| Cognitive limitation | 90 | 80 | 70 | 225 | 460 |
| Hearing or vision impairment | 90 | 115 | 105 | 445 | 755 |
| Self-care/ind. living limitation | 60 | 185 | 125 | 215 | 585 |
| Ambulatory limitation | 215 | 115 | 65 | 310 | 710 |

Figure 42. Households by Disability Status and Income in Port Orchard. Source: HUD CHAS 2015-2019

People Facing Homelessness

Kitsap County conducts a Point in Time Count of people experiencing homelessness countywide each year, typically in January. In 2022, the count was conducted in February instead. The count encompasses both sheltered and unsheltered people and is conducted during one 24-hour period each year. Therefore, the number is generally considered to be an undercount of the true population experiencing homelessness. In February 2022, 563 individuals were experiencing homelessness countywide, of which 136 were in transitional housing, 244 in emergency shelters, and 183 unsheltered. This was an 8 percent decrease from 2020¹¹ though a 7 percent increase from the previous four-year average. Of the 183 unsheltered residents surveyed, 23 percent, or 42 people, were in Port Orchard. Countywide, 67 percent of those surveyed reported becoming homeless due to health or mental health issues, 58 percent due to job loss, 40 percent due to loss of housing, 35 percent due to family conflict, and 25 percent due to substance use.¹²

A [2020 report](#) by the U.S. Government Accountability Office finds that every \$100 increase in median rent is associated with a nine percent increase in the estimated homelessness population, even after accounting for demographic and economic characteristics. This formula is considered at a national level but may be helpful context for the current trend in local rent increases.

¹¹ The count of unsheltered individuals was not completed in 2021 due to the COVID-19 pandemic.

¹² Kitsap County Point In Time Count. <https://www.kitsapgov.com/hs/Pages/HH-Point-in-Time.aspx>

Transit

Under definitions of the Washington State Department of Transportation, Port Orchard mostly has Level 4 transit service.¹³ Higher levels of service (Levels 1-3) are considered to be more attractive to the general population (e.g. choice riders), more conducive to reducing solo driving, and more able justify reduced parking (and therefore reduced housing costs) at residential developments. The lack of regular bus service on Sundays and between Port Orchard and Bremerton is particularly notable.

Kitsap Transit operates public bus and passenger ferry service in Port Orchard. Two ferry docks have service to the Bremerton ferry terminal where riders can catch auto ferries or fast passenger ferries to Seattle. There are six fixed-route bus lines operating within the central and eastern part of the city, generally running at frequencies of 30 to 60 minutes. Buses stop operating in the early evening. On Saturdays, buses run between 10am and 5pm.

Western Port Orchard area is served by an on-demand, weekday-only service called SK Ride which connects residents to some regular bus routes. Other services include worker/driver buses for Navy facility commuters, door-to-door Access buses for seniors and people with disabilities (runs 8am to 4pm on weekdays and Sundays), and vanpools/carpools.



Figure 43. Kitsap Transit fixed-route bus lines in the Port Orchard area.

¹³ "Frequent Transit Service Study." December 2022. Washington State Department of Transportation. <https://engage.wsdot.wa.gov/frequent-transit-service-study/>

Section 5 – Housing Funding and Monetary Tools

Existing Funding

Port Orchard does not have currently any funding streams directly funding affordable housing development or preservation.

In January 2022, Kitsap County imposed a 0.1% affordable housing sales tax as allowed under [RCW 82.14.530](#). The revenue must be used for constructing or maintaining affordable housing. It is expected to generate about \$5 million per year.¹⁴ This sales tax option would have been available to Port Orchard (generating about \$850,000 per year per .1% , based on 2021 revenue), but state law stipulates that after a county adopts the tax cities in the county may no longer implement their own tax.¹⁵ Poulsbo and Bainbridge Island implemented affordable housing sales taxes before the county did and so their taxes remain effective in addition the county's.

Other Funding Options

The [Municipal Research Service Center](#) provides a list of other funding sources for Washington cities and affordable housing developers. These include:

- Property tax levy of up to \$0.50 per \$1,000 assessed valuation for up to 10 years to fund very low-income housing ([RCW 84.52.105](#))
- Real estate excise tax of up to 0.25% to fund affordable housing through 2026 ([RCW 82.46.035](#))
- Mandatory inclusionary zoning requirements that require residential developments to either provide affordable housing on-site or to pay into a housing fund for city governments to fund housing elsewhere (generally this tool must be paired with large upzones to avoid regulatory takings claims)
- Lodging taxes, which may be used to fund a variety of government programs (as noted under the short-term rental discussion, Port Orchard already has a lodging tax)
- Loans and grants from the [Washington State Housing Trust Fund](#) (administered by the Washington State Department of Commerce)
- State law under [RCW 43.185C.080](#) allows cities to receive grants from the Washington homeless housing account. A prerequisite is adoption of a local homeless housing plan or adopting by reference a county homeless housing plan that has a specific strategy for the city. Grant value is tied to the real estate document recording fees generated within the local jurisdiction.
- Low-income housing tax credits which investors in housing projects can apply to (administered by the [Washington State Housing Finance Commission](#))

¹⁴ "Commissioners vote to impose 1/10th of 1% sales tax for affordable housing." January 2022. Kitsap Daily News. <https://www.kitsapdailynews.com/news/commissioners-vote-to-impose-1-10th-of-1-sales-tax-for-affordable-housing/>

¹⁵ Funding Local Affordable Housing Efforts. August 2022. Municipal Research Service Center. <https://mrsc.org/Home/Stay-Informed/MRSC-Insight/August-2022/Options-for-Funding-Local-Affordable-Housing-Effor.aspx>

Multifamily Tax Exemption

Overview

The multifamily tax exemption (MFTE) is a program authorized by the state, starting in 1995 ([RCW 84.14](#)). Cities can grant one or more of the following programs for new buildings or existing buildings:

- 8-year exemption for any type of multifamily development
- 12-year exemption for multifamily developments that reserve at least 20 percent of units for low- and moderate-income households
- A 20-year exemption for multifamily developments that reserve at least 25 percent of units for sale as permanently affordable to households earning 80% AMI or less, and the development must be sponsored by a non-profit or governmental entity (this option was added by the Legislature in 2021¹⁶). Port Orchard meets the threshold of 15,000 population to unlock this option.

Land, existing site improvements, and non-residential improvements are not exempt and are subject to normal property taxes. At the local government's discretion, the exemption's basis may be limited to the value of affordable units or other criteria. The local government has latitude in many other aspects. It can require certain public benefits, change what types of development apply, and can map specific areas where the exemption is available. Cities can also set lower maximum rent prices than the statute allows.

MFTE programs require ongoing monitoring, especially for any buildings with affordable units, to ensure that rental rates and resident incomes are meeting the criteria.

A 2019 statewide [audit](#) found that local MFTE programs are frequently used to improve the financial performance of private developments but it is unclear if they result in a net increase in housing production. For 2018 the audit found average annual local and state [property tax savings](#) of \$10,651 per affordable unit and \$2,096 per market-rate unit, with wide variations depending on the location, land value, and local property tax rates. Seattle has the most MFTE units in the state and likely skews the average tax savings high. Participating properties in Bremerton see average annual property tax savings of \$6,123 per affordable unit \$1,413 per market-rate unit (data was not available for Port Orchard).

Port Orchard MFTE Review

Port Orchard has had an MFTE program in place since 2016, which is codified under [Chapter 3.48 POMC](#). It goes beyond the basic framework of state law and provides three types of exemptions.

The "Type 1" program is a 12-year tax exemption available to properties zoned for multifamily or mixed-use development within one-half mile of a transit route or ferry terminal. At least 20 percent of units must be rented at least 10 percent below fair market rent to tenants with the following incomes:

¹⁶ "Overview of 2021 Changes to the Multifamily Housing Tax Exemption Program." Washington State Department of Commerce. <https://deptofcommerce.box.com/shared/static/7k5p88yv41m8ot882gbtzafwzlofkf05.pdf>

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

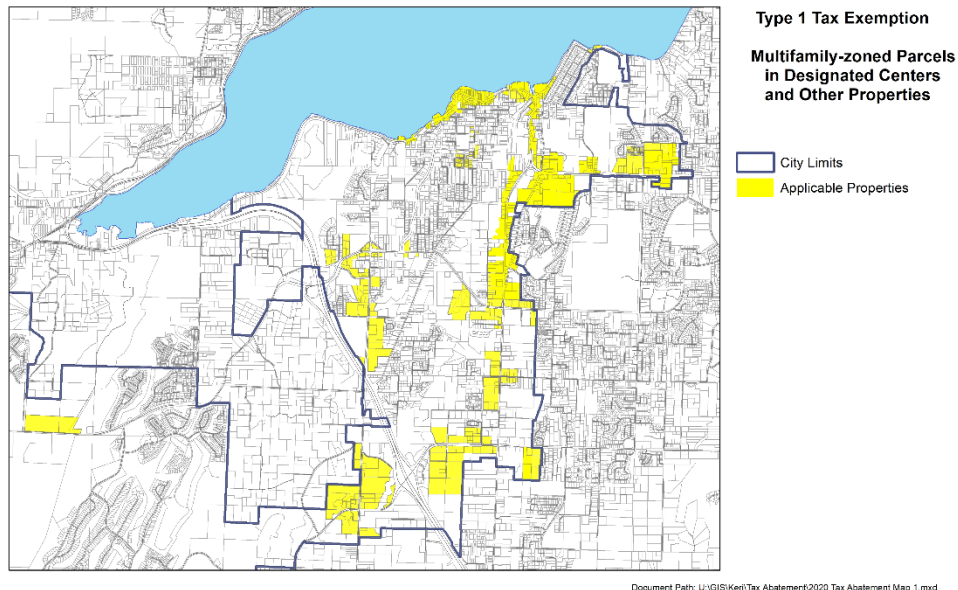


Figure 44. Parcels eligible for the Type 1 MFTE program

The “Type 2” program is an 8-year tax exemption available to properties within local centers of importance (as identified in the Comprehensive Plan) and which are encouraged to redevelop and may require rezoning. Properties must meet at least one of these criteria:

- Have abandoned buildings (vacant or unused for more than two years)
- Underutilized buildings (50 percent or more vacancy for more than two years)
- An assessed building value to land ratio of two-to-one or more.

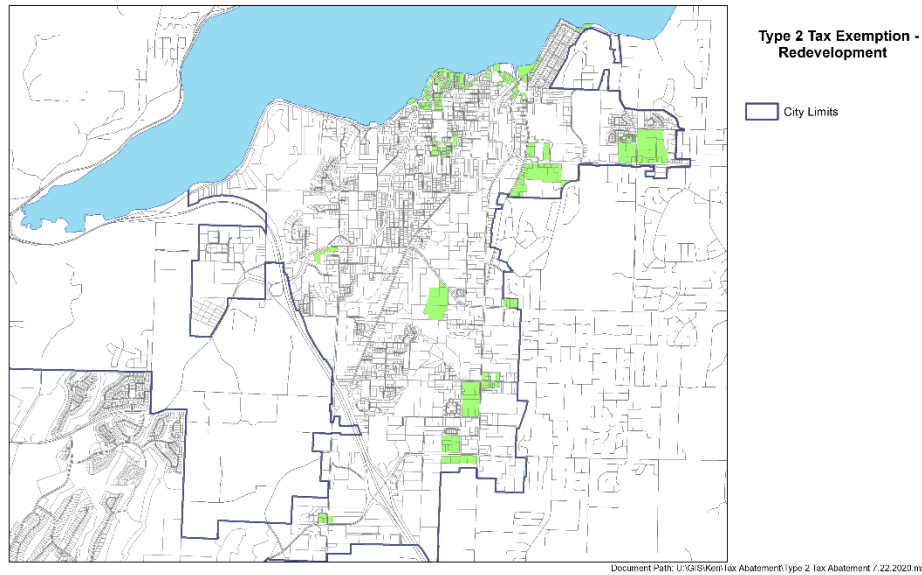


Figure 45. Parcels eligible for the Type 2 MFTE program

The “Type 3” program is an 8-year exemption available to properties within local centers of importance (as identified in the Comprehensive Plan) and zoned for multifamily or mixed-use development. Developments must meet one of these standards:

1. At least 50 percent of required parking must be structured and achieve at least 50 units per net developable acre
2. Construct mixed-use shopfront building(s) containing non-residential square footage equal to at least 40 percent of all building footprints
3. Purchase one additional story of building height for one or more buildings through the city’s transfer of development rights program

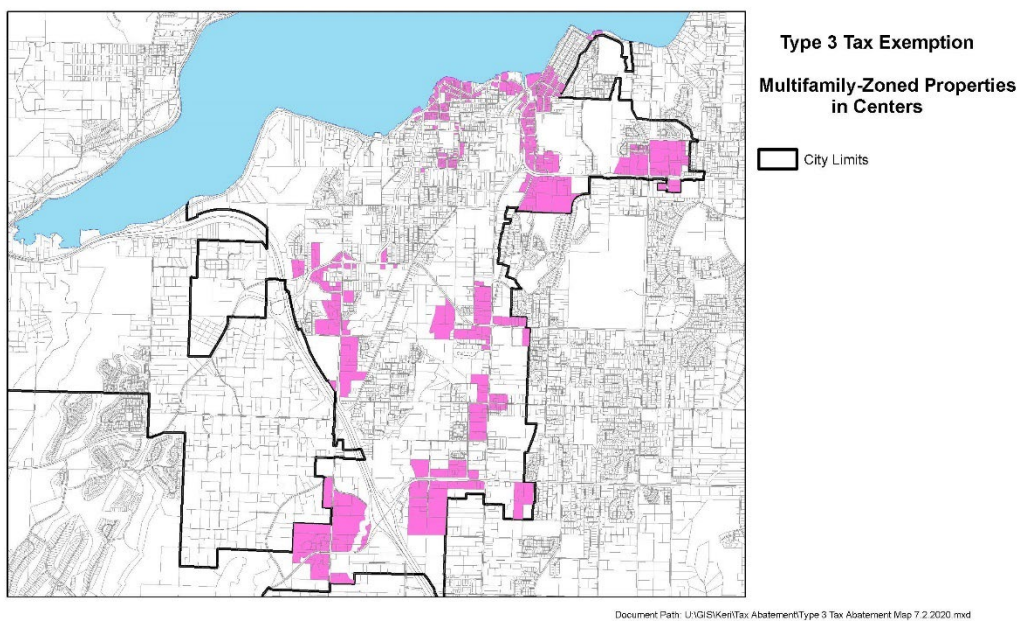


Figure 46. Parcels eligible for the Type 3 MFTE program

The following table shows how many developments and dwelling units are utilizing Port Orchard’s MFTE program since inception. Numbers in parenthesis are MFTE applications currently in progress (as of December 2022).

| MFTE Program | Number of Participating Developments | Total Units | Affordable Units (Type 1) |
|----------------------------------|--------------------------------------|-------------|---------------------------|
| Type 1 (12-year, affordable) | 2 (+2) | 95 (+220) | 20 (+45) |
| Type 2 (8-year, redevelopment) | 1 (+2) | 138 (+207) | -- |
| Type 3 (8-year, urban mixed-use) | 1 | 99 | -- |

Figure 47. MFTE program statistics. Source: City of Port Orchard

Observations:

- Port Orchard’s MFTE program is structured differently than most Washington cities, with two versions of the 8-year program
- In the Type 3 program, options for combining required features could be clarified, as was done with the one participating project which used less structured parking and shopfront design than required individually but combined use of both features to qualify.
- In the Type 1 program, the minimum development size of 10 units reduces the number of small projects that can participate. State law sets the minimum development size at four units.
- In the Type 1 program, residents have their incomes verified only in order to determine what size of unit they can occupy. In other words, individualized rent caps are set for physical units and not customized for each household’s size and characteristics. This is a different approach than most cities, but appears to fit within the state law framework.
- In the Type 1 program, the depth of affordability (10% below market rate) may be imbalanced with the property tax savings.
- Updates to RCW 84.14 allow median family income to now be based on the city or metropolitan statistical area of the project (rather than just the county).

As noted in Section 3, the past few years have seen unprecedented increases in construction costs which have a major impact on development feasibility. There is interest among City officials and stakeholders to revisit the MFTE program and make adjustments to improve economic feasibility and administration.

The City has the legal option to seek help with monitoring the MFTE program and freeing up staff resources. Housing Kitsap, for example, already has systems in place to administer income-based housing.

Section 6 – Housing Policies

Comprehensive Plan Goals and Policies

This section focuses on a handful of key policies in the Housing Element. Full comments are available in Appendix B.

| Goal/ Policy | Text | Comment |
|-----------------|---|--|
| HS-2 | Support the development of a variety of housing types, including apartments, townhomes, mixed-use (residential and other uses) and live-work development, small-lot and zero lot line single-family homes, and manufactured homes, as well as traditional single-family homes, through innovative planning, efficient and effective administration of land and building codes, and, where available, applicable financial assistance. | The City has a good foundation of supportive zoning standards to support a variety of housing types, though as noted in Section 6 some improvements could be made or more incentives added. The MVOD zone is an example of innovative planning. Financial assistance largely is implemented through the MFTE program, though other options may need to be explored to support the low-income population. |
| HS-6 | Consider reducing permitting fees for development which provide affordable housing as defined by the Washington Administrative Code (WAC) section 200-120- 020. | No waivers/reductions for impact fees and general facilities charges are in place. |
| HS-9 | Implement minimum residential density requirements in centers of local importance in order to increase land and infrastructure efficiency. | The City does not have minimum density standards in any zone. |
| HS-14 | Implement zoning and development regulations which encourage infill housing on empty and redevelopable parcels. | This type of development does not appear to be happening in large numbers, with most housing being built on greenfields on the edge of the city. More incentives for infill and redevelopment in local centers should be explored in the HAP. |

Development Regulations

Port Orchard’s zoning standards are codified under [Title 20 POMC](#) and primarily exist in Chapters 20.30 through 20.58. The key standards reviewed here are the permitted land uses and dimensional standards. Other standards provide supplemental residential use and design standards for most housing types. Multifamily design standards are located under Chapter 20.127 POMC.

In most cities, this consists of a simple list or table organized by zone. In Port Orchard, understanding the permitted uses is complex because there are two permission standards: One code section describes “building types”, and the other describes “residential uses”, and these are located in separate chapters.

The key development regulations on housing are summarized in the tables below. Following the tables is a set of observations.

Residential Zones: Allowed Residential Development

In the first table, P means permitted and a blank cell means the building type is not permitted in the zone.

Note: The R5 zone is not currently mapped, and so was not evaluated closely.

| Building Types (POMC 20.32.015) | | | | | | |
|----------------------------------|-------------------|----|----|----|----|----|
| Building Type | Residential Zones | | | | | |
| | R1 | R2 | R3 | R4 | R5 | R6 |
| Detached House | P | P | P | | | P |
| Backyard Cottage | P | P | P | | | P |
| Cottage Court | P | P | P | | | P |
| Duplex: Side-by-Side | | P | P | | | P |
| Duplex: Back-to-Back | | P | P | | | P |
| Attached House | | P | P | | | |
| Fourplex | | | P | P | P | |
| Townhouse | | P | P | P | P | |
| Apartment | | | P | P | P | |
| Live-Work | | | | | | |
| Manufactured or Mobile Home Park | | | | | | |
| Accessory Building | P | P | P | P | P | P |

Figure 48. Excerpt of Port Orchard Municipal Code table 20.32.015

In the second table are selected permitted uses in residential zones. These are reorganized from the actual code and have subheadings added. P means permitted, C means conditionally permitted (subject to extra review and public comment), and a blank cell means the housing type is not permitted in the zone.

Note: The R5 zone is not currently mapped, and so was not evaluated closely.

| Use Types (POMC 20.39.040) | | | | | | |
|---|-------------------|----|----|----|----|----|
| Residential Use | Residential Zones | | | | | |
| | R1 | R2 | R3 | R4 | R5 | R6 |
| General | | | | | | |
| Single-family detached (including new manufactured homes) | P | P | P | | | P |
| Two-family | | P | P | | | P |
| Single-family attached (2 units) | | P | P | | | P |
| Single-family attached (3 or 4 units) | | P | P | P | P | P |
| Single-family attached (5 or 6 units) | | | P | P | P | P |
| Multifamily dwellings (3 or 4 units) | | | P | P | P | |
| Multifamily dwellings (5 or more units) | | | P | P | P | |
| Manufactured or Mobile Homes | | | | | | |
| Designated manufactured home, manufactured or mobile home (except for new designated manufactured home) | | | P | | | |
| New designated manufactured home | P | P | P | | | P |
| Manufactured or mobile home park | | | | | | |
| Supportive Housing | | | | | | |
| Indoor emergency housing | | | | | | |
| Indoor emergency shelter | | | | | | |
| Permanent supportive housing | C | C | C | C | C | C |
| Transitional housing | C | C | C | C | C | C |
| Group Lodgings | | | | | | |
| Boarding house | | | | C | C | |
| Congregate living facilities | | C | C | C | C | |
| Lodging house | | | C | C | C | |
| Group home (up to 8 residents), except as follows: | P | P | P | P | P | P |
| Adult family home | P | P | P | | | P |
| All group living (9 or more residents) | | | | C | C | |

Figure 49. Excerpt of Port Orchard Municipal Code table 20.39.040

Observations:

There are several user-friendliness challenges with these standards of Chapter 20.32 and 20.39, particularly as they relate to middle housing:

- The R2 zone, the largest by land area, allows a good mix of housing types, though might consider adding “Multifamily dwellings (3 or 4 units)”
- Residential development allowances are regulated in at least three code sections, which creates some opportunity for confusion. Residential development allowed by zone are regulated in Chapter 20.32 (Building Types), Chapter 20.34 and 20.35 (Residential

Districts & Commercial and Mixed-Use Districts, respectively), and Chapter 20.39 (Use Provisions).

- Code users must know to look in all applicable locations. For example:
 - Permissions for “Detached House” building type and “Single-family detached” land use, which have similar meanings to most people, are found in both Chapters 20.32 and 20.39.
 - Chapter 20.32 describes a “Townhouse” as a single building type but it appears to be buildable under at least six different land uses in Chapter 20.39. This is an effort to limit townhouse complexes to four connected units in lower density zones, but to allow larger six unit townhome clusters in higher density zones.
 - Chapter 20.32 describes a Fourplex as being either three or four units. Triplex is the term for a three-unit building and should be added, or the term renamed to Triplex/Fourplex.
 - Chapter 20.32 describes a Cottage Court but it is unclear which type of residential land use that falls under in Chapter 20.39, especially since there are mismatches in which zones the different types of single-family uses are allowed.
- The terms “Two-family” and “Single-family attached (2 units)” in Chapter 20.39 should simply be “Duplex” which is a more commonly used term. It is also unnecessary to describe two different types of duplexes in Chapter 20.32 when they are both allowed in the same zones. The building type “Attached House” is another instance of the same use being duplicated.
- A single-family triplex/fourplex is intended for potential homeownership with each unit on its own lot, and a multifamily triplex/fourplex is most likely intended for rentals. However, it is unknown why they have different permissions by zone. The same goes for fiveplex and sixplex developments. Ownership and rental housing that has the same land use and appearance should be treated similarly.
- The City has no path to permit manufactured housing (also known as factory-built housing). Factory-built housing should be treated the same as site-built housing if it conforms to all applicable zoning and design standards.

Residential Zones: Dimensional Standards

A blank cell means the standard is not applicable.

Note: The R5 zone is not currently mapped, and so was not evaluated closely.

| Dimensional Standards (POMC 20.34) | | | | | | |
|--|-------------------|-------|---------------|----|----|-------|
| Measure | Residential Zones | | | | | |
| | R1 | R2 | R3 | R4 | R5 | R6 |
| Minimum Lot Size (square feet) | | | | | | |
| Detached House (street vehicle access) | 6,000 | 5,000 | 2,800 – 5,000 | | | 4,000 |
| Detached House (alley vehicle access) | 5,000 | 3,000 | 2,400 | | | |
| Cottage Court | 1,200 | 1,200 | 1,200 | | | |
| Duplex: Side-by-Side | | 5,000 | 5,000 | | | 5,000 |

| Dimensional Standards (POMC 20.34) | | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Measure | Residential Zones | | | | | |
| | R1 | R2 | R3 | R4 | R5 | R6 |
| Duplex: Back-to-Back | | 5,000 | 5,000 | | | 5,000 |
| Attached House | | 2,500 | 2,000 | | | 2,500 |
| Fourplex | | | 7,000 | 7,000 | 7,000 | |
| Townhouse | | 2,000 | 800 | 800 | 1,000 | |
| Apartment | | | 10,000 | 10,000 | 10,000 | |
| Minimum Site Size (square feet) (POMC 20.32) | | | | | | |
| Cottage Court | 22,500 | 22,500 | 22,500 | | | 22,500 |
| Townhouse | | 5,000 | 5,000 | 5,000 | 5,000 | |
| Minimum lot width (feet) | | | | | | |
| Detached House (street vehicle access) | 50 | 50 | 36 | | | 40 |
| Detached House (alley vehicle access) | 50 | 30 | 26 | | | 40 |
| Cottage Court | | 20 | 20 | 20 | 20 | |
| Duplex: Side-by-Side (street vehicle access) | | 60 | 60 | | | 60 |
| Duplex: Side-by-Side (alley vehicle access) | | 40 | 40 | | | 40 |
| Duplex: Back-to-Back | | 40 | 40 | | | 40 |
| Attached House (street vehicle access) | | 30 | 30 | | | 30 |
| Attached House (alley vehicle access) | | 20 | 20 | | | 20 |
| Fourplex | | | 60 | 60 | 60 | |
| Townhouse (street vehicle access) | | 30 | 30 | 30 | 30 | |
| Townhouse (alley vehicle access) | | 20 | 16 | 16 | 16 | |
| Apartment | | | 80 | 80 | 80 | |
| Other Lot Standards | | | | | | |
| Maximum hard surface coverage | 50% | 70% | 80% | 80% | 80% | 75% |
| Building Height (feet/stories) | | | | | | |
| Height, maximum | 35 <i>3 stories</i> | 35 <i>3 stories</i> | 35 <i>3 stories</i> | 45 <i>4 stories</i> | 55 <i>5 stories</i> | 35 <i>3 stories</i> |
| Height, Accessory Structure (feet) | 24 | 24 | 24 | | | 24 |
| Density | | | | | | |
| Minimum density (units per acre) | | | | | | |
| Maximum density (units per acre) | | | | | | |

| Dimensional Standards (POMC 20.34) | | | | | | |
|------------------------------------|-------------------|----|----|------|----|----|
| Measure | Residential Zones | | | | | |
| | R1 | R2 | R3 | R4 | R5 | R6 |
| Setbacks (Feet) | | | | | | |
| Primary street setback, minimum | 10 | 10 | 10 | 10 | 10 | 10 |
| Side street setback, minimum | 10 | 10 | 10 | 10 | 10 | 10 |
| Side interior setback, minimum | 5 | 5 | 5 | 5 | 5 | 5 |
| Rear setback, minimum | 10 | 10 | 10 | 4-10 | 10 | 10 |

Figure 50. Excerpt of Port Orchard Municipal Code 20.34

Observations:

- Chapter 20.34 has complex lists of lot area and width standards that differ by zone and by building type, which is summarized in the table above. This is one of the more complicated arrangements of dimensional standards among Washington cities.
- However, the actual minimum lot widths, lot sizes, and setbacks and maximum hard surface coverage standards are generally reasonable. Some of the minimum lot widths greater than 50 feet may be worth revisiting for infill opportunities.
- There are no minimum density requirements, which disincentives most new development (especially subdivisions) from building anything other than single-family homes. This does not fulfill Comprehensive Plan policies LU-11, HS-9, and HS-16, which call for minimum densities at least in local centers.
- The lot size and setback standards are highly specific, providing no flexibility for developers and site planners. One building type must be chosen and stuck with throughout the design process, otherwise choosing or adding a different type seems to require restarting land area needs and design assumptions from scratch. This disincentivizes developing a mix building types in large subdivisions or any type of infill “missing middle” housing.
- The minimum “site size” provided only for cottages and townhouses discourages those middle types by providing a layer of complication and limiting the sites that are eligible for middle housing development.
- Each building type is listed in Chapter 20.32, where there are lists of dimensional standards (lot width, setback, etc.) that says “set by district” for nearly every standard. However, it does not say where to find this information. Code users must know to navigate to the relevant Chapter 20.34, for example, for Residential Districts.

| Manufactured or Mobile Homes | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|--|
| Designated manufactured home, manufactured or mobile home (except for new designated manufactured home) | | | | | | | | | |
| New designated manufactured home | P | P | P | | | | | | |
| Manufactured or mobile home park | | | | | | | | | |
| Supportive Housing | | | | | | | | | |
| Indoor emergency housing | | C | | C | C | | C | C | |
| Indoor emergency shelter | | C | | C | C | | C | C | |
| Permanent supportive housing | C | C | C | C | C | C | C | C | |
| Transitional housing | C | C | C | C | C | C | C | C | |
| Group Lodgings | | | | | | | | | |
| Boarding house | | C | C | | | P | | | |
| Congregate living facilities | | C | C | | | P | | | |
| Lodging house | | C | C | | | P | | | |
| Group home (up to 8 residents), except as follows: | | P | P | | | | | | |
| Adult family home | | P | P | | | | | | |
| All group living (9 or more residents) | P | C | P | P | C | | P | | |

Figure 52. Excerpt of Port Orchard Municipal Code table 20.39.040

Commercial and Mixed-Use Zones: Dimensional Standards

A blank cell means the standard is not applicable.

| Dimensional Standards (POMC 20.35) | | | | | | | | | |
|---|---------------------------------------|------------|-------------|------------|------------|------------|-----------|-----------|-----------|
| Measure | Commercial and Mixed-Use Zones | | | | | | | | |
| | RMU | NMU | BPMU | CMU | DMU | GMU | CC | CH | IF |
| Minimum Lot Size (square feet) | | | | | | | | | |
| Detached House (street vehicle access) | | 3,500 | 3,000 | | | | | | |
| Detached House (alley vehicle access) | | 3,500 | 3,000 | | | | | | |
| Cottage Court | | | | | | | | | |
| Duplex: Side-by-Side | | 7,000 | 6,000 | | | | | | |
| Duplex: Back-to-Back | | 7,000 | 6,000 | | | | | | |
| Attached House | | | 3,500 | | | | | | |
| Fourplex | | 7,000 | | | | | | | |
| Townhouse | 1,000 | 800 | | 800 | | | | | |
| Apartment | | | | 5,000 | | | | | |

| Dimensional Standards (POMC 20.35) | | | | | | | | | |
|--|--------------------------------|-------|--------|-------|------|------|-------|-----|-------|
| Measure | Commercial and Mixed-Use Zones | | | | | | | | |
| | RMU | NMU | BPMU | CMU | DMU | GMU | CC | CH | IF |
| Shopfront House | 6,000 | 7,000 | 6,000 | 5,000 | | None | 5,000 | | 5,000 |
| Mixed Use Shopfront | | | 10,000 | 5,000 | None | None | 5,000 | | None |
| Minimum Site Size (square feet) (POMC 20.32) | | | | | | | | | |
| Cottage Court | | | | | | | | | |
| Townhouse | | | | | | | | | |
| Minimum lot width (feet) | | | | | | | | | |
| Detached House (street vehicle access) | | 60 | 60 | | | | | | |
| Detached House (alley vehicle access) | | 60 | 60 | | | | | | |
| Cottage Court | | | | | | | | | |
| Duplex: Side-by-Side (street vehicle access) | | 60 | 60 | | | | | | |
| Duplex: Side-by-Side (alley vehicle access) | | 60 | 60 | | | | | | |
| Duplex: Back-to-Back | | 60 | 60 | | | | | | |
| Attached House (street vehicle access) | | | 30 | | | | | | |
| Attached House (alley vehicle access) | | | 30 | | | | | | |
| Fourplex | | 60 | | | | | | | |
| Townhouse (street vehicle access) | 30 | 30 | | 16 | | | | | |
| Townhouse (alley vehicle access) | 16 | 16 | | 16 | | | | | |
| Apartment | | | | 50 | | | | | |
| Shopfront House | 60 | 65 | 60 | 50 | | None | 50 | | 50 |
| Mixed Use Shopfront | | | 80 | 50 | None | None | 50 | | 50 |
| Other Lot Standards | | | | | | | | | |
| Maximum hard surface coverage | 90% | 70% | 75% | 80% | 100% | 90% | 70% | 70% | 70% |

| Dimensional Standards (POMC 20.35) | | | | | | | | | |
|------------------------------------|--------------------------------|----------------|----------------|---------------|---------|-----|----------------|----------------|----|
| Measure | Commercial and Mixed-Use Zones | | | | | | | | |
| | RMU | NMU | BPMU | CMU | DMU | GMU | CC | CH | IF |
| Building Height (feet) | | | | | | | | | |
| Height, maximum | 35 | 35 | 40 | 40 | 38 | 38 | 35 | | 35 |
| Density | | | | | | | | | |
| Minimum density (units per acre) | | | | | | | | | |
| Maximum density (units per acre) | | | | | | | | | |
| Setbacks (Feet) | | | | | | | | | |
| Primary street setback, minimum | 0 (10 Max) | 10 (30 Max) | 10 (30 Max) | 0 (10 Max) | (0 Max) | | 15 (50 Max) | 20 | 5 |
| Side street setback, minimum | 0 (10 Max) | 10 (30 Max) | 10 (30 Max) | 0 (10 Max) | (0 Max) | | 15 (50 Max) | 15 (50 Max) | 5 |
| Side interior setback, minimum | 0 - 5 | 5 | 5 | 0 | (0 Max) | | 10 | | 10 |
| Rear setback, minimum | 10 | 10 | 10 | 20 | (0 Max) | | 10 | | 10 |

Figure 53. Excerpt of Port Orchard Municipal Code 20.35

Observations:

- Apartment and townhouse building types are not allowed in the Commercial Corridor (CC) zone, but single-family attached and multifamily land use is allowed. This appears to limit this type of development to the live-work building type, which has struggled to achieve market feasibility in most of the region.
- Apartment and townhouse building types are allowed in the Commercial Mixed Use (CMU) zone, which is often adjacent to the CC zone along arterial corridors and appears to serve a similar purpose.
- No residential development is allowed in the Commercial Heavy (CH) zone, which prevents any possible mixed-use redevelopment of aging shopping centers or underutilized commercial properties in the Bethel and Sedgwick corridors.
- The maximum impervious surface standards provide sufficient flexibility for residential development
- Note that while the Downtown Mixed Use (DMU) and Gateway Mixed Use (GMU) base height limit 38 feet, the Downtown Height Overlay District (DHOD) that overlaps almost all of these two zones provides increased height limits of 48-68 feet, which increases the feasibility of mixed-use development.

- The 40 feet height limit in the CMU and BPMU zones (perhaps the other most promising zones for mixed-use development given their coverage of the city) is limiting, allowing for only about three stories of development by-right. Mixed-use development is generally more feasible the taller the building is, since the cost of construction on a per-square-foot basis remains relatively constant for 3-6 story buildings.
- Options for height increases and bonus provisions (outside of the transfer of development rights program) may be evaluated in the HAP. Some cities provide height bonuses as part of MFTE participation. As a point of reference, the Ruby Creek Overlay District provides a base 55-foot height limit for the CMU, CC, and CH zones in the southern area of the city.

ADU Standards

Port Orchard regulates accessory dwelling units (ADU) in two locations: Chapter 20.68 POMC for basic procedures and design requirements, and POMC 20.32.030 for the “Backyard cottage” dwelling type. Attached ADUs are allowed in all residential zones on lots with a single detached dwelling unit and limited to 40 percent the size of the primary unit or 1,000 square feet, whichever is less. Detached ADUs (backyard cottages) are allowed in the R1, R2, R3, R6, NMU, RMU, BPMU, and GB zones and limited to 40 percent the size of the primary unit or 1,000 square feet, whichever is greater.

Port Orchard explicitly permits ADUs to be used as a short-term rental and for occupation by home businesses and occupations.

Port Orchard amended its ADU standards in October 2022 with Ordinance 038-22. The ordinance removes requirements to register an ADU with an affidavit and ending the need for an “ADU agreement” to be recorded with the county auditor. As part of this, the owner occupancy requirement and parking requirements for ADUs have been removed; these are two of the most common and significant barriers to ADUs, so these changes will improve feasibility of ADU development.

Other Development Regulations

POMC 20.129 provides standards for the protection and replacement of significant trees. City staff have observed that the requirement for a tree retention plan, which applies to all development except detached houses and backyard cottages, adds a considerable and repetitive cost for development applications. Alternative approaches are available, such as requiring a minimum tree canopy coverage (which can use existing or new trees) that still achieves the same goals but avoids the risk of lone significant trees being damaged subsequent to development.

Design Standards

Port Orchard has several residential design standards.

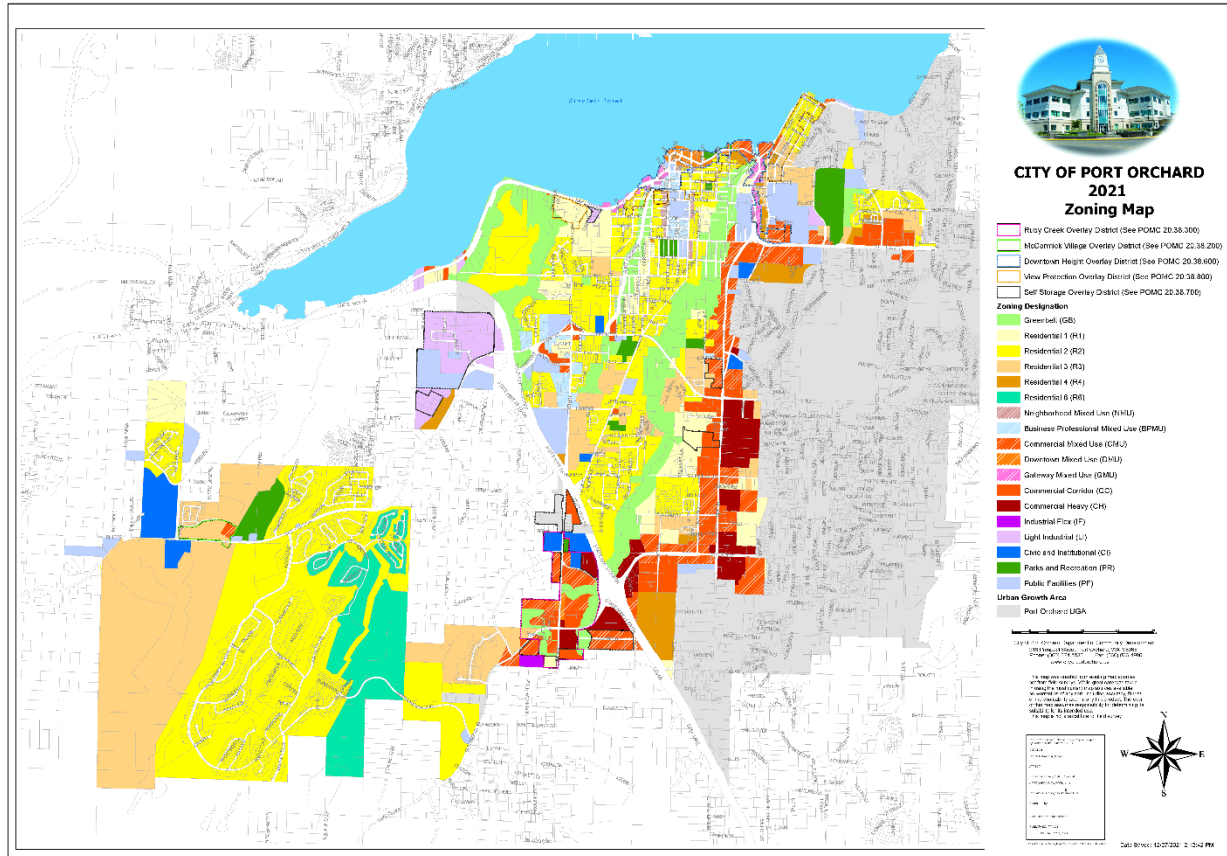
- POMC 20.32: Building types
- POMC 20.139: Residential design standards for residential building types like detached houses, backyard cottages, cottages, duplexes, townhomes, and accessory buildings
- POMC 20.127: Commercial and multifamily development block frontages, site planning, and building design

At least two stakeholders said the [cottage housing standards](#) discourage their development, particularly the minimum site size standards and the minimum open space:

- The minimum site area is 22,500 SF regardless of number of units, and an additional 4,500 SF site area is required per unit when there are six or more cottages even though the minimum unit lot size is 1,200 SF.
- The minimum courtyard area is 3,000 SF (minimum width 40 feet) and extra 600 SF per unit is required when there are six or more cottages.
- Compare these other typical cottage standards, such as in [Anacortes](#), which do not regulate lot size and have smaller open space requirements.

Zoning Map

The City's current zoning map is copied below.



Building Code

The City of Port Orchard has adopted standard building and trades under [Chapter 20.200 POMC](#) with local amendments. Adopted codes include the International Building Code (applies to commercial and mixed-use development, and residential development with three or more units), the International Residential Code (applies to single-family, duplex, and townhouse development), and international codes for mechanical systems, plumbing, energy conservation, fire safety, and property maintenance.

Landlord-Tenant Regulations

People who rent homes are significantly more likely to be cost-burdened, face eviction, and be at risk of homelessness. Recognizing this, the State of Washington sets the baseline for the landlord-tenant relationship through the State Residential Landlord-Tenant Act, RCW 59.18. According to the Attorney General’s Office, there is no centralized enforcement mechanism for the RCW, and so it is incumbent upon landlords and tenants to either self-remedy violations, seek counseling or low-cost legal help from non-profit organizations, and/or resolve disputes through the courts.

Over the past few years, the Washington State Legislature has adopted new tenant protections as follows.

| Year | RCW | Topic | Effect |
|------|-----------|--|---|
| 2018 | 59.18.255 | Prohibition on source of income discrimination | Prohibits source of income discrimination against a tenant who uses a benefit or subsidy to pay rent |
| 2019 | 59.18.200 | Notice of demolition | Tenants must be provided a 120-day notice to tenants of demolition or substantial rehabilitation of premises |
| 2019 | 59.18.140 | Notice of rent increase | Tenants must be provided a 60-day notice of a rent increase, and increases may not take effect until the completion of the term of the current rental agreement |
| 2020 | 59.18.610 | Initial deposits and fees | Tenants may request paying initial deposits, nonrefundable fees, and last month’s rent in installments (may be spread over 2-3 months, depending on lease length) |
| 2021 | 59.18.650 | Just cause evictions | Landlords must specify a reason for refusing to continue a residential tenancy, subject to certain limited exceptions |

Figure 54. Recent state landlord-tenant regulations

Notably, rent control by local jurisdictions was banned at the state level in 1981 (RCW 35.21.830). Otherwise, local jurisdictions are free to adopt additional or more stringent regulations than those provided by the state, and numerous cities and counties have done so.

The City of Port Orchard has not adopted any local landlord-tenant regulations. The King County Bar Association provides a model tenant protection ordinance within the framework of Washington State law which could be informative for future discussions and recommendations. Several Washington cities have recently adopted at least portions of the model ordinance.

State Land Use Law

In recent years the Washington State Legislature has enacted preemption laws requiring local jurisdictions to ease regulations on certain types of residential land uses. In the 2022 legislative session, several additional bills were proposed with major preemptions regarding missing middle housing, accessory dwelling units, and minimum building heights (respectively, [HB 1782](#), [HB 2020](#), and [HB 1660](#)). These recent bills did not pass but can likely be expected to come up again in 2023 and beyond as Washington continues to confront statewide housing challenges.

A non-exhaustive list of recent state preemptions follows.

| Year | RCW | Topic | Effect |
|------|----------------------------|---|---|
| 2018 | 36.70A.450 | Home-based family day care | Cities may not prohibit the use of a residential dwelling, located in an area zoned for residential or commercial use, as a family day-care provider's facility serving twelve or fewer children |
| 2019 | 35.21.684 | Tiny homes | Cities may not adopt ordinances that prevent tiny homes with wheels used as a primary residence in a manufactured/mobile home community, with the exception that ordinances may require that tiny houses with wheels contain sanitary plumbing fixtures. |
| 2019 | 35A.63.300 | Religious organization density bonus | Upon request, cities must allow an increased density bonus for development of single-family or multifamily residences affordable to low-income households on property owned by religious organizations. |
| 2019 | 36.70A.600 | Safe harbor from appeals under the State Environmental Policy Act | The adoption of ordinances and other nonproject actions taken by a city to ease regulations on housing development are not subject to administrative or judicial appeal under RCW 43.21C. Similar protection is made for housing elements and implementing regulations that increase housing capacity under RCW 36.70A.070. |
| 2020 | 36.70A.698 | Parking for accessory dwelling units | Cities may not require the provision of off-street parking for accessory dwelling units within one-quarter mile of a major transit stop (likely does not apply to Port Orchard due to low transit service today). |
| 2020 | 36.70A.620 | Parking for multifamily housing | Cities may not require more than a certain ratio of parking spaces per unit within one-quarter mile of a frequent transit stop. There are different limits for market-rate units, designated senior and disability homes, and low-income units (likely does not apply to Port Orchard due to low transit service today). |
| 2021 | 35A.21.430 | Permanent supportive housing | Cities may not prohibit permanent supportive housing in areas where multifamily housing or hotels are permitted. Reasonable occupancy, spacing, and intensity of use requirements may be imposed. This supersedes a similar law passed in 2019, RCW 35A.21.305. |

| Year | RCW | Topic | Effect |
|------|----------------------------|---|--|
| 2021 | 35A.21.430 | Transitional housing | Cities may not prohibit transitional housing in areas where multifamily housing or hotels are permitted. Reasonable occupancy, spacing, and intensity of use requirements may be imposed. |
| 2021 | 35A.21.430 | Indoor emergency shelters and indoor emergency housing | Cities may not prohibit indoor emergency shelters and indoor emergency housing in any zones in which hotels are permitted. Reasonable occupancy, spacing, and intensity of use requirements may be imposed. |
| 2021 | 35A.21.314 | “Family” definition and number of unrelated household occupants | Except for limits on occupant load per square foot or general health and safety provisions, cities may not regulate or limit the number of unrelated persons that may occupy a household or dwelling unit. |
| 2021 | 36.70A.070 | Requirements for Comprehensive Plan Housing Elements | Requires planning and analysis of housing needs for moderate, low, very low, and extremely low-income households; a variety of housing types; zoning that may have a discriminatory effect; and other related issues. This will apply to the next major update of Port Orchard’s Comprehensive Plan due in 2024. |

Figure 55. Recent state zoning preemptions

Federal Incentives

Created in 2017, Opportunity Zones are intended to assist economically distressed communities with preferential tax treatment for those investing eligible capital gains. Port Orchard has been designated with two federal [Opportunity Zones](#) located contiguously with Census Tracts #53035092200 and #53035092300. This covers the much of the city east of State Route 16. Generally, this tool has seen little interest from large residential developers, but it may be appealing to local or long-term hold developers. The program expires in 2026.

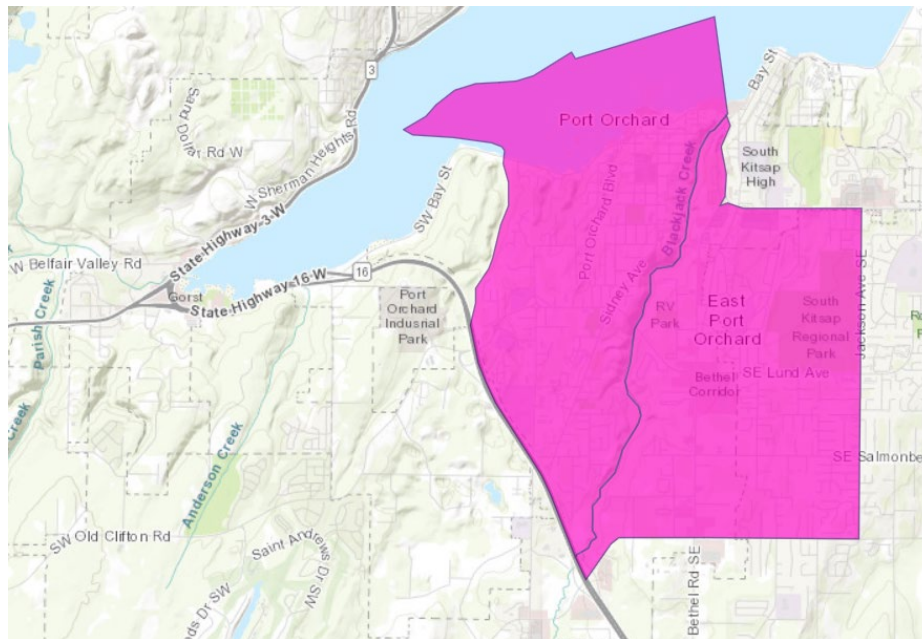


Figure 56. Location of the federal Opportunity Zones in Port Orchard

Port Orchard shares many of its housing challenges with other communities nationwide, and the country's affordable housing problem has caught the attention of the White House. In [May 2022](#), President Biden released a statement saying, in part:

"One of the most significant issues constraining housing supply and production is the lack of available and affordable land, which is in large part driven by state and local zoning and land use laws and regulations that limit housing density. Exclusionary land use and zoning policies constrain land use, artificially inflate prices, perpetuate historical patterns of segregation, keep workers in lower productivity regions, and limit economic growth. Reducing regulatory barriers to housing production has been a bipartisan cause in a number of states throughout the country. It's time for the same to be true in Congress, as well as in more states and local jurisdictions throughout the country."

The President has directed his administration to leverage existing transportation and economic development funding streams to reward jurisdictions that promote density, main street revitalization, and transit-oriented development. For the near future, the President has also proposed billions of dollars for HUD grant programs to support local jurisdictions in eliminating barriers to affordable housing production, supporting manufactured housing, scaling up ADU production, and other measures.

Section 7 – Land Capacity Analysis

A land capacity analysis is a core element of a housing needs analysis, as required by the Washington Department of Commerce. Kitsap County completed a Buildable Lands Report in November 2021 which contains a comprehensive analysis of vacant and redevelopable land in Port Orchard as well as required land to meet expected population growth. As shown in Figure 54, Port Orchard has surplus land to accommodate 5,750 more residents than expected by 2036. According to the 2021 Kitsap County Buildable Lands Report, the County is currently updating its zoning to remove barriers to housing in UGAs. The target population growth in Port Orchard’s UGA is based on forthcoming County zoning code revisions incentivizing urban housing development in the UGA consistent with its designation as a High-Capacity Transit Corridor in PSRC’s VISION 2050 framework. Together, the city and UGA have available land for a surplus of 5,750 residents.

| Jurisdiction | 2020 Population | 2044 Population Target | 2020-2044 Population Growth | 2020 Population Capacity | Surplus / Deficit |
|--------------------|-----------------|------------------------|-----------------------------|--------------------------|-------------------|
| Port Orchard City | 15,587 | 26,087 | 10,500 | 16,250 | 5,750 |
| Port Orchard UGA | 15,370 | 18,922 | 3,552 | 3,552 | 0 |
| Port Orchard Total | 30,957 | 45,009 | 14,052 | 19,802 | 5,750 |

Figure 57. Port Orchard 2021 Residential Buildable Lands Analysis Summary. Source: 2021 Kitsap County Buildable Lands Analysis, Kitsap Regional Coordinating Council, City of Port Orchard

Figure 58 shows a breakdown of unit and population capacity by zone and type of unit. As shown, the majority of the new unit capacity is on vacant or redevelopable land in the R2 and R3 zones, as well as to a lesser degree in the CMU zone. The largest amount of multifamily unit capacity is found in the R3 zone.

| Zoning | Net Acres | Single-Family Unit Capacity | Multifamily Unit Capacity | Population Capacity |
|--|-----------|-----------------------------|---------------------------|---------------------|
| Greenbelt (GB) | 71.74 | 36 | | 96 |
| Residential 1 (R1) | 35.15 | 255 | | 685 |
| Residential 2 (R2) | 147.06 | 1,495 | | 4,022 |
| Residential 3 (R3) | 31.87 | 1,540 | 1,350 | 7,049 |
| Residential 4 (R4) | 21.56 | | 456 | 954 |
| Residential 6 (R6) | 18.11 | 421 | | 1,134 |
| Neighborhood Mixed Use (NMU) | 0.54 | | 5 | 11 |
| Business Professional Mixed Use (BPMU) | 5.59 | | 19 | 39 |
| Downtown Mixed Use (DMU) | 0.24 | | 2 | 4 |
| Gateway Mixed Use (GMU) | 0.31 | | 39 | 82 |
| Commercial Mixed Use (CMU) | 49.76 | | 961 | 2,009 |
| Commercial Corridor (CC) | 18.62 | | 79 | 166 |

Figure 58. Port Orchard 2021 Buildable Lands by Zone. Source: 2021 Kitsap County Buildable Lands Analysis.

Port Orchard’s land capacity is likely higher than the numbers listed in the 2021 Kitsap County Buildable Lands Report as a result of new zoning changes adopted in 2019 but not used in the analysis. For example, the Buildable Lands Report assumed that the R2 zone would see only single-family development even though although multifamily development is allowed in the zone and multifamily development would result in a larger number of units than shown in the table above.

Appendix A – Kitsap County Impact Fee Comparison

| | Single-Family | Duplex | Triplex & Fourplex | Townhouse | Multifamily 1-2 floors | Multifamily 3+ floors | Multifamily Mixed Use | ADU |
|---------------------------|---------------|------------|-------------------------|-------------------------|------------------------|-----------------------|-----------------------|-------------------------|
| Road Impact Fees | | | | | | | | |
| Port Orchard | \$5,205.69 | \$5,205.69 | \$2,944.63 – \$5,205.69 | \$5,205.69 | \$2,944.63 | \$2,313.64 | \$1,892.98 | \$1,472.32 – \$2,944.63 |
| Kitsap County | \$4,229.84 | \$2,294.91 | \$2,294.91 | \$2,564.90 | \$2,294.91 | \$1,754.93 | \$1,619.94 | \$2,564.90 |
| Bremerton | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Poulsbo | \$5,318.52 | \$4,128.48 | \$4,128.48 | \$4,128.48 | \$4,128.48 | \$3,068.16 | \$3,068.16 | \$4,128.48 |
| Bainbridge Island | \$1,811.82 | \$1,123.33 | \$1,123.33 | \$1,413.22 | \$1,123.33 | \$1,123.33 | \$1,123.33 | \$1,123.33 |
| Gig Harbor | \$5,720.00 | \$6,085.00 | \$6,085.00 | \$6,085.00 | \$6,085.00 | \$6,085.00 | \$6,085.00 | \$6,085.00 |
| Parks Impact Fees | | | | | | | | |
| Port Orchard | \$4,280.00 | \$3,089.00 | \$3,029.00 | \$3,089.00 – \$4,280.00 | \$3,014.00 | \$3,014.00 | \$3,014.00 | \$2,344.00 |
| Kitsap County | \$743.10 | \$362.03 | \$362.03 | \$362.03 | \$362.03 | \$362.03 | \$362.03 | \$362.03 |
| Bremerton | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Poulsbo | \$1,195.00 | \$1,195.00 | \$1,195.00 | \$1,195.00 | \$1,195.00 | \$1,195.00 | \$1,195.00 | \$1,195.00 |
| Bainbridge Island | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Gig Harbor | \$1,500.00 | \$1,500.00 | \$1,500.00 | \$1,500.00 | \$1,500.00 | \$1,500.00 | \$1,500.00 | \$1,500.00 |
| School Impact Fees | | | | | | | | |
| Port Orchard | \$1,370.83 | \$861.65 | \$861.65 | \$861.65 | \$861.65 | \$861.65 | \$861.65 | \$861.65 |
| Kitsap County | \$1,455.66 | \$839.81 | \$839.81 | \$839.81 | \$839.81 | \$839.81 | \$839.81 | \$839.81 |
| Bremerton | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Poulsbo | \$1,455.66 | \$839.81 | \$839.81 | \$839.81 | \$839.81 | \$839.81 | \$839.81 | \$0.00 |
| Bainbridge Island | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Gig Harbor | \$4,130.00 | \$2,179.00 | \$2,179.00 | \$2,179.00 | \$2,179.00 | \$2,179.00 | \$2,179.00 | \$4,130.00 |
| Total Impact Fees | | | | | | | | |
| Port Orchard | \$10,856.52 | \$9,156.34 | \$6,835.28 – \$9,096.34 | \$9,156.34 – 10,347.34 | \$6,820.28 | \$6,189.29 | \$5,768.63 | \$4,677.97 – \$6,150.28 |
| Kitsap County | \$6,428.60 | \$3,496.75 | \$3,496.75 | \$3,766.74 | \$3,496.75 | \$2,956.77 | \$2,821.78 | \$3,766.74 |
| Bremerton | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Poulsbo | \$7,969.18 | \$6,163.29 | \$6,163.29 | \$6,163.29 | \$6,163.29 | \$5,102.97 | \$5,102.97 | \$5,323.48 |
| Bainbridge Island | \$1,811.82 | \$1,123.33 | \$1,123.33 | \$1,413.22 | \$1,123.33 | \$1,123.33 | \$1,123.33 | \$1,123.33 |

Appendix B – Comprehensive Plan Policies

The consultant team’s comments on select housing policies are listed below.

Housing Element

| Goal/ Policy | Text | MAKERS Comments |
|-----------------|---|--|
| HS-1 | Identify a sufficient amount of land for housing, including but not limited to government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, group homes, and foster care facilities. | The Land Capacity Analysis in Section 7 of this report finds the City has surplus capacity for 5,750 residents beyond 2044 growth targets. Land capacity will be reviewed in more detail with the update to the Port Orchard Comprehensive Plan due in 2024. |
| HS-2 | Support the development of a variety of housing types, including apartments, townhomes, mixed-use (residential and other uses) and live-work development, small-lot and zero lot line single-family homes, and manufactured homes, as well as traditional single-family homes, through innovative planning, efficient and effective administration of land and building codes, and, where available, applicable financial assistance. | The City has a good foundation of supportive zoning standards to support a variety of housing types, though as noted in Section 6 some improvements could be made or more incentives added. The MVOD zone is an example of innovative planning. Financial assistance largely is implemented through the MFTE program, though other options may need to be explored to support the low-income population. See also HS-20. |
| HS-3 | Monitor official and estimated population and housing data to ensure zoning and development regulations reflect market demands | The HAP is partially fulfilling this policy. Some gaps have been found in this report. |
| HS-4 | Adopt zoning and development regulations that will have the effect of minimizing housing costs and maximizing housing options. | According to City staff, this policy is generally being met, but stakeholders report other factors outside the City’s control are also contributing to increasing the costs of building housing. |
| HS-5 | Support the development of housing and related services that are provided by regional housing programs and agencies for special needs populations, especially the homeless, children, the elderly, and people with mental or physical disabilities. | Port Orchard does not have any emergency housing or emergency shelter for homeless individuals. Supportive and group housing for people with mental or physical disabilities also appears limited, though there is a considerable share of senior housing and assisted living facilities concentrated on the Pottery Avenue corridor. |
| HS-6 | Consider reducing permitting fees for development which provide affordable housing as defined by the Washington Administrative Code (WAC) section 200-120- 020. | No waivers/reductions for impact fees, general facilities charges, or other permitting fees appear to be in place. |
| 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. | This has been met through the MFTE program. |
| 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. | This has been met through the MFTE program. |

| Goal/ Policy | Text | MAKERS Comments |
|-----------------|---|---|
| HS-9 | Implement minimum residential density requirements in centers of local importance in order to increase land and infrastructure efficiency. | The City does not have any minimum density standards in any zone. |
| HS-10 | Encourage the development of vertical multi-family housing above ground floor commercial uses within centers of local importance. | The MFTE Type III program and supportive zoning helps encourage this type of housing, and there are a variety of private projects proposed in local centers. |
| HS-11 | Encourage the development of a mix of housing types within walking and bicycling distance of public schools, parks, transit service, and commercial centers. | A more thorough review of the future land use map will be needed in the Comprehensive Plan update. This is a good policy to continue forward. |
| HS-12 | Require that new housing developments occur concurrently with necessary infrastructure investments. | This is primarily met through impact fees. |
| HS-14 | Implement zoning and development regulations which encourage infill housing on empty and redevelopable parcels. | This type of development does not appear to be happening in large numbers, with most housing being built on greenfields on the edge of the city. More incentives for infill and redevelopment in local centers should be explored in the HAP. |
| HS-15 | Allow the development of residential accessory dwelling units (ADUs) and detached accessory dwelling units (DADUs) in appropriate residential areas with sufficient public facilities to adequately serve additional residents. | Allow in <u>all</u> residential areas. Consider policy to allow ADU's to be built with all single-family, duplex, and triplex developments. |
| HS-16 | Consider increasing maximum housing densities and implementing minimum housing densities in appropriate areas. | Similar to policy HS-9. Minimum densities will be explored in the HAP. The City has no maximum density limits in residential zones. |
| HS-18 | Consider programs to preserve or rehabilitate neighborhoods and areas that are showing signs of deterioration due to lack of maintenance or abandonment. | One project has utilized the MFTE Type II program intended for abandoned properties. The City could consider other maintenance support, such as use of Community Development Block Grants to help low-income homeowners with rehabilitation. |
| HS-19 | Consider commercial building design standards that establish and protect neighborhood character. | Commercial design standards have been adopted. |
| HS-20 | Seek federal, state, and other funding for the renovation and maintenance of existing housing stock. | Staff report no work has been done on grant applications to renovate/maintain existing housing stock. |
| HS-22 | Streamlining the permitting process for development by implementing policies and procedures that reduce the length of time involved in plan approval. | Stakeholders noted that permit processing time and unexpected hurdles are a continuing problem, though the City has recently moved to an electronic system. |
| HS-24 | Consider developing and implementing flexible development standards for housing being proposed in the vicinity of critical areas to meet both the goals of housing targets and environmental protection. | The City has recently updated its critical areas standards and has no maximum density limits in residential zones. |
| HS-27 | If the City's growth rate falls below 2.1% annual growth, the rate at which the City would need to grow at in order to hit its 2036 growth target, the | In individual years the growth rate has sometimes been lower than 2.1% (e.g. 2.7% from 2017 to 2018), and from 2015 to 2022 the average annual |

| Goal/ Policy | Text | MAKERS Comments |
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| | city should consider adopting reasonable measures such as reducing adopted transportation levels of service, impact fees, or accelerating growth related projects within the City's Capital Improvement Program. | growth rate was 2.6%. It is unclear which timeframe should be used to evaluate whether "reasonable measures" are needed. |
| HS-28 | If the City's growth rate increases from the 2.5% growth rate experienced from 2013-2015, the City should consider adopting reasonable measures including increasing transportation level of service standards, impact fees, or delaying projects within the City's Capital Improvement Program. | In individual years the growth rate has sometimes been higher than 2.5% (e.g. 2.8% from 2021 to 2022), and from 2015 to 2022 the average annual growth rate was 2.6%. It is unclear which timeframe should be used to evaluate whether "reasonable measures" are needed. |

Land Use Element

| Goal/ Policy | Text | MAKERS Comments |
|-----------------|---|---|
| LU-1 | Ensure that land use and zoning regulations maintain and enhance existing single-family residential neighborhoods, while encouraging that new development provides a mixed range of housing types. | Some variety of housing types are being seen in recent years, but not enough to meet all market needs. Revisiting this policy in the context of single-family neighborhoods may be warranted in the Comprehensive Plan update. |
| LU-11 | Within centers of local importance, set minimum building densities that enable lively and active streets and commercial destinations. Such limits may take the form of: minimum floors or building height, floor-area-ratios, and lot coverage; and maximum street setbacks and parking spaces. | The housing policy review in Section 6 finds that none of these ideas have been implemented, with the exception of maximum street setbacks in limited commercial areas. |
| LU-17 | Incentivize infill development to preserve and protect open space, critical areas, and natural resources. | This type of development does not appear to be happening in large numbers, with most housing being built on greenfields on the edge of the city. More incentives for infill and redevelopment in local centers should be explored in the HAP. |

Transportation Element

| Goal/ Policy | Text | MAKERS Comments |
|-----------------|--|---|
| Goal 7 | Work with Kitsap Transit to provide increased transit service to the City as development occurs. | Level of service standards for transit frequency is not mentioned anywhere in the Transportation Element. |
| TR-38 | Require new development and redevelopment to provide safe neighborhood walking and biking routes to schools. | The future land use map and zoning map should be evaluated to determine what housing capacity and potential for new development exists near schools. New infrastructure is most easily paid for by new development, and schools should be nodes of residential density to facilitate short walks and bike rides for students from home. |
| TR-86 | Consider reduction of parking requirements if a development provides alternatives for multi- | Noted. |

| Goal/ Policy | Text | MAKERS Comments |
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| | modal uses such as Transportation Demand Management measures. | |