

Port Orchard Housing Action Plan



Thank You

Special thanks to the Port Orchard community for sharing your time, knowledge, and energy to shape this housing action plan that meets your needs and interests.

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McCormick Communities

Washington State

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Abbreviations

- ACS. American Community Survey, an annual product of the U.S. Census Bureau.
- ADU. Accessory dwelling unit.
- AMI. Area median income.
- CHAS. Comprehensive Housing Affordability Strategy, a product of the U.S. Department of Housing and Urban Development.
- GIS. Geographic information system.
- GFC. General facilities charge.
- 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.
- MFTE. Multifamily tax exemption program.
- MSA. Metropolitan Statistical Area.
- OFM. Washington State Office of Financial Management.
- POMC. Port Orchard Municipal Code (city law).
- RCW. Revised Code of Washington (state law).

Executive Summary

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 and which impact the affordability of existing and new housing.

The purpose of this effort is to identify ways to encourage construction of additional affordable and market rate housing in a greater variety of housing types and at prices accessible to a greater variety of incomes. The priorities for the HAP were informed by an existing conditions and housing needs assessment, public engagement, discussion with the City Council and Planning Commission, and City staff.

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, and infrastructure spending priorities. The City is not obligated to adopt any of the recommended changes contained within this report except where specific requirements exist within state law in which case the City may consider the recommendations found in this report as an option for complying with the law. The report is intended to provide a menu of options for consideration as the City works to address housing diversity, affordability, and access to opportunity.

It is recognized that Port Orchard has taken significant steps to promote greater housing diversity, affordability, and access to opportunities through regulatory updates in recent years. Because of this, many of the recommendations contained in this report are focused on fine tuning zoning regulations rather than suggesting significant zoning changes. Port Orchard has comparatively few recommended zoning changes compared to other similarly sized jurisdictions due to recent actions taken by the City Council. The programmatic strategies and citywide planning strategies contained within the report are generally more significant changes to city policies that require careful consideration.

Research Questions

These research questions developed at the beginning of the project drove the housing analysis and the subsequent actions and strategies.

1. What are the most pressing housing needs in Port Orchard for each segment of the population?
2. What are we most concerned about and most hopeful about for residential development in Port Orchard over the next 10 years?
3. What code updates can be made to meet the needs of all economic segments of the Port Orchard community?
4. What are the biggest longstanding or new barriers to affordable and diverse residential development in Port Orchard?
5. What new or updated tools, policies, staff capacity, and funding are most likely to meet Port Orchard's housing goals?

Housing Actions and Strategies

The housing actions are organized by broader strategy sections of this plan. The implementation timeline is an estimate of how long it will take to implement an action. There are also many sub-sections which may require different timelines if additional community outreach is needed, alignment with the City’s annual budget process is necessary, or there is a desire to roll policy updates into the next major Comprehensive Plan update. See Section 6 for more details on implementation priorities.

Strategy	Description	Priority	Time
Regulatory Strategies			
2.1	Expand the allowed uses	High	0-6 months
2.2	Streamline the building type standards	Medium	0-6 months
2.3	Adjust form and intensity standards	High	0-6 months
2.4	Adjust other standards	Medium	0-6 months
Programmatic Strategies			
3.1	Anti-displacement strategies	Medium	Ongoing
3.2	Homelessness strategies	High	Ongoing
3.3	Support staffing needs	Medium	Ongoing
Citywide Planning Strategies			
4.1	Housing Element updates	Medium	12-24 months
4.2	Land Use Element updates	High	12-24 months
4.3	Public land for affordable housing	Low	Ongoing
4.4	McCormick East Neighborhood Planning	Medium	12-24 months
Funding Strategies			
5.1	Adjust the multifamily tax exemption program	High	0-6 months
5.2	Development fee adjustments	Low	0-6 months
5.3	Local bank funding	Low	Ongoing
5.4	Tax increment financing	Medium	6-12 months
5.5	Funding for ADU development	Medium	6-12 months
5.6	State advocacy	Low	Ongoing

Next Steps

The scope of Port Orchard’s housing challenges demand that a variety of strategies and actions be pursued immediately and simultaneously. This plan informs and recommends high priorities for 2023 and beyond, such as code updates (Strategy 2) and refinements to the multifamily tax exemption program (Strategy 5.1). A housing coordinator staff position should be created and hired to implement all HAP strategies and serve as the City’s lead on housing policy and coordination. Updates and evaluation are recommended in the next Comprehensive Plan update in 2024, and other programmatic, funding, and planning actions can begin as soon as resources are allocated. See Section 6 – Implementation for detailed next steps.

1 – Background Information

1.1 – Project Purpose

Port Orchard is a great place to live, but it is getting more expensive. As the population grows and diversifies, the supply of homes and variety of homes is not keeping pace. As a result, it is getting harder for people of average means and different family structures to find and afford a home across all areas of the city. The supply of housing is closely linked to the price of housing.

The purpose of the Housing Action Plan is to identify strategies that promote more housing options for current and future residents at all income levels and support increases in the housing supply. Port Orchard's residents are diverse and each household has its own preferences and experiences in how they live. This plan is intended to help guide City actions over the next several years to promote more housing choices for current and future residents.

The City is able to undertake this project thanks to grant funding provided by Washington State through the Department of Commerce. This grant program allocated funds for cities with the goal of supporting housing affordability through regulatory and planning actions.

1.2 – Housing Needs

A brief summary of Port Orchard's current and future housing needs is provided below. For more detail, refer to the complete HAP Existing Conditions and Housing Needs Analysis Report in Appendix B, which contains detailed information on the full range of Port Orchard's demographics, household incomes, employment trends, housing inventory and production statistics, housing affordability considerations, existing housing funding and policy frameworks, and a discussion of buildable land capacity in the city.

Port Orchard is a fast-growing community with a 2022 population estimate of 16,400 and a 2044 population target of 26,087 residents.¹ The city has grown on average 4 percent annually since 2000 and is expected to grow at a rate of close to 3 percent over the next 20 years (excluding possible annexations), potentially exceeding countywide growth targets. Some of the city's growth has been due to annexations in the 2000s, but the continued forecast for rapid growth, as well as decreasing vacancy rates over the past decade, suggests an **ongoing demand for housing in Port Orchard**.²

Current permitting data indicates that **housing in Port Orchard is being produced at a rapid rate**. In total, 5,198 units are in some stage of permitting citywide, and 2,482 of those units are planned to be completed between 2022 and 2024, of which 45 percent will be multifamily units.³ This permit data reflects all potential housing production currently permitted, including all proposed development throughout McCormick Woods. Although not all units that have been permitted will necessarily be constructed, this number demonstrates the continued high rate of

¹ 2022 Population: Washington Office of Financial Management Postcensal Population Estimate. 2044 Population Target: Kitsap County Countywide Planning Policy Update, 2022.

² Census-reported rental vacancy rates have declined from 7.8% to 5.8% between 2010-2020. CoStar, a commercial real estate database, showed multifamily rental vacancy rates declining from 6.5% to 3.5% between 2012 and 2022.

³ City of Port Orchard Permit Data

housing production and demand in the city. Even with this high rate of production, prices are still increasing as detailed below.

About 60 percent of Port Orchard households are homeowners and 40 percent are renters. Nearly 70 percent of households are family households, and the average household size is 2.4 people.⁴ As shown below in Figure 1, there is a mismatch between household size and housing unit size, with larger housing units available compared to household sizes. **This shows a need for increased supply of smaller housing units to better serve the variety of household sizes in the city.**

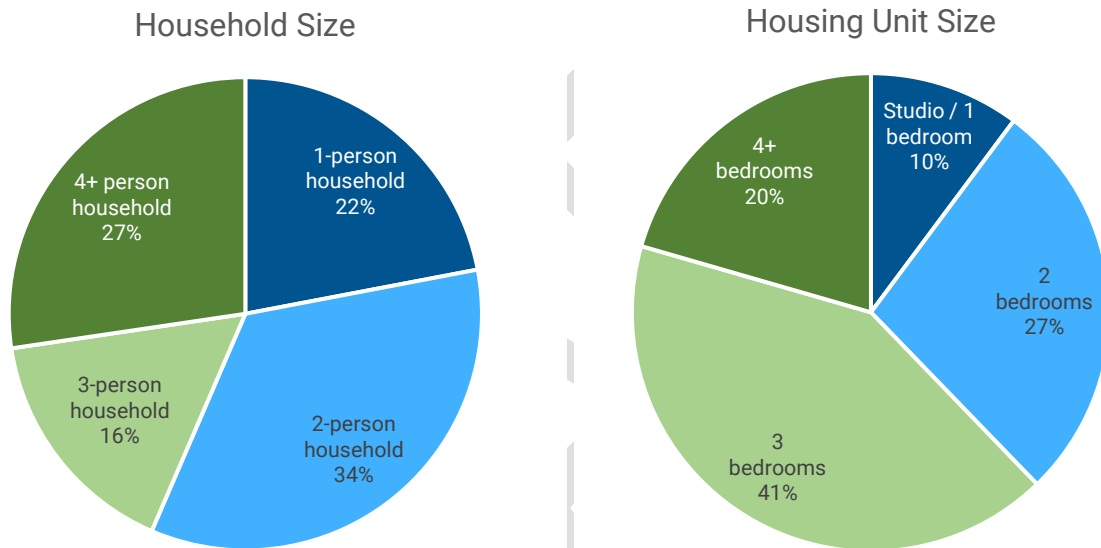


Figure 1. Household Size and Housing Unit Size in Port Orchard, 2020. Source: 2020 American Community Survey 5-Year Estimates, Tables S2501, DP04

Port Orchard’s median household income (MHI) was \$71,789 in 2020. This is \$7,250 less than the Kitsap County median, though it has increased 21 percent since 2010 – **a higher rate than county and statewide income increases over the same period.** However, this increase was much more pronounced for homeowner households than renter households, as shown below in Figure 2⁵ Overall, about eight percent of Port Orchard residents earn under \$10,000 per year, compared to four percent countywide, and over a quarter of renters earn under 30 percent of the median family income (MFI).⁶

⁴ 2020 American Community Survey Five-Year Estimates, Tables S2501, DP04.

⁵ American Community Survey 2020 Five-Year Estimates, Table S2503, CPI Inflation Index

⁶ The Median Family Income for the Bremerton-Silverdale Metropolitan Statistical Area, as determined by HUD, was \$102,500 in 2022.

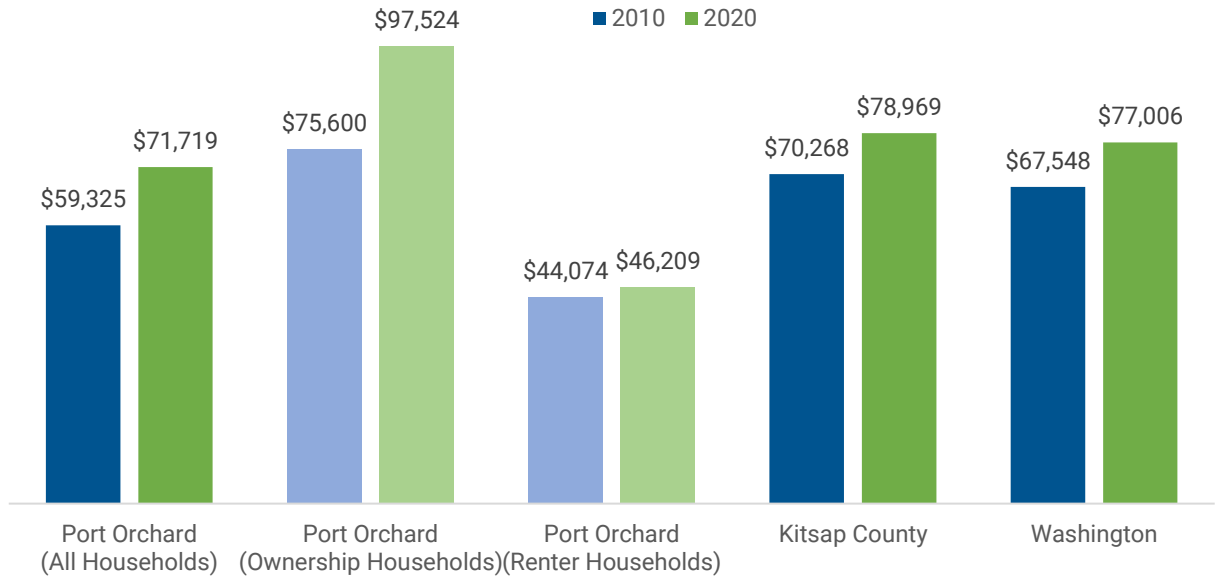


Figure 2. Inflation-Adjusted Median Household Income in Port Orchard and Region, 2010-2020. Source: 2010-2020 American Community Survey 5-Year Estimates, Table S2503, CPI Inflation Index

Figure 3 below shows a detailed breakdown of Port Orchard and Kitsap County household incomes, showing the range of income levels found throughout the city. The largest share of households earn between \$75,000 and \$100,000 per year. 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.

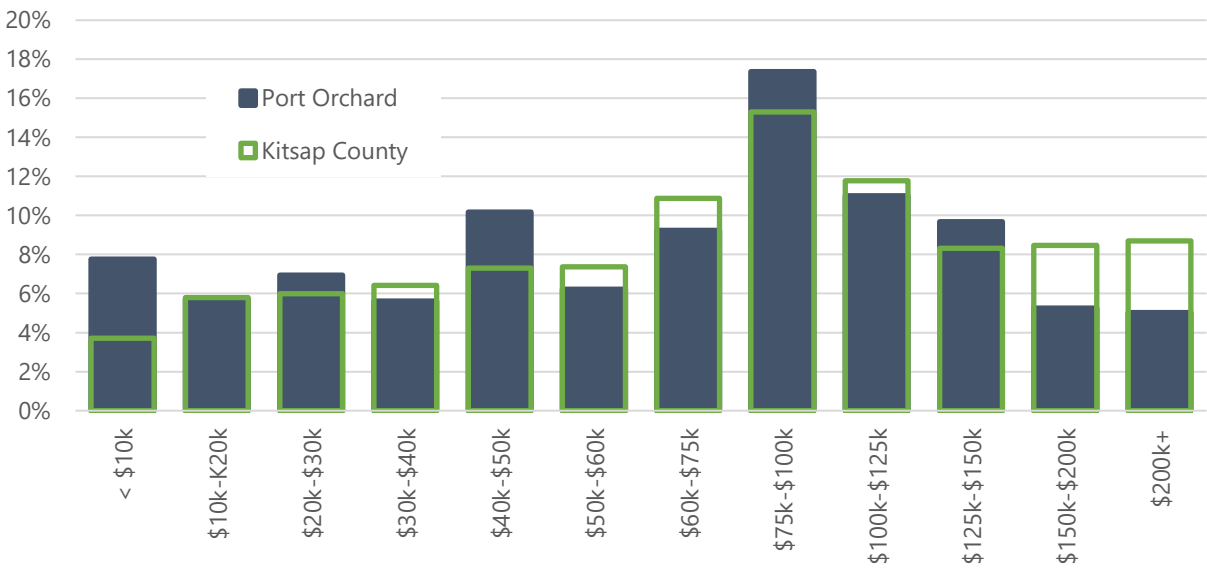


Figure 3. Household Income in the Past 12 Months, 2020. Source: 2020 American Community Survey 5-Year Estimates, Table B19001

Lower-income Port Orchard residents face significant challenges paying for housing –70 percent of households earning under 30 percent of the MFI spend more than half of their income on housing costs, and 75 percent of households earning between 30 and 50 percent of the MFI spend over 30 percent of their income on housing costs.⁷ This shows a **need for deeply subsidized housing for Port Orchard’s lower-income residents**, corroborated by stakeholders who described over 1,000 people on the waiting list for housing vouchers administered by the Kitsap Housing Authority.

Family size and composition can also affect housing needs, particularly when correlated with incomes. In Port Orchard, 69 percent of households are family households. Of these, most are married-couple families, nearly 3,000 households. The remaining 824 are classified as “other family,” which includes single-parent households. Census data indicates about 250 Port Orchard households are single mothers earning less than the federal poverty level. This is about five times higher than the number of married-couple households below the poverty level.⁸ Kitsap County statistics are similar. This data shows another group of Port Orchard residents who potentially have needs for deeply subsidized housing.

In recent years, housing prices have risen rapidly in Port Orchard when compared with incomes, as shown below in Figure 4. Rents increased 28 percent and home values increased 56 percent between 2010 and 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. As of 2020, the average Port Orchard household could afford a home worth about \$303,012, but the typical home in the city was worth 1.5 times as much, \$468,702.⁹

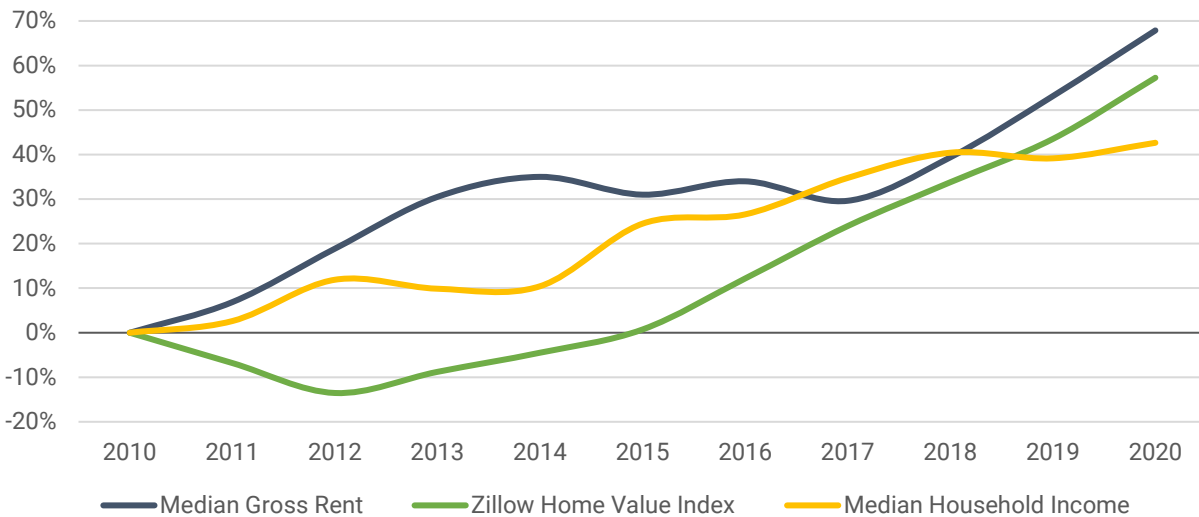


Figure 4. Change in Home Prices, Rents, and Incomes in Port Orchard, 2010-2020. Source: Zillow, American Community Survey 2020 5-Year Estimates, Table S2503, DP04, Leland Consulting Group

⁷ HUD Comprehensive Housing Affordability Strategy (CHAS), 2015-2019

⁸ 2021 American Community Survey, Table B17010

⁹ Home affordability calculated using Freddie Mac interest rate as of December 2022, Zillow home price data, income data from 2020 American Community Survey 5-Year Estimates

A housing affordability chart illustrating home prices which would be affordable to a variety of income levels is shown below in Figure 5. Port Orchard’s median incomes and sales prices are both shown. This data illustrates the degree to which ownership housing has become out of each for many Port Orchard residents, even those earning more than the city’s median household income.¹⁰

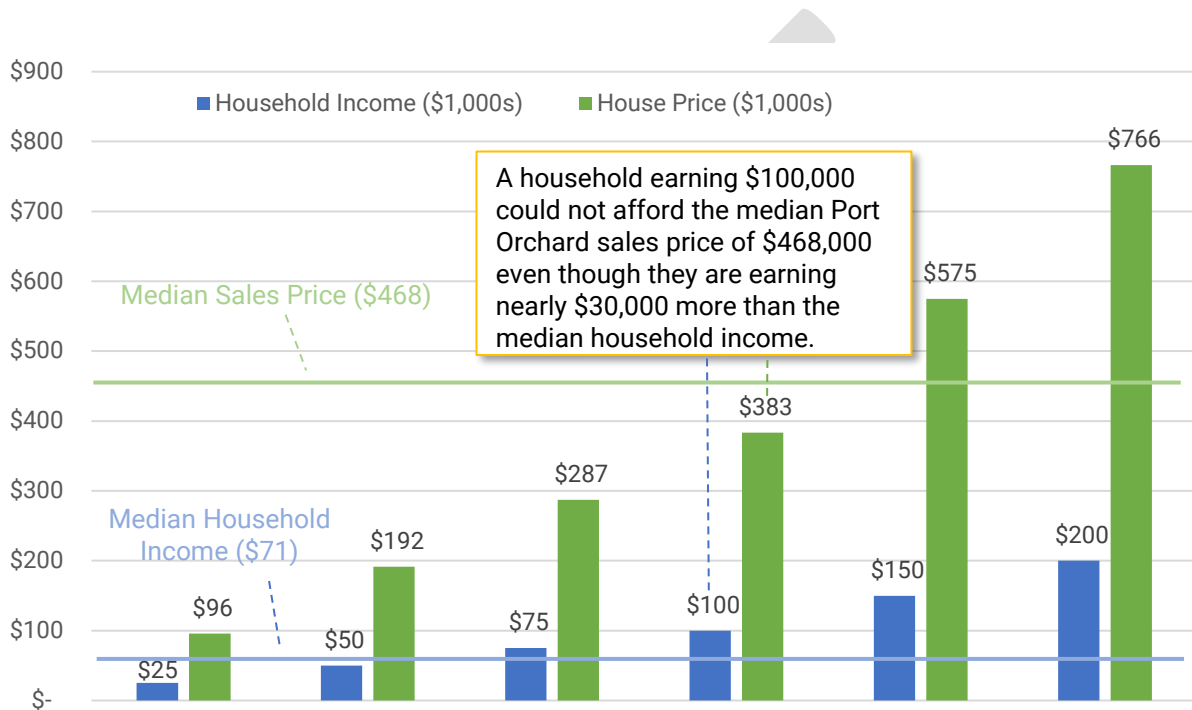


Figure 5. Housing Prices Affordable to Various Incomes with Port Orchard Median Income and Sales Price, 2021. Source: Zillow, Freddie Mac, 2020 American Community Survey 5-Year Estimates, Leland Consulting Group

Preliminary Kitsap County housing targets indicate that Port Orchard will see a demand for up to **4,804 new housing units by 2044**. This is fewer housing units than are currently in the permitting pipeline and indicate that Port Orchard may exceed its housing and/or population growth targets prior to 2044. Figure 6 shows the breakdown of these units by household income level, based on Port Orchard’s current income distribution. The breakdown of units by income is relatively even. It includes about **1,000 units over the next two decades for the lowest-income households** which can only be met through regulated affordable (i.e., subsidized) housing, and nearly **1,000 units for households earning between 50 and 80 percent of the AMI** (often referred to as “workforce” housing) which can be provided through a variety of channels

¹⁰ Note that housing price data from Zillow is used for this analysis, whereas other data comes from the US Census American Community Survey. Although the Census does collect data on the value of homes, Census home value data reflects the occupants’ assessment of their home’s value when surveyed, rather than the market realities of how much people are currently paying for housing. Zillow’s Home Value Index is a well-researched dataset which aggregates current sales values to reflect up-to-date market prices and therefore is a more accurate representation of what Port Orchard households would currently need to pay in order to purchase new housing in the city.

including subsidized units, vouchers, other incentive programs such as MFTE, and filtering¹¹ of existing units as new housing stock is built. There will also remain a **demand for about 1,200 market rate housing units targeting households earning more than 120 percent AMI** over the next 20 years.

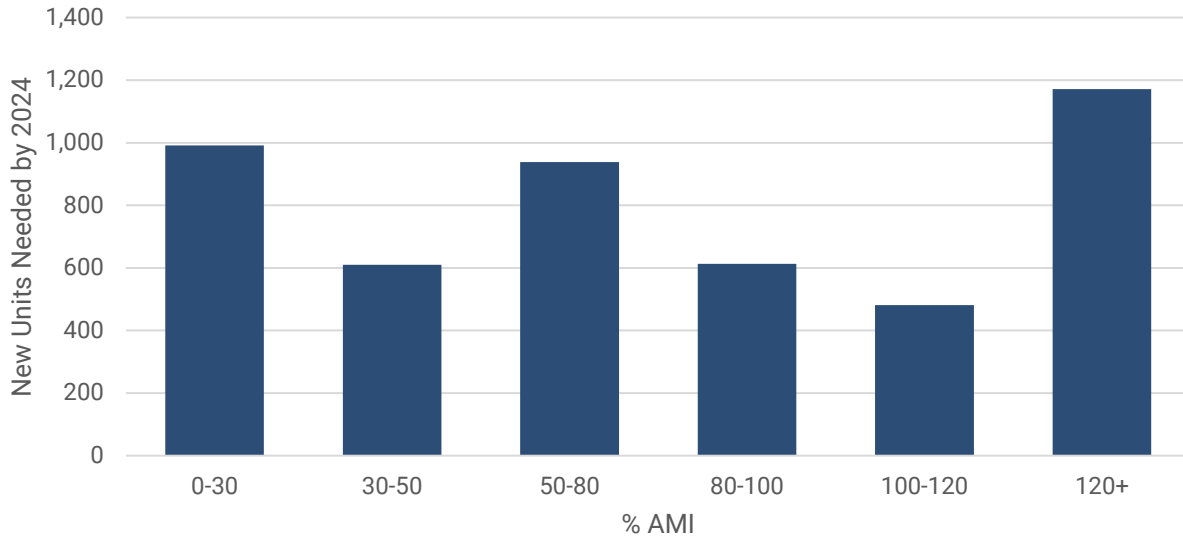


Figure 6. Housing Demand by Income Bracket in Port Orchard, 2022-2044. Sources: Leland Consulting Group, 2020 American Community Survey 5-Year Estimates, Kitsap County Countywide Planning Policies

¹¹ “Filtering” refers to the process by which new housing units depreciate over time, becoming more affordable to lower-income households as other new units are added to the supply.

1.3 – Geographic Equity within Port Orchard

Port Orchard is becoming increasingly stratified based on geography and income levels. The areas of Port Orchard located west of SR-16 have higher median incomes, higher property values, and housing costs. Areas east of SR-16 have median incomes that are lower than average, and property values and housing costs are typically lower. There are growing concerns of equity in investment and opportunity among Port Orchard residents based on where a person lives.

Increasingly, affordable housing types are being constructed in areas where incomes are lower and less affordable housing types are being constructed in areas where incomes are higher. New schools (including a new second high school) are planned in the areas west of SR-16 and add to concerns of unequal investment.

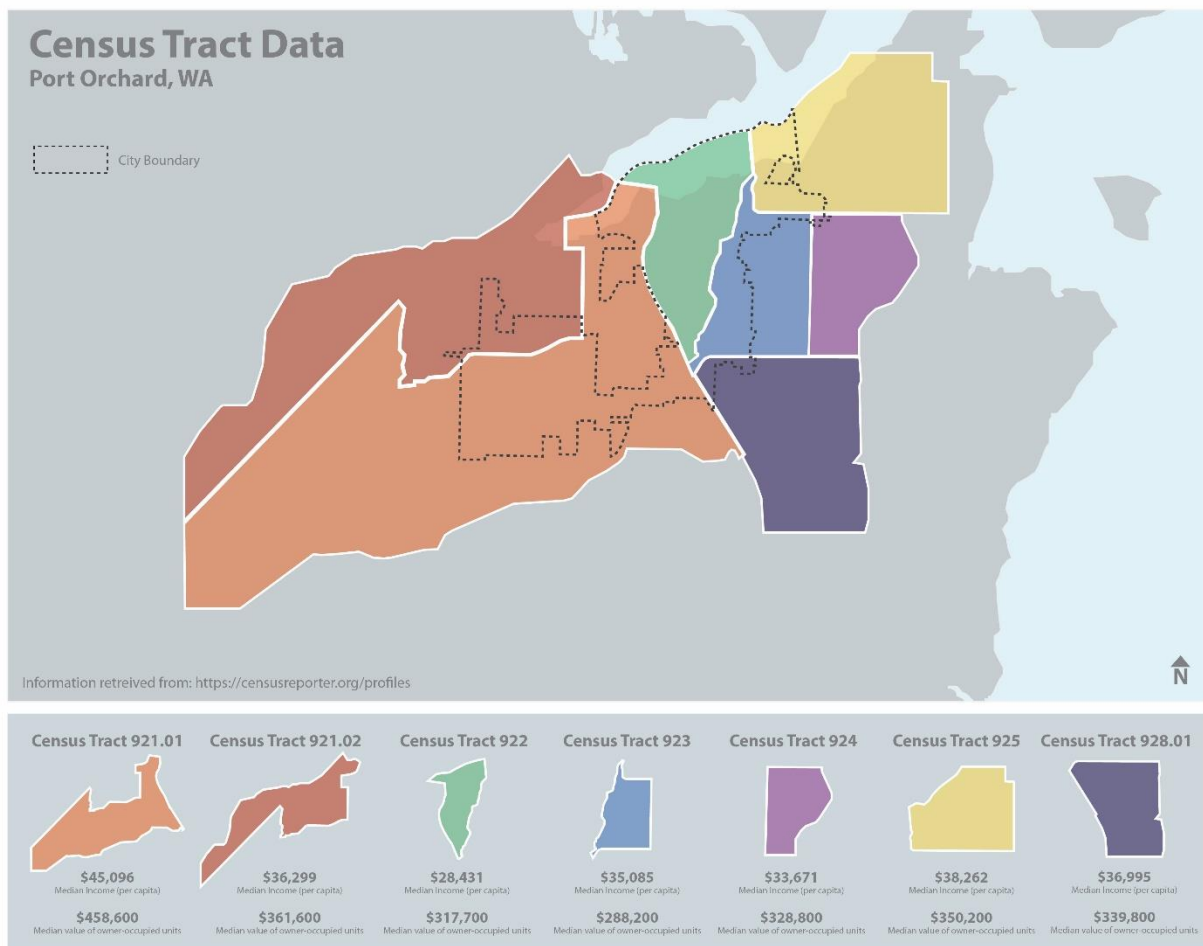


Figure 7. Median Income and Median Home Value of Owner-occupied Unit in Port Orchard, 2021. Sources: 2021 American Community Survey 5-Year Estimates, Census Reporter Profile

This housing strategy includes recommendations that seek to encourage greater geographic equity and opportunities for people at all income levels to live in all areas of the city.

1.4 – Racially Disparate Impacts

“Racially disparate impacts” occur when policies, practices, rules or other systems result in a disproportionate effect on one or more racial groups. Many past and present zoning policies used in cities across the nation have racially disparate impacts, reflecting a systemic issue as a result of federal laws, programs, and economic and housing policies dating back half a century or more.

Under RCW 36.70A.070(2), cities in their comprehensive plans must identify “local policies and regulations that result in racially disparate impacts, displacement, and exclusion in housing.” While this HAP does not complete this mandatory work, instead deferring to the next major comprehensive plan update due in 2024, one brief example of this concept applied to household tenure statistics is provided below. In Port Orchard 40% of all households are occupied by renters. About 35% of White households are renters, while 58% of Hispanic and Latino households and 88% of Native Hawaiian/Pacific Islander households are renters.¹² Therefore, policies that restrict the supply and price of rental housing can have a disproportionate impact on people of color. Further, almost half of all renter-occupied households are considered cost-burdened, while just one in 10 owner-occupied households are considered cost-burdened.

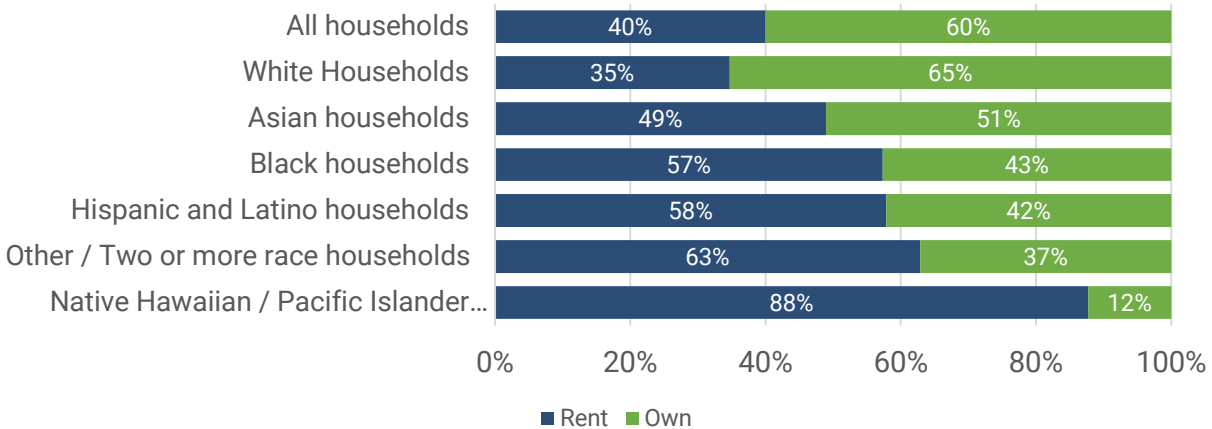


Figure 8. Share of Household Tenure By Race/Ethnicity. Source: ACS 2020 5-Year Estimates, Table B25003 series

¹² Source: American Community Survey 2020 5-Year Estimates, B25003 Tables.

Figure 9 below shows the same data by total number of households.

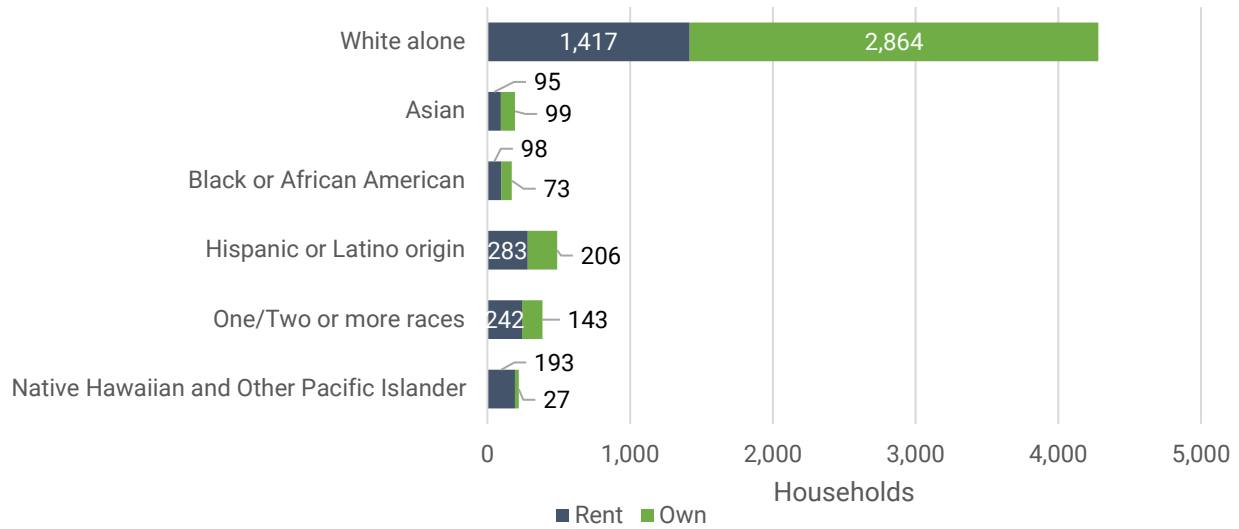


Figure 9. Household Tenure by Race/Ethnicity. Source: ACS 2020 5-Year Estimates, Table B25003 series

A common form of rental housing is multifamily (apartment) buildings, which are more limited in where and how they can be built in Port Orchard compared to where and how single-family homes are regulated.



Figure 10. Example of multifamily housing.

Zoning matters for social welfare because where people live makes a difference. Neighborhood quality can have significant effects on long-term outcomes like school performance, income, labor mobility, and health. It also contributes to the multi-generational wealth gap if some people are not able to purchase quality homes that increase in value as much over time as homes in higher-priced neighborhoods, resulting in smaller inheritances for descendants.

People of color generally pay higher shares of their income for housing costs and have less savings for down payments, meaning the home prices they can afford are lower or they are forced to rent. Smaller homes which have lower costs are needed not only for people of color, but also Port Orchard’s large share of small households (56% of households are made up of one or two people but only 37% of housing units are studio, one- or two-bedroom units). Occasionally, larger multi-bedroom homes are good options for people who want to split costs with extended family members or roommates, but apartments with three or more bedrooms are rare and there are few shared-living options like cottage clusters or triplexes available.

Common racially disparate policies and practices at the local level include the following:

- Minimum lot sizes

- Lack of available land zoned for multifamily housing and middle housing (like duplexes and townhomes)
- Multifamily housing only allowed in busy commercial districts, polluted industrial areas, in hazardous areas like floodplains, and/or near loud and auto-oriented arterial roads
- Multifamily housing not being allowed near amenities like parks, schools, grocery stores, and healthcare facilities
- Excessive minimum setbacks, building height limits, parking standards, historic preservation standards, and other restrictions that limit the housing capacity on individual sites, especially for multifamily and middle housing
- Excessive fees, complicated processes, and unclear regulations, especially for small projects commonly undertaken by local homeowners and small investors like adding an accessory dwelling unit or building a duplex
- Complete prohibitions on low-cost building materials
- Lack of trees and park space in areas near multifamily housing or neighborhoods with lower incomes
- Lack of low-cost transportation options like pedestrian/bike routes and transit service connecting multifamily housing to jobs and services

Middle housing refers to housing choices like duplexes, triplexes, townhomes, accessory dwelling units (ADU's), and cottage housing that fit between the scale of apartment buildings and single-family homes. This type of housing has historically been prohibited in many cities and towns. It has regained appeal because it can be economical to build and thus have lower costs, providing more affordable housing options.

Racially disparate impacts has been gaining much-needed attention across the state and country, even earning a [statement on zoning](#) from the White House. Other types of racially disparate impacts have historically included: redlining, where people of color were not able to access loans and credit in certain neighborhoods; highways built through communities of color; and disinvestment in infrastructure like transit, schools, and parks in communities of color.

It should be noted that some of the least racially diverse census tracts in the city are those that were primarily developed while in unincorporated Kitsap County and which were only annexed by the City of Port Orchard over the past 15 years (see Section 1.3). These are also areas where the City is seeing significant development of multi-family and middle housing.

This Housing Action Plan provides a number of strategies to address most of these issues, which focus on easing regulations and streamlining standards to make it easier to build middle housing and multifamily housing in more locations.

1.5 – Military Population

A unique characteristic of the Port Orchard population is the presence of military personnel, families, and contractors. The military provided countywide data on its civilian population for this report, but provided no data on active duty population nor data specific to personnel living in Port Orchard. Census data shows approximately 645 Port Orchard residents, representing 5.5% of the employed population of the city, employed in the Armed Forces overall, with a moderate margin of error.¹³ This likely reflects enlisted personnel rather than civilian employees but provides a general picture of the extent of military employment in the city.

In addition, anecdotal information provided by stakeholders, appointed and elected officials suggests that the City houses a significant military population in Port Orchard due to employment opportunities both at the Puget Sound Naval Shipyard and Naval Station Kitsap. A significant portion of this population is transient and may only live in Port Orchard for short periods of time. The military population is diverse, potentially more so than Port Orchard's non-military population, and some of these residents receive housing stipends which are not reflected in household income data. Housing stipends in 2023 (known as Basic Allowance for Housing) vary from \$2,136 (E01) to \$3,372 (O07) per month for personnel with dependents.¹⁴ When reviewing the data collected for this report and in considering recommendations on to increase housing diversity, affordability, and access to opportunity, it is important to consider that some important information about the City's military population was not able to be considered when formulating recommendations.

1.6 – Public Engagement

The Housing Action Plan was informed by early and continuous public engagement. Engagement was conducted to create a plan that meets the needs and interest of the Port Orchard community. Key activities included:

- One-on-one interviews with 14 stakeholders
- Housing survey with 140 responses
- Public kickoff meeting and presentation at City Council (July 26, 2022)
- Check-in meeting with existing conditions and housing needs analysis at City Council (January 10, 2023) and Planning Commission (February 7, 2023)
- Draft plan presentations at Planning Commission (April 4, 2023)
- Public hearing at Planning Commission (May 2, 2023)

¹³ 2021 American Community Survey, Table DP03

¹⁴ Personnel can decide how to allocate the BAH without a penalty for deciding to conserve some dollars on rent to pay other expenses. Therefore, actual out-of-pocket expense for an individual may be higher or lower than the prescribed rate based on choice of housing.

1.7 – State Law Updates

In April 2023 the Washington State Legislature passed several housing-related preemptions and other housing regulations. The following may affect Port Orchard the most significantly. Cross-references to HAP strategies are provided where preliminary review finds there are actions Port Orchard should take to meet new requirements.

State preemption is the invalidation of some action by, or the wresting of power from, a local government by the state legislature.

Direct effects to City government

- [HB 1110](#) – Reduces other zoning and permitting barriers to middle housing. See **Strategy 2.4.2**, **Strategy 2.4.10**, and **Strategy 4.2.4** for recommendations to comply.
- [HB 1337](#) – Preempts common regulations on accessory dwelling units (ADU). See **Strategy 2.1.7** for development regulation changes needed to comply.
- [SB 5412](#) – Housing developments in urban growth areas that comply with a Comprehensive Plan which has undergone an environmental analysis are exempt from additional environmental review under the State Environmental Policy Act.
- [SB 5258](#) – Cities must provide a short plat procedure for unit lot subdivisions, which is a division of a parent lot into separately owned unit lots (this is often a useful tool for middle housing). See **Strategy 2.4.9** for recommendations to comply.
- [SB 5258](#) – Also, impact fees for residential development must be lower for smaller units; see **Strategy 5.2** for recommendations to comply.
- [SB 5491](#) – Cities are encouraged to allow single-stairway residential buildings up to six stories tall and with up to four units per floor (currently such buildings can only be up to three stories tall). See **Strategy 2.4.7** for recommendations.
- [HB 1042](#) – Cities cannot use development regulations (such as density limits or parking) to prevent additions of housing with an existing building envelope in a zone that allows multifamily use.
- [HB 1181](#) – Comprehensive Plans must include a Climate Change & Resiliency Element

Indirect effects to City government

- [HB 1771](#) and [SB 5198](#) – Rules are strengthened for giving mobile home park residents an opportunity to purchase the property when it is proposed for closure or conversion, and for displaced residents receive relocation assistance.
- [SB 5258](#) and [SB 5058](#) – Encourages construction of small condominium buildings by modifying the procedures for construction defect actions and warranty claims and exempts buildings with 12 or fewer units and two or less stories from condo defect provisions such as extra inspections. There is a new exemption to the real estate excise tax for first-time homebuyers of condominiums (including townhouses).
- [HB 1474](#) – Creates statewide down payment assistance program for first-time homebuyers with income less than the area median who were themselves, or are descendants of someone who was, excluded from homeownership in Washington by a racially restrictive real estate covenant prior to 1968.
- [HB 1074](#) and [SB 5197](#) – Strengthened tenant protections upon move-out or eviction.

2 – Regulatory Strategies

While the City of Port Orchard does not directly supply or control the private housing market, it does shape what is possible on Port Orchard’s land through zoning and development regulations.

2.1 – Expand the Allowed Uses

Action: Allow more housing types in more zones to promote middle housing and affordable housing.

Providing more flexibility to integrate a variety of housing options is an important tool to expanding housing supply and land capacity. In the HAP community survey, 70% of respondents support the concept to “Allow more housing types like duplexes, cottages, and townhouses in single-family neighborhoods if they’re compatibly sized and designed.” This concept was also supported by most stakeholders when it came up in interviews.

It should be noted that the recommended changes in this section mostly omit the McCormick Woods area from consideration. McCormick Woods (also McCormick Trails and McCormick Village) has entitlements established in the 1980s and 1990s and are subject to a variety of development agreements inherited from Kitsap County and subsequently modified by the City of Port Orchard. Most of these agreements have terms of 20 years with the possibility of extensions. The area also lacks fixed route transit service and commercial services which makes middle housing and affordable housing more difficult to accommodate. As such, the City and this HAP have focused on other parts of Port Orchard where increasing the supply of housing to people of all income levels is more viable.

With that said, the City should still allow for middle housing types in the McCormick Woods area even if they are unlikely to be constructed soon, and there are some smaller unentitled properties in the area which are opportunities for more diverse lot configurations and building types (for example, see Strategies 4.2.3 and 4.4). Consider the following changes to allowed uses.

2.1.1 – R5 Zone

Consider eliminating this zone from the code, as there are no current mapped R5 zones and the proposed changes to R4 (including height bonuses) likely make this zone unnecessary. If implemented, the R6 zone could be renamed to R5 to avoid a gap in zone naming.

2.1.2 – NMU Zone

The use table in POMC 20.39.040 allows multi-family of 5+ units in Neighborhood Mixed Use (NMU) zones, but the apartment building type is not permitted in NMU.

Allow the apartment building type in the NMU zone to correct the inconsistency.

2.1.3 – Congregate Living Housing

Streamline the standards for congregate living housing. This type of housing operates, also known as single-room occupancy (SRO), dorms, or hostels, provides a dignified housing option for people with the lowest incomes. This form of housing historically served as an invaluable affordable housing option, but these buildings were mostly zoned and demolished out of existence starting in the 1970's.¹⁵ Conversions of existing buildings (such as aging hotels) may be more likely than new ground-up congregate living developments, but in either case the zoning code must be supportive for it to occur.

Congregate living facilities are restricted, being a conditional use in almost every zone they are allowed. This use has supplemental standards inserted within the definition () that include:

- Residents must have leases of at least 30 days
- The use must be in a center and within one-quarter mile of transit service
- The facility must have 24-hour resident management
- The facility is prohibited from having medical care or social welfare services on-site (as this could categorize the use as permanent supportive housing, see Strategy 2.1.4 below)

Specific recommendations and considerations:

- Providing land use standards within a definition is not best code practice. Move the standards to POMC 20.39.100.
- Allow congregate living housing in some non-residential zones by-right, notably in the CMU zone.
- Clarify the parking requirements. Section POMC 20.124.130 should be amended to clarify whether congregate living is considered a multifamily residential use, and if not, it should have a parking requirement of 0.5 spaces per bedroom/resident or less. Under Table 20.124.140, clarify the blank cell for congregate living by entering “none” (and for other uses with no parking requirements). See Strategy 4.2.4 for related actions.
- Amend the standards to allow more flexible lease arrangements by deleting “at a time” after “30 days.” This allows a minimum stay to still be required but avoids requiring that residents have monthlong leases.
- Consider renaming uses. There is some confusion between “Congregate Living” and “Congregate Care”; the latter is differentiated by having on-site medical and/or social services for residents but it is undefined in code and regulated as a sub-use of “Group Living.”

2.1.4 – Adult Family Homes

New state legislation passed in 2020, [RCW 70.128.066](#), provides a way for adult family homes to have seven or eight beds. The standards and definition under POMC 20.39.100(10) should be updated accordingly.

¹⁵ “The Hotel-Spirit.” Slate. July 2022. <https://slate.com/business/2022/07/hotels-rental-market-housing-prices-shortage-solution.html>

2.1.5 – Supportive Housing

Under [RCW 35A.21.430](#) (2021), Washington cities may not prohibit permanent supportive housing or transitional housing in areas where multifamily housing or hotels are permitted (other parts of state law define “multifamily” as four or more units). This supersedes a similar 2019 law, RCW 35A.21.305. Similarly, emergency shelter and emergency housing may not be prohibited in any zones in which hotels are allowed.

Port Orchard is mostly in compliance, except emergency shelter and emergency housing must also be allowed in the GMU zone, where hotels are allowed.

Consider providing definitions which reference state law:

- Emergency housing: RCW 36.70A.030
- Emergency shelter: RCW 36.70A.030
- Permanent supportive housing: RCW 36.70A.030
- Transitional housing: RCW 84.36.043

Some jurisdictions require operational plans and information-sharing on supportive housing uses. For example, the City of Bellevue requires registration information from applicants prior to certificate of occupancy with the following information (and it must be updated when it changes):¹⁶

- Name and contact information of property manager(s) and/or owner(s) who may be contacted in case of emergency or code violations
- Name and contact information for on-site facility staff (if applicable)
- Standard operating procedures plan for the facility, including:
 - The number of residents intended to be housed in the facility
 - A description of the supportive services provided to the residents of the facility, on site and off site, including names and contact information of service providers
- A safety and security plan describing measures that the operator will employ to promote the safety of Supportive Housing occupants and surrounding residents; and
- A code of conduct that applies to all individuals granted access to the proposed Supportive Housing use.

Seattle has more limited requirements. The code offers a number of waivers and modifications for parking and design standards that are reviewed administratively. A community relations plan is required.¹⁷


¹⁶ Bellevue Municipal Code LUC 20.20.845.E.2, <https://bellevue.municipal.codes/LUC/20.20.845.E.2>

¹⁷ Seattle Municipal Code 23.42.057, https://library.municode.com/wa/seattle/codes/municipal_code?nodeId=TIT23LAUSCO_SUBTITLE_IIILAUSRE_CH_23.42GEUSPR_23.42.057PESUHO

2.1.6 – Tiny Homes

Consider defining and permitting tiny homes in as another relatively affordable housing option but doing so in a limited number of lower intensity zones, such as R1 and R2 zones. Because tiny homes are uncommon or unknown in Port Orchard, the City could potentially create a pilot program that allows limited construction on one or two sites in partnerships with the property owners (such as at a religious facility).

There are currently several building code limitations that the City would have to address to make tiny homes viable to build. Other regulatory considerations and potential categories of tiny homes are shown in the following table.

Tiny Home Type	Considerations	Photo Example
Permanent ADU	When a permanent tiny home is placed on a lot with a principal structure, treat the tiny home as any other type of detached ADU. Such homes must be on permanent foundations with all required utility connections.	
Permanent cluster	<p>When more than one permanent tiny home is placed on a lot, apply permanent tiny home cluster standards. Such homes must be on permanent foundations with all required utility connections. Consider density provisions, such as limiting tiny homes to 250-400 square feet of floor area and counting each home as one-fifth of a dwelling unit for density purposes. Consider providing basic design standards similar to cottage housing. Explore reasonable parking requirements that balance affordability with neighborhood integration; consider one space per two or three tiny homes as a starting point. Do not allow tiny homes to be used for short-term rentals. Consider whether tiny homes should be able to use a unit lot subdivision to create homeownership opportunities. See some example standards from Langley.¹⁸</p> <p>Consider limiting permanent clusters to lower intensity residential zones such as R1 and R2.</p>	 

¹⁸ Langley Municipal Code 18.22.290.
<https://www.codepublishing.com/WA/Langley/#!/Langley18/Langley1822.html#18.22.290>



Tiny Home Type	Considerations	Photo Example
Mobile	When a tiny home is on wheels, apply the same standards for parking, sanitation, and other provisions that the City would apply to recreational vehicles. Allow mobile tiny homes to transition to permanent status.	
Temporary transitional housing	Create standards for temporary tiny homes intended as transitional housing for homeless residents. These would primarily be intended for location on vacant land and parking lots and focused on religiously-owned land and commercial areas with transit access. Consider standards such as the maximum number of tiny homes in one location, community structures allowed, and required sanitation services. Discussions with potential operators of tiny home villages are recommended, such as the Low Income Housing Institute. Seattle’s standards for “transitional encampments” could also be consulted. ¹⁹	

Figure 11. Tiny home options

¹⁹ Seattle Municipal Code 23.42.054 and 23.42.056.
https://library.municode.com/wa/seattle/codes/municipal_code?nodemd=TIT23LAUSCO_SUBTITLE_IIIILAUSRE_CH_23.42GEUSPR

2.1.7 – Backyard Cottages and Accessory Dwelling Units

New state law in 2023 (under House Bill 1337) preempts some types of accessory dwelling unit (ADU) regulations by cities. The Growth Management Act is amended to preempt local ADU regulations which conflict with the following:

- Cities must adopt at least three of these four options:
 - No requirement for off-street parking
 - No requirement for property owner occupancy
 - No limitations of less than two ADUs per lot
 - Limiting ADU impact fees to no more 50% of the fees for principal units.²⁰
- In addition, cities must allow ADUs to contain at least 1,000 square feet in floor area and for detached ADUs to be at least 24 feet tall
- Cities may not impose setbacks, lot coverage limits, tree retention requirements, restrictions on entry door locations, or other design standards which are more restrictive than for principal units
- ADUs cannot be restricted from being sold as a condominium unit
- No restrictive covenants or deeds may prohibit ADUs after the effective date of the bill

Port Orchard must make the following code changes within six months after the adoption of the 2024 Comprehensive Plan. Public health, safety, building code, and environmental permitting requirements may continue to apply to ADUs.

Building Type Standards

These standards under POMC 20.32.030 govern the design of backyard cottages (detached ADUs).

- Under subsection (3)(i), the option for backyard cottages to be limited to 40 percent of the total square footage of the primary dwelling must be removed
- Under subsection (4), the maximum number of backyard cottages allowed per lot must be increased to at least two; alternatively, the City can adopt reductions to its impact fees so that the maximum fee for an ADU is no more than 50% of the fees that would be applicable to the principal unit. See also new state law requirements under Strategy 5.2.

ADU Standards – General Requirements

These standards under POMC 20.68.100 govern the general approval criteria for ADUs.

- Under subsection (2), the maximum number of ADUs allowed per lot must be increased to at least two; alternatively, the City can adopt reductions to its impact fees so that the maximum fee for an ADU is no more than 50% of the fees that would be applicable to the principal unit

²⁰ The city is currently compliant with the 2 of 4 requirements because there is no off-street parking requirement, and no requirement for owner occupancy. Except for school impact fees, the city's park and transportation impact fee structures are also compliant.

- The City may wish to add a new subsection clearly stating that ADUs may be created from existing structures, including but not limited to detached garages, even if said structure violates current code requirements for setbacks or lot coverage
- The City may wish to add a new subsection clearly stating the ADUs may be sold or conveyed as a condominium unit independently of the principal unit
- The City may wish to add a new subsection clearly stating that ADUs do not trigger any requirements for public street improvements as a condition of permitting.

ADU Standards – Bulk, Location, and Design

These standards under POMC 20.68.110 govern additional design requirements for ADUs.

- Under subsection (1), detached ADUs must be allowed in at least the NMU and BPMU zones where single-family detached houses are also allowed
- Under subsection (3), the option for backyard cottages to be limited to 40 percent of the total square footage of the primary dwelling must be removed
- Under subsections (7) and (9), the restrictions on the placement of entry doors for ADUs must be removed

Zoning Standards

Chapters 20.34 and 20.35 POMC govern lot standards for backyard cottages. Where they are allowed, the primary street setback for detached ADUs must match the same setback for principal buildings or be removed (note that POMC 20.68.110(5) already requires that detached ADUs be located in rear yards, which is a permissible requirement under state law).

Similarly, the minimum lot size for a backyard cottage must match the same size for detached houses (applicable in the NMU and BPMU zones).

The rear setback for a detached ADU abutting an alley must be zero feet.

Subdivision Standards

The City may wish to add a new subsection in its subdivision regulations clearly stating that no new restrictive covenants or deeds may prohibit ADUs. Other protections can also be added, such as not allowing the development of ADUs to trigger requirements for private street improvements, not allowing restrictions on renter occupation, and not allowing restrictions on the development of other building types and land uses permitted by City zoning.²¹

See related recommendations for middle housing in Strategy 2.4.10.

²¹ Example of City preemptions of homeowner associations from Ridgefield, WA: RMC 18.401.140.C.
https://library.municode.com/wa/ridgefield/codes/code_of_ordinances?nodeId=CO_TIT18DECO_CH18.401PLUND_E_18.401.140HOAS

2.2 – Streamline the Building Types

The permitted building types are unique additional layer of form-based regulation. Some stakeholders identified code interpretations and comprehension as a barrier to middle housing development. This may be driving most builders and developers to follow the path of least resistance and continuing to produce what they know best, which are detached single-family homes and garden apartments.

Reducing the complexity of the middle housing building types is a strategy to increase their chances of being produced.

The simplest approach would be removing building types and consolidating their standards elsewhere (such as POMC Chapter 20.39, Article II Residential Uses). Short of that, this section suggests modifications to reduce duplication and streamline the building type standards.

In the HAP Housing Survey, 51% of respondents reported they are supportive of “Streamline zoning standards to encourage more “middle housing” like attached duplexes, triplexes, and townhomes.” 25% were not sure or need more information, and 11% were opposed.

2.2.1 – Adjust Cottage Court Standards

Under [POMC 20.32.040](#), the minimum site size for a cottage court development is 22,500 square feet and an additional 4,500 square feet is needed per unit when there are six or more cottages. These standards apply regardless of the location, and have an unclear relationship to the separate minimum unit lot area of 1,200 square feet. Stakeholders have identified the minimum site size standards as a challenge, and it is unique among cottage housing standards in the region. Consider the following changes to provide flexibility.

Remove or reduce the minimum site size. Building footprints, setbacks, parking, and required open space largely dictate how much land area is needed for a cottage court. The preferred approach is to remove the minimum site size standard. If the standard remains necessary, consider 12,000 square feet for standard front-loaded lots and 10,000 square feet for lots with alley access.

Reduce the minimum number of cottages from five to four. A minimum of four cottages is standard among other codes in the region. This provides greater flexibility for cottage court design on smaller sites.

Adjust the minimum courtyard size standards. The minimum courtyard area is 3,000 square feet (minimum width 40 feet) with an extra 600 square feet per unit required when there are six or more cottages. This should be replaced by a simpler approach which requires a minimum of 400 square feet of common courtyard space per cottage cluster regardless of number of units, and with minimum dimensions of 15-20 feet. These dimensions are more common across the region and have been shown to provide adequate levels of open space in built projects.

Allow duplex cottages in all zones where cottage courts are allowed to enable more efficient use of land and materials. This may require a clear statement in the code, since duplex cottages are generally impractical currently with a maximum building footprint of 1,200 square feet.

2.2.2 – Consolidate Duplex Types and Standards

Of the approximately 2,200 units built in Port Orchard over the past decade (2012-2022), a total of ten units (0.4%) were in duplex buildings. While the building type standards are relatively new (adopted in 2019), it is possible that complex regulations are one reason duplexes are not being produced in greater numbers. It is recommended to simplify the duplex standards.

Consolidate the building types “Duplex: Side-by-Side” and “Duplex: Back-to-Back” into one type called “Duplex.”

The land use term “duplex” could replace “Two-family” in Chapter 20.39 POMC to provide consistency in naming. Also see related suggestions in Strategy 2.3.1 regarding minimum lot size and width standards.

The type “Attached House” could remain if there is a desire to clearly distinguish this option for fee-simple ownership. However, from a design standpoint, a duplex on one lot and a duplex on two lots can have the same appearance. An option to further consolidate “Attached House” could be to provide a building type definition that addresses all forms of duplexes. Example:

Definition. A building type that accommodates two dwelling units sharing a common wall and arranged side-to-side, front-to-back, or top-to-bottom. Duplex units may be placed on a single lot or two separate units; units intended homeownership may require a subdivision, short subdivision, or condominium.

Also see related suggestions in Strategy 2.3.1 regarding minimum lot size and width standards.

2.2.3 – Rename the Fourplex Type

Rename the Fourplex building type to Triplex/Fourplex. This type is described as allowing 3-4 units, but its misleading name and may cause some code users to conclude triplex buildings are not allowed. Triplexes should be promoted similarly to duplexes as a middle housing option.

2.2.4 – Adjust Townhouse Type Standards

Remove the minimum site size and width and let other zoning standards and market factors dictate the land area needed for townhouse development. While 5,000 square feet is a small site to begin with, this would remove duplication in code and would improve flexibility in where and how townhouse units can be developed. Standards for open space, parking, setbacks, and landscaping would continue to apply and influence required land area and how townhouses are placed on a site. Also see related lot size and width suggestions in Strategy 2.3.1.

Also see related suggestions in Strategy 2.3.1 regarding minimum lot size and width standards.

2.2.5 – Consolidate the Live-Work Type

Live-work has limited feasibility outside of the strongest urban markets and could be de-emphasized in the code. It is relatively uncommon since a small number of households are self-employed in businesses which can also be in their home in a separate space (excluding standard office work-from-home setups). Additionally, live-work units are often expensive since they need to be relatively large to accommodate the workspace.

There is an opportunity to retain the live-work standards while streamlining the code; current code illustrations and the limitation of “six units in a row” indicate live-work is intended to be integrated into townhouse-style buildings.

Amend the Townhouse building type section to note where standards differ for Live-Work configurations. The separate site area and width standards for Live-Work are proposed to be removed. Notations could also be added to explain Townhouses are allowed in the DMU, CC, and IF zones only if the development includes space designed for live-work use.

Building Type	Minimum ground floor standards		Unit width
	Height	Transparency	
Townhouse	None	20%	20 feet min.
<u>Townhouse w/ Live-Work</u>	<u>12 feet</u>	<u>20%</u>	<u>15 feet min. and 30 feet max.</u>
Live-Work	12 feet	20%	15 feet min. and 30 feet max.

A related option is to allow or encourage the Apartment building type to be designed with ground floor units that are convertible and usable as commercial space. One option to incentivize this may be providing a height bonus for such designs.

Also see related suggestions in Strategy 2.3.1 regarding minimum lot size and width standards.

2.2.6 – Adjust Shopfront House Standards

This building type requires a minimum of two dwellings per lot and a maximum of two dwellings per lot, providing no flexibility in configuration options. It appears no developments have employed this building type. More design options should be allowed.

Allow a range of 2-4 units per lot with this building type.

2.2.7 – Building Height

All of the building types in Chapter 20.32 POMC have a maximum building height specified, but this standard is either duplicated or overridden by zone-specific maximum building heights in Chapters 20.34 and 20.35 POMC. Maximum building height is a critical and sensitive zoning tool, so it should have clear and consistent standards across the code. A unique case is backyard cottages and cottage courts which are intended to be small.

Remove the maximum building height from all building types, except for backyard cottages and cottage courts. Regulate accessory structure height limits in the zoning chapters.

2.2.8 – Minimum Private Useable Open Space

Integrating multiple dwelling units onto relatively small lots requires careful planning to integrate the buildings, access and parking, and usable open space in a way which works for the site residents and the neighborhood. The Design Standards in Chapter 20.127 POMC require usable open space for multifamily uses but not middle housing types.

Coupled with Strategy 2.3.1 for relaxing minimum lot size standards, it is recommended to **add requirements for minimum private useable open space for duplexes (multiple types), triplexes/fourplexes, townhouses, and shopfront houses.** Specific recommend standards:

- Minimum private usable open space per unit: 300 square feet (50% of the required usable open space may be satisfied through a rooftop patio or balcony)
- Minimum dimensions: 10 feet for each unit, except 6 feet for rooftop patio or balcony.
- Spaces shared between two or three units are permitted, provided the shared open space dimension is 15 feet and the space is located adjacent to each unit. For townhouses with four or more units, shared open spaces must comply with 20.127.350(2)(b), On-site open space.
- The front yard may be used as private usable open space, provided a low fence (between 16" and 48") demarcates the space
- Private usable open space cannot be parked or driven on, except for emergency access

2.2.9 – Ground Floor Elevation

Nearly all of the building types require a minimum ground floor elevation of two feet. This adds significant cost to construction by requiring a taller foundation and the addition of ramps for ADA wheelchair access on buildings with four or more units.

The purpose behind this type of standard is usually to promote a transition between the public and private realms and improve security and privacy for ground-floor residents. This is already addressed by the block frontage standards under [POMC 20.127.230](#), which requires a combination of setbacks and/or raised elevation for ground floor residential units, depending on the context. The block frontage standards apply to all building types except single-family and duplexes.

Recommendation: Apply this standard only to detached houses and duplex types, and reduce the minimum elevation from two feet to 16 inches.

2.2.10 – Blank Walls

Blank walls are regulated in the design standards in [POMC 20.127.460](#), which applies to commercial uses and multifamily uses with five or more units. To reduce duplication or conflicts, the blank wall standards can be removed for at least the apartment, single-story shopfront, mixed use shopfront, and general building types. For the smaller building types where blank walls are regulated, consider applying a standard consistent with POMC 20.127.460.

2.2.11 – Transparency

[POMC 20.139.025\(3\)](#) provides transparency standards for detached houses, cottage courts, duplex types, and townhouses. The minimum transparency standard of 8% should be moved to the building types in Chapter 20.32 POMC for consistency, where other building types like fourplexes and apartments have transparency standards listed. The measurement method of transparency could be retained in Chapter 20.139.

2.3 – Adjust Form & Intensity Standards

Action: Adjust the form and intensity (dimensional) standards to improve the physical and economic feasibility of building small homes, multifamily housing, and affordable housing.

Following public interest and an analysis of the situation by the consultant team, some changes to dimensional standards are proposed.

In the HAP Housing Survey, 51% of respondents reported they are supportive of “Streamline zoning standards to encourage more “middle housing” like attached duplexes, triplexes, and townhomes.” 25% were not sure or need more information, and 11% were opposed.

2.3.1 – Adjust Minimum Lot Dimensions

Consider relaxing the minimum lot size and width provisions for “middle” housing/building types to reduce barriers to those housing/building types.

Such action should occur in concert with requiring a minimum amount of private usable open space (see Strategy 2.4.2). Specific recommendations:

R2 zone:

- Retain the current minimum lot dimensions for detached houses
- For cottage courts, see Strategy 2.2.1 for updated suggestions for minimum site area
- Exempt other “middle” building types from both minimum lot area and width standards. This includes duplexes (all types), attached houses, triplexes/fourplexes, and townhouses.

R3 zone:

- Retain the current minimum lot dimensions for detached houses
- For cottage courts, see Strategy 2.2.1 for updated suggestions for minimum site area.
- Exempt other “middle” building types from both minimum lot area and width standards. This includes backyard cottages, duplexes (both types), attached houses, fourplexes, and townhouses.
- For apartments, reduce the current 10,000 square foot lot size minimum to 7,000 square feet, with the option for 5,000 square foot lots where alley access is available. Reduce minimum lot width from 80 feet to 70 feet, with the option for 50-foot wide lots where alley access is available.

R4 zone:

- Consider eliminating lot dimension standards entirely, particularly as detached houses are not allowed and there are enough other standards in place to help ensure that the form and intensity of development meets community objectives.

R5 zone:

- If not eliminating this zone (see Strategy 2.1.6), consider eliminating lot dimension standards entirely for same reasons as in R4 zone noted above.

R6 zone:

- Retain the current 4,000 square foot minimum lot size and 40-foot lot width for a detached house, but exempt other “middle” building types from both minimum lot area and width standards. This includes duplexes (both types), attached houses, triplexes/fourplexes, and townhouses.

Commercial and mixed-use zones:

- Retain any existing minimum lot size and width provisions for detached house, but eliminate such standards for all other building types to maximize flexibility. This includes the McCormick Village Overlay District. Many standards are in place to help ensure that such building types are integrated in a compatible manner.

2.3.2 – Adjust Height Limits and Add Affordable Housing Bonuses

The City should consider building height limit increases to increase the economic feasibility of multifamily and mixed-use development. Constrained height regulations have a large negative impact on housing affordability, particularly in urbanizing areas with increasing land prices such as Port Orchard.²²

Several of the zones where Port Orchard allows multifamily housing and mixed-use development have relatively low height limits in the 35-45 feet range, which creates feasibility challenges for light wood frame construction (the most common material for multifamily buildings in the Puget Sound region). Construction costs per square foot for wood buildings between three and seven stories are relatively constant, regardless of building height.²³ Another key cost item is elevators, which cost at least \$100,000 each and are required for buildings four stories and taller.

In the HAP Housing Survey, 58% of respondents reported they are supportive of “Modest increase in building height limits (1-2 floors) in multifamily and/or commercial areas.” 27% were not sure or need more information, and 15% were opposed.

Allowing more height enables developments to create additional dwelling units that help spread out of the cost of construction. The economic benefits of light wood frame construction are maximized with height limits in the 65-85 feet range; taller structures in this range are often a hybrid with the lower floors being built of concrete and include structured parking. Also note that many jurisdictions assume residential floor-to-floor heights are 10 feet, but 11-12 feet is oftentimes preferred by designers and builders for accommodating mechanical systems and energy code ventilation requirements, especially for taller buildings. Commercial ground floors are often desired to be 15-20 feet tall.

The cost and risk of developing mixed-use structures and leasing ground-floor commercial space typically can be offset by a higher amount of residential floor area. Since the COVID-19

²² Eriksen, & Orlando, A. W. (2022). Returns to Scale in Residential Construction: The Marginal Impact of Building Height. *Real Estate Economics*, 50(2), 534–564. <https://doi.org/10.1111/1540-6229.12357>

²³ Ibid.

pandemic, developers are indicating increased risk associated with commercial development due to continued uncertainty about the retail and particularly office markets. This further increases the attractiveness of developments with a higher share of residential floor area.

Port Orchard allows height increases through the use of a transfer-of-development-rights (TDR) ordinance adopted in 2019 in partnership with Kitsap County ([Chapter 20.41 POMC](#)). TDR programs facilitate the exchange of zoned dwelling units from incorporated resource lands to eligible “receiving sites” in the city limits. TDR programs are complex and require savvy participants and willing rural landowners to participate. No project has yet used Port Orchard’s TDR program, and other Washington jurisdictions have found it difficult to attract participants to TDR programs outside of the highest-priced markets like Seattle and King County. The proposed height changes below would decrease the attractiveness of Port Orchard’s TDR program with the tradeoff of incentivizing affordable (subsidized) housing. However, TDR would continue to be the only way to achieve the tallest allowed buildings in certain locations (up to eight stories or 88 feet).

Increased height limits and potentially larger buildings will be mitigated by the broad set of multifamily and commercial design standards Port Orchard already has in place. These include standards to provide high-quality building massing, light and air access, useable open space, attractive materials, windows and entries, and other provisions.

The table below shows recommend height increases to explore in Port Orchard’s key multifamily and commercial zones. These include modest changes to base height limits (up to one floor).

In addition, new bonus height limits allowing up to an additional two floors are proposed for developments participating in the City’s multifamily tax exemption (MFTE) program, incentivizing greater production of multifamily housing in general and also affordable (subsidized) housing. The MFTE bonus should be limited to the Type 1, 12-year affordability program, and it could be expanded to the 20-year affordability program if the City adopts one. See other recommendations for the MFTE program in Strategy 5.1.1.

Zone	Current Base Height Limit	Proposed Base Height Limit	Proposed Bonus Height Limit with 12 or 20 Year MFTE Participation
R3	35	45	55
R4	45	--	55
R5 (if zone is not deleted per strategy 2.1.1)	55	--	65
Commercial Corridor (CC)	35	45	65
Commercial Mixed Use (CMU)	40	55	75
Neighborhood Mixed Use (NMU)	35	45	55
Business Professional Mixed Use (BPMU)	40	55	--
Ruby Creek Overlay District	55	--	65

Figure 12. Recommended height limits

2.3.3 – Minimum Residential Density

Comprehensive Plan policies LU-11, HS-9, and HS-16 call for minimum residential densities at least in centers. In addition, any locations where a multifamily tax exemption (MFTE) 12-year and 20-year program is available must allow at least 15 units per acre. Development at 15 units per acre is also the rough threshold where fixed-route transit service becomes more sustainable. Minimum density standards can help provide consistency with state law and a level of expectation to leverage public infrastructure investments and maximize the efficiency of land where compact and walkable development is desired.

In order to reduce complications for small infill development and promote economies of scale, the minimum density requirement could apply only to new development on sites above a certain site size such as a ¼ acre or ½ net acre; a “net acre” could use the same measurement as applied in the MFTE chapter, which is defined to exclude critical areas and buffer, and other land that is undevelopable such as shoreline buffers and tidelands.

In the HAP Housing Survey, 47% of respondents reported they are supportive of “**Enact a minimum density requirement in one or more zones, to encourage a greater variety of home types in new subdivisions.**” 51% were not sure or need more information, and 11% were opposed.

Another option is to apply the standard only to sites within designated centers, where the City is seeking to direct growth most intensely.

Based on public feedback and where the MFTE program typically applies, a limited number of zones is proposed to have a minimum residential standard.

Zone	Proposed Minimum Residential Density (dwelling units/gross acre)
<i>Apply only to sites above a certain size as a ¼ or ½ net acre</i>	
R3	12
R4	15
R5 <i>(if zone is not deleted per strategy 2.1.2)</i>	15
CC	20
CMU	25
GMU	25
DMU	25

Figure 13. Recommended minimum density standards

2.3.4 – Religiously-Owned Land Density Bonus

Under state law [RCW 35A.63.300](#) (2019), upon request from a religious organization, cities planning under the GMA must allow an increased density bonus on such properties consistent with local needs for affordable housing development. The density bonus must be contingent upon the religious organization's land being used for housing occupied exclusively by low-income households for at least 50 years. The density bonus can be used for any type of housing, ranging from single-family to multifamily.

Port Orchard is home to a number of churches. Most are on properties ranging from 0.5 to 5 acres and are located in residential or mixed-use neighborhoods. They are mostly zoned Civic and Institutional, which does not allow any types of residential uses. The state requirements could be implemented in several ways, such as an update to underlying zoning, creation of a new overlay zone, or development agreements.

Development agreements are preferred option since use of this bonus could be relatively rare. Port Orchard should consider adding a religiously-owned affordable housing policy in the Comprehensive Plan that allows religious organizations to partner with the city to develop affordable housing through a development agreement. The policy could stipulate a minimum density, such as 30 dwelling units per net acre. Port Orchard can also begin proactively reaching out to religious organizations to see if they are interested in developing affordable housing on their properties (this could be a role of the Housing Coordinator staff position described in Strategy 3.3).

2.4 – Adjust Other Standards

Action: Adjust other development regulations to help reduce barriers to housing production.

A miscellaneous set of other standards can be updated to streamline the development regulations and potentially reduce construction costs.

2.4.1 – Residential Design Standards

[Chapter 20.139 POMC](#) provides some supplemental design standards to the building types including for driveways, architectural details and variety, roof design, and walls fences. Some minor adjustments are recommended to improve the function of these standards.

- The building type standards (Chapter 20.32 POMC) should have additional cross-references to the residential design standards for ease of code use
- The duplex garage configuration standards in section 20.139.015 will need to be consolidated consistent with Strategy 2.2.2. It is recommended to use the 40-foot lot width threshold for all configurations.
- The transparency standards in subsection 20.139.025(3) for some building types should be placed in the building type standards for consistency (also see Strategy 2.2.11)
- The minimum 4:12 roof pitch in subsection 20.139.045(2) for detached houses and duplexes prevents modern architectural styles with flat roofs and roof decks (particularly on small infill lots) and creates a de facto prohibition on typical manufactured homes. The first sentence of the standard could be deleted, and the roof elements standard could continue but remove the word “pitched.”
- Section 20.139.055 for duplexes has repetitive driveway standards and conflicting transparency standards from other sections in the chapter, which should be resolved. Further, the allowed porch projection standard in subsection (2) is duplicative of POMC 20.122.060

2.4.2 – Significant Tree Standards

There is a long history of protecting significant trees in Port Orchard. Significant trees provide numerous benefits to the environment, climate resiliency, livability, and aesthetic qualities in Port Orchard but can also make the development of affordable housing more challenging.

The current standards of [Chapter POMC 20.129](#) can reduce housing capacity on individual sites and can also result in unsafe situations where a lone remaining significant tree is exposed to wind and erosion subsequent to development. In addition, under [House Bill 1110](#) middle housing cannot have stricter design and development standards than detached homes. Currently detached homes are exempt from the requirement to prepare a significant tree retention plan (but they must comply with other significant tree standards). An architect’s analysis of similar proposed tree preservation standards in Seattle found that tree retention plans can add tens of thousands of dollars in soft costs and government staff costs.²⁴

The City should explore alternative approaches for tree standards which are easier to administer and have less impact on soft costs and housing capacity. One option is not focusing on individual trees and instead requiring a minimum tree canopy coverage at the time of tree species maturity (allowing both newly planted and existing trees to contribute). This is similar to the method Port Orchard applies to the McCormick Village Overlay District, where many trees are being removed to make way for new development, under [POMC 20.38.280](#).

Recommendation: The City should weigh the benefits and costs of its significant tree code. In the near-term, exempt middle housing developments or mixed housing developments containing a significant number of middle housing types (all types of duplexes, cottage housing, townhouses, and triplexes/fourplexes) from the requirement to prepare a significant tree retention plan.

2.4.3 – Family Definition

Amend the definition of “family” under [POMC 20.12.010](#) to be consistent with state law [RCW 35A.21.314](#) (2021). Cities may not regulate or limit the number of unrelated persons that may occupy a household or dwelling unit. A simple approach is shown below.

“Family” means any number of persons related by blood, marriage or legal adoption and including foster children and exchange students living together as a single housekeeping unit. “Family” also means the following when living together as a single, not-for-profit housekeeping unit:

(1) A group of ~~not more than four~~ related and unrelated adults and their related minor children, ~~but not to exceed a total of eight related and unrelated persons~~; or

...

²⁴ “Does Money Grow on Trees?” Neiman Taber Architects. April 2023.

<http://neimanarchitects.blogspot.com/2023/04/does-money-grows-on-trees.html>

2.4.4 – Elevator Penthouse

As more multifamily and mixed-use housing is built in Port Orchard, details like elevator design are important factors for livability and functionality. Ten-foot tall elevator cabs are desirable for residents to move the largest pieces of furniture which cannot fit through stairwells. Also popular are elevator-accessible roof decks that help meet developments meet residential open space requirements.

However, these two features are difficult to combine due to the limitations of POMC 20.40.050(2)(c)(i). This subsection limits structures screening elevators to 10 feet in height where the elevator is accessing a roof deck.

Elevator technology is evolving. Over the past decade the “Machine Room-Less” elevator has become a cost-effective option for buildings over four stories tall and it avoids the environmental impacts of hydraulic piston designs which penetrate deep into the ground below the building (a technology which was previously typical for buildings up to eight stories). The Machine Room-Less design uses a hoistway and mounts mechanical equipment on top of the cab, which increases the overrun above the roof level beyond that assumed by the code.

Recommendation: To achieve a 10-foot interior cab dimension and accounting for the assembly of the penthouse structure, it is recommended to increase the code allowance to 17 feet.

2.4.5 – Parking Lot Landscaping

Under [POMC 20.128.070\(3\)](#), reduce and simplify minimum planting area widths to allow more efficient use of land. This is critical for smaller lots where infill multifamily and townhouse development may occur, but still meet the purpose of parking lot landscaping.

Consider reducing the minimum width of landscaping along public streets to 7.5 feet regardless of the block frontage designation, and to five feet along internal lot lines.

Also, consider making parking lot landscaping its own code section so it is easier to find in tables of contents and because it is frequently used. For example, convert subsection (3) to new 20.128.075.

2.4.6 – Service Areas and Mechanical Equipment

Under [POMC 20.127.360](#), some minor clarifications can be made about applicability to offer some more flexibility.

Subsection (2) currently acts as a title but could be expanded with examples to replace the parenthetical in subsection (2)(a), to read: “(2). *Location of ground related service areas and mechanical equipment. Ground-level building service areas and mechanical equipment includes loading docks, trash collection and compactors, dumpster areas, storage tanks, electrical panels, HVAC equipment, and other utility equipment. If any such elements are outside the building at ground level, the following location standards apply.*”

Under subsection (3)(a)(iv), say collection points must be located and configured “to the extent practical” to help moderate construction costs in certain situations.

Under subsection (5)(b), consider removing the prohibition on perforated metal as a rooftop equipment screening material since it is cost effective and has a variety of design options.

2.4.7 – Single-Stair Buildings

New state law in 2023 (under [Senate Bill 5491](#)) provides model code language for cities to adopt the Seattle version of stairway regulations through July 2026. Up to two buildings per property may feature single-stairway designs. There are several conditions for fire safety, such as requiring minimum one-hour fire ratings, automatic sprinkler systems, maximum walking distances to exits, and minimum water flow capacity availability at the site. Certain group residential uses cannot be located in single-staircase buildings. By July 2026, the State Building Council will provide statewide standards for single-staircase buildings which local jurisdictions can choose to adopt.

Recommendation: Examine updating Port Orchard’s locally-adopted version of the International Building Code (POMC 20.200.012) to allow single-stair multifamily buildings up to six stories where there are four or less units per floor. By default, the International Building Code limits this condition to three floors. Seattle has allowed it since 1977.²⁵ This could be an opportunity to reduce construction costs and increase design flexibility for small apartment buildings on infill lots, especially in conjunction with height limits recommendations under Strategy 2.3.2.

2.4.8 – Apply the International Residential Code to Middle Housing

Examine updating Port Orchard’s locally-adopted version of the International Building Code (POMC 20.200.012) and the International Residential Code (POMC 20.200.014) to allow small residential structures with less than 5,000 square feet of floor area (e.g. triplexes, townhouses, and small multifamily buildings) to be designed and built under the less-strict provisions of the International Residential Code. Normally, structures with three or more units are considered commercial and fall under the International Building Code which requires fire sprinklers. In exchange, applicable structures would be required to have a higher 2-hour fire rating for wall and floor/ceiling assemblies.

Since sprinklers can cost up to \$15,000 per unit to install, this can help reduce the costs of attached middle housing while still ensuring fire safety. Other opportunities for streamlining include revisions to egress requirements in common spaces and allowing combined mechanical, electrical, and plumbing drawings.²⁶

Demonstrated success in at least one community (Memphis, TN) suggests the topic may be worth further discussion.²⁷ Making a change for only three- or four-unit buildings may still provide cost benefits.

In 2023, [House Bill 1167](#) would have advanced this change statewide; it did not pass but will be on the docket for the 2024 session of the Washington Legislature. Port Orchard could be a

²⁵ “Second Egress: Building a Code Change”. <https://secondeggress.ca/Seattle>

²⁶ “A Trailblazing Reform Supports Small-Scale Development in Memphis.” Strong Towns. January 2022. <https://www.strongtowns.org/journal/2022/1/26/a-trailblazing-reform-supports-small-scale-development-in-memphis>

²⁷ “Memphis, TN Amends Local Building Code to Allow up to Six Units Under Residential Building Code (IRC) to Enable Missing Middle Housing.” Opticos Design. January 2022. <https://opticosdesign.com/blog/memphis-tn-amends-local-building-code-to-allow-up-to-six-units-under-residential-building-code-irc-to-enable-missing-middle-housing/>

leader on this issue by working with legislators and coordinating with the design and development community on the best path forward, along with stakeholders such as building officials, the fire district, and others.

2.4.9 – Create Standards for Unit Lot Subdivisions

[Senate Bill 5258](#), adopted in 2023 and codified in RCW 58.17.060, now requires all local jurisdictions to provide unit lot subdivision procedures for short plats (up to 9 lots). It is recommended that Port Orchard comply with this statute and also make the option available for regular plats (10 or more lots). Unit lot subdivisions follow the procedures for the underlying plat type.

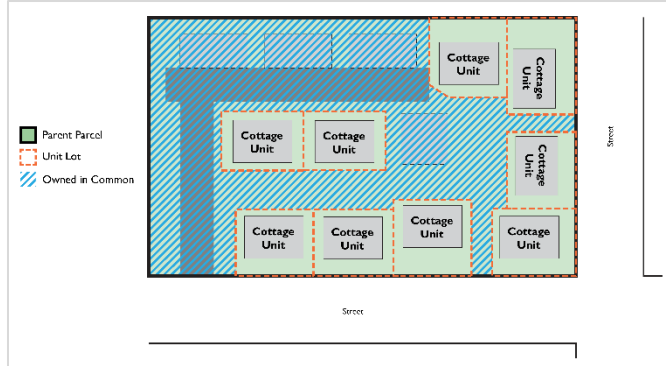


Figure 14. Diagram of the unit lot subdivision concept

Unit lot subdivisions facilitate the development of homeownership options for middle housing like side-by-side duplexes, triplexes, and fourplexes, townhomes, and cottage housing. Zoning regulations such as setbacks and lot coverage are applied to the overall “parent parcel” existing before the subdivision, allowing the individual “unit lots” upon which dwelling units are placed to be arranged and sized in almost any configuration. Remaining pieces of the parent lot are owned in common or managed by a homeowners’ association.

There is no template for unit lot subdivision provisions in Washington State, but many cities allow them. Examples of code language can be found in [Anacortes](#), [Everett](#), [Port Angeles](#), and [Wenatchee](#).

2.4.10 – Prohibit Subdivision Covenants on Middle Housing

New state law in 2023 under [House Bill 1110](#) prohibits new restrictive covenants or deeds from prohibiting middle housing (defined as duplexes, triplexes, fourplexes, fiveplexes, sixplexes, townhouses, stacked flats, courtyard apartments, and cottage housing). In other words, private agreements are not allowed to exercise zoning-like powers that are the domain of City government. Existing restrictive covenants or deeds are unaffected.

It is recommended that Port Orchard update Title 20, Article V POMC to implement this restriction. Other protections can also be added, such as not allowing restrictions on renter occupation. See similar recommendations for ADU’s under Strategy 2.1.7.

3 – Programmatic Strategies

In addition to regulatory considerations, this section discusses strategies which Port Orchard can consider for increasing housing opportunities through programs addressing displacement, tenant protections, and strategies for reducing homelessness.

3.1 – Anti-Displacement Strategies

Action: Adopt local tenant protections and consider other regulatory and programmatic anti-displacement actions to improve the stability of renter households.

As discussed above in Section 1.4, exclusionary zoning practices have led to numerous facets of housing inequity across the U.S. Additionally, redevelopment programs implemented in earlier decades resulted in both intentional and unintentional displacement of lower-income residents and people of color in many communities. Therefore, strategies to mitigate or prevent displacement have gained much attention in recent years, and a variety of approaches have emerged. Overall, the effectiveness of anti-displacement strategies is highly neighborhood- and community-specific, and recent academic research has found decidedly mixed results of many approaches.²⁸

While most strategies have focused on minimizing displacement pressures, it should be noted that not all displacement is involuntary (there is always some movement in the housing market), and displacement can sometimes mean moving “up” to a higher opportunity neighborhood.

Increasing housing production overall, including market-rate housing production, is an important tool to moderate price increases and therefore make housing more affordable to low and moderate income families and prevent displacement.²⁹ This is particularly true in hot housing markets and if the new housing units are comprised of a variety of housing types. A study in California found that both market-rate and subsidized housing production reduced displacement rates in San Francisco, but subsidized housing production decreased displacement risk more significantly.³⁰ The same study also found that the positive effects of production on displacement at a hyperlocal neighborhood scale may differ depending on the complex neighborhood context.

One downside of increased production is the time it takes to build new housing, which can be lengthy not only for construction, but also design and permitting. The most comprehensive academic survey of anti-displacement strategies to date suggests that in addition to production, neighborhood stabilization and tenant protection policies have the most immediate impact on

²⁸ Chapple, Karen and Anastasia Loukaitou-Sideris. “White Paper on Anti-Displacement Strategy Effectiveness.” Prepared for the California Air Resources Board, February 2021.

²⁹ Been, Vicki, Ingrid Gould and Katherine O’Regan. “Supply Skepticism: Housing Supply and Affordability.” New York University Furman Center, August 2018.

³⁰ Zuk, Miriam and Karen Chapple. “Research Brief. Housing Production, Filtering, and Displacement: Untangling the Relationships.” UC Berkeley Institute of Governmental Studies. May 2016.

mitigating displacement.³¹ The following are suggestions for proactive policies that Port Orchard can adopt to further prevent displacement.

A study from Common Good Labs analyzed data on thousands of U.S. neighborhoods over 15 years (2000 to 2015) to understand how poverty is reduced without community displacement.³² It found eight indicators that are associated with inclusion, increased prosperity, and decrease in poverty. Three of the indicators can be most directly affected by municipal policies, noted in the table below.

Inclusion Indicator	How Port Orchard Can Affect This Indicator
Increased housing density	Zoning standards that directly regulate the density of residential development.
Higher rates of homeownership	Zoning and subdivision standards that allow and encourage a greater variety of small and attached housing types (e.g., small single-family, cottages, townhomes, flats, condos). A New York Times report finds that the production of entry/starter homes has never been lower than today (particularly homes smaller than 1,400 square feet). ³³
Presence of community organizations	Financial and/or staffing support for community organizations. Zoning standards that provide low-cost commercial space and/or municipal facilities with space for community organizations to have offices, host events, run recreation and cultural programs, etc.

Figure 15. Inclusion indicators

3.1.1 – Local Tenant Protections

Washington State sets the baseline for the landlord-tenant relationship through the State Residential Landlord-Tenant Act, [RCW 59.18](#). Washington State regularly amends the Act as summarized in the HAP Existing Conditions and Housing Needs Analysis Report. 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.

Local ordinances are enforced by the local jurisdiction. Cities are free to adopt additional or more stringent regulations than those provided by the state (with the exception of market-rate rent control), and numerous Washington communities have done so. Port Orchard has not enacted any local tenant protection ordinances.

In the HAP Housing Survey, 54% of survey respondents are supportive of “**Stronger renter protections such as more notice time for rent increases or options to manage move-in fees.**” 18% were not sure or need more information and 29% were opposed. Note that renters represented about 16% of survey participants.

The King County Bar Association (KCBA) provides a model tenant protection ordinance within the framework of Washington State law. This is summarized in the table below.

³¹ Chapple and Loukaitou-Sideris.

³² “Reducing poverty without community displacement: Indicators of inclusive prosperity in U.S. neighborhoods.” Brookings. September 2022. <https://www.brookings.edu/research/reducing-poverty-without-community-displacement-indicators-of-inclusive-prosperity-in-u-s-neighborhoods/>

³³ “Whatever Happened to the Starter Home?” The New York Times. September 2022. <https://www.nytimes.com/2022/09/25/upshot/starter-home-prices.html>

Local Tenant Protection Option	Other Considerations and Notes
Rents and Payments	
Notice of monthly rent increases 90-180 days before the effective date, with more notice required for larger increases	The state law default is 60 days notice per RCW 59.18.140. Upon receipt of notice, allow tenants to terminate tenancy early without further payment except pro rata rent.
No increase in rent allowed if the property is in poor condition	Poor conditions means the dwelling unit has defective conditions making it unlivable, a request for repairs has not been completed, or the property is otherwise in violation of RCW 59.18.060.
Increases over 10% of monthly rent over a 12-month period requires landlord to pay relocation assistance for economically-displaced tenants.	The tenant must be notified this is an option in every rent increase notice regardless of the increase amount. The assistance can be valued in a number of ways – the KCBA model bases it on three times the monthly rent amount. Optionally, this tool could require relocation assistance for physical displacement as well (due to property renovations or demolition).
Move-in fees capped at one month’s rent and require offer of installment plans	Allow up to a six month installment plan which commences upon move-in. This helps lower income tenants manage move-in fees that can be many thousands of dollars.
Caps on rent payment late fees	The KCBA approach is a cap of \$10 per month and the tenant is not responsible for any legal fees or other services.
Leases must allow rent to be paid on different days of the month	This allows tenants to adjust the due date of rent payments if the tenant has a fixed income source (e.g. a paycheck lag after the first of the month or a social security payment). A landlord shall not refuse to lease to tenants who request this.
Evictions and Discrimination	
Require cause to evict as specified in the lease agreement	Only allow for evictions for: 1) failure to pay rent after receiving all notices required; 2) substantial breach of a non-monetary term of the lease and all steps to resolve it have failed within the time required; or 3) the landlord seeks to remove the unit from the market with honest intent (with 120 days notice).
Banning discriminatory, deceptive, and unfair practices in the rental market	Prohibits inquiries or verification requirements based on immigration or citizenship status, using social security numbers as a method of proving financial eligibility, and representing that a unit is not available when it is in fact available. Also prohibits requiring that a lease be signed by children and deceptive omissions and practices like confusing lease terms or taking advantage of a lack of understanding by tenants.
Administration	
Rental unit registration and inspection programs	The purpose of such programs is to ensure rental housing meets standard living conditions. Registration includes property address, contact information, list of rental units, and condition of the housing units. Fees may be imposed and re-registration is required with new ownership.

Figure 16. Tenant protection options

No particular set of tenant protections is recommended as part of this HAP. The Port Orchard community and decision makers are encouraged to use this “menu” of options as a basis for

continued discussion. Port Orchard can look to other communities like Burien and Kenmore that have adopted some of these protections.^{34, 35, 36}

Longer rent increase notice time, move-in fee caps, and economic/physical relocation assistance are some of the strongest anti-displacement strategies available for low-income residents forced to move, giving them an opportunity to find new housing in the same community within a reasonable amount of time.

Any new regulatory action would require some degree of effort, ranging from education and outreach to increased staffing and resources for monitoring and enforcement. Regulatory action could also be considered at the regional level to provide consistency for landlords and property management companies working across multiple Kitsap County jurisdictions.

3.1.2 - Other Anti-Displacement Strategies

Strategic Acquisition of Existing Multifamily Housing

To better retain affordable housing, the City of Port Orchard should work with Housing Kitsap, land trusts, and other non-profit providers to identify naturally occurring affordable housing and multifamily housing with income restrictions or covenants that are close to expiration. Funds should be identified to acquire as many such properties as possible to avoid displacement of low- or moderate-income residents. This practice preserves existing communities and retains long-term affordable housing stock at a lower cost than development of new affordable housing.

Tenant Legal Services

Eviction rates have been shown to drop when tenants facing eviction have access to legal representation. The Washington State Office of the Attorney General has a comprehensive list of resources for tenants facing legal issues, including free phone assistance from the Northwest Justice Project for low-income tenants statewide.³⁷ Contacts and guidance could be provided alongside or in addition to the homeless services directory (see Section 3.2).

Tenant Opportunity to Purchase

A tenant opportunity to purchase program, such as the one instituted in Washington, D.C. in 1980, gives tenants the first right to purchase their unit if it is being converted into a condominium. In D.C., a study of the program showed this helped 58% of eligible tenants purchase their unit.³⁸ The D.C. program has also resulted in the creation of many limited equity

³⁴ "City of Burien, Washington, Ordinance No. 804." October 2022.

<https://burienwa.civicweb.net/filepro/documents/33975/?preview=76250>

³⁵ City of Kenmore, Washington, Ordinance No. 22-0545." March 2022.

<https://kenmore.civicweb.net/filepro/documents/118191/?preview=119244>

³⁶ "Five Seattle suburbs added new landlord-renter laws this year. Here's what they do." *The Seattle Times*. December 15, 2022. <https://www.seattletimes.com/seattle-news/politics/five-seattle-suburbs-added-new-landlord-renter-laws-this-year-heres-what-they-do/>

³⁷ "Residential Landlord-Tenant Resources." Washington State Office of the Attorney General.

<https://www.atg.wa.gov/residential-landlord-tenant-resources>

³⁸ Chapple, Karen and Anastasia Loukaitou-Sideris. "White Paper on Anti-Displacement Strategy Effectiveness." Prepared for the California Air Resources Board, February 2021.

cooperatives when tenants work together to purchase a building being converted to condominiums.³⁹

Rental Assistance Programs

Rental assistance programs help low-income tenants pay rent in moments of hardship. Such a program can be very helpful in preventing families and individuals from becoming homeless and help stave off eviction and displacement. However, rental assistance programs are also relatively expensive and may have limited reach in a city of Port Orchard's size. One option would be to investigate a temporary rental assistance fund for eligible low-income renters which can provide assistance for 1-3 months when a tenant is experiencing a financial crisis.

Housing Rehabilitation

Some low-income households are unable to afford ongoing maintenance on their homes, particularly older housing units. This can lead to displacement if the homes become uninhabitable or the home is sold at a low price. Many cities and counties in Washington, including Vancouver, Spokane, and Pierce County for example, provide no- or low-interest loans to qualifying low-income homeowners to help repair and rehabilitate their homes.^{40, 41, 42}

Some programs do not require repayment of the loan until after the house is sold, and others defer payments if residents cannot afford them, or waive interest for disability modifications. These programs are funded by a variety of sources, including city or county affordable housing funds, CDBG block grants from HUD, or HOME Investment Partnership programs.

Community Control of Land

There are several models of cooperative or shared land ownership which have been used to remove land speculation and market pressures from ownership housing and provide affordable and stable ownership opportunities for lower- and moderate-income households. Such organizations have mostly taken the form of cooperatives and community land trusts (CLT), or a combination of both approaches.

In a community land trust, the land is held in trust by a nonprofit or city and only the housing unit is bought and sold, usually with permanent affordability restrictions in the covenant. Although this can reduce the amount of equity which can be built by buying and selling a home in a CLT, it does create opportunity for households whose incomes would typically exclude them from homeownership.

In a co-op model, residents own shares in the land or buildings (depending on the model) and pay affordable monthly payments with limited equity to residents. One Oregon model showed

³⁹ "Tenant/Community Opportunity to Purchase." PolicyLink. <https://www.policylink.org/resources-tools/tools/all-in-cities/housing-anti-displacement/topa-copa>

⁴⁰ "Housing Rehabilitation Loan Program." City of Vancouver. <https://www.cityofvancouver.us/eph/page/housing-rehabilitation-loan-program>

⁴¹ "Home Rehabilitation." City of Spokane. <https://my.spokanecity.org/housing/affordable/>

⁴² "Home Rehabilitation Loan Program." Pierce County. <https://www.piercecountywa.gov/3093/Home-Rehabilitation-Loan-Program>

that combining a CLT and co-op yielded opportunities for homeownership for households earning 30-60% of the AMI.⁴³

Overall, the largest barrier to community land control models is lack of funding for ownership affordable housing to jumpstart these types of organizations.⁴⁴

Foreclosure Assistance

Foreclosure assistance can take the form of financial support to homeowners facing foreclosure, similar to the rental assistance programs described above. Additionally, foreclosure assistance can take the form of technical assistance and counseling to households at risk. A study conducted by the Urban Institute during the Great Recession found that households that received counseling were more likely to avoid default and modify their loans to be able to keep making payments.⁴⁵ Such a program could be provided by the city or in partnership with another organization.

Living Wage Ordinance

In the Port Orchard area, the hourly wage needed to afford the average two-bedroom apartment is \$32.69 an hour.⁴⁶ The minimum wage in Port Orchard is the default Washington State minimum wage of \$15.74 per hour.

A living wage ordinance requires a higher minimum wage than that required by state law, which can help reduce housing cost burden. Local ordinances are not widespread in Washington; only the cities of Seattle, SeaTac, and Tukwila currently have minimum wages higher than the statewide minimum.⁴⁷

Childcare and Early Education Subsidies

Subsidizing early education is another way to help lower-income households who are unable to afford housing, as well as improving lifelong outcomes for children. Washington State provides financial assistance for child care for low-income families through the [Working Connections Child Care subsidy](#). Other municipalities in Washington also provide childcare subsidy, such as Seattle's [Child Care Assistance Program](#) and the [King/Pierce County Child Care Resources subsidy program](#) for families experiencing homelessness.

⁴³ "A Case for Public Investment in Shared-Equity Homeownership." SquareOne Villages. September 2020. <https://olis.oregonlegislature.gov/liz/2021R1/Downloads/PublicTestimonyDocument/20717>

⁴⁴ Gabobe, Nisma. "How Can Cities Move The Needle on Community Land Trusts?" Sightline Institute. August 2021. <https://www.sightline.org/2021/08/23/how-can-cities-move-the-needle-on-community-land-trusts/>

⁴⁵ Chapple, Karen and Anastasia Loukaitou-Sideris. "White Paper on Anti-Displacement Strategy Effectiveness." Prepared for the California Air Resources Board, February 2021.

⁴⁶ National Low Income Housing Coalition, "Out of Reach: The High Cost of Housing." 2022. <https://nlihc.org/oor/zip?code=98367>

⁴⁷ "Minimum Wage", Washington State Department of Labor & Industries. <https://www.lni.wa.gov/workers-rights/wages/minimum-wage/>

3.2 – Homelessness Strategies

Action: Strengthen coordination between the City and local homelessness support services and adopt a Housing First approach.

Homelessness is a government concern because it relates to the health, safety, and welfare of individuals and the community at-large.⁴⁸ This housing action plan addresses homelessness because the production and price of housing, which is affected by City policy, is directly correlated to the rate of homelessness.⁴⁹ At the national level, 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.⁵⁰

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. 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.⁵¹

Port Orchard staff should continue to monitor the annual point-in-time count and support the county as necessary to ensure consistent data collection on the extent and changes in the homeless population in the city.

3.2.1 – Coordination

The City does not directly offer any homeless shelters or transitional housing. Continue working with Kitsap County and service providers to provide outreach and offers for service and shelter for homeless individuals.

This could include creation of a standardized directory of support services with available times and contact information (such as food banks, shelters, counseling, public transit, etc.), and distribute it on the City website and in print with local service providers. Assign a City staff person to contact each service at least monthly to maintain and update the directory.

3.2.2 – Adopt a “Housing First” Approach

Decades of research have found that helping homeless people move off the street and into a home of their own is the most effective way to reduce long-term (chronic) homelessness for the

⁴⁸ “Homelessness – Common Questions & Answers.” Washington State Department of Commerce. January 2019. <https://www.skagitcounty.net/HumanServices/Documents/Housing/Homelessness%20FAQs%2001-2019.pdf>

⁴⁹ “Homelessness is a Housing Problem.” Greg Colburn and Clayton Page Aldern. <https://homelessnesshousingproblem.com/>

⁵⁰ “How COVID-19 Could Aggravate the Homelessness Crisis?” August 2020. United States Government Accountability Office. <https://www.gao.gov/blog/how-covid-19-could-aggravate-homelessness-crisis>

⁵¹ Kitsap County Point In Time Count. <https://www.kitsapgov.com/hs/Pages/HH-Point-in-Time.aspx>

most vulnerable people.⁵² This is because it is extremely difficult or impossible to address the personal, financial, mental, or physical problems that underlie homelessness while simply trying to stay alive.

The “housing first” approach eliminates bureaucratic steps and places no criteria on sobriety, employment, criminal history, or completing a religious program before individuals are moved into a home. When someone is drowning, it doesn’t help if a rescuer insists the victim learn to swim before bringing them to shore. They can address their issues once they are on solid ground with private space, a stable address, and the dignity of meeting basic needs like food, warmth, and bathing.

This approach is less costly to taxpayers than the combined costs of roving service contacts, emergency room visits, jail and shelter stays, towed vehicles, and maintenance of public spaces. Success stories and lessons abound from places as varied as Houston, TX, Columbus, OH and Salt Lake City, UT.

The provision of homes can be done indirectly through vouchers, in which public funding directly subsidizes the cost of a market-rate rental unit, or directly through publicly owned housing. The type of housing is oftentimes and preferably in the form of apartments which are the cheapest type of housing to build and operate per unit. Sometimes existing apartment or motels are purchased, or a warehouse can be renovated for residential use. “Tiny home villages”, which are rapidly constructed on vacant sites or parking lots, may be appropriate but only on a temporary basis since they are not as durable, weather-proof, or livable as permanent structures.

“Housing first” includes intensive wraparound social services and case management for the residents, either on-site or off-site. These services usually include support for people living with complex and disabling behavioral health or physical health conditions, addiction treatment, and employment assistance. Research has found that an overwhelming majority of permanent supportive housing residents eventually stabilize their lives and health enough to move to market-rate housing.

The “housing first” policy has its limitations. It can only work if housing and service providers agree on the approach, if there is enough supply of housing available to work with at different income levels, and there is adequate long-term funding. All three requirements will require strategic planning and time to develop. To that end, this HAP recommends the following:

- Convene a meeting of all relevant homelessness stakeholders to discuss the “housing first” approach
- Adopt a “housing first” policy in the Comprehensive Plan
- Regularly survey and monitor the scale of the homeless population
- Provide or seek new funding for supportive housing such as rent vouchers or a City-owned supportive housing development
- Study alternatives for providing supportive housing with City funding or grant funding

⁵² “Homelessness research: A guide for economists (and friends).” 2019.
<https://www.sciencedirect.com/science/article/abs/pii/S1051137718302109>

- Inventory hotels/motels which could be candidates for purchase and conversion to permanent supportive housing
- Explore programs and partnerships that could enable more social, health, and human care services to establish branch locations in Port Orchard.

DRAFT

3.3 – Support Staffing Needs

Action: Fund, recruit, and hire a housing coordinator to help implement this Housing Action Plan, connect and collaborate with housing stakeholders, and promote more market-rate and affordable housing development in Port Orchard.

A housing coordinator would be a specialized position in the Community Development Department that promotes implementation of the Housing Action Plan and provides long-term policy support and relationship-building among Port Orchard’s residents, landlords, developers, human service providers, and City staff.

In the HAP Housing Survey, 57% of survey respondents are supportive of “Hiring a city housing coordinator to assist renters and support local homeless service.” 24% were not sure or need more information and 29% were opposed. Note that renters represented about 16% of survey participants.

This could be a permanent position or, at a minimum, a two year position focused on implementing the Housing Action Plan.

Key responsibilities for the position should include:

- Implement the actions and strategies of the Housing Action Plan
- Plan, organize, coordinate, and implement the work plan and policies related to the City’s housing policies, projects, and programs. Study, evaluate, and recommend housing policies and procedures.
- Serve as the City liaison to other departments and advisory boards on housing issues related to housing policy and provide citywide leadership and coordination on housing policy issues.
- Apply for housing grants including from County sales tax housing set asides and Community Development Block Grant funds and manage grant implementation. Monitor other state funding and grant opportunities and write applications for funding, including joint applications with partner agencies.
- Administer and monitor the MFTE program and provide guidance for property owners
- Monitor housing production, the number and location of affordable housing units, and the number of unhoused people in Port Orchard and support department reports on housing and demographic trends
- Build relationships with community partners in the non-profit, public, and private sectors, including acting as liaison to Housing Kitsap, Habitat for Humanity, and others.
- Market Port Orchard to the residential real estate industry and manage inquiries, with a focus on promoting the qualities of the town, economic development opportunities, the friendly regulatory environment, and any financial incentives available
- Recruit human service providers and senior housing developers to locate and build facilities in Port Orchard
- Connect businesses and prospective residents to housing listings and providers
- Connect tenants and landlords to resources help resolve disputes
- Educate property owners and developers on development regulations and site-specific opportunities and share resources such as case studies, best practices, property maintenance standards, and property tax resources

- Monitor changes to the Growth Management Act and related state laws on housing

Qualifications for the position should include:

- Bachelor's degree in planning, real estate, public administration, finance, economics, business, or other fields where the knowledge and skills can translate to the responsibilities of the position.
- Considerable (3-5 years) experience in program management, affordable housing policy, community planning, public policy, real estate finance or development, business administration, or economic development.
- Proficiency with Microsoft Office and other software related to planning operations.

The ideal candidate will:

- Have a creative, open-minded, and pragmatic attitude.
- Thrive in a fast-paced, team-based environment while also being able to work independently.
- Clearly communicate ideas and concepts.
- Have strong organizational and data analysis skills.

4 – Citywide Planning Strategies

These actions relate to the City’s budget and updating the Comprehensive Plan.

4.1 – Housing Element Updates

Action: In the next Comprehensive Plan update, update the Housing Element to support the actions of this Housing Action Plan and integrate new provisions required by state law.

Recent updates to the Growth Management Act require some updates on data and goals/policies for the Comprehensive Plan’s Housing element. Many of these required updates overlap with the data and objectives provided in this Housing Action Plan, though some additional work may be needed.

In addition to statements of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, updated [RCW 36.70A.070\(2\)](#) (2021) now requires:

- An inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth including:
 - Units for moderate, low, very low, and extremely low-income households
 - Emergency housing, emergency shelters, and permanent supportive housing
- Goals and policies for moderate density housing options including, but not limited to, duplexes, triplexes, and townhomes
- Identify sufficient capacity of land for housing including, but not limited to, government-assisted housing, housing for moderate, low, very low, and extremely low-income households, manufactured housing, multifamily housing, group homes, foster care facilities, emergency housing, emergency shelters, permanent supportive housing, and consideration of duplexes, triplexes, and townhomes
- Makes adequate provisions for all economic segments of the community, including:
 - Low, very low, extremely low, and moderate-income households
 - Documenting programs and actions needed to achieve housing availability including gaps in local funding, barriers such as development regulations, and other limitations
 - Consideration of housing locations in relation to employment location
 - Consideration of the role of accessory dwelling units in meeting housing needs
- Identify local policies and regulations that result in racially disparate impacts, displacement, and exclusion in housing, including:
 - Zoning that may have a discriminatory effect
 - Disinvestment
 - Infrastructure availability
- Identify and implement policies and regulations to address and begin to undo racially disparate impacts, displacement, and exclusion in housing caused by local policies, plans, and actions

- Identify areas that may be at higher risk of displacement from market forces that occur with changes to zoning development regulations and capital investments; and
- Establish anti-displacement policies, with consideration given to the preservation of historical and cultural communities as well as investments in low, very low, extremely low, and moderate-income housing; equitable development initiatives; inclusionary zoning; community planning requirements; tenant protections; land disposition policies; and consideration of land that may be used for affordable housing.

In the annual amendment cycle or the next major update (due in 2024), the Housing Element could be updated with specific policies relating to the many strategies and actions of this Housing Action Plan. Relevant HAP actions to acknowledge at the comprehensive planning level may include, but are not limited to, the following:

- Development regulation streamlining that provides more housing options
- Guidance on homelessness reduction and prevention
- Support for a multifamily tax exemption program, tax increment financing for infrastructure and affordable housing, and transit funding to support housing and economic development
- Policies for the acquisition and disposition of surplus public land for affordable housing (see Strategy 4.4), especially City-owned land in downtown.
- Support for new anti-displacement policies

4.2 – Land Use Element Updates

The Comprehensive Plan Land Use element should be reviewed for potential updates on these issues.

4.2.1 – Corridor Zoning

Action: In the next major Comprehensive Plan Update, review the balance between residential and commercial land capacity and adjust the future land use map.

Some of Port Orchard’s major transportation corridors are targeted for transit investments by Kitsap Transit. The Comprehensive Plan update should consider whether land use regulations and infrastructure plans are supportive of transit-oriented development, particularly in designated centers.

The City’s primary commercial corridor (also consisting of several designated centers), Bethel Road, is planned to have an upgraded roadway with roundabouts and bike and pedestrian infrastructure in the next few years. At the same time, Kitsap Transit plans a bus rapid transit route in the corridor (between Downtown and approximately Sedgwick Road).⁵³

However, there is room for improvement in land use and amenities in the transit walkshed (a quarter to half mile walking distance). The corridor has a patchwork of zoning with few clear patterns and low building height limits, including low-density residential zoning both inside and

⁵³ “Long-Range Transit Plan 2022-2042.” Kitsap Transit. December 2022. <https://www.kitsaptransit.com/agency-information/planning/lrtp>

outside the city limits. Existing development is largely not pedestrian-oriented, being characterized by large parking lots, low-scale commercial buildings, residential cul-de-sacs, and a discontinuous street grid. The Commercial Heavy zone does not allow general residential development, potentially locking in suburban-style strip malls and shopping centers on large parcels. There are no public parks, schools, community centers, or other civic amenities in the corridor that can help attract residential development and serve affordable housing residents. Opportunities for infill and mixed-use redevelopment, including affordable housing, should be explored in the Comprehensive Plan and a future Bethel subarea plan.

The Mile Hill corridor has similar challenges but at a smaller scale. Incentives could be adjusted to support redevelopment of strategic sites like self-storage facilities and infilling underutilized parking lots. Explorations should consider the proximity to Downtown, South Kitsap High School, and Blackjack Creek.

The Tremont, Pottery, and Sidney corridors are generally characterized by R2 or BPMU zoning and proximity to parks and schools. Kitsap Transit plans transit service enhancements in some of these areas. Upzones to allow at least moderate-scale multifamily development in more areas should be considered.

The Lund and Jackson corridors in the unincorporated urban growth area could also be explored for near-term annexation and subsequent zoning that incentivizes infill middle housing and multifamily housing which helps pay for infrastructure and services. These areas are mostly developed with a mix of low-to-medium density housing and have an identity linked to Port Orchard. Proximity to South Kitsap Regional Park and several schools is an asset to be leveraged.

4.2.2 – Neighborhood Commercial Uses

Action: Review the opportunity for allowing small neighborhood commercial uses in residential neighborhoods.

Residential zones are not permitted to have restaurants, cafes, convenience stores, or other types of small commercial uses. The City uses the NMU zone for this purpose, which allows the shopfront house building type (also see Strategy 2.2.6) but not single-purpose apartment buildings. Consider adding more nodes of NMU zoning in residential neighborhoods, particularly on corner lots. Forest Park Grocery and Deli near the intersection of West Avenue and South Street is a good example of the types of development that may occur with this zoning over time, providing more neighborhood services within walking distance of housing.

Review other NMU zoning standards to ensure commercial uses are well-integrated into residential neighborhoods. This could include limitations on the size of commercial uses (e.g. 1,000 to 2,500 square feet, with clarity on gross or net), reduced or eliminated off-street parking requirements for businesses, and prohibiting incompatible activities such as outdoor storage.

4.2.3 – Park-Oriented Development

Action: Consider increasing zoning capacity around Port Orchard’s major parks.

Port Orchard’s parks are major assets of the community, and access to outdoor recreation is important for public health and well-being. Allowing more housing near major parks and recreation uses (such as within a quarter-mile) can have several benefits, including allowing more people to walk and bike to parks for healthy recreation and encouraging a long-term increase in park users and community ownership of parks. Park access is particularly important for families with children. Notable rezoning opportunities are in the areas around Givens Playfield (which is also adjacent to a community center), McCormick Village Park, and Clayton Park. Most parks are also near transit stops.

Part of the area north of Givens Playfield is also near the Kitsap County campus and zoned BPMU. This area consists mostly of detached homes and some vacant lots. The zoning encourages a transition to commercial uses over time, though little such activity has occurred. Rezoning this area for park-oriented development could also have the dual benefits of increasing the feasibility of mixed-use development with commercial space and multifamily housing.



Figure 17. The vicinity of Givens Playfield (Google Maps)

Another large park which Port Orchard residents utilize is South Kitsap Regional Park. This is currently outside the city limits but contained in the urban growth area. When this area is annexed the City should consider park-oriented zoning that allows for a wider range of housing types near the park.

Recently adopted development regulations for the area near the planned west entrance to McCormick Village Park allow middle housing development and a proposed mixed housing neighborhood is in permitting review. However, there are other unentitled properties near McCormick Village Park and the golf course clubhouse that may be candidates for multifamily and middle housing uses. These changes would ensure that all areas of the city provide opportunities for people of different economic means with the opportunity to live and work (see further discussion in the introduction to Strategy 2.1).



Figure 18. A concept for a mix of housing including middle housing from the recently adopted McCormick Village Subarea Plan in a location adjacent to McCormick Village Park.

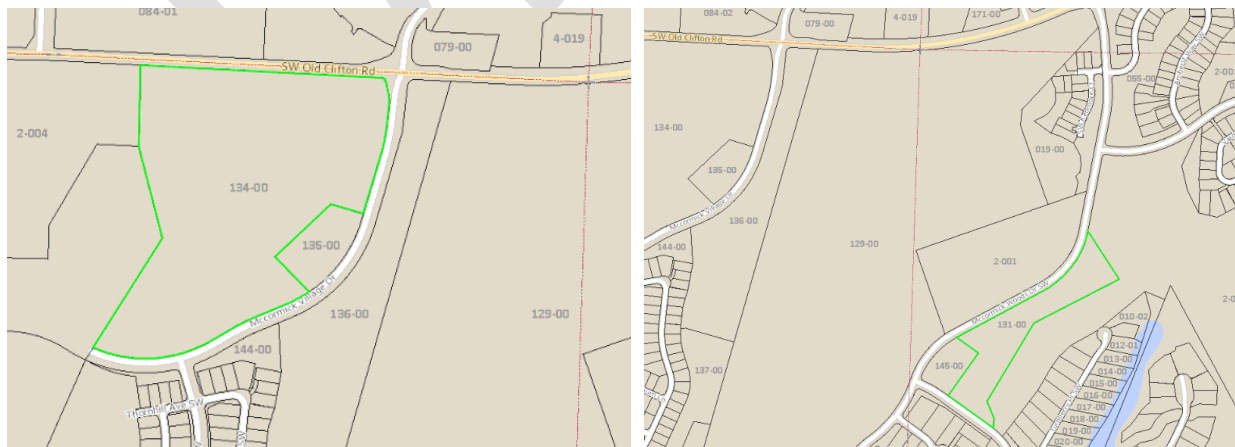


Figure 19. Examples of parcels highlighted in green that could be zoned for multifamily or middle housing due to their proximity to parks and recreation amenities.

4.2.4– Parking

Action: In the next major Comprehensive Plan Update, review the need for minimum parking requirements citywide and review national case studies for best practices.

Parking is an issue that should be revisited in the next Comprehensive Plan update. Consider policy support for removing minimum requirements entirely, as is increasingly being done in cities and states across the country and called for by professional planning and engineering organizations.^{54, 55} A related option is to add maximum parking requirements, especially for the most intense uses such as retail.⁵⁶

Removing parking requirements does not have any immediate effect on housing supply or prices or neighborhood design. Related requirements such as parking lot landscaping and stormwater treatment for impervious surfaces would remain. Over time, it gives the power of parking design back to property owners and businesses to decide how much parking they need to attract tenants and customers.⁵⁷ New development will still include parking spaces, but the number of spaces will be decided based on what owners need based on their experience and budget rather than government rules.⁵⁸

Removing the minimum requirement can also ease the renovation of older vacant buildings and allow new small businesses to open in commercial spaces where they couldn't before. Removing parking requirements significantly reduces the red tape and studies that are required to justify modifications, reductions, or cooperative parking agreements, the costs of which may exceed the budgets of local property owners or small investors. Starter homes like townhomes and condos may become easier to build and improve homeownership opportunities.

The costs of building and maintaining parking are a major factor in housing costs. Parking costs are passed on to renters, homeowners, and business tenants. Surface parking spaces can cost up to \$30,000 and a structured parking space can cost \$50,000 or more. Studies have shown this can add \$200-500 per month to new apartment rents.

Removing parking standards would complement increased transit service, as discussed in Strategy 5.6.

At the minimum, new state law adopted in 2023 ([House Bill 1110](#)) sets maximum limits on the minimum parking spaces for middle housing (duplexes, triplexes, fourplexes, fiveplexes, sixplexes, townhouses, stacked flats, courtyard apartments, and cottage housing). This preemption must be codified within six months of the major Comprehensive Plan update being adopted. Up to one parking space per unit may be required on lots smaller than 6,000 SF (before any zero lot line subdivisions or lot splits) and up to two 2 spaces per unit may be required on larger lots.

⁵⁴ "Parking Reform Network." <https://parkingreform.org/resources/mandates-map/>

⁵⁵ "Rethinking Parking Minimums." Institute of Transportation Engineers. February 2019. <https://www.dropbox.com/s/1becvgm8ebznwj2/ITE%20journal.pdf?dl=0>

⁵⁶ "Parking Maximums." Sustainable Development Code. <https://sustainablecitycode.org/brief/parking-maximums-7/>

⁵⁷ "End Parking Mandates & Subsidies." Strong Towns. <https://www.strongtowns.org/parking>

⁵⁸ "Save Anchorage from Parking Mandates." Sightline. September 2022. <https://www.sightline.org/2022/09/30/save-anchorage-from-parking-mandates/>

4.3 – Public Land for Affordable Housing

Actions: Consider rezonings, environmental assessments, pre-development activities, and partnerships to promote use of surplus public land for affordable housing.

The City has a modest amount of surplus publicly-owned land. Some of it is well-located or positioned to merit consideration for housing development. Considerations for key properties and strategies are described in this section. Other public lands (such as those owned by Kitsap County, the Port of Bremerton, and other agencies) could be reviewed in the future.

4.3.1 – Disposition Policy

Formally adopt a surplus land disposition policy that gives the right-of-first-refusal to affordable housing developers or other community-determined uses, consistent with the allowances of [RCW 39.33.015](#) (note that some modifications to the affordability provisions of the statute were made in 2023 under [House Bill 1695](#)). The policy could be adopted by City Council resolution and embedded within the Comprehensive Plan's Housing Element (also see Strategy 4.2).

4.3.2 – Land Acquisition

The cost of land can be a major cost for any housing development, and providing a discounted land lease or sale can help some projects become economically viable. Since the City does not have much surplus land, the City can identify and purchase underutilized or vacant properties that can be developed as affordable housing. Land assembly can be a powerful tool for putting together larger sites that can be redeveloped at a more economically feasible scale.

This strategy could be focused on close-in locations (e.g. Downtown and the Bethel Avenue and Mile Hill Drive corridors) where land ownership is fragmented. Port Orchard may also focus on vacant, abandoned, or tax-delinquent properties. These sites usually have negative impacts on surrounding properties and the City's role would include resolving ownership issues and/or addressing tax liens or land encumbrances that otherwise deter developers from pursuing these properties.⁵⁹

Once acquired and assembled, Port Orchard would lease or sell the land for affordable housing. See the related need for a land disposition policy in Strategy 4.4.1

4.3.3 – Tremont/Pottery Roundabout Property (Parcel 342401-4-016-2001 & 342401-4-015-2002)

This is a one-acre vacant site within the Tremont Center and zoned Commercial Mixed Use. The site could be viable for townhomes or multifamily development with a small commercial component, potentially leveraging new single stair provisions (see Strategy 2.4.7). It is eligible for the Type 1 and Type 3 MFTE programs, which could improve the feasibility of affordable housing on the site.

While Tremont Street is newly rebuilt with pedestrian and bike infrastructure, the general area is not walkable to services besides gas stations, medical offices, and schools. This and parking

⁵⁹ "Support the Reuse of Abandoned, Vacant, & Delinquent Properties." Family Housing Fund. <https://www.fhfund.org/report/reuse-of-abandoned-properties/>

requirements will require a significant portion of the site be dedicated to surface parking, limiting the housing capacity of the site. Some amount of structured parking might be economically feasible with the savings from a discounted land transfer, though the site's irregular shape could make efficient parking layouts a challenge. Parking could potentially be shared with the healthcare facility directly behind the site to the north.

Development could fully or partially vacate Alder Lane, which is City right-of-way and does not serve any other properties (any utilities may need to be relocated). The site could also potentially expand by acquiring part of the adjacent healthcare facility site if there is underutilized parking there; that site is zoned as Public Facilities which does not allow any residential land uses.

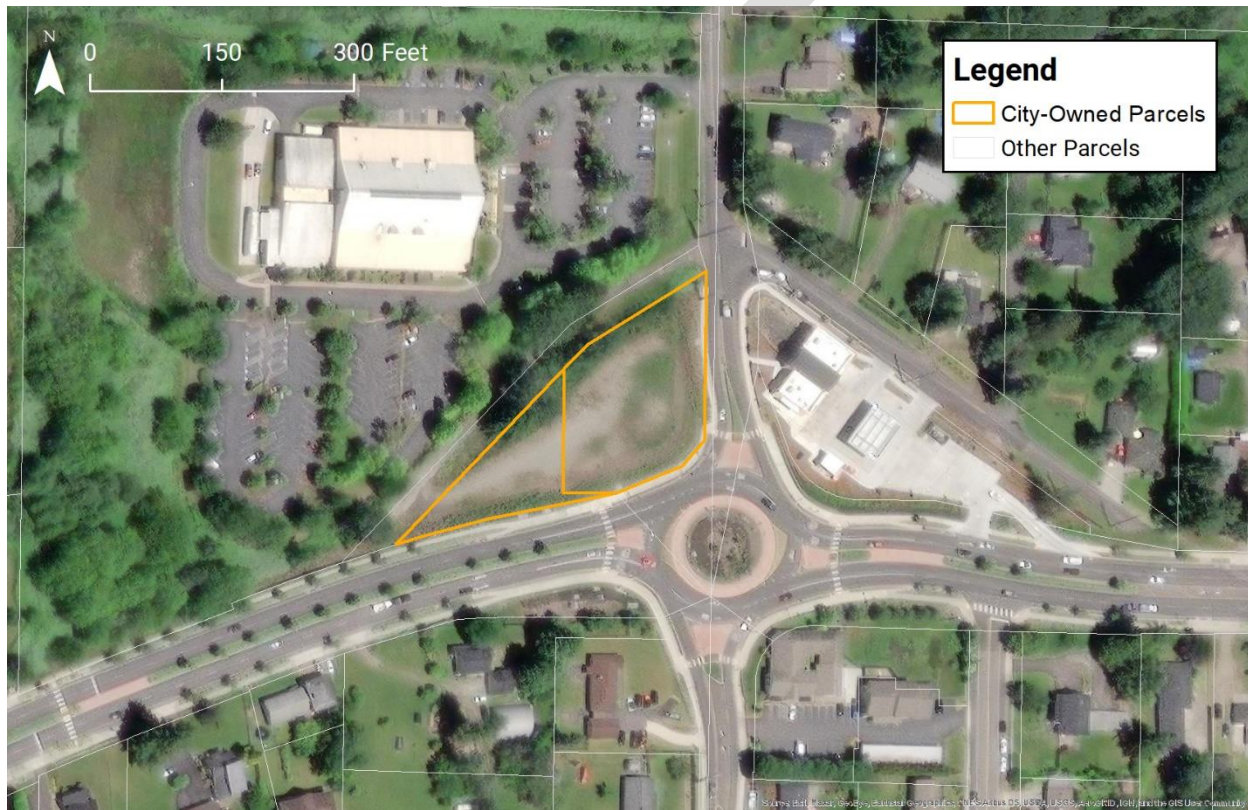


Figure 20. City owned property at the Tremont and Pottery Roundabout

4.3.4 – Mitchell Avenue Property (Parcel 252401-3-045-2009)

This is a 1.7 acre forested site within the Lower Mile Hill Center and it is zoned R4, which allows up to four-story buildings. The site boundary has a small cutout of R3 zoning where there is a cell phone tower. The site could be viable for townhomes or multifamily development. The site is across the street from South Kitsap High School and could be an ideal location for family housing (units with two or more bedrooms). It is eligible for the Type 1 MFTE program, which could improve the feasibility of affordable housing on the site.

The site is moderately sloped, with a 70 feet elevation difference between the top and bottom of the property (a horizontal distance of 240 feet). Significant tree standards and topography may add construction costs and reduce housing capacity, but the economic feasibility may also be

improved with the savings from a discounted land transfer. A recent study by Portland State University suggested an increase of 40-50% in development costs for affordable housing built on sites of 20% slope or more.⁶⁰ The site could potentially be configured with two separate clusters of buildings at the top and bottom of the hill. The site is bordered to the west and north by strips of undeveloped City right-of-way, which could be vacated to expand the site and/or provide access solutions.

The site could also potentially expand by acquiring one or more of the adjacent parcels, particularly off Bethel Avenue, to increase circulation options and improve economies of scale. The adjacent commercial properties are either vacant or have low-value improvements, they are zoned Gateway Mixed Use, and they are within the Downtown Height Overlay District 5 which allows up to five-story buildings.



Figure 21. City owned property off of Mitchell Avenue

⁶⁰"Impact of Slope on Housing Development Costs." Portland State University. 2010.

https://www.pdx.edu/realestate/sites/g/files/znlchr3251/files/2020-10/01_impact_of_slope_on_development_SU20_p2.pdf

Note: This study also has other useful data on the impact of slope on development costs for various building types

4.4 – McCormick East Future Neighborhood Planning

Action: In the next Comprehensive Plan update, identify the McCormick East area as a future mixed housing and commercial area and/or local center. Develop a subarea plan to shape this area as a mixed housing and mixed income development.

4.4.1 – McCormick East Overview

The McCormick East area is a large unentitled area located in the southwest area of Port Orchard near the intersection of Glenwood Road and McCormick Woods Drive. The area is currently zoned R2.



Figure 22. Location of McCormick East.

4.4.2 – McCormick East Summary

The McCormick East area was annexed by the City of Port Orchard during the Great Recession. Unlike other areas of west Port Orchard such as McCormick Woods, McCormick Trails, and McCormick Village, McCormick East remains unentitled. It is also identified as a future planning area in the City's utility plans. As described in Section 1.3 regarding geographic equity and the introduction to Strategy 2.1 for allowed uses, the City must be cognizant of the geographic inequities located in areas east and west of SR-16.

The McCormick East area includes approximately 108 acres of recently logged undeveloped land with relatively few critical areas. The recent logging that took place means that there are few significant trees present and that the site is a blank slate for development. Under the current zoning, it is likely that this property would develop with detached homes. Some ADUs or duplexes would be possible in this area but are unlikely.

Due to the previous entitlements and development agreements governing the development of most other areas in McCormick Woods, McCormick Trails, and McCormick Village, there are few opportunities to increase the presence of affordable housing types west of SR-16. Kitsap Transit is planning a large park-and-ride facility in the nearby Ruby Creek Neighborhood. This transit investment along with planned transit routes makes McCormick East ripe for a new master plan.

4.4.3 – McCormick East Recommendations

The City should work to develop a subarea plan to guide the development of the McCormick East area. This plan should seek to provide zoning to allow a mix of commercial development and middle housing. The area could be designated as a local or countywide center and should be designed to promote transit access. The timing of a McCormick East subarea plan is likely not feasible until after the City's 2024 Comprehensive Plan Update.

5 – Funding Strategies

These actions relate to the financing and funding of affordable housing and related issues like taxes, fees, and state law.

5.1 – Multifamily Tax Exemption Program

Action: Update the MFTE program based on increased developer interest in multifamily and mixed-use projects to streamline requirements, balance affordability and foregone tax revenue, and take advantage of increased flexibility in statewide legislation.

5.1.1 – MFTE Overview

A multifamily tax exemption (MFTE) program is authorized by a 1995 state law, [RCW 84.14](#). Cities can grant an 8-year property tax exemption for any multifamily development or a 12-year exemption for multifamily developments that reserve at least 20 percent of units for low- and moderate-income households.

The state made several changes to the MFTE program in 2021. The 12-year tax exemption and affordability covenants can now be renewed for 12 more years if the property owner continues to provide units affordable to low-income families. Cities may now also offer a 20-year tax exemption for ownership units if at least 25 percent of these condominium units are sold as permanently affordable ownership housing.⁶¹

A MFTE program can be used for new buildings or existing buildings that require major rehabilitation. For cities under 20,000 residents, both the 12-year and the 20-year programs require the development to be in a zone that allows at least 15 dwelling units per acre.

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 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 and other lease stipulations such as requiring the participating units to be pet-friendly.

The MFTE program can have complex fiscal implications due to Washington's "levy lid" restrictions which limit the rate of increase of total regular property tax revenue to 1% per year for communities of 10,000 or more. In theory, the value of the tax exemption granted to developers would represent foregone revenue for the city. However, the reality is more complicated. Construction of MFTE projects often takes place over multiple years and county assessors are required to factor in the portion of new projects which are completed by July 31 each year. However, the tax exemption itself does not take effect until January 1 after the year in which the project is completed. Theoretically, the assessor should remove the value of the partially-constructed MFTE properties which were previously added at this point, however, in

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

reality this happens inconsistently. As a result, the value of the portion of the property which was completed in years prior to the final year of construction can result in a “tax shift” where taxes on that portion of the project’s property value are shifted to the citywide tax base if that portion is not removed from the assessor’s table of total taxable property value.⁶² This complex situation can obfuscate whether the tax exemption results in foregone revenue to the city or whether it merely shifts taxes to the citywide tax base. In most cases, both are occurring to some degree. The Washington Joint Legislative Audit and Review Committee’s 2019 audit of the MFTE program found that they could not determine the amount of local tax savings which was shifted to other taxpayers as a result of the complex situation around the “levy lid.”⁶³

5.1.2 – Port Orchard MFTE Summary

Port Orchard has had an MFTE program in place since 2016, which is codified under [Chapter 3.48 POMC](#), and which provides three types of exemptions. The “Type 1” program is a 12-year exemption available to properties zoned for multifamily or mixed-use near transit or ferry and requires 20 percent of units to be rented at affordable rates based on HUDs fair market rent. The “Type 2” program is an 8-year exemption available to abandoned or underutilized properties within local centers of importance which are encouraged to redevelop. The “Type 3” program is an 8-year exemption available to properties within local centers of importance and zoned for multifamily or mixed-use with requirements for denser, “urban” style development: a minimum density of 50 units per acre and at least 50 percent structured parking, shopfronts equal to 40 percent of all building footprints, or additional height purchased through the city’s transfer of development rights program.

A total of four projects totaling 332 units (including 20 affordable units) have been built using Port Orchard’s MFTE program, and four more projects totaling 427 more units (including 45 affordable units) are currently in progress. For a full summary of Port Orchard’s MFTE program, see Section 5 of the Existing Conditions and Housing Needs Analysis Report in the Appendix.

Port Orchard’s method of setting subsidized rents in MFTE projects at 10 percent below HUD fair market rents is unusual, as most jurisdictions in Washington rent subsidized MFTE units to families earning between 80 and 115 percent of HUD’s MFI for their area, and cap the rent at 30 percent of the household’s income, adjusted for household size.⁶⁴ However, Port Orchard’s system meets legal state requirements and, based on a preliminary analysis, seems to result in rents which are lower than those based on the larger Bremerton-Silverdale MSA HUD MFI.

5.1.2 – Recommendations

Port Orchard has seen an increase in proposed downtown residential-commercial mixed-use projects in recent years. Since these types of projects would be eligible for MFTE funding, it is important to revisit and potentially update some aspects of the program to balance the benefit

⁶² This concept is very complex and more information can be found in Commerce’s “What is Tax Shift?” guidesheet here <https://deptofcommerce.app.box.com/s/9jg7p2ebm467ddpmb1c5u3d4ei22cs1n> as well as starting on p. 37 of Commerce’s MFTE guidebook here: <https://deptofcommerce.app.box.com/s/ij5o80ne5e1740mmh6u05qrjk047g3cw>

⁶³ The JLARC audit’s findings can be found at: https://leg.wa.gov/jlarc/taxReports/2019/MFTE/f_ii/default.html

⁶⁴ Following HUD’s definition of a “cost-burdened” household

and foregone tax revenue of affordable units to ensure the program’s goals are being met and to address recent changes in the program allowed under state law.⁶⁵

Clarify map and zoning of areas of MFTE eligibility. MFTE projects must be in urban centers as defined by RCW 84.14.010, which describes compact districts with a variety of shops, a mix of uses, and public facilities. Port Orchard’s municipal code contains maps of parcels eligible for MFTE funding, but they are difficult to read and are not updated with the latest parcel lines, as shown below in **Error! Reference source not found.** An improved map which shows both the city’s established “centers” and the outline of areas eligible for MFTE development at a larger scale would streamline the process for potential developers.

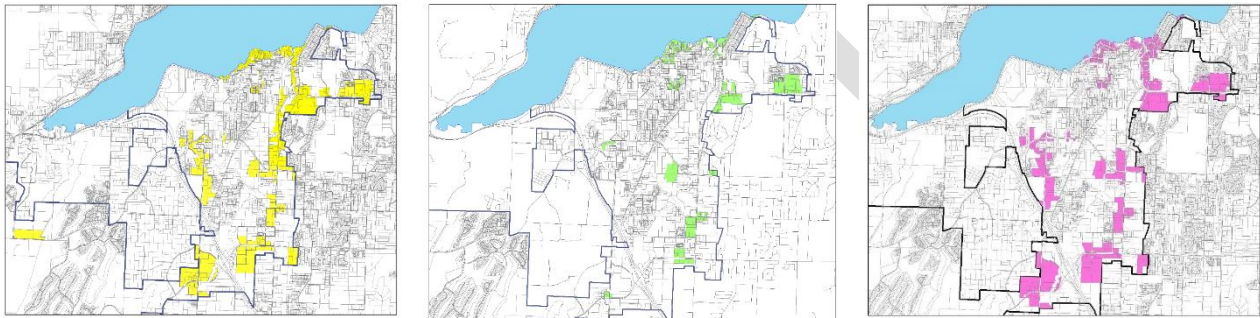


Figure 23. Maps of parcels currently eligible for the Type 1, Type 2, and Type 3 MFTE programs. Source: City of Port Orchard Municipal Code

Correct definition of underutilized buildings. POMC 3.48.040(2)(a)(iii) states that underutilized buildings have an “assessed building value to land ratio of two-to-one or more.” This appears to be backwards, as underutilized buildings are defined by a low building to land-value ratio. The code should be revised to state “building value to land ratio of two-to-one or less,” or *land value to building value* ratio of two-to-one or more.”

Add minimum density in units per acre to multifamily and mixed-use zones. State law requires that 12-year and 20-year MFTE programs which contain affordable rental or homeownership units be located in areas zoned for a minimum average density of 15 units per acre in cities with populations under 20,000. Port Orchard does not currently define minimum unit densities in its code, although the allowed zoning in MFTE areas likely meets this threshold based on allowed height, setbacks, FAR, etc. However, to better comply with state law, considering quantifying minimum densities in the zoning code for mixed-use and multifamily zones. See Section 2.3.3 for considerations.

Consider changes to the method of income calculations for affordable units and conduct an audit of the program. Port Orchard’s program is unusual in that it uses HUD fair market rent to calculate rents for subsidized units. Although the system seems to be working and is allowed under state law, it may be more complex for developers or property managers who are accustomed to methods used in most other cities where MFTE programs are tied to the HUD median family income. If the City wishes to ensure a deeper level of affordability compared to the MFI, the program could be calibrated to a lower level (such as 60 percent rather than 80

⁶⁵ A comprehensive list of 2021 legislative changes to the MFTE program can be found here: <https://deptofcommerce.box.com/shared/static/7k5p88yv41m8ot882gibtzafwzlofkf05.pdf>

percent MFI). Regardless of the method used, the city should audit the MFTE program annually to ensure that the cumulative benefit to income-restricted residents is greater than the foregone revenue from the tax exemption. This audit should be conducted by the Community Development or Finance department and should result in an annual report presented to city council. Additionally, consider partnering with Housing Kitsap for MFTE administration and to reduce city staff's workload when verifying incomes of subsidized unit residents, since housing authorities have infrastructure and skills in place to conduct such income verifications.

Consider removing transit proximity for affordable units. Port Orchard's Type 1 program currently requires projects to be within ½ mile of a transit stop or ferry terminal. Although this provides benefits to lower-income residents who do not own vehicles, the quality and availability of transit service in Port Orchard is low and a recent study by WSDOT indicates that transit in the city is not at the level or frequency which encourages residents to own fewer vehicles.⁶⁶

It is also not clear that transit proximity has any practical effect, since the maps for the Type 1 and Type 3 programs are nearly identical. Removing this requirement could expand eligible projects and the distribution of affordable units across the city.

Consider a height bonus for MFTE developments. Currently Port Orchard allows a height bonus for Type 3 MFTE developments through the Transfer of Development Rights (TDR) program. Such programs are rarely used. Numerous cities in Washington, including Port Angeles and Kirkland, allow height bonuses in exchange for the provision of affordable units in their MFTE programs. Consider adding such a bonus to the MFTE to improve development feasibility. Such a program could have separate height bonus allowances based on zoning and MFTE program type. See Strategy 2.3.2 for more details.

Streamline requirements for Type 3 program. The Type 3 program currently has somewhat stringent requirements to create denser, urban-style buildings through various criteria. Although the intention to stimulate higher density development in centers is an important component of the program, recent projects suggest that the share of structured parking, density, and commercial square footage required may be disincentivizing use. Each of the three requirements could be streamlined to increase viability of participating in the program:

- The **requirement for 50 percent structured parking combined with 50 units per acre of density** may be redundant since the only way to achieve higher densities is by putting parking into structures. Eliminating the structured parking requirement but retaining a relatively high-density requirement (40-50 units per acre) would effectively require that the project either include structured parking or that surface parking ratios are relatively low.
- Reducing the requirement **for 40 percent of all building footprints to contain commercial use** or replacing this requirement with a required minimum percentage of the frontage being commercial would be appropriate given the existing amount of

⁶⁶ "Frequent Transit Service Study." Washington State Department of Transportation.
<https://engage.wsdot.wa.gov/frequent-transit-service-study/>

commercial zoning in Port Orchard. The design requirements in the MFTE ordinance may also be superfluous given the existing block frontage standards in POMC 20.127.

- Finally, an overall height bonus for MFTE developments as discussed above may be more effective than the **TDR height bonus** option currently in the Type 3 program.

Reduce minimum number of units required for participation. Port Orchard’s program currently requires a minimum of 10 units in a project to qualify for the MFTE program. State law only requires a minimum of four units. Updating the Port Orchard program to require a minimum of four units would bring the program in line with statewide standards as well as potentially providing added feasibility for smaller “missing middle” housing types.

Consider adding a requirement for affordable units to be distributed within a development/building. This promotes principles of mixed-income communities and avoids real or perceived concentrations of poverty

Consider adding a 20-year MFTE program. Since 2021, cities under 20,000 residents such as Port Orchard can add a 20-year ownership MFTE program under RCW 84.14.021(1)(b) where at least 25 percent of units must be sold to a qualified nonprofit or local government partner that will ensure permanent affordable homeownership. Providing affordable homeownership opportunities to low- and moderate-income households can help build wealth for households which otherwise could not afford to own a home.

Allow a 12-year extension for Type 1 participating property owners. Since 2021, cities are allowed to grant a 12-year extension to existing MFTE programs within 18 months of expiration. Multifamily housing approved for a 12-year extension must maintain 20% of units as affordable for low-income households (during the extension period moderate-income households are no longer included in the affordable unit counts). Tenant notice and relocation assistance are required in the 10th and 11th years of projects receiving a 12-year extension (see more detail below). Port Orchard should consider adding this provision to its MFTE program to ensure continued affordability of units created through this program.

Require relocation assistance for low-income tenants whose rent subsidy is expiring. The 2021 changes to the MFTE program which allow the 12-year extension described above also require that landlords provide notice in the 10th and 11th years of the program that it will expire in the 12th year and provide one month’s rent as relocation assistance to qualified tenants in their final month of tenancy. Best practices in line with the anti-displacement strategies in Strategy 3.1 would also extend these tenant protections to any Type 1 property, regardless of whether it is an extension or not.

5.2 – Development Fee Adjustments

Action: Consider adjusting development fees for 2-4 unit buildings and some fee discounts for affordable housing while continuing to offer sewer and water exemptions for small ADUs. Some adjustments may be needed to impact fee structure to comply with 2023 state legislative changes.

Port Orchard, like many municipalities, levies impact and development fees on new construction to fund improvements in infrastructure for schools, parks, and other services, as well as hookup and general facilities charges for water and sewer connections to new developments. Stakeholders interviewed by the HAP project team in 2022 indicated that Port Orchard's fees are considered to be high, particularly in relation to Kitsap County's fees and other nearby jurisdictions. A full breakdown of Port Orchard's impact fees can be found in the appendices of the Existing Conditions and Housing Needs Analysis Report.

Water and sewer hookup fees and general facilities charges are difficult to compare due to different structures across municipalities, but Port Orchard's fees seem to be at the higher end of the Kitsap region, at \$11,571 per water hookup and \$12,788 per sewer hookup per ERU (defined in the code as one single-family dwelling unit of any type, attached or detached). By comparison, Bremerton charges \$4,245 for water hookups and Poulsbo charges \$5,065 for water hookups and \$11,211 for sewer hookups per ERU.

Port Orchard does prorate its impact fees by unit type. This is a best practice in encouraging a diversity of housing types and sizes. However, the margins of discount for 2-4 unit buildings could be increased to incentivize more "middle housing" development. Senate Bill 5258, adopted in 2023 and codified in RCW 82.02.060, now requires that impact fees for residential development have proportionally lower fees for smaller housing units. The method of calculating the proportional impact fees must be "based on the square footage, number of bedrooms, or trips generated" by the new housing unit. The new legislation takes the best practice of prorating impact fees by housing unit type and size, and makes it a requirement across the State. Port Orchard will need to study its impact fee structure and potentially make adjustments or demonstrate that the existing fees comply with this new legislation.

In addition, some cities reduce impact fees for affordable housing units and are allowed to reduce such fees by up to 80% under RCW 82.02.060. Port Orchard could consider some reductions for affordable housing units to incentivize more development of subsidized units. House Bill 1326, passed in 2023, now also authorizes waivers for utility connection charges for nonprofits and housing authorities building affordable housing. Finally, Port Orchard currently exempts small ADUs from sewer and water hookup fees as discussed in Section 5.4, another best practice in encouraging infill housing.

Any reduction in impact or hookup fees or GFCs would need to be rebalanced elsewhere for market-rate development.

5.3 – Local Bank Funding

Action: Encourage local banks to create a fund for affordable housing finance

Under the Community Reinvestment Act (CRA), banks are required to meet the credit needs of low- and moderate-income households in communities in which they operate. Many banks meet their CRA requirements by investing in Low-Income Housing Tax Credits (LIHTC), providing capital to nonprofit affordable housing providers who use the capital to build regulated affordable housing, usually for households earning under 60-80 percent of the AMI. Outside of LIHTC, some banks are also working with cities across the country to fund other types of affordable housing, including “workforce” housing for households earning between 80 and 120 percent AMI, through non-tax credit programs.⁶⁷ For example, the Charlotte Housing Opportunity Fund combines city bond money with private investment from banks to provide gap funding for affordable housing projects. The fund has doubled the city’s affordable housing finance pool since 2019, creating or preserving 1,047 housing units in the city.⁶⁸ The Washington Housing Initiative Impact Pool is a similar nonprofit-run fund which targets housing for low- and moderate-income African American residents of Washington D.C.⁶⁹

Port Orchard could consider working with local banks to create a such housing fund which could be used for gap financing of affordable housing projects and which would encourage local banks to invest in the Port Orchard community. Outreach to and coordination with the local lending community could be part of the work of the housing coordinator position described in section 3.3.

5.4 – Tax Increment Financing

Action: Explore the potential to use Tax Increment Financing (TIF) for identified sites and projects in the Downtown and Waterfront areas.

In 2021, Washington State granted new powers of tax increment financing (TIF) to the state’s cities, counties, and port districts.⁷⁰ This funding mechanism allows municipalities to establish a geographic district (called the increment area) that is expected to benefit the most from a proposed new infrastructure investment. Typically, bonds are issued at the outset and the additional tax revenue resulting from the increased land and property values are then captured to pay for the new infrastructure and pay off the bonds.

TIF is widely used in other states across the country, but Washington’s new program has some specific guidelines which differ from other states. In Washington, the state school levy and some other local taxes used to repay general obligation bonds are exempt. Additionally, TIF financing can only be used for specific authorized public improvements which are expected to

⁶⁷ Mattson-Teig, Beth. “Banks Focus CRA Dollars on Affordable Housing.” WealthManagement.com, Jan 2, 2020. <https://www.wealthmanagement.com/finance-lending/banks-focus-cra-dollars-affordable-housing>

⁶⁸ “Charlotte Housing Opportunity Investment Fund creates affordable housing and model for the future.” LISC Strategic Investments, June 14, 2022. <https://www.liscstrategicinvestments.org/post/choif-three-year-impact-report>

⁶⁹ “Washington Housing Initiative Impact Pool: 2021 Impact Report.” JBG Smith. https://www.washingtonhousinginitiative.com/files/ugd/36926a_182d6b3b6e814466a17bf33ec1616407.pdf

⁷⁰ “Tax Increment Financing (TIF)”. Municipal Research Service Center. <https://mrsc.org/Home/Explore-Topics/Economic-Development/Financing-Economic-Development/Tax-Increment-Financing.aspx>

encourage private development and increased assessed valuation which would not otherwise happen without the improvements. These improvements may be located inside or outside the increment area and include streets, water and sewer systems, sidewalks, streetlights, parking facilities, parks and recreational areas, broadband service, or brownfield mitigation. TIF can also be used to pay for long-term affordable housing, childcare service, providing maintenance and security for public improvements, and acquiring property for historic preservation. Unlike in other states, TIF funding in Washington can only be used for the specified projects or improvements set forth in the initial application, and project lists cannot be modified later. Thus, TIF is only applicable to existing and well-defined projects with specific infrastructure needs. The TIF district must have a maximum sunset date of 25 years and not have an assessed valuation greater than \$20 million, and each city may not have more than two districts.⁷¹

Explore the possibility of using TIF in Downtown to continue to catalyze redevelopment projects, street or active transportation investments. TIF could support infrastructure or utility investments to support denser mixed-use developments such as the proposed development at 640 Bay Street⁷² could help support increasing housing supply downtown. TIF funds could also be used for identified projects in the Downtown Subarea Plan such as a concept plan to “break down the scale of existing large scale sites to provide a more walkable land-use pattern”, or for streetscape and pedestrian improvements to enhance livability of potential waterfront or downtown redevelopment sites, particularly if or when such sites have development proposals.

⁷³

TIF funding could also be considered for the Bethel/Sedgewick Corridor, which was the subject of a corridor study in 2018 recommending changes to the road design which could be financed through this funding mechanism.

⁷¹ “Washington State’s Expanded TIF Authority Creates Powerful Catalyst for Public-Private Partnerships.” Denis Wright Tremaine. May 2022. <https://www.dwt.com/insights/2021/05/washington-state-tax-increment-financing-law>

⁷² Detailed in the “Project Spotlights: Downtown Mixed Use” section of the Existing Conditions and Housing Needs Analysis Report.

⁷³ City of Port Orchard. “Downtown Port Orchard Subarea Plan.” <https://storage.googleapis.com/proudcity/portorchardwa/uploads/2021/07/FINAL-ADOPTED-Downtown-Subarea-Plan-and-Regs-reduced.pdf>

5.5 – Funding for ADU Development

Action: Explore the possibility of partially financing or streamlining ADU development and permitting processes, particularly for lower-income homeowners.

Cities across the U.S. have adopted a variety of programs designed to reduce the cost of ADU development for homeowners, including minimizing design review, waiving permit or utility fees, providing technical assistance, and providing sources of financing.⁷⁴ Port Orchard currently allows ADUs of less than 1,000 square feet to be served by the same water and sewer connections as the primary residence, a significant savings.⁷⁵ In addition, Port Orchard amended its ADU standards with Ordinance 038-22 in October 2022 which removes owner occupancy and parking requirements for ADUs, two of the most common barriers to ADU construction and feasibility.

Numerous municipalities including Boston, Los Angeles, Montpelier, VT, and Santa Cruz County, CA have established programs which incorporate equity and loan assistance as well as technical assistance and simplified permitting processes.⁷⁶ Funding sources for these programs include Community Development Block Grants, cities, philanthropists, and partnerships with nonprofits such as Habitat for Humanity. Many of these programs are targeted at lower-income renters, requiring either that the ADU be made available to households earning 80% AMI or lower, or to households using Housing Choice (Section 8) Vouchers. Onerous income reporting requirements can be a disincentive.

In some cases, these programs have been targeted at lower-income homeowners as well, such as the Small Homes Northwest community ADU demonstration project implemented by Hacienda CDC in Portland and funded by the Oregon legislature, which helps income eligible homeowners develop ADUs in neighborhoods at risk of gentrification.

⁷⁴ Chapple, Karen, Wegmann, Jake, Mashood Farzad, and Coleman, Rebecca. “Jumpstarting the Market for Accessory Dwelling Units.” Urban land Institute. https://ternercenter.berkeley.edu/wp-content/uploads/pdfs/Jumpstarting_the_Market_-_ULL.pdf

⁷⁵ Port Orchard Municipal Code 13.04.030(1)(e)(i), 13.04.040(1)(e)(i)

⁷⁶ ADU Aid Programs Across the U.S.” Villa. <https://villahomes.com/blog/adu-aid-programs/>

5.6 – State Advocacy

Action: Advocate for additional state investment in the Housing Trust Fund, condominium law reform, and Growth Management Act updates.

Surveying done for this HAP found strong community support for “City advocacy for more county, state, or federal funding for affordable housing projects.” Primarily, this should involve lobbying the Legislature for more funds in the state’s Housing Trust Fund, which provides capital funding.⁷⁷ The trust has helped build or preserve more than 50,000 affordable housing units statewide since 1986. The Legislature appropriates funding to the trust every biennium. More money in the trust would help smaller communities like Port Orchard (and the affordable housing providers who work in Port Orchard) have a greater chance of receiving funding.

Port Orchard could also update its legislative agenda with condominium legislation reform. Condos are a highly in-demand type of ownership housing, especially for first-time homebuyers and seniors seeking to downgrade, but they are rarely built in Washington State due to the liabilities placed on developers under state law.^{78, 79} The main barriers are a requirement for a 10-year warranty against construction defects and additional building code and inspection requirements that do not apply to rental apartments.

The City may comment on reform to the State Environmental Policy Act (SEPA), which can add significant delay and complications to approval of residential development. Advocacy might involve exempting all residential development from SEPA review if the development intensity is consistent with the Comprehensive Plan.

In addition, the City may comment on updates to state law that affect land use, housing, zoning, and transportation (as noted in Section 1.6). The City should provide input on proposals that affect the implementation of the Housing Action Plan, either independently or through its involvement in statewide organizations like the Association of Washington Cities.

Continued coordination and involvement with regional partners (such as Kitsap County) and the federal government is also recommended to promote and fund affordable housing.

⁷⁷ “Housing Trust Fund.” Washington State Department of Commerce. <https://www.commerce.wa.gov/building-infrastructure/housing/housing-trust-fund/>

⁷⁸ “Washington state’s condo law changes could ease restrictions.” Spokane Journal of Business, November 2021. <https://www.spokanejournal.com/special-report/washington-states-condo-law-changes-could-ease-restrictions/>

⁷⁹ “As Gen X and Boomers Age, They Confront Living Alone.” The New York Times. November 2022. <https://www.nytimes.com/2022/11/27/us/living-alone-aging.html>

6 – Implementation

The planning matrix below organizes the actions of this Housing Action Plan. The City Council and Mayor will be involved in most or all action implementation through ordinances, resolutions, budgeting, and partnerships with other agencies. This matrix should be used as a framework for regular progress reports on implementation and could be a live document on the City website.

#	Description	Priority	Lead Department	Time	Cost	Method
Regulatory Strategies						
2.1	Expand the allowed uses	High	Planning Services	0-6 months	\$	Development regulation ordinances
2.2	Streamline the building type standards	Medium	Planning Services	0-6 months	\$	Development regulation ordinances
2.3	Adjust form and intensity standards	High	Planning Services	0-6 months	\$	Development regulation ordinances
2.4	Adjust other standards	Medium	Planning Services	0-6 months	\$	Development regulation ordinances
Programmatic Strategies						
3.1	Anti-displacement strategies	Medium	City Council	Ongoing	\$\$	Tenant Protection Ordinance and future amendments as needed Other strategies: Further study, City budget, and future ordinances
3.2	Homelessness strategies	High	City Council	Ongoing	\$\$	Intermediate actions Other actions: Further study and City Budget
3.3	Hire a housing coordinator	Medium	City Council	0-6 months	\$\$	City Budget
Citywide Planning Strategies						
4.1	Housing Element updates	Medium	Planning Services	12-24 months	\$\$	Comprehensive Plan annual amendment and major periodic update
4.2	Land Use Element updates	High	Planning Services	12-24 months	\$\$	Comprehensive Plan annual amendment and major periodic update
4.3	Public land for affordable housing	Low	City Council (with Planning Services)	Ongoing	\$\$\$	Partnerships, City budget, policy in resolution or Comprehensive Plan,

#	Description	Priority	Lead Department	Time	Cost	Method
						and future ordinances
4.4	McCormick East Future Neighborhood Planning	Medium	Planning Services	12-24 months	\$\$	Comprehensive Plan major periodic update
Funding Strategies						
5.1	Adjust the multifamily tax exemption program	High	Planning Services (with City Treasurer and City Council)	0-6 months	\$	MFTE ordinances
5.2	Development fee adjustments	Low	Planning Services	0-6 months	\$	Fee schedule updates
5.3	Local bank funding	Low	City Council (with Planning Services)	Ongoing	\$	Partnerships
5.4	Tax increment financing	Medium	Planning Services (with City Treasurer)	6-12 months	\$	Further study and future ordinance
5.5	Funding for ADU development	Medium	Planning Services (with City Treasurer)	6-12 months	\$\$	City Budget
5.6	State advocacy	Low	City Council	Ongoing	\$	Legislative agenda and engagement with American Planning Association WA and Association of Washington Cities

Figure 24. Implementation matrix

6.1 – High Priority Implementation

Given the limited resources of government, it is important to set priorities. The following items are high priority for implementation within the next 12 months.

- Adjust the multifamily tax exemption (MFTE) program
- Comprehensive Plan Land Use and Housing element updates
- Development regulation updates

6.2 – Monitoring

The only way to know if housing actions are successful is to measure and report on outcomes. By developing a monitoring program, Port Orchard can track progress toward achieving housing goals and identify where more work or changes are needed. Interviews with housing developers one year after HAP adoption (or at other regular intervals) can also be helpful to get feedback on what HAP actions are working well and where there may still be barriers.

Monitoring will be a key role of the new Housing Coordinator staff position. Even so, integrating monitoring into existing work and activities could help preserve limited staff time. Monitoring the HAP implementation could be merged into:

- DCD’s annual or monthly reports to the City Council
- Monitoring of population growth and development permits
- Comprehensive plan monitoring
- Buildable lands reports

Potential performance metrics based on the HAP Existing Conditions and Housing Needs Analysis Report are listed below.

HAP Objective	Performance Metric	Target
Greater housing diversity with a greater variety of housing types accessible to a greater variety of incomes, for both rental and homeownership opportunities	Number of duplex, triplex, fourplex, ADUs, and small apartment units permitted	10-20% of new housing units are in projects with 2-20 units
	Number of mixed-use and urban style apartment with structured parking permitted	One development every two years
Slow down and stabilize the rise in housing prices	Home price increases	Annual median home price increases are lower than regional, state, or national increases
	Rental price increases	Annual median rental price increases are lower than regional, state, or national increases
	Vacancy rate	Rental unit vacancy rates reach 6-8%
Refine regulatory standards to reduce barriers to housing development	Overall housing production	Average annual production rate within $\pm 20\%$ of that needed to meet the Comprehensive Plan 20-year target
	Housing diversity	10-20% of new housing units are in projects with 2-20 units
Adopt new financial tools to support and promote development of affordable housing	Affordable housing production for cost-burdened low-income households (80% AMI and below)	Average annual production rate within $\pm 20\%$ of that needed to meet the Comprehensive Plan income-based 20-year targets
	MFTE program participation	25-50 new affordable units per year added from MFTE projects

Figure 25. Monitoring matrix

Appendix A

Downtown Height Limit Considerations

There is a long history of protecting views in the Downtown area. However, Downtown is also one of the most favorable locations for affordable mixed-use and infill housing due to its transit connections and walkability. This creates a conflict between the objectives of view protection and Comprehensive Plan goals for expanded housing affordability and choice.

The compromise currently in place is the Downtown Height Overlay District (DHOD), which provides greater height limits than the underlying Downtown zoning (Downtown Mixed Use and Gateway Mixed Use). The DHOD is divided into three sub-zones, and there were slightly modified with adoption of the 2021 Downtown Subarea Plan.⁸⁰

Zone	Height Limits
Downtown Mixed Use (DMU)	38 feet, three stories
Gateway Mixed Use (GMU)	38 feet, three stories
Downtown Height Overlay District (DHOD)	DHOD 3: 48 feet, three stories DHOD 4: 58 feet, four stories DHOD 5: 68 feet, five stories

Figure 26. Height limits in Downtown

While Downtown would also be an ideal location for affordable (subsidized) housing under the MFTE program, no height limit changes or bonus incentive is proposed in Downtown zones to avoid conflict with the existing 10-foot bonus height available for a mixed-used development which includes a grocery store (POMC 20.38.640). Locating a grocery in Downtown has also been a longstanding objective; however, it is only likely to occur when the market demand for such a store is stimulated by a larger Downtown resident population, which can be enabled through more housing development. Further, the benefits of a height bonus would accrue to the developer, not the grocery tenant, which creates development risk of a grocer expecting a rent subsidy and the City not allowing any other tenants if the original grocer leaves. In any case, a grocery tenant is not likely to locate in Downtown until there is a strong enough market. These are additional tradeoffs to consider.

The View Protection Overlay District (VPOD), which covers several blocks uphill from Bay Street, has current height limits of 15 and 27 feet. Uniquely, in the VPOD these height limits are measured from the uphill property line, so these relatively low limits could still allow relatively large multi-story buildings that are built into the hillside. Further modifications to the VPOD could consider that private view easements are an alternative mechanism for property owners to preserve views.

⁸⁰ Downtown Subarea Plan, City of Port Orchard. <https://portorchardwa.gov/downtown-subarea-plan/>

Appendix B
**Existing Conditions Report & Housing Needs
Analysis**

Port Orchard Housing Action Plan

Existing Conditions and Housing Needs Analysis Report

April 14, 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.

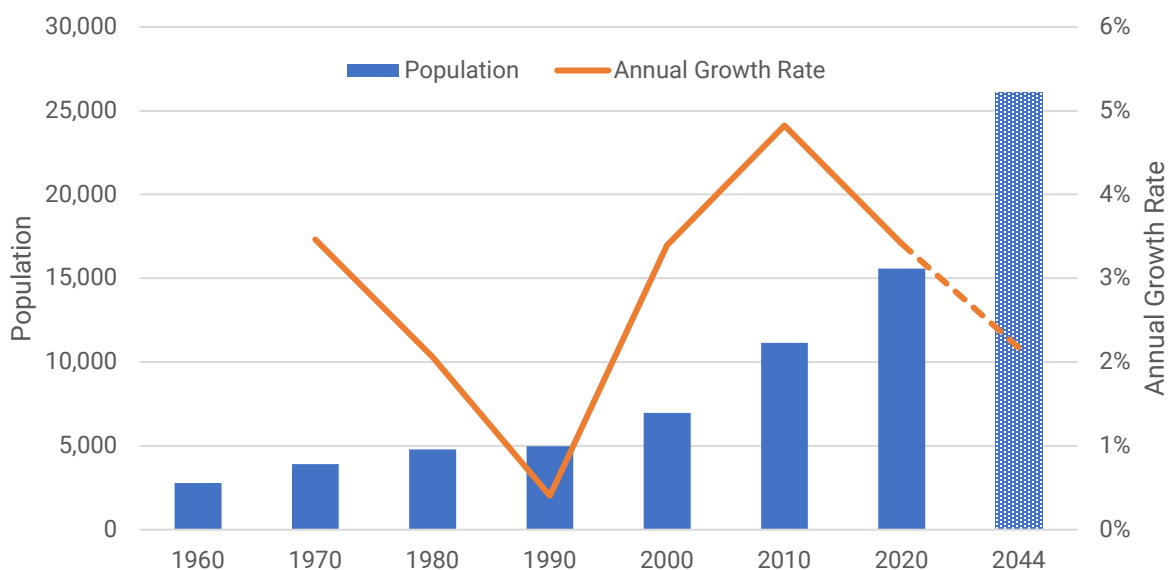


Figure 1. Port Orchard Population, Historic Through 2020 and Projected Through 2044 with Annual Growth Rates. Sources: WA OFM (Historic Population), Kitsap County Countywide Planning Policy Update 10/4/2022 (Projections)

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.

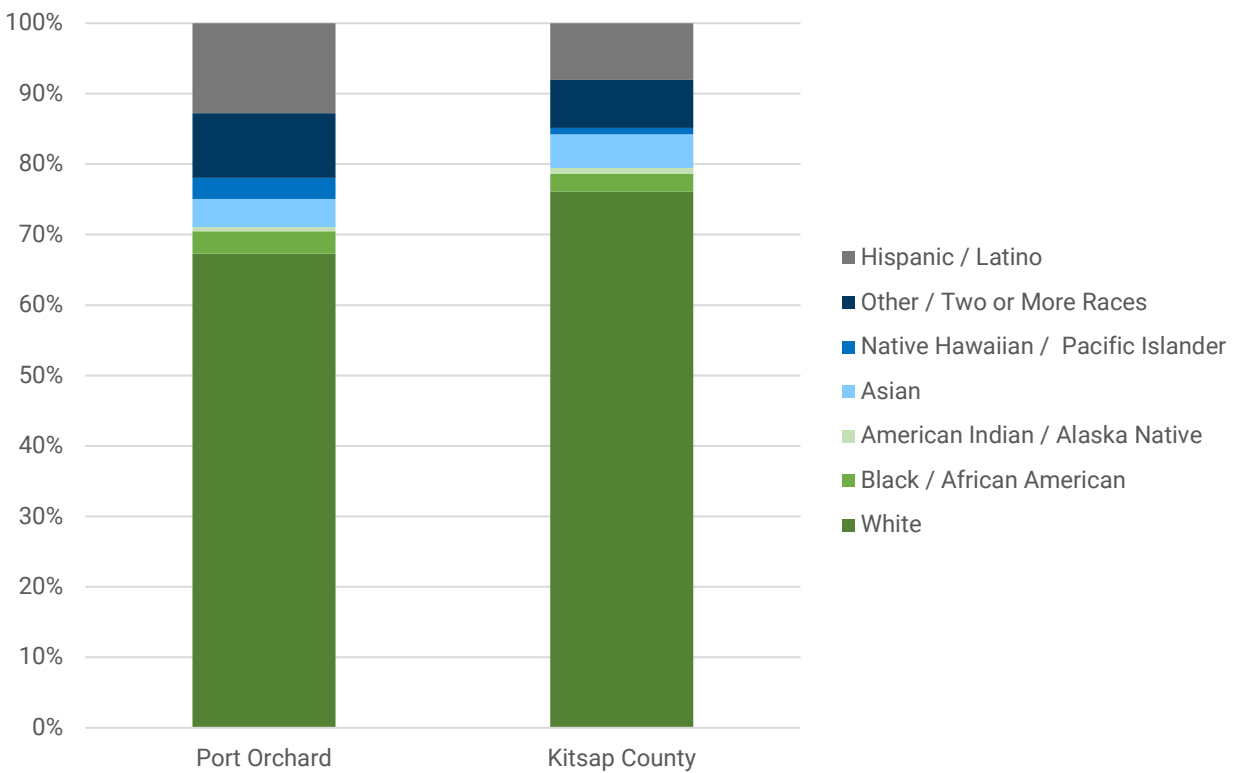


Figure 2. Racial and Ethnic Distribution in Port Orchard and Kitsap County, 2020. Source: 2020 American Community Survey 5-Year Estimates, Table DP05

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.

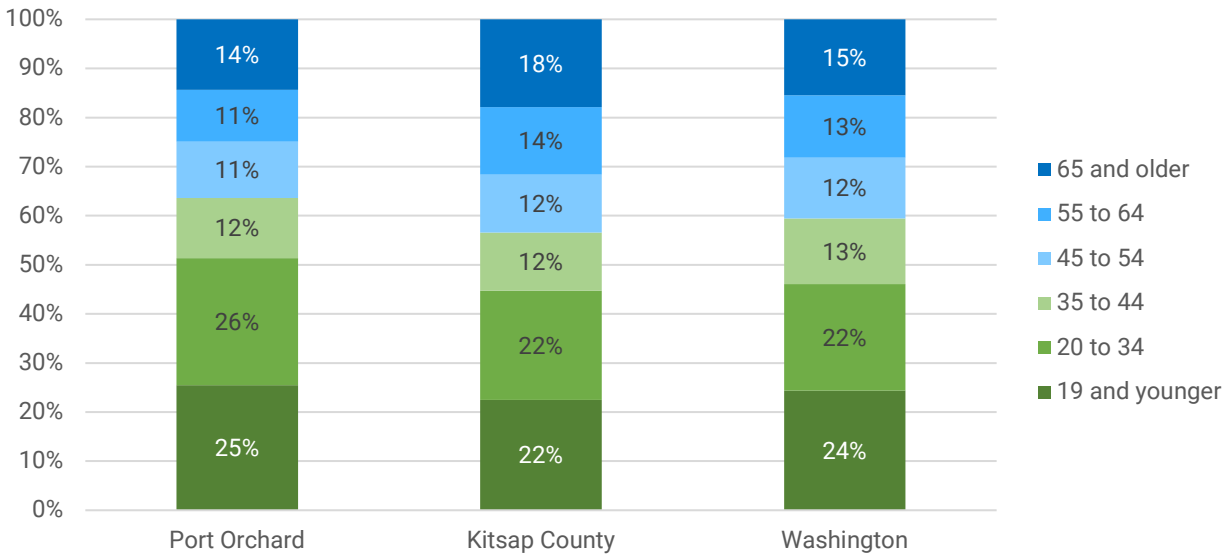


Figure 3. Age Distribution in Port Orchard and Kitsap County, 2020. Source: 2020 American Community Survey 5-Year Estimates, Table DP05

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.

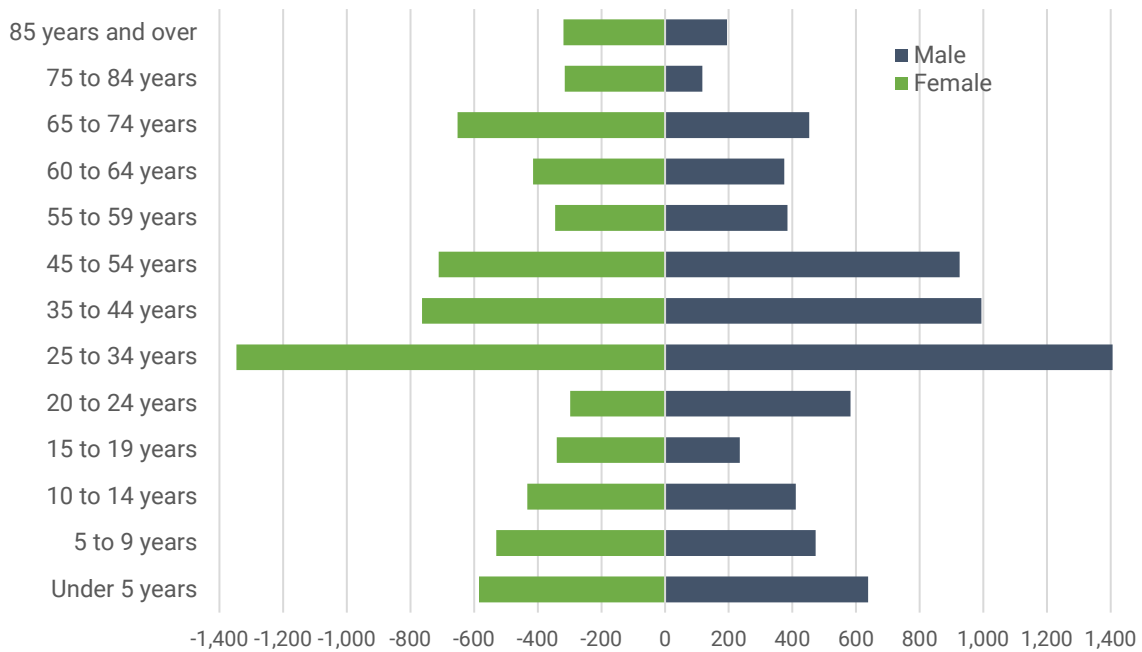


Figure 4. Age Distribution by Sex in Port Orchard and Kitsap County, 2020. Source: 2020 American Community Survey, Table S0101

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.

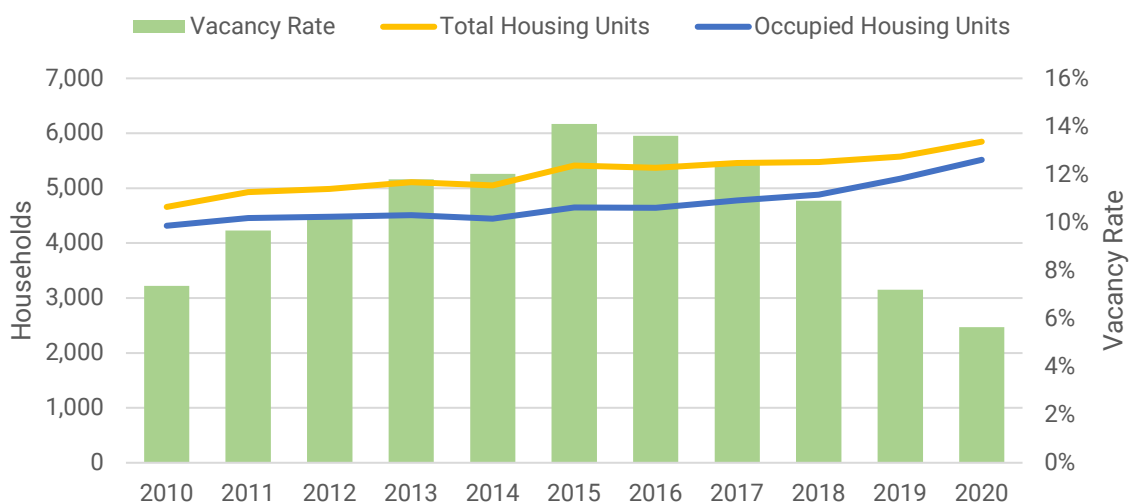


Figure 7. Vacancy Rates and Housing Unit Occupancy, 2010-2020. Source: 2010-2020 American Community Survey 5-Year Estimates, Table B25002

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.

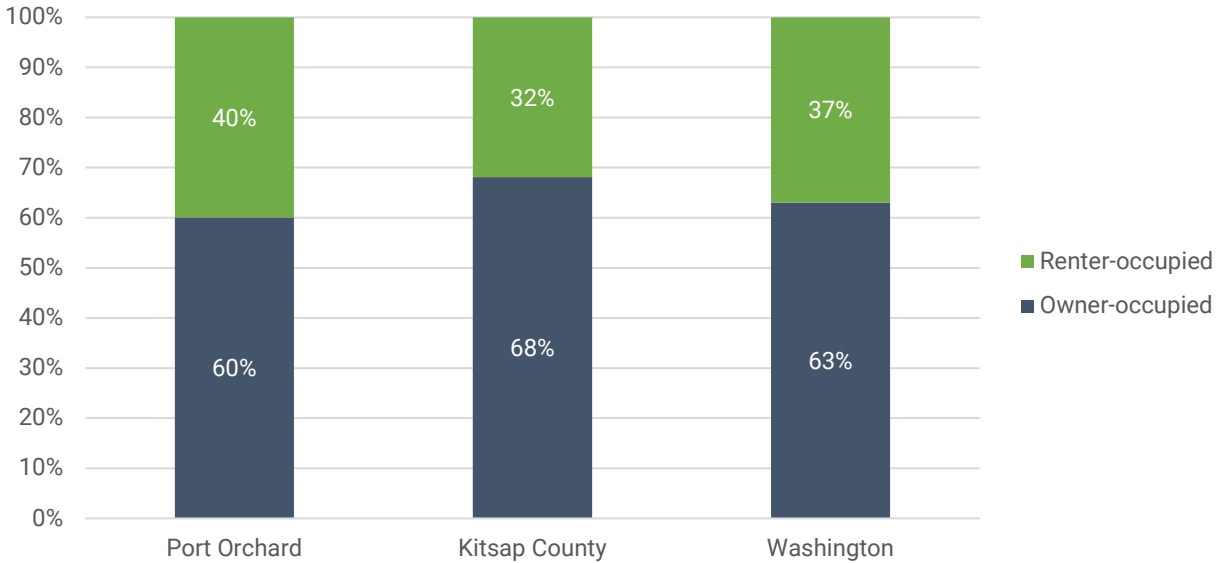


Figure 9. Tenure in Port Orchard, 2020. Source: 2020 American Community Survey (ACS) 5-Year Estimates, Table S2501

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.

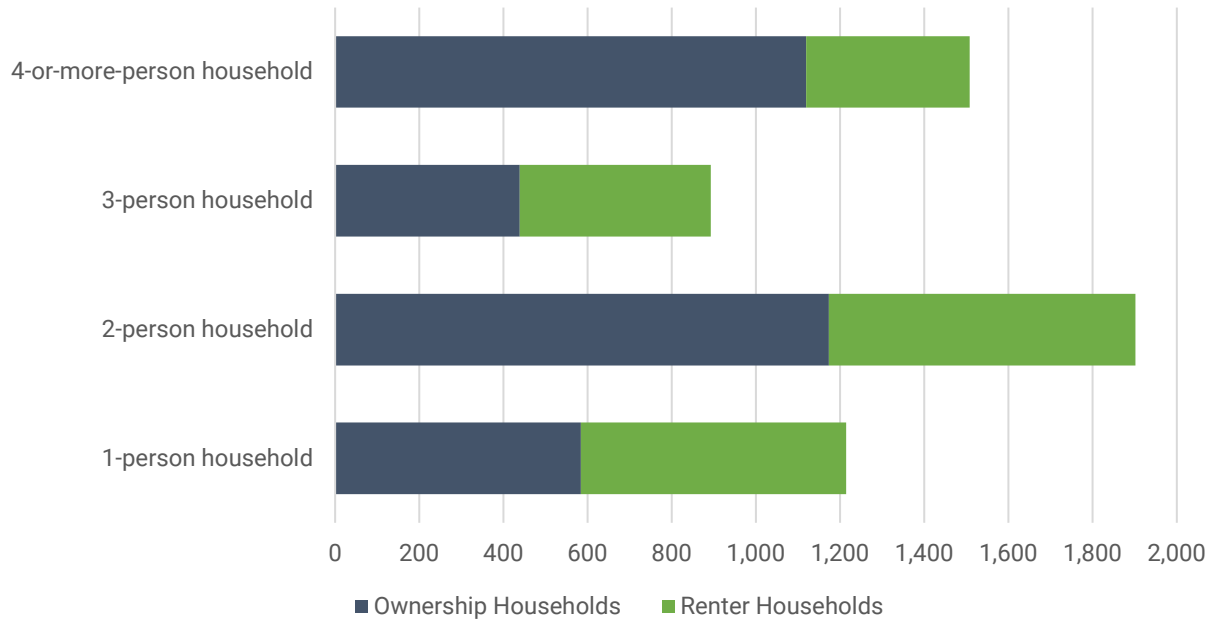


Figure 11. Port Orchard Tenure by Household Size, 2020. Source: 2020 American Community Survey (ACS) 5-Year Estimates, Table S2501

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

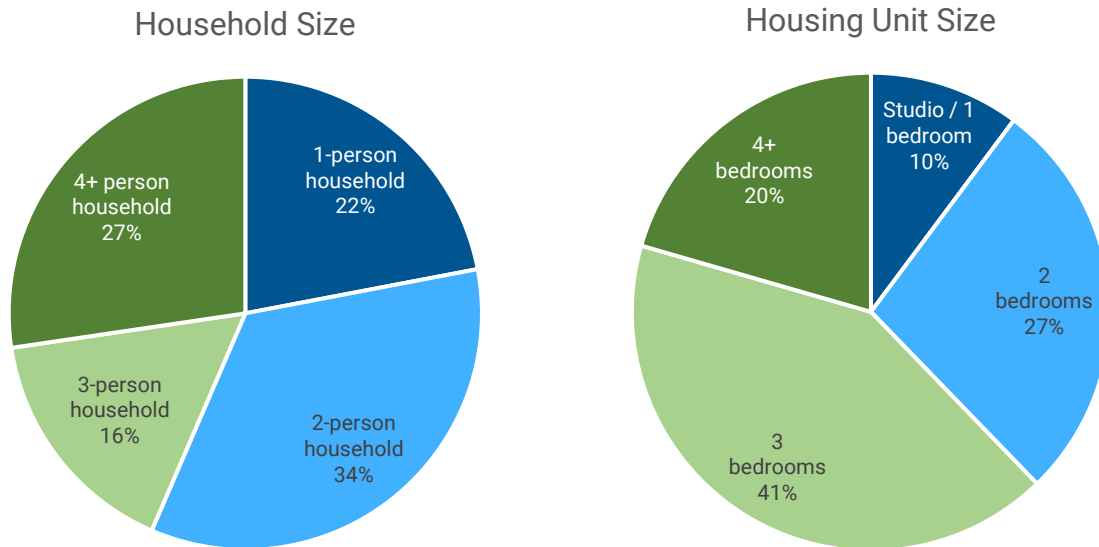


Figure 12. Household Size and Housing Unit Size in Port Orchard, 2020. Source: 2020 American Community Survey 5-Year Estimates, Tables S2501, DP04

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.

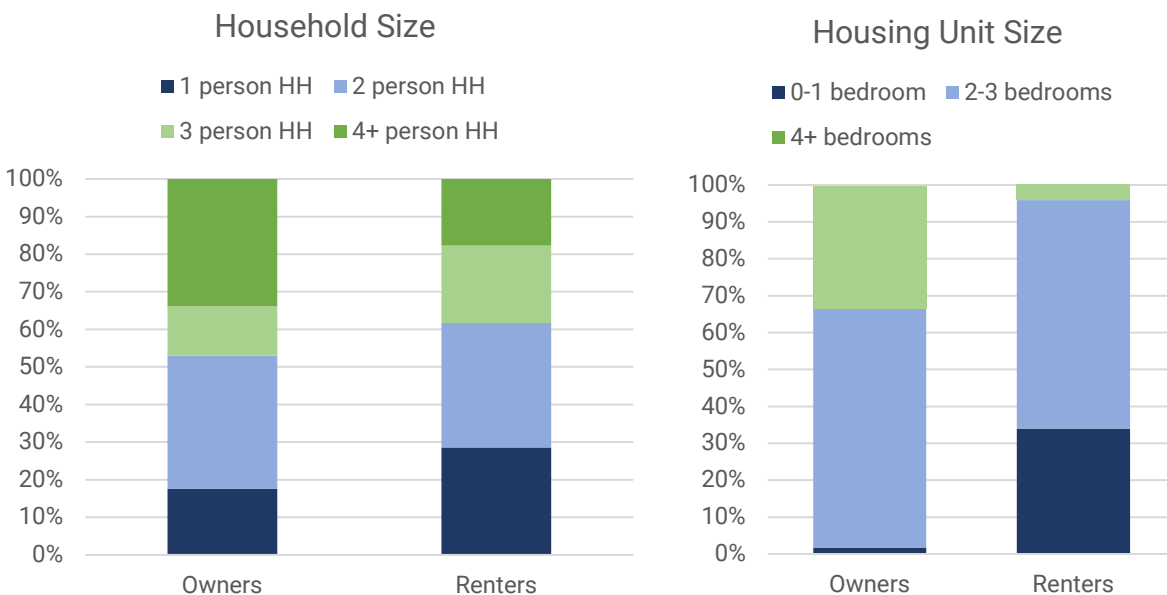


Figure 13. Household Size and Housing Unit Size by Tenure in Port Orchard, 2020. Source: 2020 American Community Survey 5-Year Estimates, Tables S2501, S2504

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.

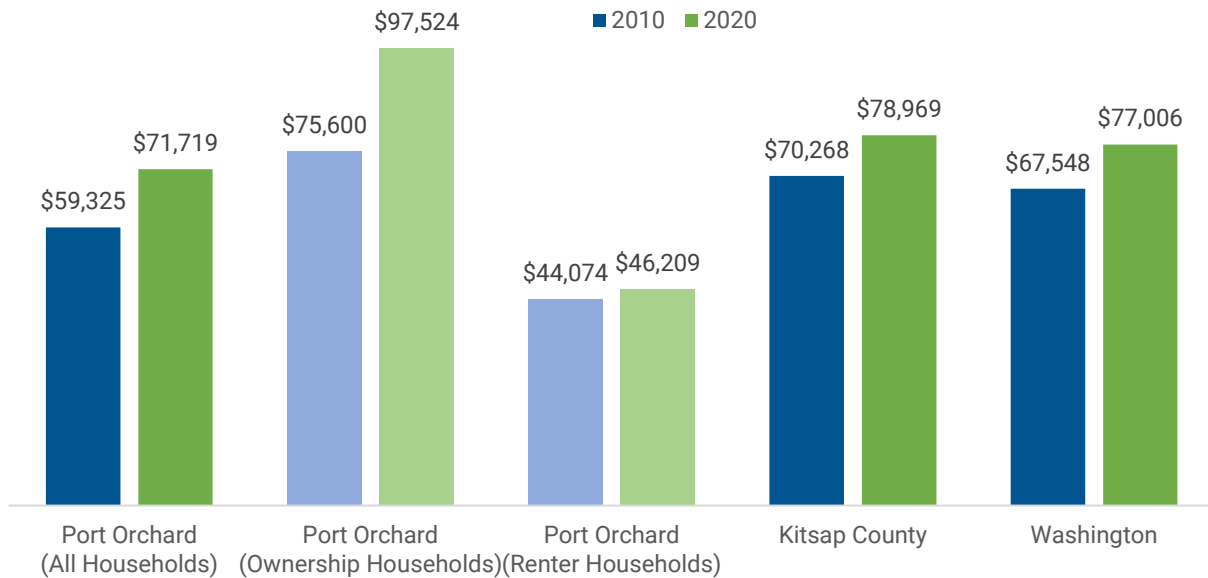


Figure 14. Inflation-Adjusted Median Household Income in Port Orchard and Region, 2010-2020. Source: 2010-2020 American Community Survey 5-Year Estimates, Table S2503, CPI Inflation Index

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.

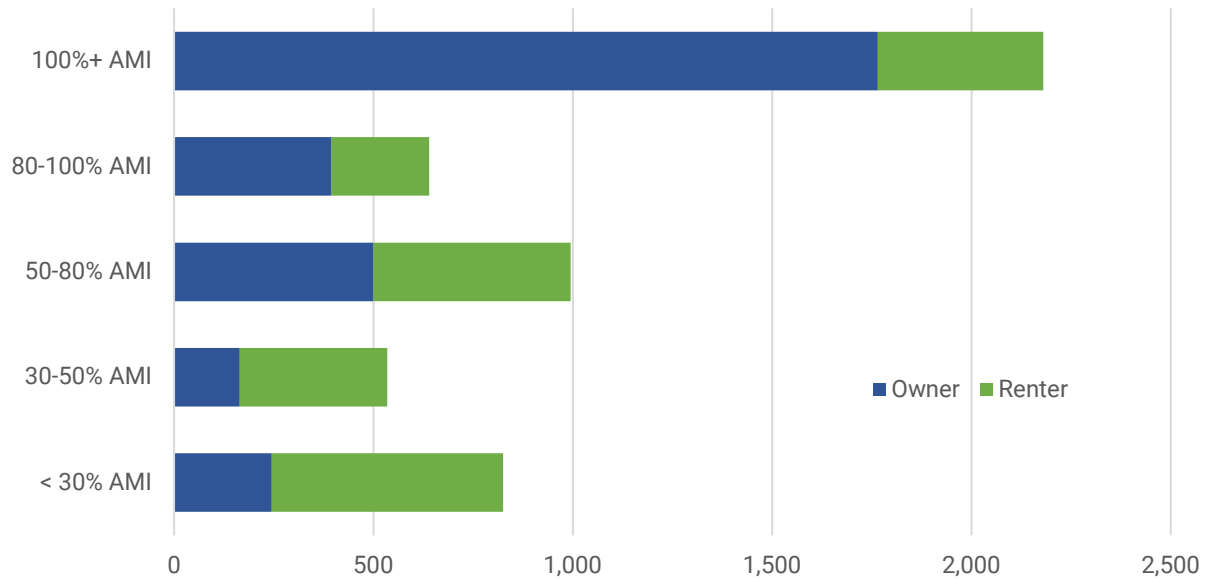


Figure 16. Port Orchard Households by Income Level and Tenure. Source: 2015-2019 HUD CHAS data.

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.

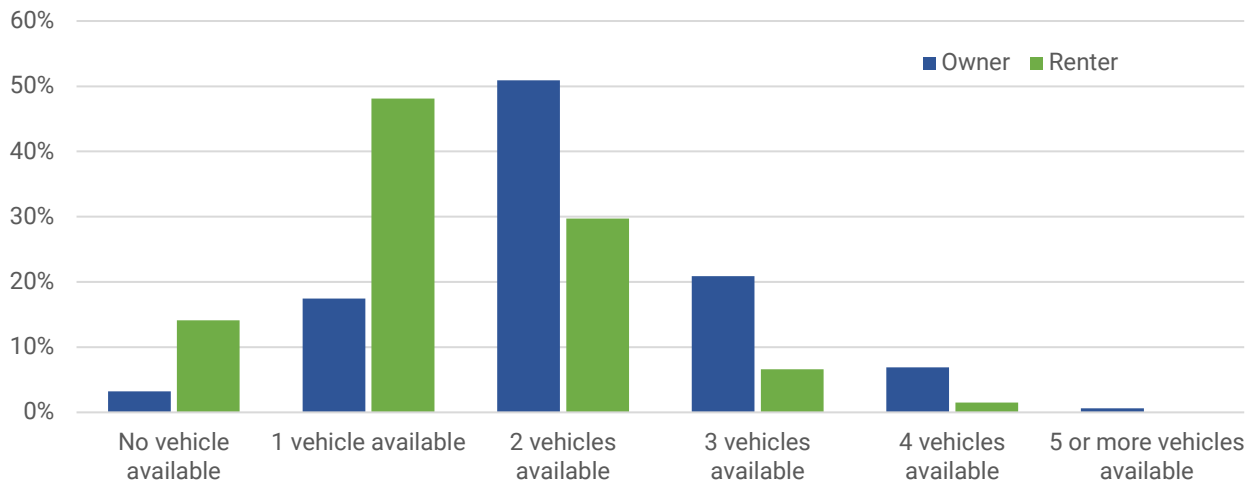


Figure 17. Vehicle Ownership by Tenure of Unit, 2020. Source: 2020 American Community Survey 5-Year Estimates, Table B25044

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.

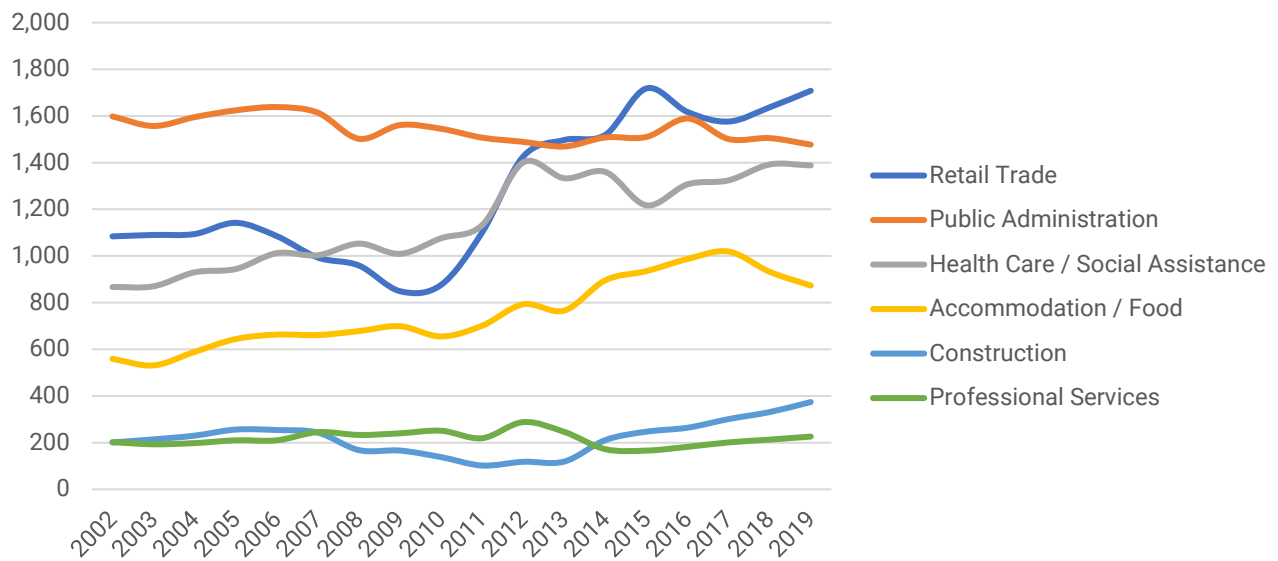


Figure 18. Job Trends by Top Sectors in Port Orchard, 2009-2019. Source: U.S. Census Bureau Longitudinal Employer-Household Dynamics (LEHD) via Census OnTheMap

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.

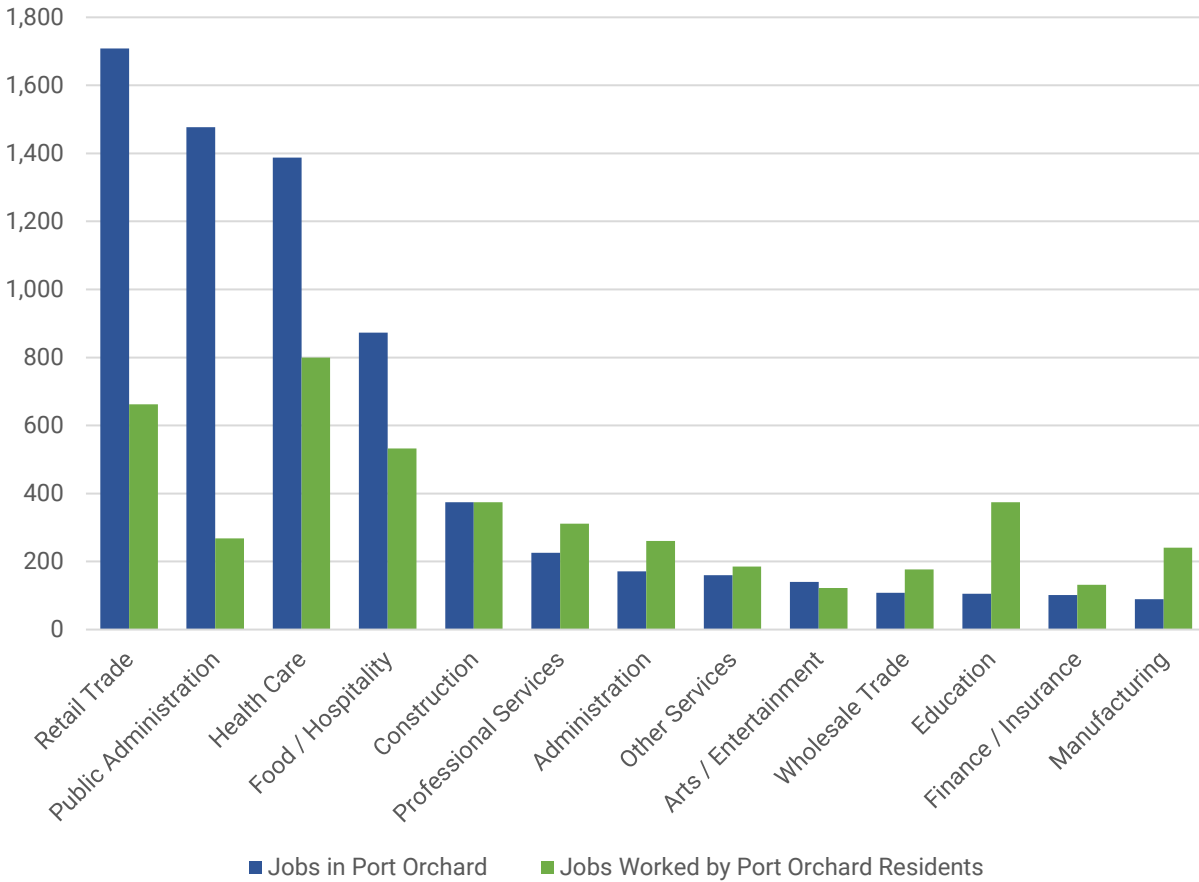


Figure 19. Top Job Sectors in Port Orchard and Jobs Worked by Port Orchard Residents, 2019. Source: U.S. Census Bureau Longitudinal Employer-Household Dynamics (LEHD) via Census OnTheMap

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.

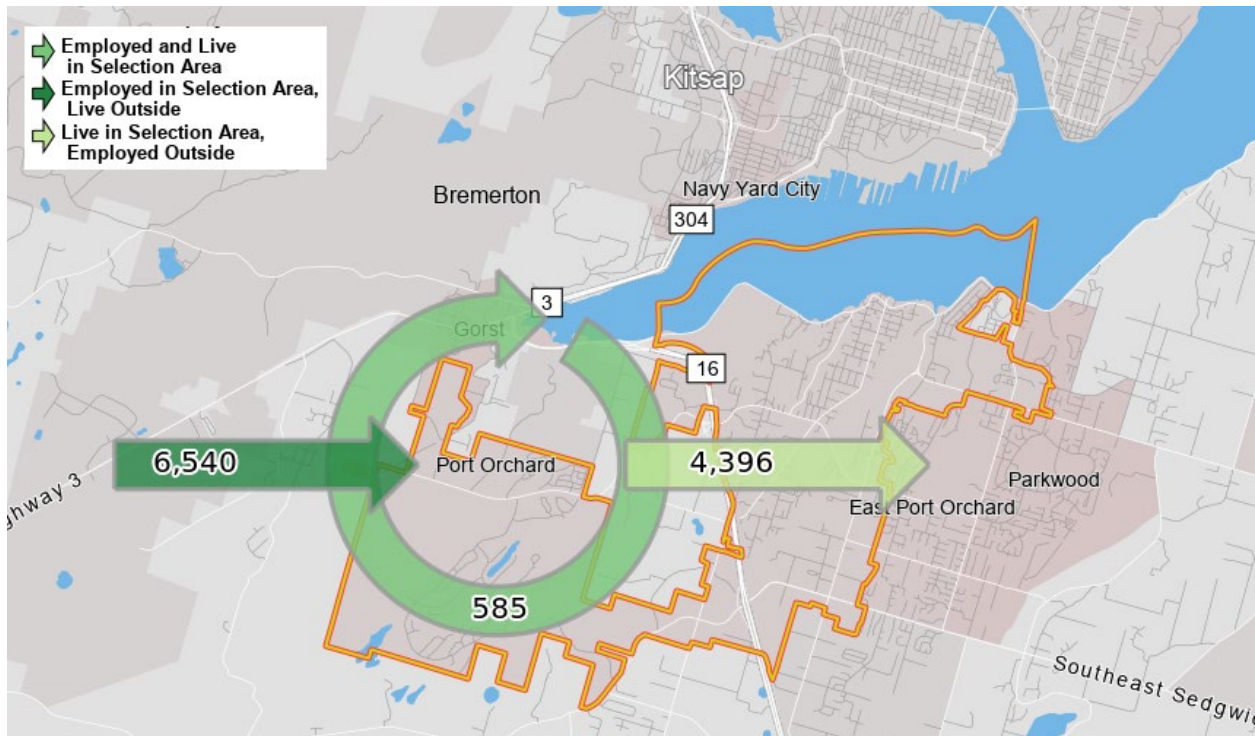


Figure 20. Port Orchard Commuting Inflow and Outflow, 2019. Source: U.S. Census Bureau LEHD (Longitudinal Employer-Household Dynamics) via Census OnTheMap tool.

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

Data provided by the Navy for all civilian employees across Kitsap County shows a total workforce of 19,184, an average age of 42, and a median income of \$84,181. Nearly half of civilian employees have an educational attainment of high school level or below, and about 30 percent have a Bachelors' degree or higher. Note that this data does not include military personnel or contractors, whose numbers fluctuate significantly. This fluctuating employment base can reflect the need for short- or medium-term housing heard during stakeholder interviews for this planning process. However, this data does provide a picture of the average civilian employee of the larger Naval Base Kitsap operation.

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.

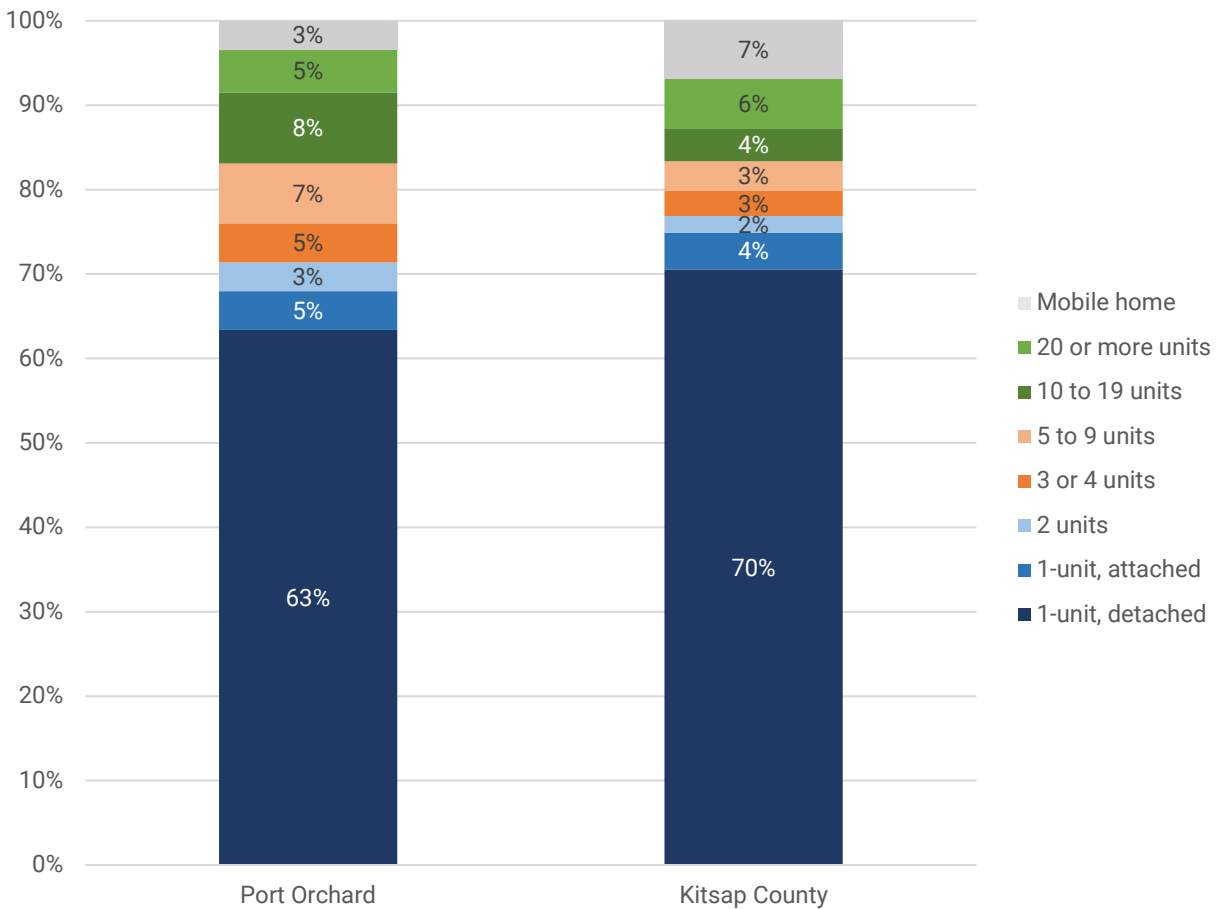


Figure 22. Housing Unit Type in Port Orchard and Kitsap County, 2020. Source: 2020 American Community Survey 5-Year Estimates, Table DP04.

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.

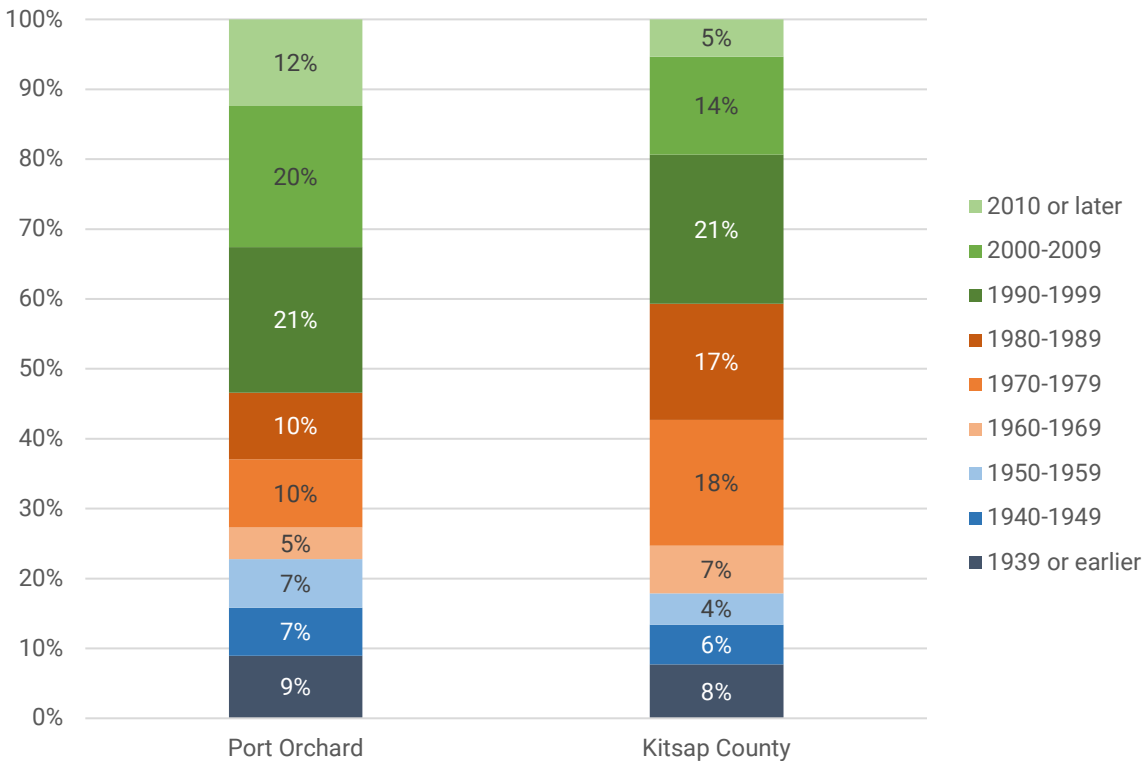


Figure 23. Age of Housing in Port Orchard and Kitsap County, 2020. Source: 2020 American Community Survey 5-Year Estimates, Table DP04.

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.

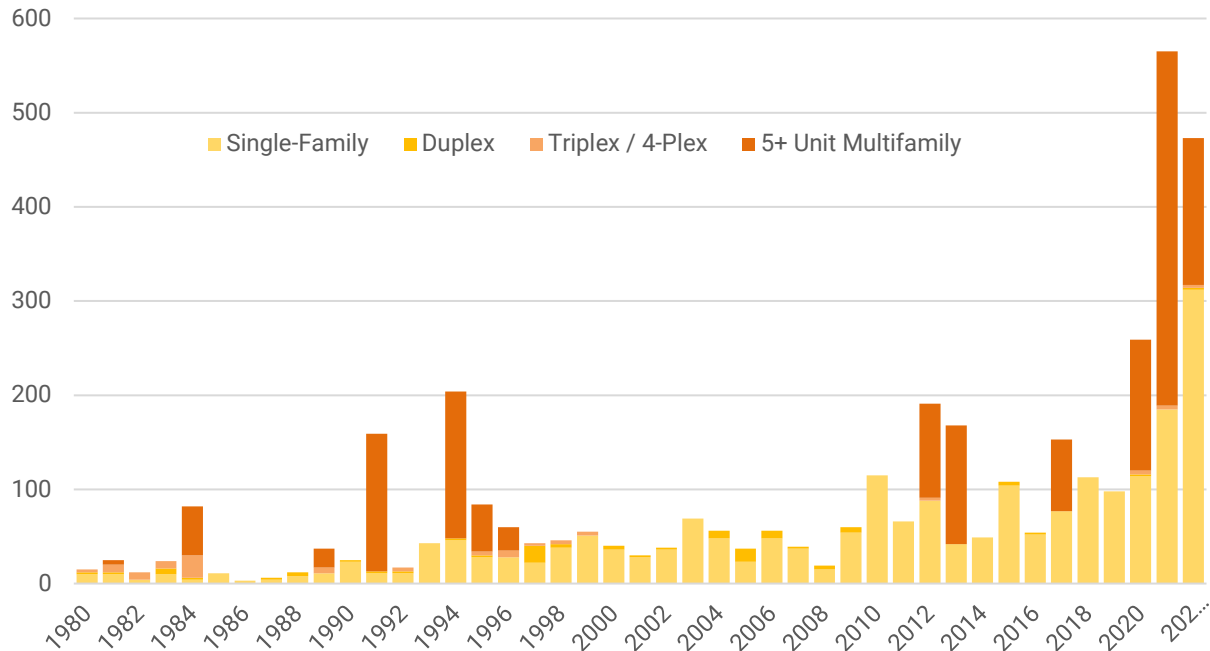


Figure 24. Port Orchard Building Permits Issued by Unit Type, 1980-2022 (to date). Source: HUD State of the Cities Data Systems (SOCDS)

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.

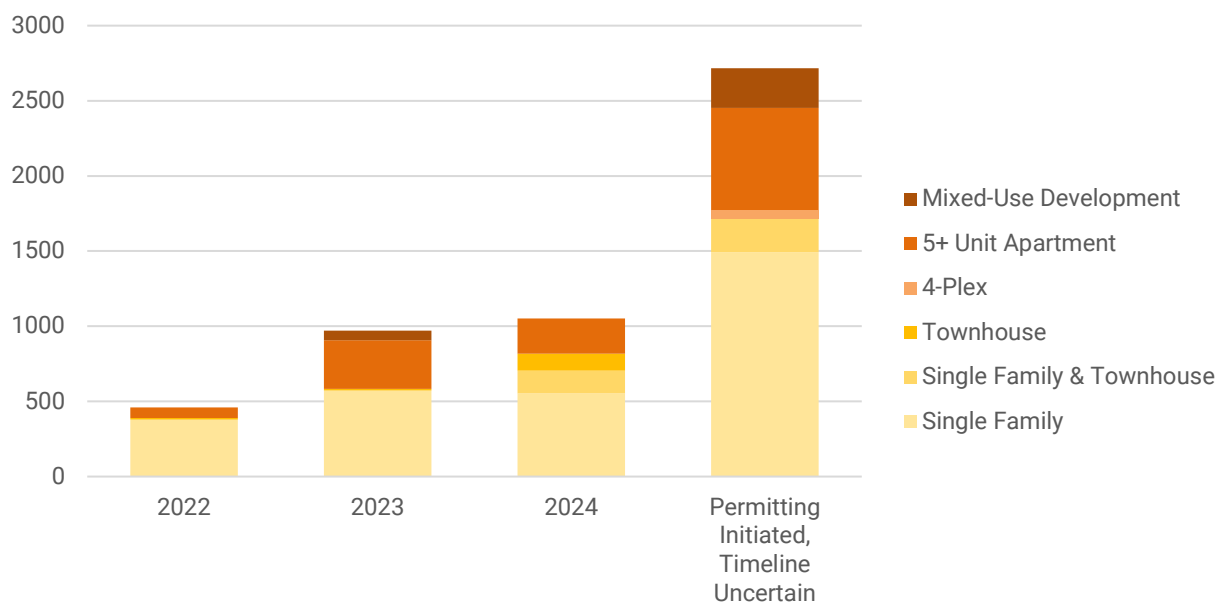


Figure 25. Number of Units Permitted with Certificates of Occupancy Expected 2022 and Later by Unit Type. Source: City of Port Orchard.

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.

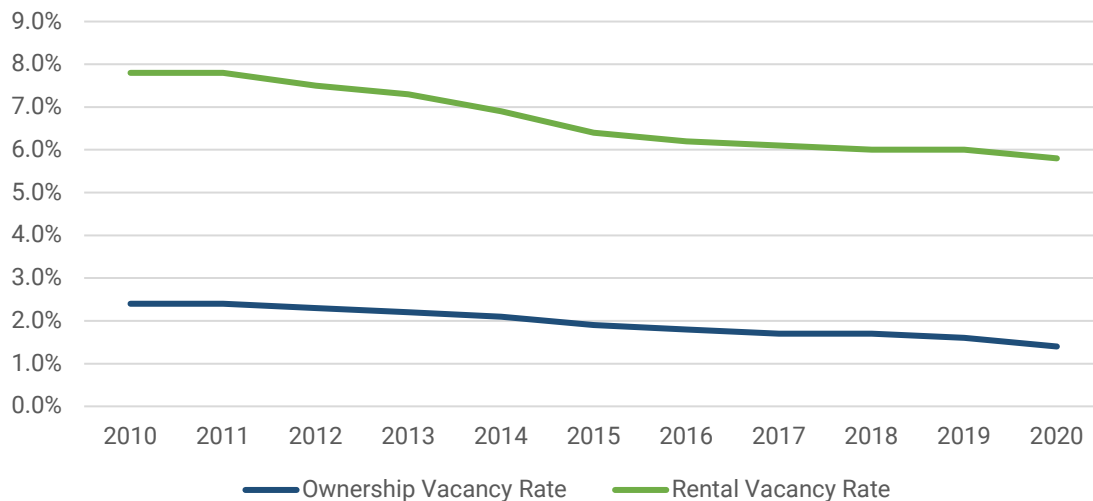


Figure 26. Vacancy Rates in Port Orchard, 2010-2020. Source: American Community Survey 5-Year Estimates, Table DP04

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.

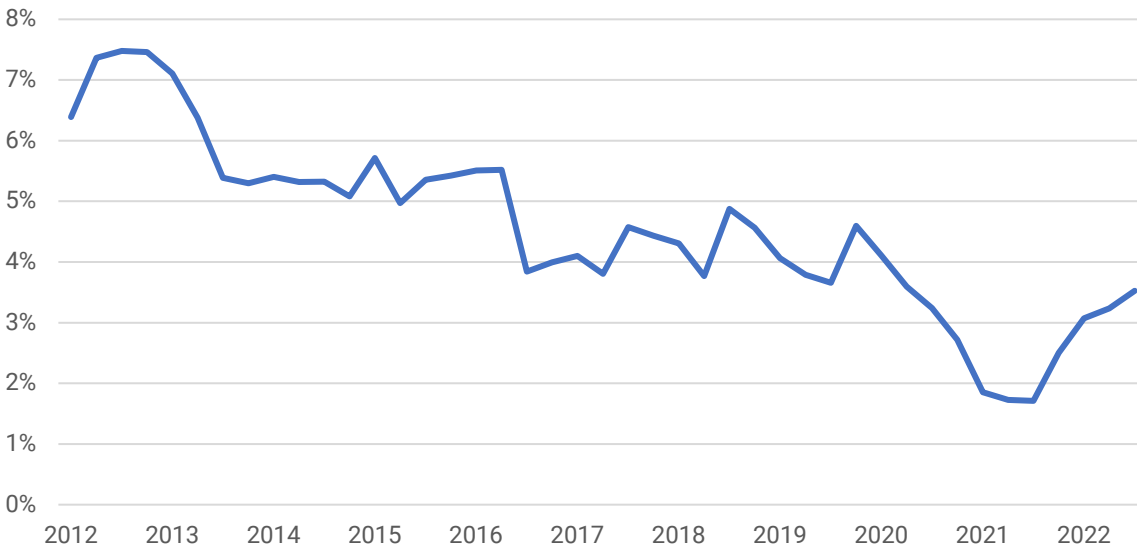


Figure 27. Multifamily Rental Vacancy Rate in Port Orchard, 2012-2022. Source: Costar

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)

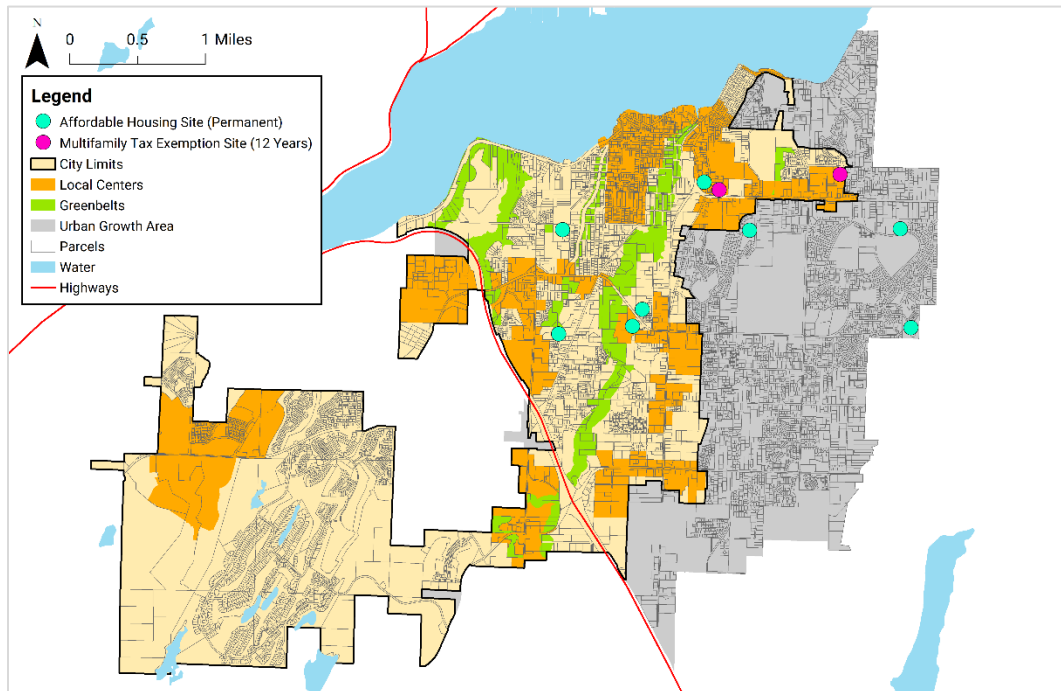


Figure 29. Affordable housing sites in Port Orchard

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

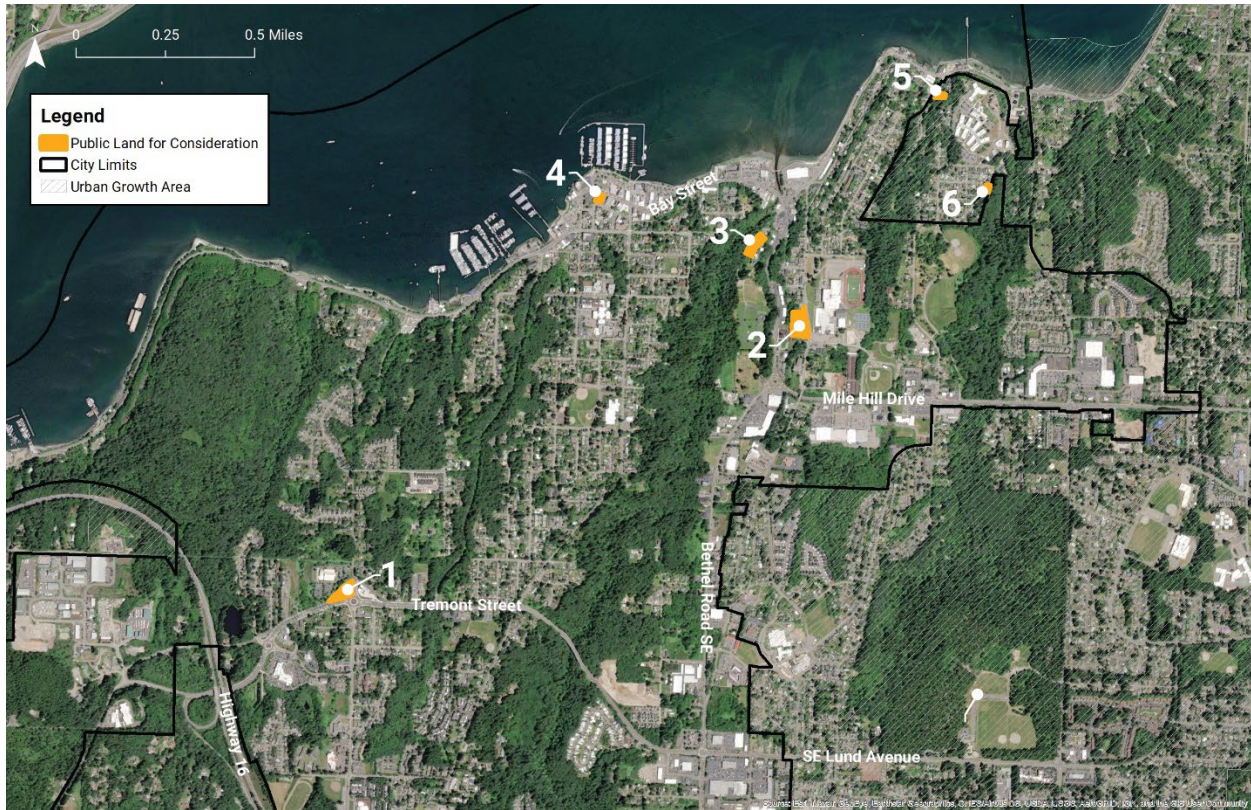


Figure 31. Map of surplus or vacant public land to consider for housing opportunities. Source: City of Port Orchard

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.



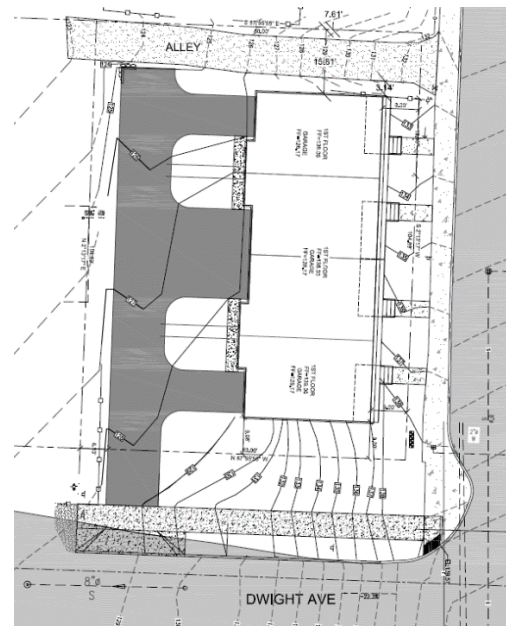
Each of the four units is 3 bed/2.5 bath with about 1,450 square feet of living area. The lot is 8,276 square feet lot (0.19 acres), so the density is 21 units per acre.

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.

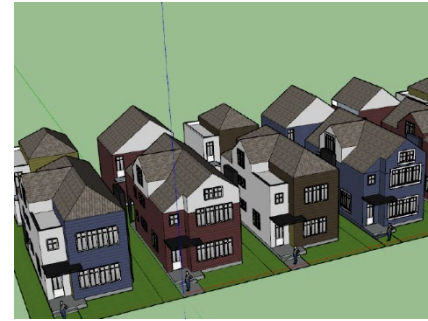
This development offers more amenities than typical multifamily projects in Port Orchard. With units renting slightly above \$2.00 per square foot (e.g. at least \$2,100/month for a two-bedroom unit), the project will serve the mid-high end of the Port Orchard rental market. This is partly due to the 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.

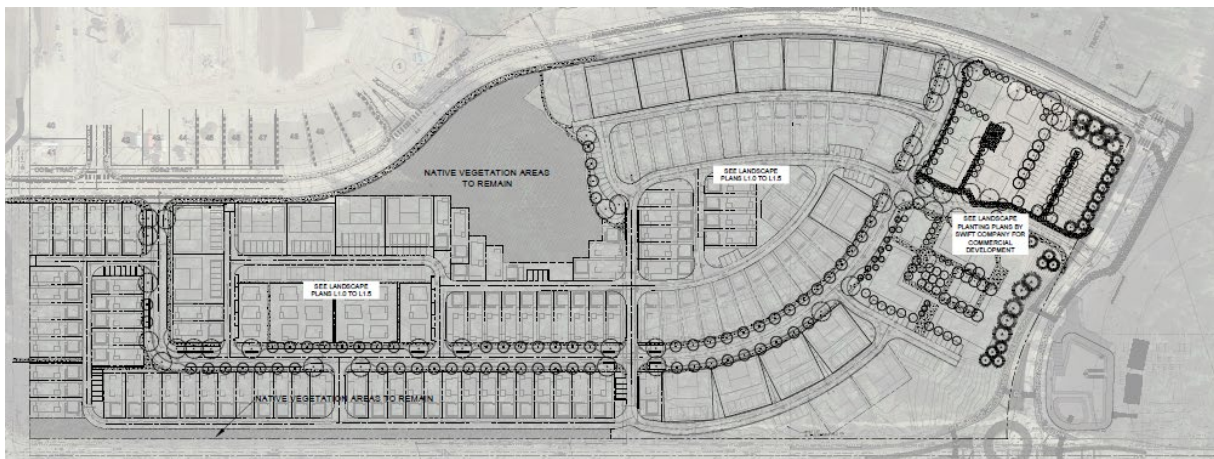


The site has a mix of zoning: Residential 3, Neighborhood Mixed Use, and Commercial Mixed Use. It also has a special McCormick Village Overlay (MVOD) with subtle changes to the residential lot standards. The City developed the MVOD regulations to implement the McCormick Village Subarea Plan and worked 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

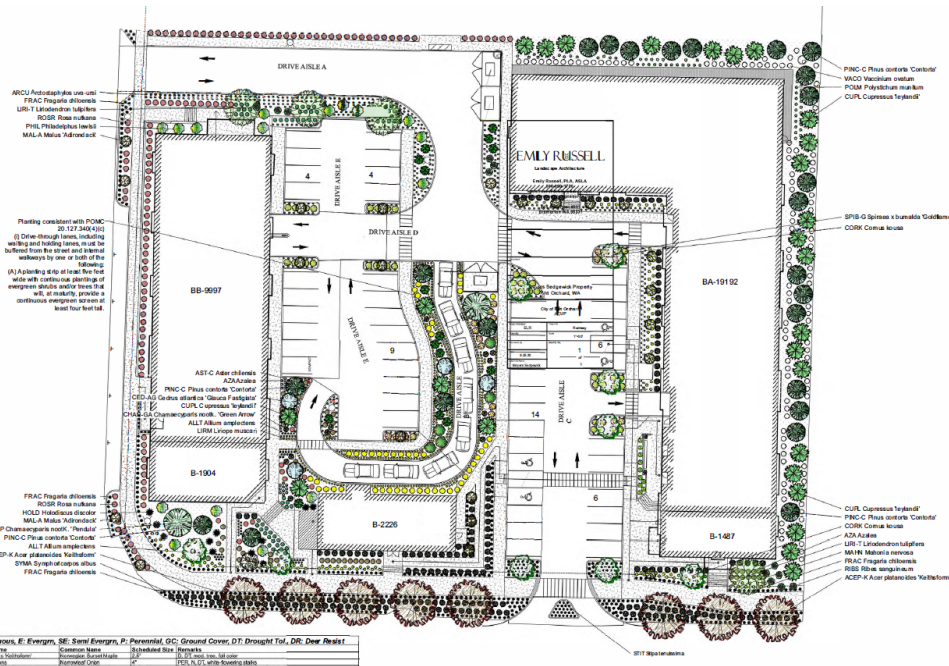
This is an ongoing mixed-use development in southern Port Orchard located at the northeast corner of Sedgwick Road and Ramsey Road. It is zoned Commercial Mixed Use, located within the Sedgwick-Bethel SR-16 center, and within the soon-to-be master planned Bethel Sedgwick Countywide Center. This is a 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.

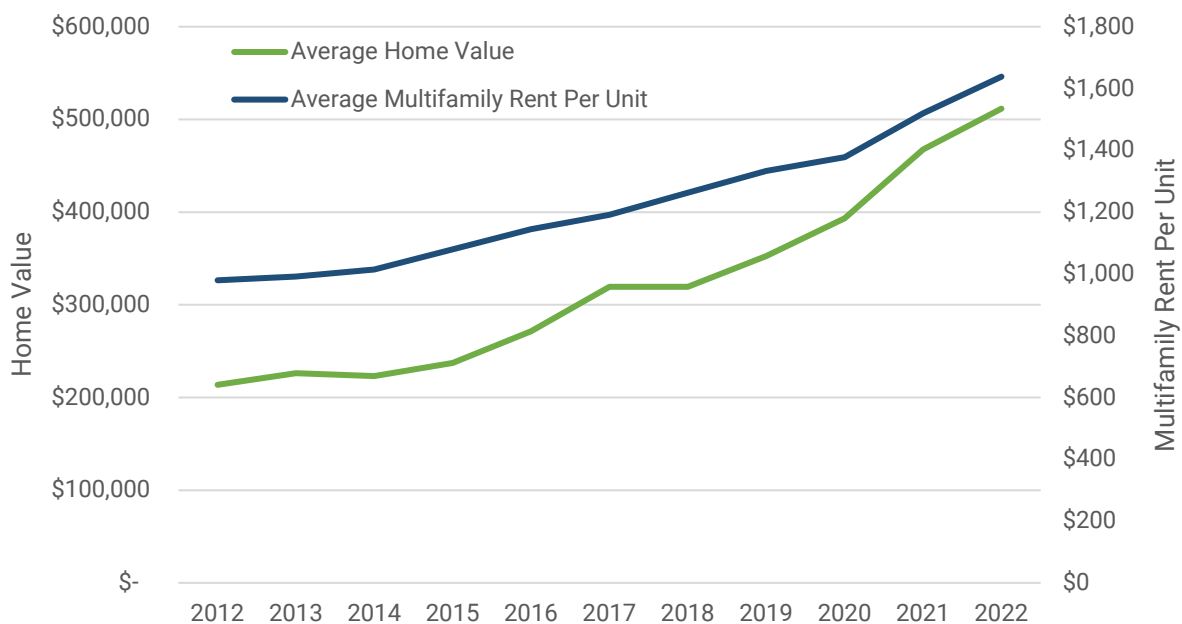


Figure 32. Housing Costs in Port Orchard, 2012-2022. Source: Zillow, CoStar.

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.

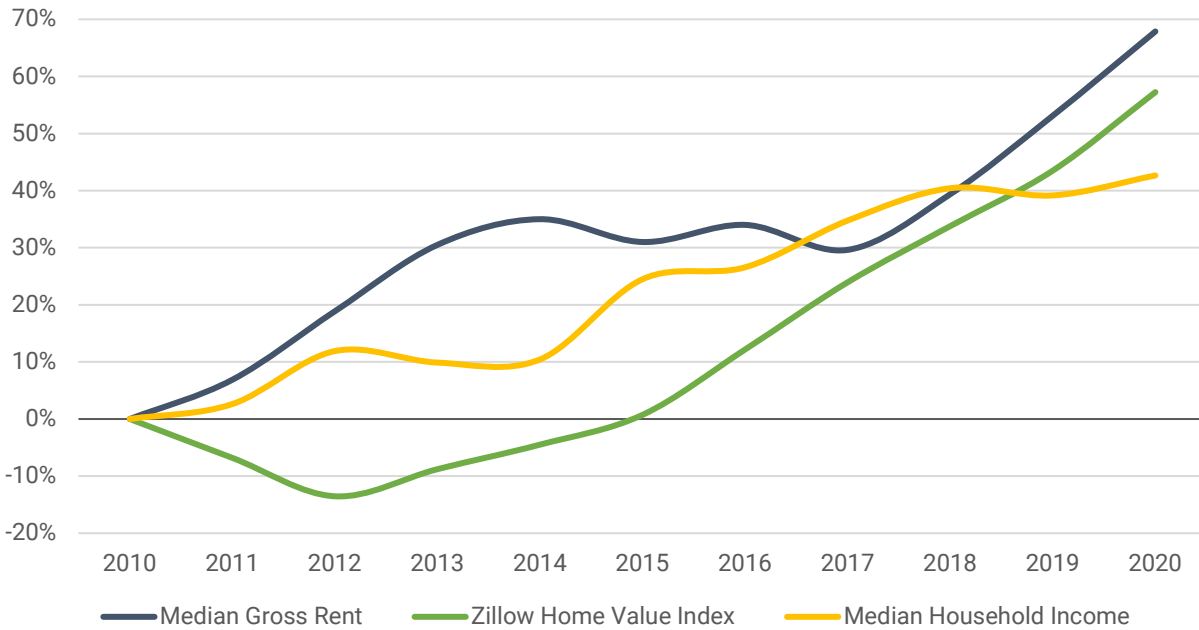


Figure 33. Change in Home Prices, Rents, and Incomes in Port Orchard, 2010-2020. Source: Zillow, American Community Survey 2020 5-Year Estimates, Table S2503, DP04, Leland Consulting Group

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.

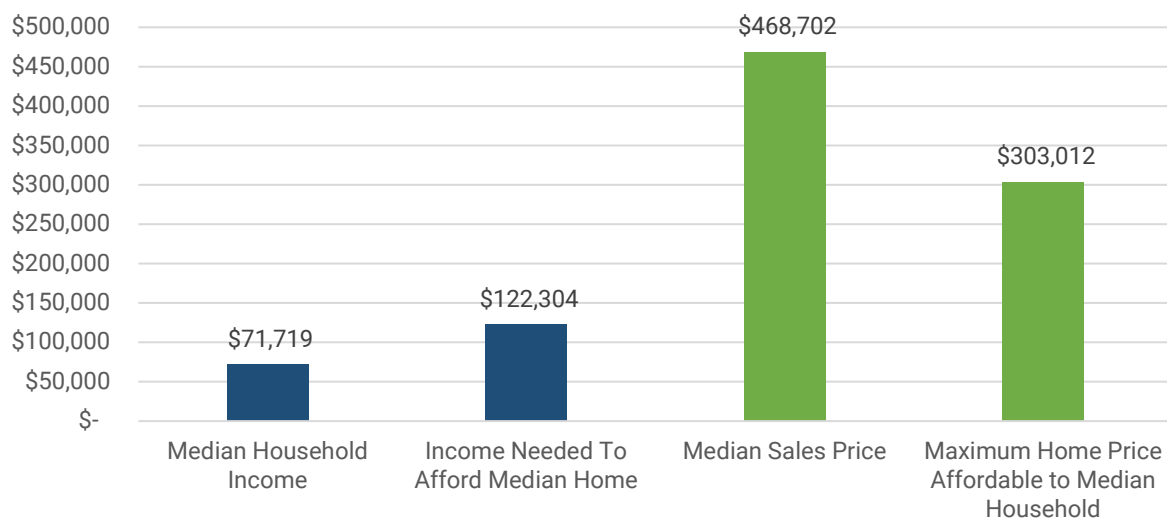


Figure 34. Ownership Housing Affordability in Port Orchard. Source: Zillow, Freddie Mac, 2020 American Community Survey 5-Year Estimates, Leland Consulting Group

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.

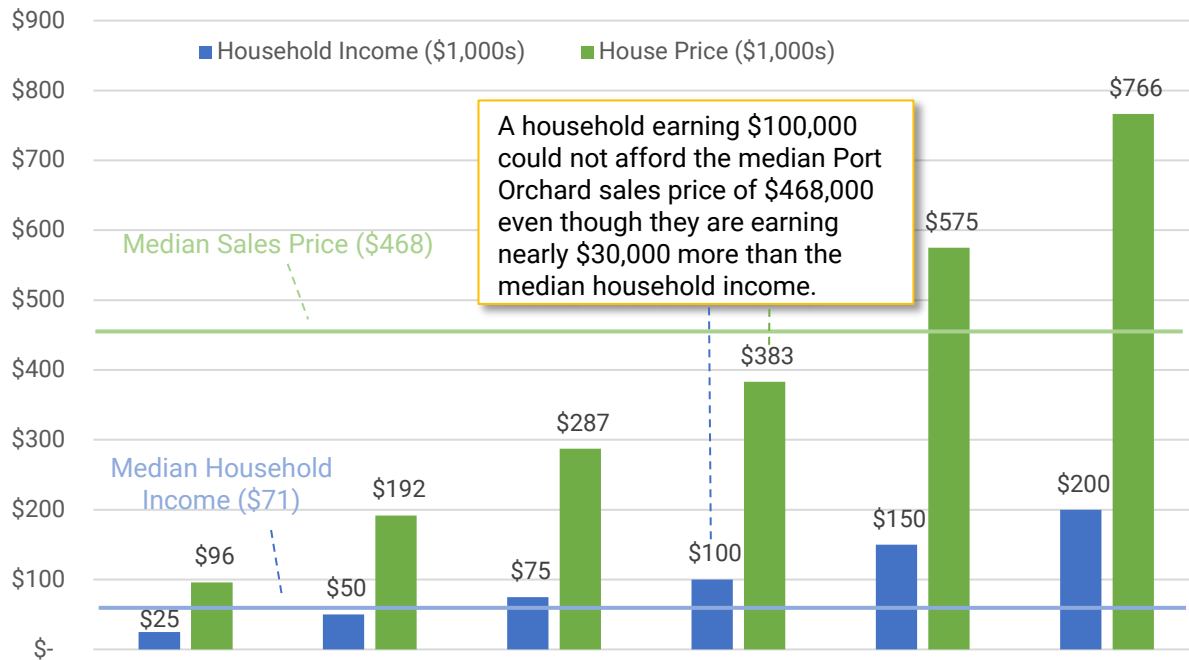


Figure 35. Housing Prices Affordable to Various Incomes with Port Orchard Median Income and Sales Price, 2021. Source: Zillow, Freddie Mac, 2020 American Community Survey 5-Year Estimates, Leland Consulting Group

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).

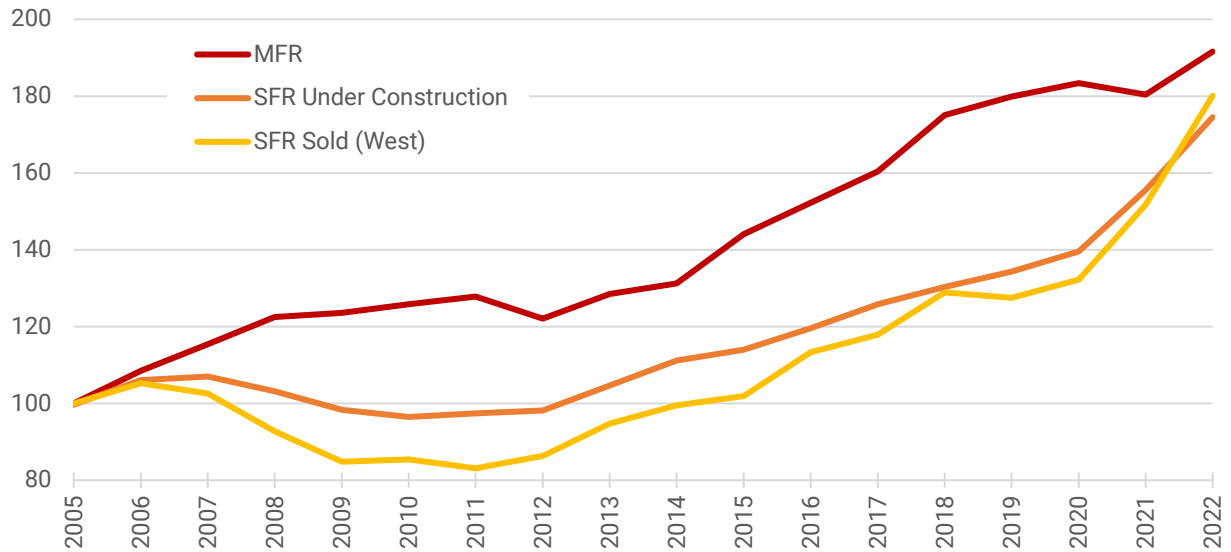


Figure 36. Construction Price Indexes. Source: U.S. Census Bureau Construction Price Indexes

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.

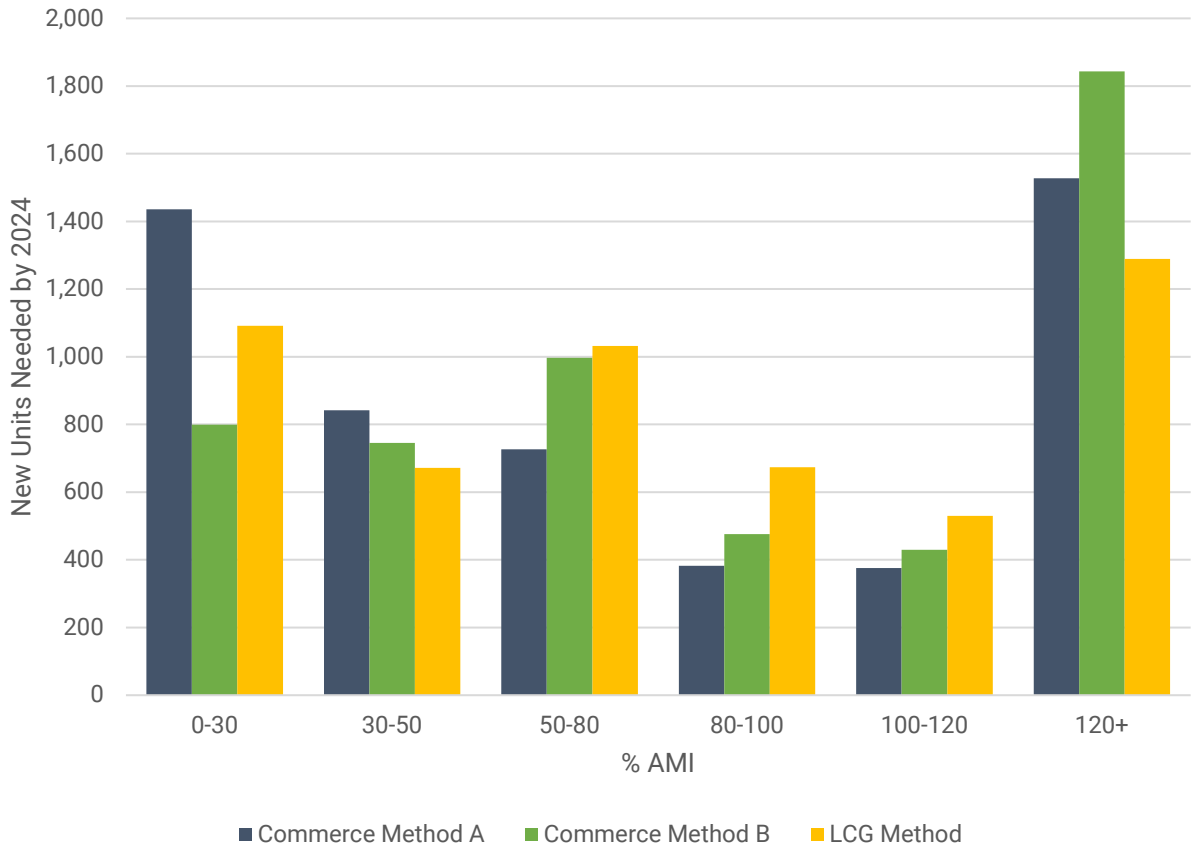


Figure 38. Housing Demand Projections for Port Orchard, 2022-2044 Source: Washington Department of Commerce Draft Projected Housing Needs Methodologies, Leland Consulting Group

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.

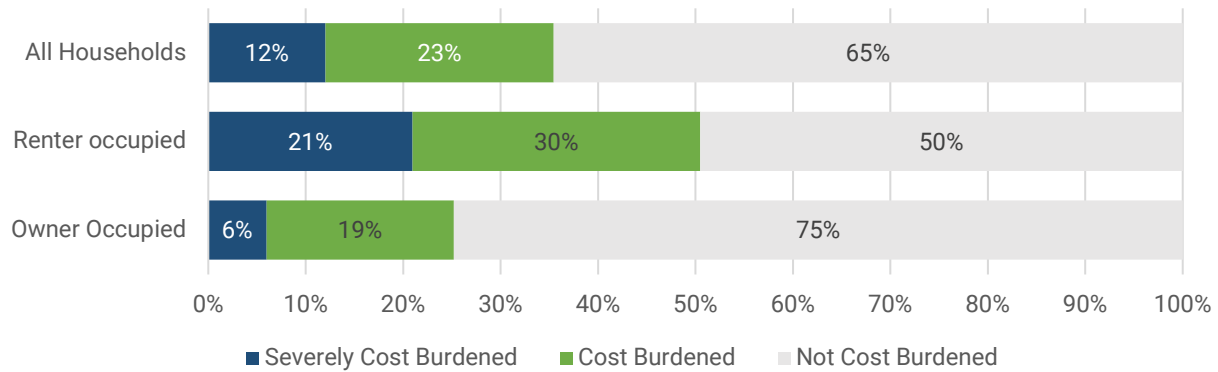


Figure 40. Household Tenure by Cost Burden in the City of Port Orchard, 2020. Source: HUD CHAS 2015-2019.

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.

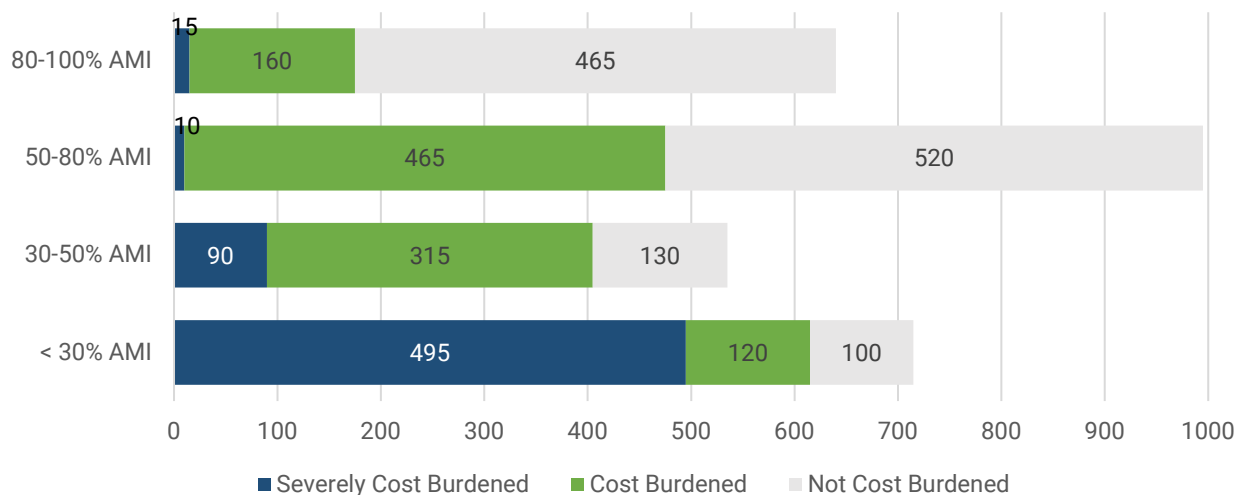


Figure 41. Cost Burden Status by Household Income Level in Port Orchard. Source: HUD CHAS 2015-2019.

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.

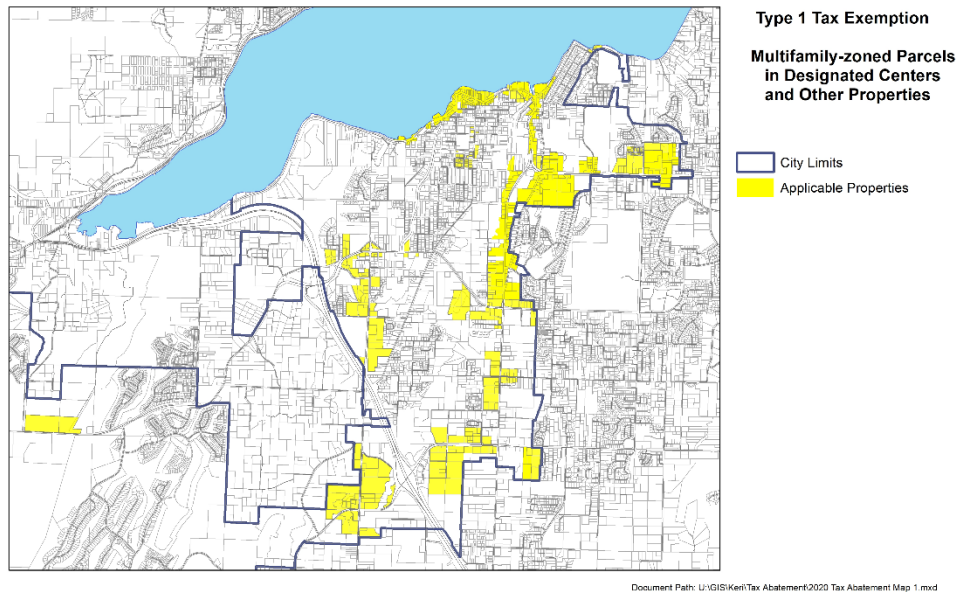


Figure 44. Parcels eligible for the Type 1 MFTE program

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.

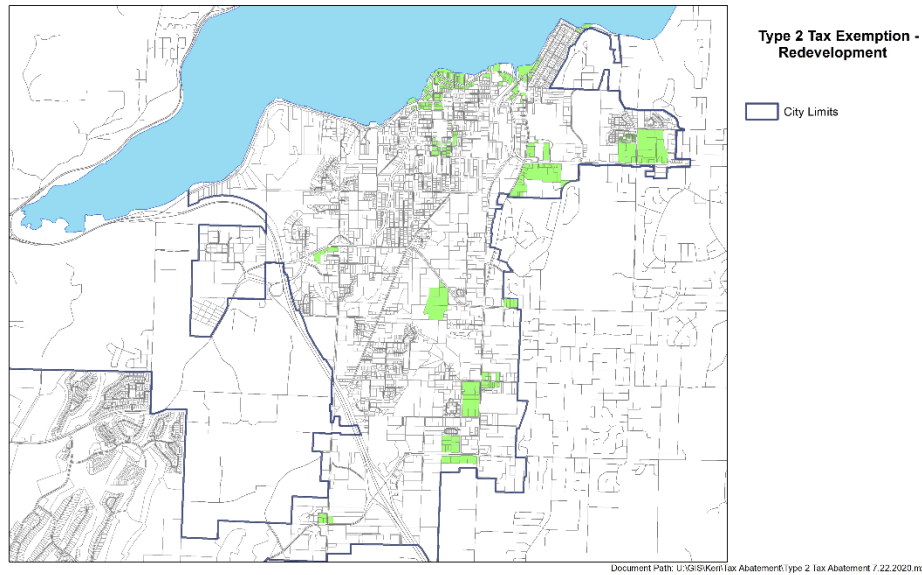


Figure 45. Parcels eligible for the Type 2 MFTE program

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

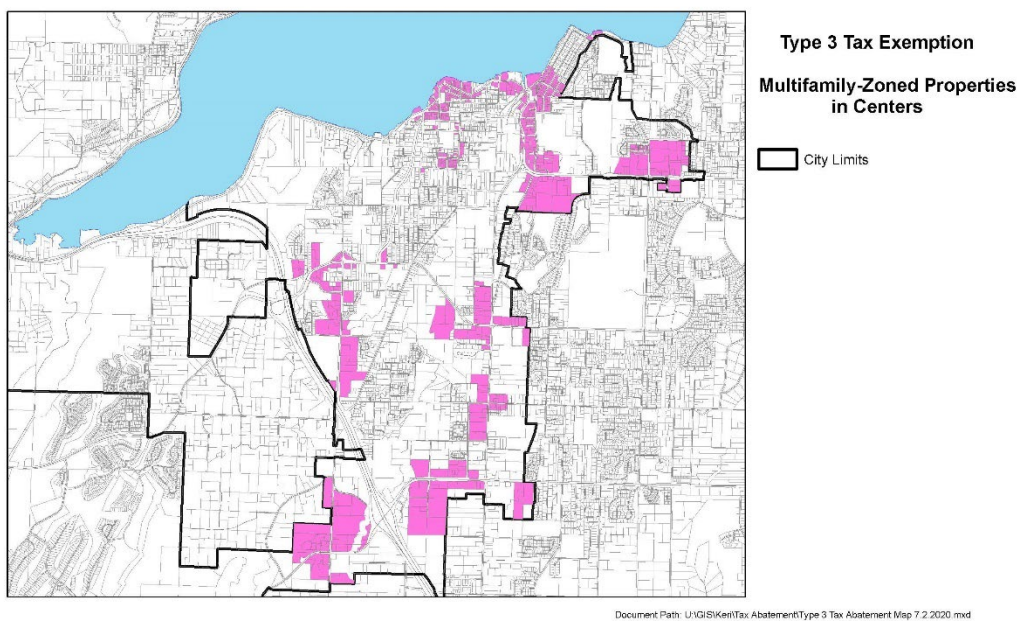


Figure 46. Parcels eligible for the Type 3 MFTE program

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.

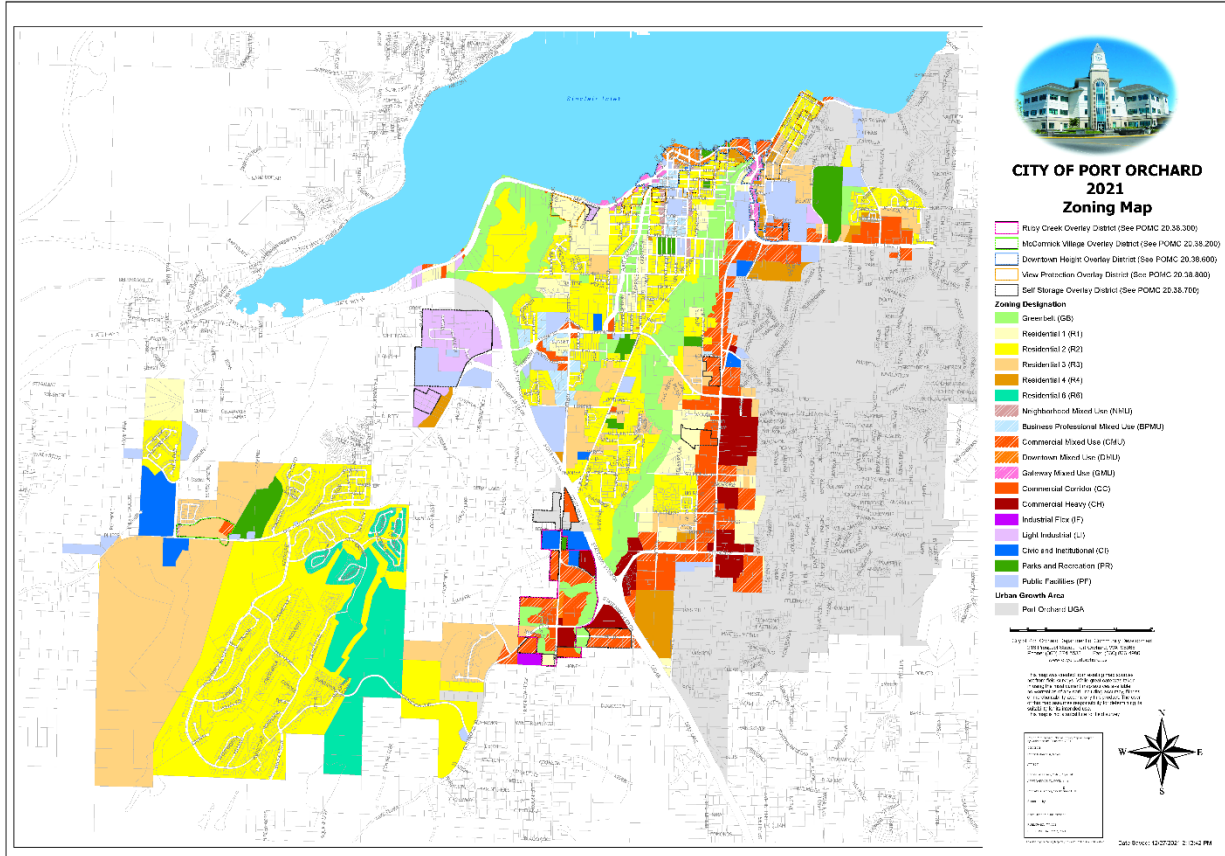
- POMC 20.32: Building types
- POMC 20.139: Residential design standards for residential building types like detached houses, backyard cottages, cottages, duplexes, townhomes, and accessory buildings
- POMC 20.127: Commercial and multifamily development block frontages, site planning, and building design

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.

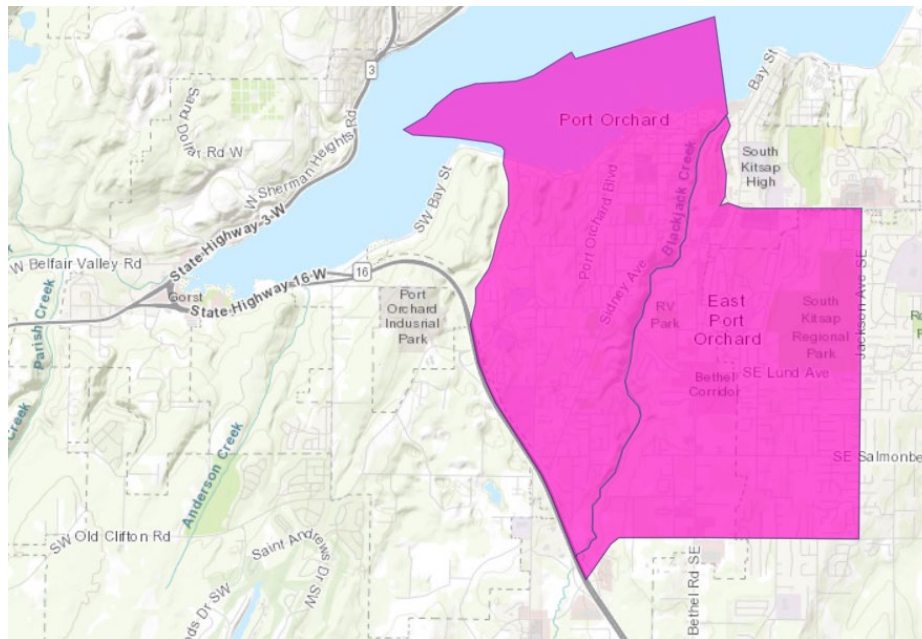


Figure 56. Location of the federal Opportunity Zones in Port Orchard

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
	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
	modal uses such as Transportation Demand Management measures.	

Appendix C
Public Engagement Report

Port Orchard Housing Action Plan

Public Engagement Report

March 29, 2023

1.0 – Introduction

In the course of preparing a housing action plan (HAP) Port Orchard engaged community members to gain a deeper understanding of local housing needs and affordability issues, find shared values and common ground, and identify divergent viewpoints. Public engagement occurred primarily in three ways:

- Stakeholder interviews (see section 2.0)
- A communitywide housing survey (see section 3.0)

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2.0 – Stakeholder Interview Summary

MAKERS and Leland Consulting Group interviewed 14 individual Port Orchard stakeholders. They included or represented city residents, elected officials, affordable housing agencies, developers and homebuilders, and other community leaders. This range of people provided a variety of perspectives on housing challenges and opportunities in Port Orchard. This section summarizes their comments, observations, and priorities.

Organizations interviewed:

- Port Orchard City Council and Mayor
- Kitsap Housing Authority
- Disney & Associates
- Port Orchard Chamber of Commerce
- Tarragon
- Contour Construction
- McCormick Communities

Overall, stakeholders confirmed that there is a lack of housing options in Port Orchard, even with recent changes by the city. Low-moderate income workers and fixed-income retirees are struggling to afford housing in Port Orchard and long-time residents are seeing their adult children unable to afford buying a home in the city. There is concern that essential service and retail workers are leaving the community, limiting the social and economic diversity of the city, and hurting businesses in the city.

All cost inputs for new housing are going in the wrong direction amid rising prices for materials, labor, and land. There may be some regulatory opportunities to improve the cost efficiency of construction and create partnerships for affordable housing. Regulatory tweaks to the code and design standards, policy updates to the multifamily tax exemption (MFTE) program, and friendlier development processes for housing providers is the collection of solutions stakeholders feel could help better achieve city housing goals.

2.1 – Housing Challenges

Summary of stakeholder comments on this topic:

- There is a lot of housing being developed, but there lacks diversity of housing options with current and planned housing being developed. Most new housing is either a single-family detached home or garden apartments. Diversity of housing options is a challenge in Port Orchard.
- Quote (paraphrased): “After a life changing event, I didn’t want to deal with another long-term mortgage or upkeep of a large house. I wanted something where I could help take care of my mom, somewhere we could live in the same building but have our own spaces. What I was looking for didn’t really exist in Port Orchard.”

- Rents and upfront fees/deposits have increased significantly over the past several years, compounding the difficulties for entry-level and moderate-income workers.
- Quote (paraphrased): “I am worried about economic diversity and being a place that is inclusive for people starting out. I am also worried about racial diversity and being unable to attract people from all walks of life.”
- Several stories were shared by people who have lived in town decades and their children cannot afford to purchase a home in town.
- Lots of interest was shared by people interested in mixed-use and residential development in downtown Port Orchard, while admitting understanding or frustration that the area doesn’t seem quite ready for that type of development.
- There seems to be little price difference in the cost of purchasing a single-family home versus a townhome, even though they have differences in amenities and size.
- Some housing providers felt cottage housing is currently tough with design standards and current allowed density. One housing provider referenced the possible trade-off with open space but thought cottage housing could be more viable if more density was allowed on the lot.
- The local affordable housing authority is recently reorganizing and updating their systems, meaning they’re currently behind on processing. The current waitlist has over a 1000 people and are at least a year away from developing any new housing.

2.2 – Housing Production and Code Considerations

Summary of stakeholder comments on this topic:

- Several stakeholders said they appreciate working with Port Orchard staff, giving credit to their responsiveness, and that they generally liked the recent zoning code updates. However, they’ve also noticed with the increase of projects in Port Orchard, the permitting process has slowed down and is taken longer than it has in the past.
- While admitting it did provide good looking products. Some housing providers felt navigating the design standards was more cumbersome than it needed to be (specifically mentioned were single-family homes and 2-4 unit-plexes).
- Some housing providers found the lack of consistent processes for key parts of projects (sewer capacity, water line hookups, and building code) made it feel like staff were working against them, even if that wasn’t the intention.
- Quote (paraphrased): “So often it feels like permitters and inspectors are working against me, I’m not trying to slip something by, I want to be more collaborative during the construction process.”
- One housing provider felt the permitting process for a fourplex was equally as laborious as permitting an apartment. Suggested getting permitting processes for the 2-4 door range closer to the single-family permitting process.

- One housing provider felt having to do so much of the process only during the City's business hours and having to do a phone call to schedule every inspection, is hard on smaller housing providers. Suggests an online permit portal.
- Land costs and construction material costs have increased, while there is a short supply of labor to do the work. This is a nationwide problem.
- Most stakeholders understand the reason and need for Port Orchard to raise impact fees in recent years to help pay for needed infrastructure. Many stakeholders are satisfied with where impact fees are at. Housing providers understand why fees increased, but also note that increased fees impact affordability and could impact future development. Additionally, the intensity of concern of increasing impact fees was stronger from smaller housing providers and those who mainly provide rental properties.
- Quote (paraphrased): "I believe new construction should pay for itself and I don't think impact fees are too cumbersome to development in the city. However, \$15,000 in total fees to approve an ADU is disproportionate."
- Quote (paraphrased): "45% of all my housing is tied up in fees and permitting, taxes, impact fees, and other governmental oversight...Price increases are passed on to residents."

2.3 – Homelessness and Social Services

Summary of stakeholder comments on this topic:

- Understand homelessness is a regional and statewide problem that is hard to get a handle on. Stakeholders understand affordable housing and mental health services are needed to address the problem, but know the city is lacking the resources to provide more.
- A couple of stakeholders would like to see more shelters, transitional housing, single room occupancy apartments (SROs), and congregate housing in the city as housing best positioned to support the homeless population. Suggested the code be friendly to these types if not already.
- A challenge identified by one stakeholder, was that available parking at new housing for the formerly homeless is still a big issue.

2.4 – Employment and Businesses

- The nearby military workforce brings a consistent level of demand for housing every year.
- Expansion of telecommunicating or work from home and commuting on the Kitsap fast ferry, has allowed more people from higher cost areas like Seattle to move to Port Orchard.

- A couple of stakeholders discussed how housing affordability is a constraint on business success in the city. Lack of workforce is hurting businesses.
- Several stakeholders mentioned the need for a grocery store and consistent retail options in the downtown area. One stakeholder explained the challenge as “The demographics don’t support high-end grocers and retail. On the other hand, the town needs to be upgraded to attract businesses.”
- Land values are not at the point for big box retailers like Safeway to consider mixed-use redevelopment and structured parking, but more housing nearby is important to support the customer base.

2.5 – Transportation

Summary of stakeholder comments on this topic:

- Stakeholders like the fast ferry and foot ferry transit access to Bremerton and now Seattle. However, all expressed better service is needed for the public bus transit.
- Kitsap Transit has money to add lines and increase service, but operator labor shortages are keeping that from happening. This is a nationwide problem.
- Biking in general and e-bikes in particular are growing in popularity as a way to get around town, do shopping, commute, etc. Seems like an opportunity for people to reduce their cost of living by driving less.

2.6 – Opportunities

Summary of stakeholder comments on this topic:

- Most stakeholders expressed interest and support for increased housing options. Stakeholders are looking for housing options like missing middle housing, accessory dwelling units (ADUs), townhomes, SROs, congregate housing, and apartments that are not garden apartments.
- Several stakeholders are interested in updating the multifamily tax exemption (MFTE) program in Port Orchard to get more affordability on MFTE units.
- Several housing providers shared that there will be a market for rentable single-family homes, townhomes, duplexes, triplexes, and quadplexes.
- Kitsap Housing says affordable senior housing does well in Port Orchard and because of this, more affordable senior housing could be developed in the future.
- One housing provider expressed a lot of satisfaction with Port Orchard’s updated R3 zone and felt that the impacts of the updated zone will be coming in the future.

3.0 – Housing Survey Summary

3.1 – Target Audience and Response Rate

The target audience for the survey was people living and/or working in Port Orchard city limits. The majority of respondents self-reported meeting these criteria. The project team set an informal goal of receiving at least 150 responses.

The total input was 140 responses combined, and after removing non-valid response there are 128 responses available for analysis. The breakdown is provided below and details on outreach methods are provided in section 3.10.

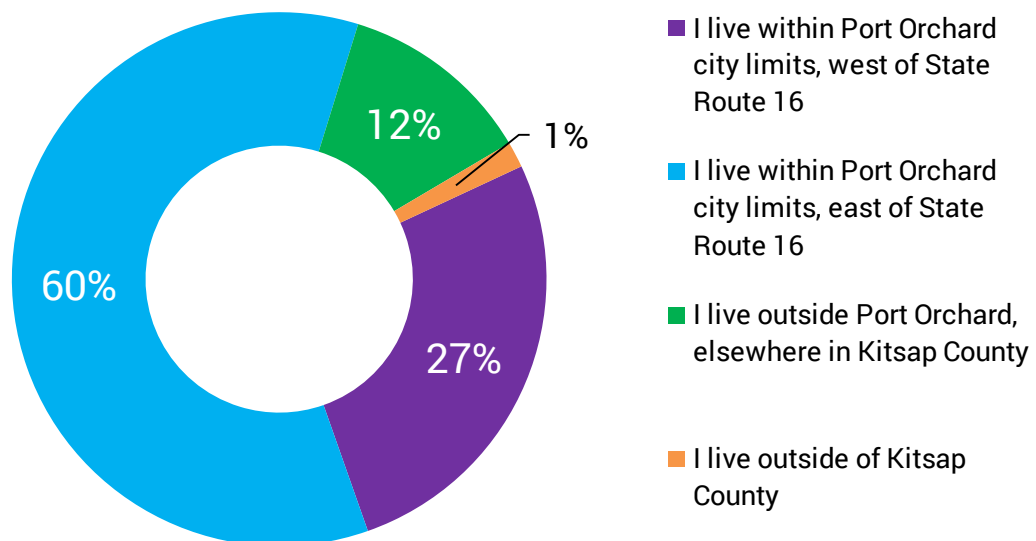
Total Reponses	Non-local responses removed*	Incomplete responses removed	Remaining for analysis
140	12	0	128

* 12 people (~9 percent) reported both living outside Port Orchard and not working in Port Orchard, and the majority are retired. While it is likely that most of these respondents have some connection to Port Orchard, they are not currently local constituents.

3.2 – Housing Information

Question 1	Where do you live?
Respondents	All respondents (128)

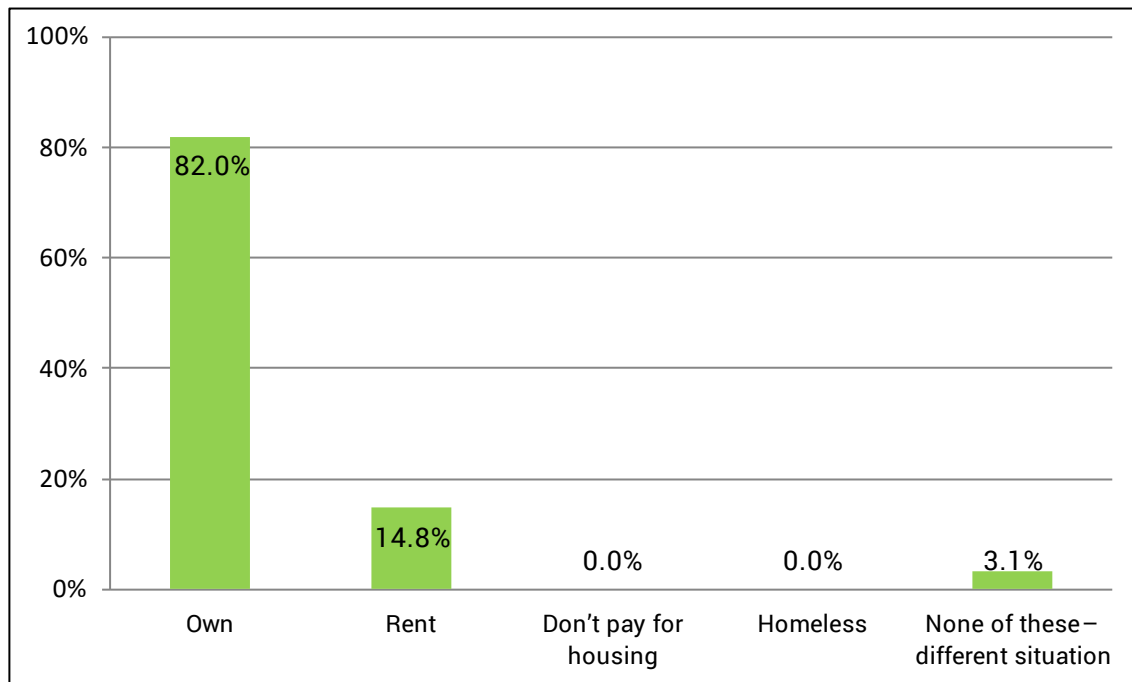
Most respondents live within Port Orchard city limits. About 13% of respondents live outside the city and have a job based in Port Orchard.



Question 2	Which of these best describe your living situation?
Respondents	All respondents (128)

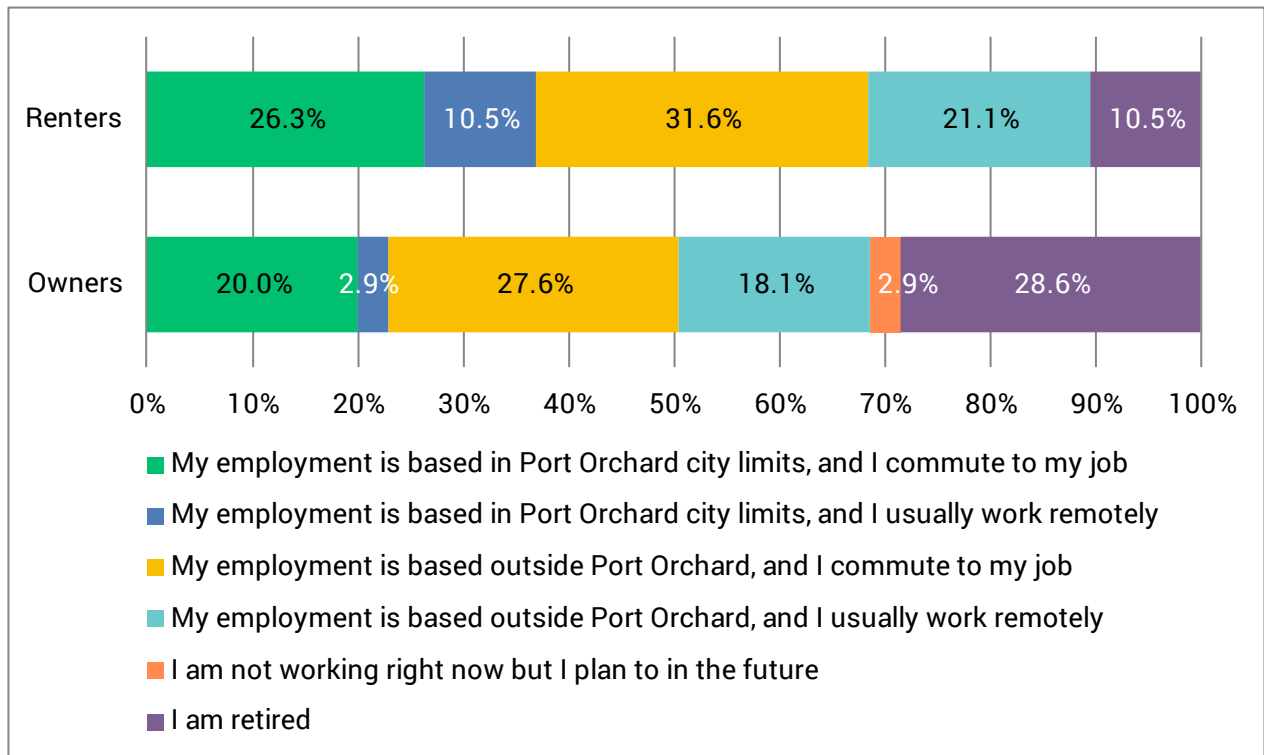
Most respondents are homeowners, at 82%. Approximately 15% of respondents are renters. The rest reported being in some other situation or being homeless (the online survey was filled out by two homeless people). The survey was disproportionately answered by owners, whose households make up about 61% of the housing units in Port Orchard. About 39% of Port Orchard housing units are renter households.

NOTE: Some of the questions in the remainder of the survey compare answers between owners and renters, noted in the question summary boxes. The 4 respondents who report neither owning nor renting represent a small percentage of responses and are excluded from those comparison analyses for brevity, but are included in other analyses and any written comments.



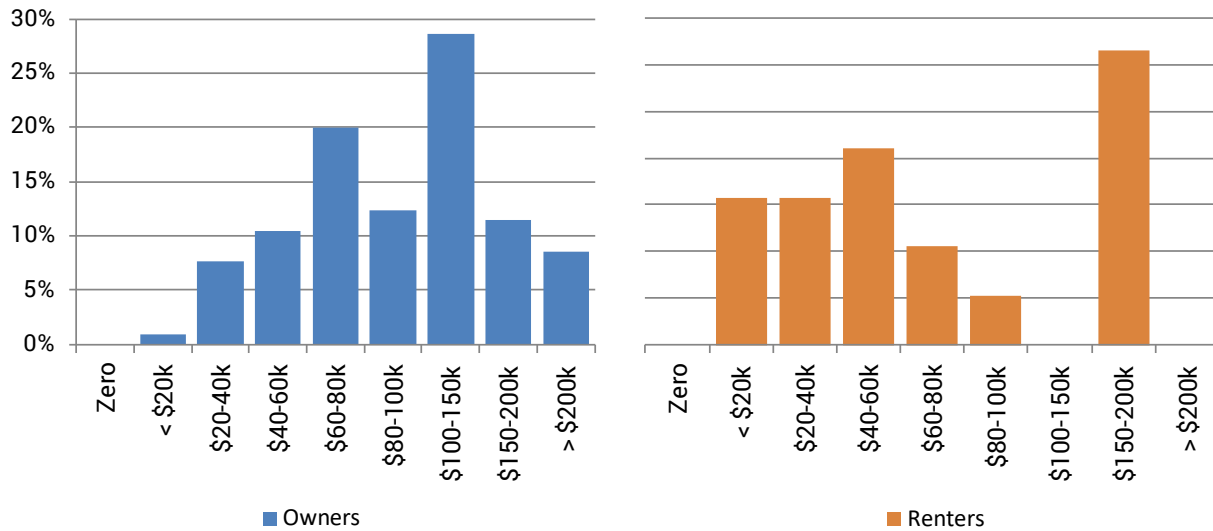
Question 3	Regarding employment and commuting, please select the answer that most accurately describes your situation.
Respondents	All respondents (124), owners (105) and renters (19)

Most respondents are employed and working. About 25% of respondents are retired with about 94% of the retired respondents being homeowners. As a percentage of responses, both homeowners and renters that live in Port Orchard but have employment outside the city have similar rates of commuting to job and working remotely. The employment and commuting patterns for those that are working do not differentiate too significantly between owner and renter respondents.



Question 4	What is your household's total annual income? It's okay to guess. Your household includes yourself, partner/spouse or family members living with you, and roommates.
Respondents	All respondents (124), owners (105) and renters (19)

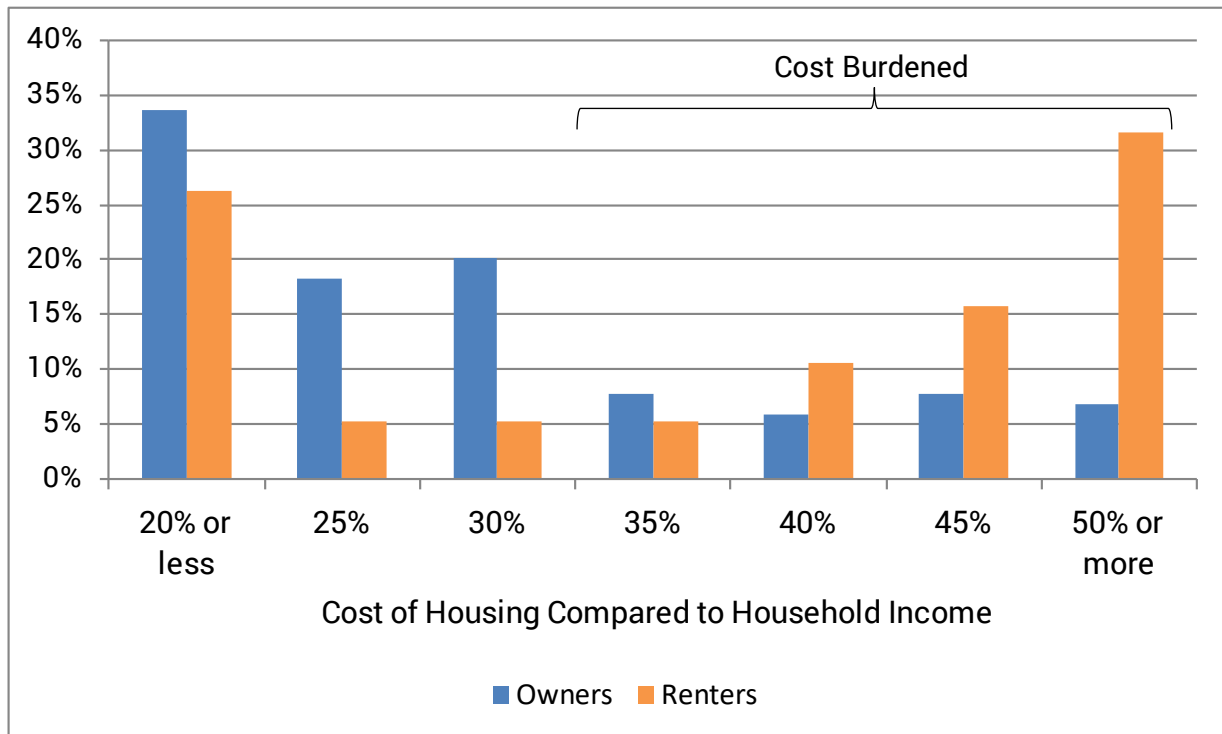
Respondents reported a wide range of annual household incomes. Owner respondents generally have higher incomes than renter respondents. For reference, the 2020 Median Household Income in Port Orchard reported by the ACS was \$71,719. About 61% of owner respondents report their households have an income of at least \$80,000 per year. About 63% of renters report their households earn less than \$80,000 per year.



Question 5	<p>Approximately what percent of total/gross annual income does your household pay for your home?</p> <p>It’s okay to guess. This includes rent or mortgage payments, HOA fees, property taxes, and utilities (water, sewer, etc.).</p>
Respondents	All respondents (123), owners (104) and renters (19)

“Cost burden” is a measure of how many households pay more than 30% of their annual income on housing.

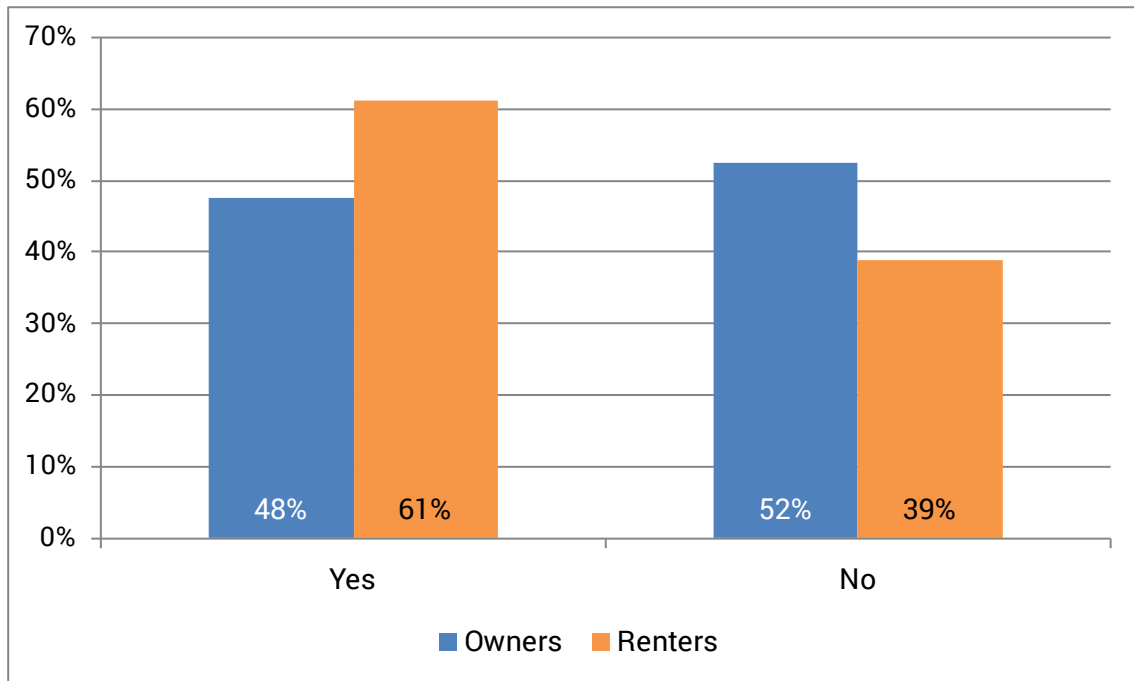
Over 60% of renters report being cost burdened by housing, with nearly a third being extremely cost burdened (paying more than half their household income on housing). About 28% of owners report being cost burdened.



3.3 – Housing Stability

Question 6	If you experience a major unexpected financial event like a job loss, large medical bill, or a partner passing away, would you be worried about being able to stay in your current home?
Respondents	All respondents (119), Owners (101) and renters (18)

Both owners and renters report being at risk of losing their home from a major unexpected financial event at significantly high levels. A little over 60% of renters and almost 50% of owners report being at risk of losing their home from a major unexpected event.

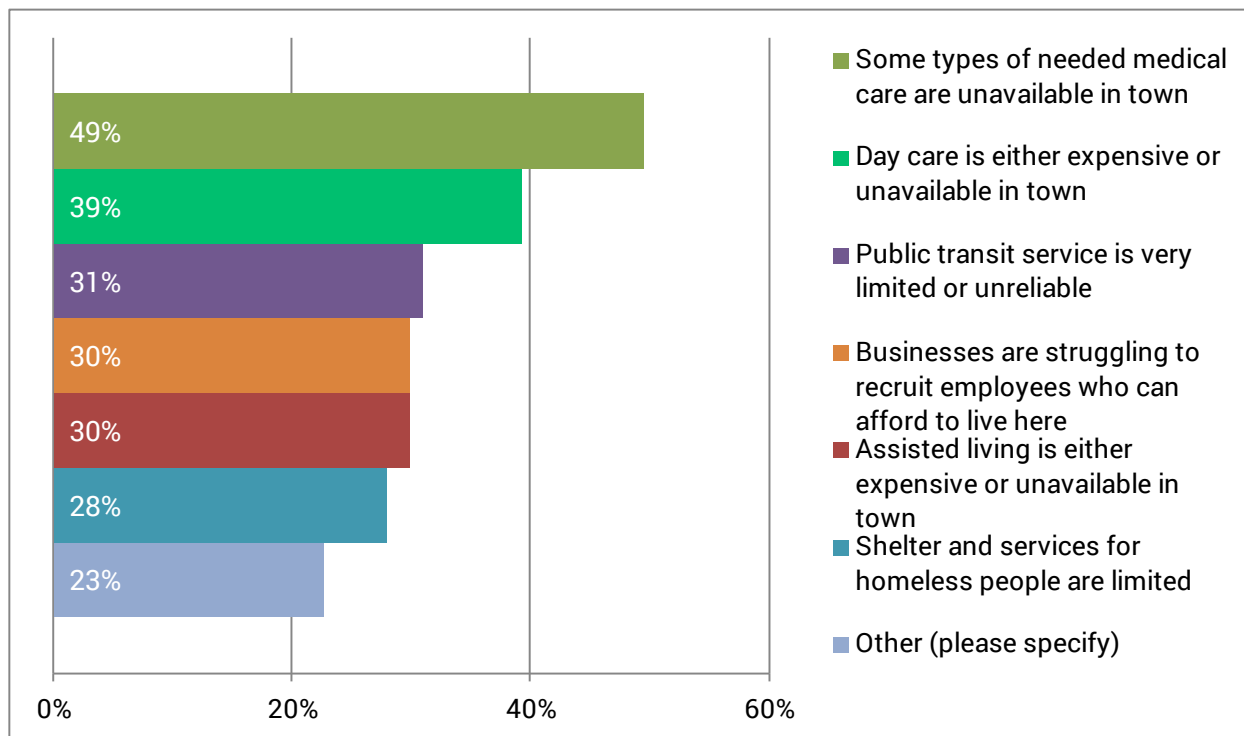


Question 7	Do you or any of your closest family or friends share any of the following concerns about these costs of living and service issues in Port Orchard? Select all that apply.
Respondents	All respondents (97)

Housing relates to other economic, service, medical, and transportation issues. The top concern by a significant margin is the availability of medical care in town, which 49% of respondents were concerned about. Also, having some distinction from other choices, was almost 40% of respondents being concerned about expensive or unavailable day care.

The remaining concerns clustered closely together as respondents third highest concern, with these concerns all being chosen by around 30% of respondents:

- Limited availability of shelter and services for homeless people
- Businesses struggling to recruit employees
- Expensive or unavailable assisted living options around
- Limited public transit service



About 22 people selected the “other” option for this question to provide written answers. Full comments are available in Appendix A.1. These are summarized as follows.

- Limited dining and shopping options in the area
- Property taxes are high and keep increasing, which affects everyone
- High housing costs are taking away from the ability to afford other basics

- Limited safe bike routes
- Some concerns about crime

3.4 – Housing Stories

Question 8	Do you have a housing story to tell?
Respondents	All respondents (63)

Dozens of housing stories were submitted. A full listing is available in Appendix B.

Overview

The stories range from recounting of why people moved to Port Orchard, the impacts housing costs are having on their family and friends, and the acknowledgment of how difficult it is for young and new residents to get started in the City.

Many homeowners shared how the increasing housing costs are making life hard or pushing out their kids, elderly parents, and friends from Port Orchard. Renters are discouraged about opportunities for homeownership, but also expressed dissatisfaction with the housing options available in the City to rent or buy. Overall, there is an understanding and a frustration from respondents that rising housing costs is negatively impacting other areas of quality of life.

Renter Stories

Many renters are feeling the pinch of increasing rent prices and are feeling pressure to move out of town for more affordable housing. Renters expressed the lack of options to rent in the area, as well as the lack of options to buy in the area. The renter stories include respondents who have grown up in Port Orchard, who have been in Port Orchard for a while, and relatively new renters in the City.

An anonymous renter said: *“I grew up here and my parents live here. My husband and I struggled to find a home to buy that was the right mix of size, location, neighborhood, future appreciation, and development risk. We continued to rent with an exceptionally good set up, but we watched the home prices skyrocket the past few years and I began to have serious concerns about being priced out of the area. This year we purchased multifamily real estate in port orchard to preserve the option to stay in the area and secure our future housing needs.”*

A renter named Vanessa said: *“Moved out to WA Jan 2022 with husband and son. We wanted to buy a home as first time buyers but find the process a bit difficult. Renting a home is getting to be expensive with rent being \$2100 for two bedroom duplexes.”*

An anonymous renter said: *“We moved here from Alaska & didn’t intend to stay in our current apartment for more than one year. Due to rent and other cost increases and poor well-paying job opportunities we’ve been essentially trapped here for 5 years, and the situation is leading me to look elsewhere for our future. I was really excited to live in this beautiful area, and I’ve been sorely disappointed trying to enjoy living here.”*

Homeowner Stories

Homeowners frequently said they feel lucky, fortunate, or grateful to have purchased a home when they did, acknowledging that they could not afford current prices. One person named Cate said, *"I was lucky and got into my home 16 years ago; I have refinanced once. If I were to try to find a place to live right now without the equity of my home, I would have to find a roommate or two to alleviate the financial strain."*

A homeowner named Kris said: *"We moved to port orchard a few years ago. Even with our two middle class jobs, we find it exceptionally expensive to afford our modest home. If something were to happen and we'd need repairs to our house, such as old water pipes bursting, we'd be struggling a lot to pay the mortgage."*

Family and Friends

Many people said their adult children are either living with them because they can't afford to buy or rent in the area, or their children are moving away to find housing they can afford elsewhere. Also, it's not just children being impacted in people's families. Respondents shared stories of siblings and elderly parents who are impacted by housing cost in the area. Many people also shared that housing costs are impacting friends and colleagues.

A homeowner named Matt said: *"I was born and raised in South Kitsap and two of my children still live here.... with us, they can't afford to buy."*

An anonymous homeowner said: *"My kids can't afford to stay and live in Port Orchard so they moved away. My dad moved to another town to find more affordable senior housing. The rental market is not sustainable for young adults to start and build their families and future homes here. It used to be when I moved here 22 years ago which is why I chooses to raise my kids here."*

A homeowner named Christopher said: *"I've had friends who live farther away for lower apartment rent, yet they work here in Port Orchard. I've also heard of people getting pushed out of Port Orchard to find better home rental and home buying prices. Port Orchard used to be the better value-for-your-money place when most get pushed out of the Silverdale and Bremerton areas."*

A homeowner named Season said: *"I grew up here and have watched my parents slowly start to be priced out of the area since 2001 (they have always rented). My mom was a homemaker and my dad worked in carpet/flooring as an independent contractor. I was lucky enough to have bought a home in 2011 for \$136K when there was a surplus of foreclosed homes scattered throughout Port Orchard."*

My spouse's mother is also in the same situation as my parents (she will actually be moving in with us in February because as a para-educator and a service industry worker, she cannot afford to rent a one bedroom apartment in Port Orchard)

I am disappointed to see that new apartments are showing up (which is a good thing), but that the price does not fit the incomes of many people in our town. Ideally, I would like to see renting as a valid option for folks who have found themselves downsizing or are approaching retirement age who might not have access or time to pay a home loan, but can still live independently and with dignity.”

3.5 – Housing Types

For these two housing type questions, the answer choices were the same but the questions were different. The questions asked:

- What type of home do you currently live in?
- In the future, what types of homes would you consider or see yourself living in, assuming it met your price range and the needs of your family or household?

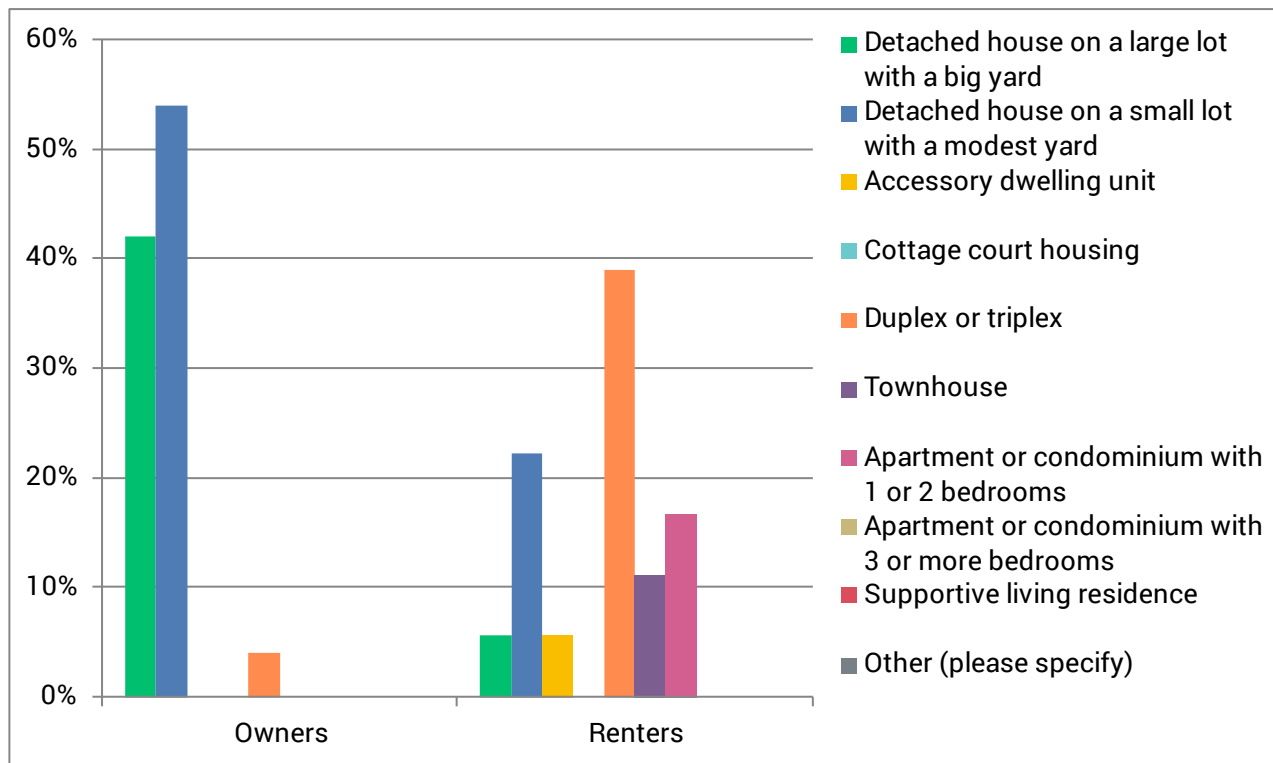
The following graphic was provided to illustrate examples of some of the less common home types. The answer choices also had some parenthetical details to further explain each type, which are removed from the charts for brevity. These were:

- Detached house on a large lot with a big yard
- Detached house on a small lot with a modest yard (the lot size is smaller than 5,000 square feet)
- Accessory dwelling unit (often designed as a mother-in-law suite, basement apartment, or backyard cottage)
- Cottage housing (small single-family homes clustered around a shared yard)
- Duplex or triplex (two or three attached homes)
- Townhouse (attached homes, usually with multiple floors)
- Apartment or condominium with 1 or 2 bedrooms
- Apartment or condominium with 3 or more bedrooms
- Supportive living residence (such as a group home, assisted living, or nursing home)



Question 9	What type of home do you currently live in?
Respondents	All respondents (108), owners (100), and renters (18)

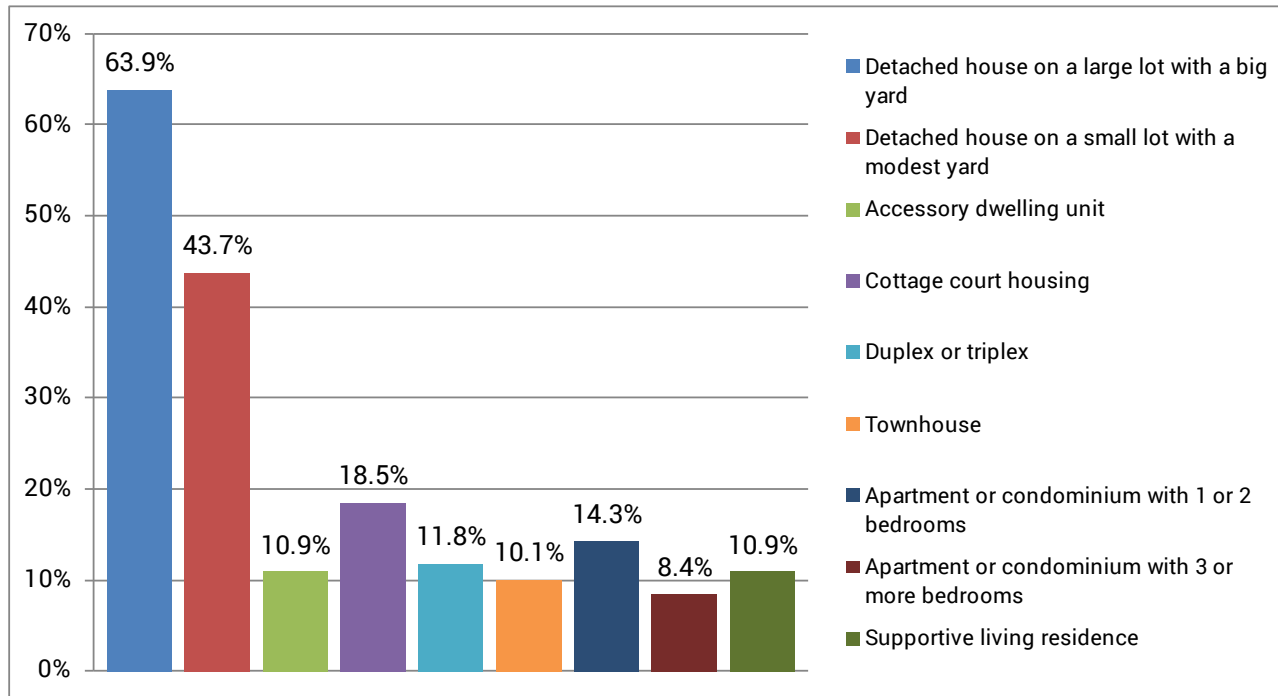
Of the owner survey takers, 96% live in a single-family home. Renters live in a larger variety of housing: 28% live in single-family homes, 17% live in an apartment or condo building, 5% live in ADU's, 39% live in a duplex or triplex, and 11% live in a townhouse.



The survey had an “other” option which was filled out by 2 people. One of these other answers was also “single family house” with various qualities and lot size description, the other was described as a duplex style townhome, and so they are added to the overall counts in the chart. No survey takers report living in a supportive living residence (nursing home, assisted living facility, etc.).

Question 10	In the future, what types of homes would you consider or see yourself living in, assuming it met your price range and the needs of your family or household? Select all that apply.
Respondents	All respondents (119)

This question was intended to understand the demand for different housing types. This will be compared to the actual housing available and being built in Port Orchard.



Both renters and homeowners have a strong interest in living in single-family houses, with the large lot detached home still being the overwhelming favorite for both groups.

A variety of other homes are desired. Combined results of all survey takers:

- 11% would consider living in an ADU
- 12% would consider living in a duplex or triplex
- 19% would consider living in cottage housing
- 10% would consider living in a townhouse
- 22% would consider living in an apartment or condominium (with a stronger preference for 1-2 bedroom units)
- 11% would consider supportive living residences

A total of 8 people selected the “other” option. Full comments are available in Appendix A.2. Most answers are similar to the basic housing types listed above. There were additional

mentions of moving out of Kitsap County altogether and a comment about having lots of land or acreage in addition to a nice size house.

3.6 – Amenities and Features

For this set of questions, respondents filled out matrices of housing features using a weighted 1 to 5 scale. Answers of “not sure” were weighted zero. The data here uses all respondents, rather than comparing owners and renters. There was little difference in the overall results between the two groups. The answer tables are shaded for quick reference as follows:

Weighted Average Score
> 4.25
3.5 to 4.25
2.75 to 3.5
< 2.75

Question 11	<p>How important are these <u>amenity</u> features for you when searching for housing? Please rate on a scale of 1-5.</p> <p>A 5 means the feature is very important, and 1 means the feature is not at all important.</p>
Respondents	All respondents (118)

This question was intended to determine how important key housing features are for people when searching for housing. The features listed are those commonly listed on real estate listings and the basic physical aspects of a home.

The most important item was finding housing in the respondents’ price range. The second most important was having a home with air conditioning and heating. The home being large enough for the family or household rated a close third. In-unit appliances like laundry and dishwasher also rated fairly high.

The least important amenity feature was common space for residents. This is more likely to be located in townhouse or multifamily developments than the single-family developments that many survey takers said they are interested in with previous questions.

Amenity Feature	Percentage Rating 4 or 5	Weighted Average Score
In my price range	91%	4.67
Air conditioning and heating	83%	4.28
Large enough for my family or household (number of bedrooms and bathrooms)	82%	4.26
In-unit appliances like laundry and dishwasher	82%	4.16
Private yard space	63%	3.88
Storage space	51%	3.62

The building allows pets	60%	3.45
Other private space, such as a balcony, deck, or rooftop	52%	3.35
No stairs – the unit is either on the ground level or accessed by elevator	47%	3.19
Common space for residents, like a courtyard, roof deck, or recreation room	27%	2.34

Question 12	<p>How important are these <u>location and transportation</u> features for you when searching for housing? Please rate on a scale of 1-5.</p> <p>A 5 means the feature is very important, and 1 means the feature is not at all important.</p>
Respondents	All respondents (118)

In this category, the top answer is housing located in a neighborhood that feels safe for active transportation (walking, rolling, and bicycling). Survey takers were also strongly interested in finding housing that has enough off-street parking.

Moderately important location and transportation features were the distance from the home to shopping, parks, and schools.

The other location and transportation features fall into the less important grouping: housing that is located a short distance to work; and having a secure place to park bikes at home. The least important feature is having equipment to charge an electric vehicle at home.

Location and Transportation Feature	Percentage Rating 4 or 5	Weighted Average Score
The neighborhood feels safe for walking, rolling, and bicycling	90%	4.62
Enough off-street parking	72%	4.09
Short distance to grocery stores and other services	62%	3.69
Short distance to public parks and schools	47%	3.21
Short distance to work	33%	2.83
Secure place to park bikes	35%	2.72
Equipment for electric vehicle charging	25%	2.22

Question 13	<p>After housing, transportation is often the second largest share of household costs. If the following transportation options were practical and available to you, how likely would you use them to spend less on transportation? Please rate on a scale of 1-5.</p> <p>A 5 means you would definitely use the option, and a 1 means you would never use the option.</p>
Respondents	All respondents (117)

In this question, the top answer was “More safe sidewalks connecting my neighborhood to the rest of town.” Far behind, the second top answer was working from home/telecommuting.

There is moderate interest in transportation options like more safe bicycling routes, more bus and transit service, and driving electric cars. There was relatively low but still noticeable interest (with at least a quarter to a third of respondents interested) in electric bikes and downsizing the number of vehicles in the household. There was very little interested in using car-share or ride-share/taxi services.

Transportation Option	Percentage Rating 4 or 5	Weighted Average Score
More safe sidewalks connecting my neighborhood to the rest of town	73%	4.15
Working from home/telecommuting	62%	3.68
More safe bicycling routes connecting my neighborhood to the rest of town	42%	3.01
More bus service connecting to my job, school, shopping, or other services	39%	3.01
Driving an electric car to save on gas costs	34%	2.9
Selling a car or downsizing to a one-car household	28%	2.62
Using an electric bike (for distances, hills, or carrying needs)	17%	2.6
Car-share or ride-share/taxi services in town	16%	2.35

3.7 – Concepts Evaluation

This question was intended to gauge the level of community support or opposition for land use, program, and funding concepts. The answers were weighted as follows.

Answer	Weight
Strongly support	2
Somewhat support	1
Not sure/need more information	0
Somewhat oppose	-1
Strongly oppose	-2

Question 14	The following is a list of <u>land use and zoning</u> concepts that could be considered in the Housing Action Plan to help improve access to housing in Port Orchard. Do you support or oppose these concepts?
Respondents	Total Respondents (114)

The charts below show how the respondents answered and are listed in order of the weighted average scores from high to low (for all respondents), which is summarized in the following table.

Land Use and Zoning Concepts	Weighted Average Score	Percentage Support	Percentage Unsure	Percentage Oppose
Streamline zoning standards to encourage more "middle housing" like attached duplexes, triplexes, and townhomes	0.85	65%	25%	10%
Relax restrictions on accessory dwelling units to encourage more to be built	0.79	62%	22%	16%
Create development incentives for essential services like childcare and assisted living, such as height bonuses	0.79	60%	30%	10%
Modest increase in building height limits (1-2 floors) in multifamily and/or commercial areas	0.65	54%	27%	19%
Enact a minimum density requirement in one or more zones, to encourage a greater variety of home types in new subdivisions	0.59	47%	41%	12%
Encourage development of more multifamily (apartments/condos) in the Downtown area, particularly on side streets	0.35	49%	28%	23%

Renters are slightly more supportive of the concepts, but there isn't a significant difference between renters and owners in their support for concepts. The strongest support overall is for streamlining zoning standards that encourage more middle housing. Other top-rated concepts were relaxing restrictions on ADUs and having creative development incentives for essential

services like daycare and assisted living. The most opposed and uncertain concept among all respondents is “encourage development of more multifamily in the Downtown area”

With any concept some level of public outreach and education may be needed, demonstrated with the large shares of people who are not sure or need more information.

Question 15	How much would you support these policy and program concepts, if they could help stabilize housing prices and access to housing in Port Orchard? Do you support or oppose these concepts?
Respondents	All Respondents (114), owner (92), and renter (18)

The charts below compare owner and renter response and are listed in order of the weighted average scores from high to low (for all respondents), which is summarized in the following table.

Policy and Program Concepts	Weighted Average Score	Percentage Support	Percentage Unsure	Percentage Oppose
Hire a city housing coordinator to assist renters and support local homeless services	0.66	57%	24%	19%
Requirements for private housing projects to reserve some units for low-income households	0.63	58%	18%	24%
Stronger renter protections such as more notice time for rent increases or options to manage move-in fees	0.54	54%	18%	28%
Tighten regulations on vacation rentals to discourage the use of regular housing for tourists	0.25	47%	20%	33%

All the concepts scored relatively moderately when viewed overall but hiring a city housing coordinator was the concept with the most support. Notably, with this set of questions renters that participated showed a lot more support for all of the policy and program concepts than owners did, showing at least 70% support rate for the first three concepts listed in the table.

Question 16	The following is a list of <u>funding</u> concepts that could be considered in the Housing Action Plan. Do you support or oppose these concepts?
Respondents	Total (114), owner (93), and renter (18)

The charts below compare owner and renter response and are listed in order of the weighted average scores from high to low (for all respondents), which is summarized in the following table.

Funding Concepts	Weighted Average Score	Percentage Support	Percentage Unsure	Percentage Oppose
Additional funding for public transit to help people access jobs and services without a car	0.89	71%	16%	13%
City advocacy for more county, state, or federal funding for affordable housing projects	0.87	65%	23%	12%
Direct and/or temporary rental payment assistance for those most in need	0.66	57%	27%	16%
Financial assistance to help single-family homeowners build accessory dwelling units	0.54	56%	24%	20%
A citywide property tax levy to fund affordable housing	-0.39	29%	21%	50%

Overall, there is strong support for both additional funding for public transit and for the City to advocate for more funding from its government partners for affordable housing projects. There is moderate support for the concept of direct rental payment assistance, with renters more supportive than owners. There is more uncertainty with the concepts to provide financial assistance for homeowners to build accessory dwelling units, and considerable opposition to the idea of an affordable housing property tax levy.

Renters and owners both showed strong support for additional funding for public transit and for the City to advocate for more funding from its government partners for affordable housing projects. However, renters showed considerably more support for the other funding concepts than owners did. Renters supported direct rental payment assistance at 84%, financial assistance for homeowners to build accessory dwelling units at 72%, and an affordable housing property tax levy at 50%.

3.8 – Demographic Information

This section of the survey emphasized that answers are voluntary (as are all questions on the survey) and are only used to determine if the City is reaching a representative population.

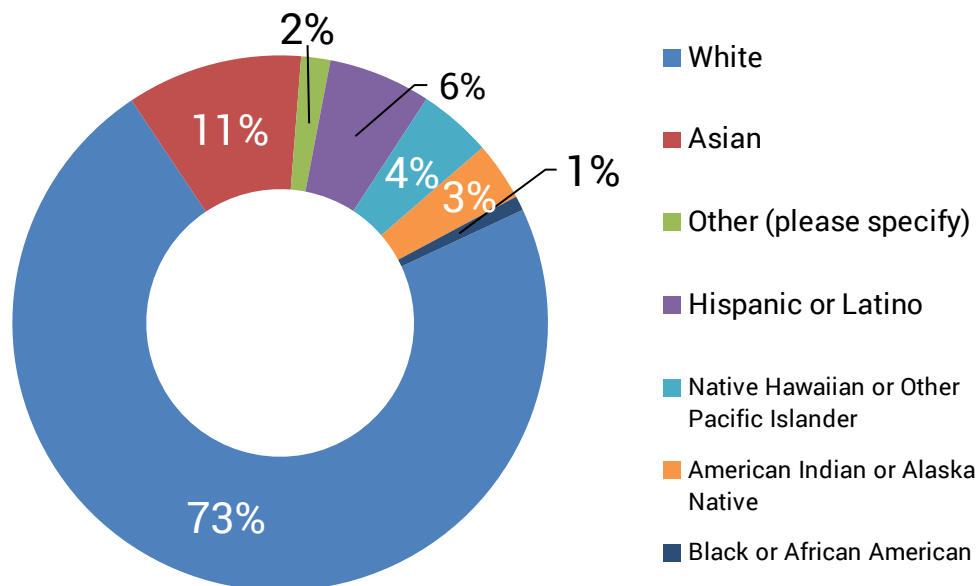
NOTE: Housing tenure is listed at the beginning of the survey summary under the Housing Information section.

Question 17	Do you live in a subsidized or rent-restricted home? For example, a home managed by Housing Kitsap or similar housing agency.
Respondents	All respondents (113)

Of the respondents who answered, 3 said they live in a subsidized or rent-restricted home. This is about 2.7% of respondents.

Question 18	What is your race? Select all that apply. All questions on this page are optional and help the City of Port Orchard understand if its public engagement methods are reaching a representative population.
Respondents	All respondents (107)

The survey captured a generally representative population in terms of race. For example, 27% of respondents identified as non-white and about 33% of the population is non-white. Of the respondents who answered, 6 provided “other” answers that are mostly invalid, and are excluded from the chart below.



Question 19	What languages do you primarily speak at home?
Respondents	All respondents (110)

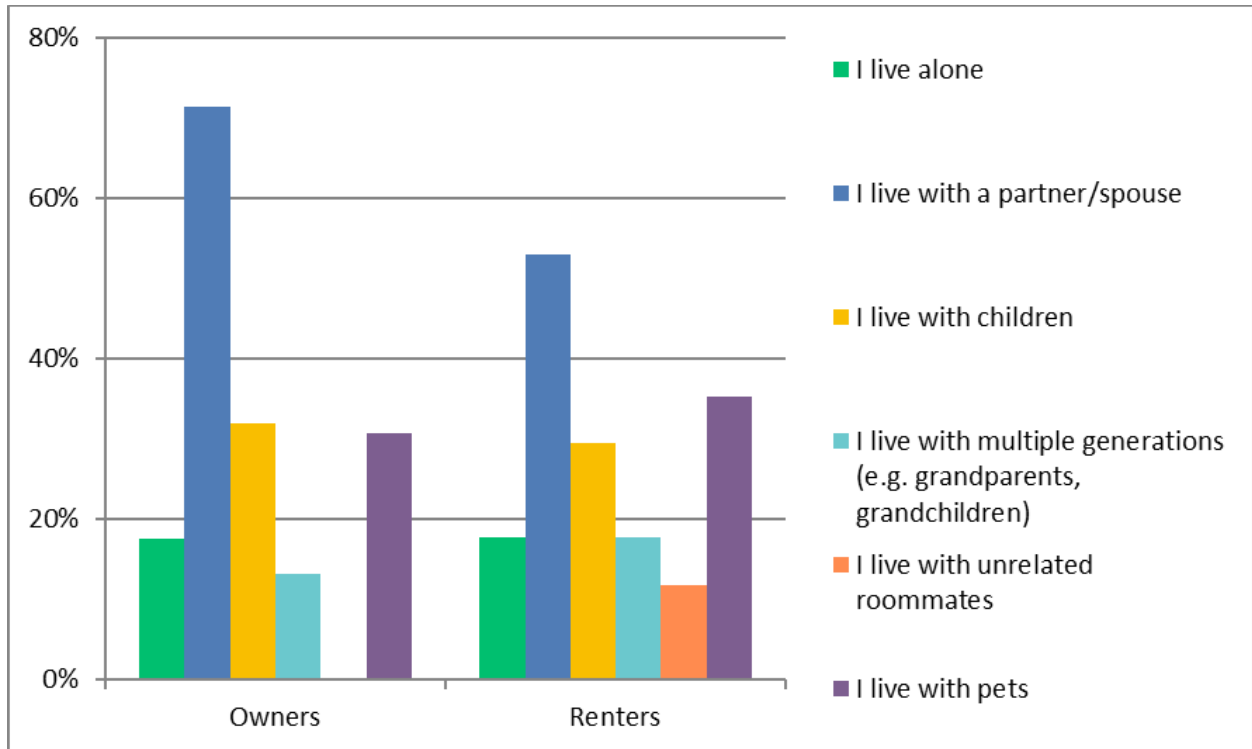
Of the respondents who answered, 98.2% primary speak English at home and 0.9% primarily speak Spanish at home. English speakers are slightly overrepresented and Spanish speakers are slightly underrepresented, as in Port Orchard 1.9% of residents primarily speak Spanish at home. Other survey answers include Swedish, French, and Japanese.

Question 20	Do you have any permanent physical disabilities that make it difficult to use your home?
Respondents	All respondents (111)

Of the respondents who answered, 8% report having a permanent physical disability that makes it difficult to use their home.

Question 21	Which of these describe the makeup of your family or household? Select all that apply.
Respondents	All respondents (111)

A majority of owners and renters live with a partner or spouse with owners being the most likely group at around 70%, while for the renter group it was a little over 50%. Respondents whether owner or renter, had similar family or household makeups, with both groups having similar response rates for living alone, living with children, living with multiple generations, and living with pets. The only other main difference between the groups, is renters live in households with unrelated roommates at 12%. Whereas, no respondents in the owner group are living with unrelated roommates.



Question 22	What is your home 5-digit zipcode?
Respondents	All respondents (111)

94% of respondents report living in a Port Orchard zipcode which includes either 98366 or 98367. This is within the realm of consistency with Question 1 in the Housing Information section, as 87% of respondents reported living in the city limits, but the zipcode used for the City is also shared with nearby cities and areas.

The other 6% of respondents likely represent the survey takers who live outside the city but work in the city.

Zipcode	Count	Percent	Area
98366	79	71.2%	Port Orchard, Manchester, and Southworth
98367	25	22.5%	Port Orchard – Bethel and West of SR 16
98359	2	1.8%	Olalla
98351	1	0.9%	Longbranch
98312	1	0.9%	Bremerton (west) and Gorst
98673	1	0.9%	Wishram
98335	1	0.9%	Gig Harbor
98337	1	0.9%	Bremerton (east)

3.9 – Outreach Information

The online survey was hosted on SurveyMonkey and went live on November 15, 2022, and closed on February 1, 2023. The link to the survey was formally distributed by:

- An email to the interviewed HAP stakeholders
- A post on the [Facebook page](#) of the City of Port Orchard Government page
- An update on the [project webpage](#)

It took an average of 15 minutes to complete the online survey. Of the local respondents, 89% fully completed the survey meaning they viewed and/or responded to all questions.

An invitation to participate in the survey accompanied by a QR code to the survey, was attached to bi-monthly City utility bills that went out the week of November 28th.

Survey Appendix A – Written Comments for “Other” Answers

Appendix A.1 – Question 9 “Other” Answers

Question 7	Do you or any of your closest family or friends share any of the following concerns about these costs of living and service issues in Port Orchard?
Respondents	All respondents (92)

Incomplete answers are removed. Answers may be lightly edited for spelling or to remove offensive content.

- More and more apartment complexes keep popping up but we don't have good shopping areas and restaurants in the area.
- Too many dilapidated rentals owned by non residents of the area.
- Few places to eat out except fast food
- The permitting process is inefficient and poorly managed.
- Concerned with safety. Town is old and not vibrant.
- A business district with local eateries and activities could benefit the town.
- Late night crimes, but the Port Orchard police department is closed? Calls are being routed to, being handled by, who will follow up on/when?
- Traffic and houses going up in wetland area
- The growing homeless in wetlands that are breaking into homes and cars nearby
- Put the homeless in jail and help stop the crime rate
- Housing costs outrageous
- Businesses are struggling thanks to regulations and over reach by our government. Transit, really ? The amount we spend on transit, to benefit a few, those that commute to Seattle, and then the empty busses.
- Quality of life. We're not pets worried about being cared for
- Everything is too expensive, but housing takes away from being able to afford basics
- There are few safe bike routes.
- High cost of water & sewer
- Healthy places to eat and more variety to grocery shop other than FM's.
- High property taxes
- increase in car accidents with so much development going in. Part of what keeps raising our cost of living are property taxes- our property taxes skyrocketed in the last few years.
- Utilities are high
- Businesses are skirting laws and regulations leading to unsafe work conditions as well, money plays a large part but safety is also a factor.
- Port Orchard is overwhelming crowded, Financial concerns living in Port Orchard

Appendix A.2 – Question 11 “Other” Answers

Question 11	<p>In the future, what types of homes would you consider or see yourself living in, assuming it met your price range and the needs of your family or household?</p> <p>Select all that apply.</p>
Respondents	All respondents (119)

- Condo!!!!!!! We need fewer apartments and more condos.
- Acreage land
- Small house on acreage... Elsewhere.
- Single family home
- Moving out of Kitsap due to the rising costs even with our planned retirement accounts.
- House
- Acreage in the middle of the woods
- single story rambler not 2 story!

Survey Appendix B – Housing Stories

Question 8	Do you have a housing story to tell?
Respondents	All respondents (61)

Incomplete answers are removed. Answers may be lightly edited for spelling or to remove offensive content. See a summary under section 3.4 of this report.

Appendix B.1 – Housing Stories from Owners

Stories with people who volunteered to attribute their first name are listed first. Stories after that are anonymous.

Michelle

We moved to Kitsap County in 2012; we moved again to within the city limits in September 2020. We are both retired and enjoy being out of King County (too busy over there). Our children are both grown and married. One lives on Vashon Island (no kids) and the other lives in Puyallup (3 kids). My parents recently relocated back to Washington (from Arizona) and live within walking distance to us. Our biggest concern is if Port Orchard will improve the roads considering how much the area is growing. Specifically, Bethel Avenue – it needs to be widened to at least include a left turn lane. Old Clifton also needs a LOT of pothole attention. Kitsap County does a GREAT job of maintaining their roads. Port Orchard needs to do the same.

John

I moved here from Seattle in June 1999. I could not afford to live in Seattle anymore then and still now. This area was the only area that was affordable to purchase a home.

Jane

Difficulty in finding affordable housing. Housing permits and new construction regulations appear to be stifling new, affordable construction.

Chuck

I moved to Port Orchard in 2019 and moved into my retirement home. It was the best move I ever made.

Vanessa

I grew up in Port Orchard - one of four children. Two of my adult siblings cannot afford to own a home here, one (in her 40's) cannot afford to rent and has had to move back in with our parents with her three children. It is a huge financial burden on my parents and they have not been able to retire (70 years old). My youngest brother had to move to Tacoma to find an affordable apartment to rent, while the other brother and his blended family with 6 kids owns a two bedroom house. My 20 year old niece works 3 jobs to rent one room in a house because she cannot afford an apartment in Kitsap. She can't afford to go to college or own a car, and

public transportation is limited. I currently do not work because finding child care is almost impossible in Port Orchard, and unreliable where it is available. I consider myself fortunate to be able to have the option to stay home with my children as most households couldn't even consider this.

Christopher

I've had friends who live farther away for lower apartment rent, yet they work here in Port Orchard. I've also heard of people getting pushed out of Port Orchard to find better home rental and home buying prices. Port Orchard used to be the better value-for-your-money place when most get pushed out of the Silverdale and Bremerton areas.

Don

I've lived in Kitsap County my entire life. I was fortunate enough to leverage another house into this one, both at the right time. I couldn't afford this home now. Many of my coworkers feel they " ... missed that boat entirely!" My neighbor is retired, his wife passed, their cottage industry business closed its doors during Covid and he's worried about being 'taxed out' of his home. Another neighbor has his elderly parents living with him because " ... there's really a need for affordable housing and assisted living. If my wife wasn't home for most of the day with them, I fear what would happen." I would add that I've seen quite a few little businesses close shop and roll out of town. The "local mom & pop" type places are a dying breed, but maybe we'll gain yet another pot shop or new franchise!

Ethan

Joined the Navy and while working in Bremerton & Bangor, lived in Port Orchard as it seemed to be more of an area to grow a family when we first lived in. We ended up staying there.

Jim

I grew up on Bainbridge Island and worked in Seattle until I retired. then bought property here and built my house here and it is all paid for.

I have children who can not afford to live here.

Brenda

I came to Port Orchard May 1979 returned to NY. After many years my I accepted a job transfer to WA in 2008. The first place I went to look for housing for my mother and myself was Port Orchard. I wanted a small community town for my aging mother. I remembered walking along Bay St in the late 70's and feeling safe.

Fred

After my wife passed, there was no way I was going to pay about 15 percent of my retirement income in property taxes. As a widower, I couldn't do that.

Quality of life here is diminishing fast. The more you build, the worse it gets. Y'all don't bother to upgrade infrastructure (like roads) to handle the increased population. We've needed a new

high school for decades! We're about to be "Little Bummertown" (Bremerton), and I don't think anyone gives a rat's arse.

I'm moving out of state. You'll be chock-full of Seattle transplants in no time. Good luck with that.

BTW, my brother in law just lost his wife. He's moving out of state soon too. Our only other option are those old folks corrals you keep building. We're both veterans. Thanks again.

Season

I grew up here and have watched my parents slowly start to be priced out of the area since 2001 (they have always rented). My mom was a homemaker and my dad worked in carpet/flooring as an independent contractor. I was lucky enough to have bought a home in 2011 for \$136K when there was a surplus of foreclosed homes scattered throughout Port Orchard.

My spouse's mother is also in the same situation as my parents (she will actually be moving in with us in February because as a para-educator and a service industry worker, she cannot afford to rent a one bedroom apartment in Port Orchard)

I am disappointed to see that new apartments are showing up (which is a good thing), but that the price does not fit the incomes of many people in our town. Ideally, I would like to see renting as a valid option for folks who have found themselves downsizing or are approaching retirement age who might not have access or time to pay a home loan, but can still live independently and with dignity.

Isaac

I have an adult son that cannot afford to rent or buy a place of his own.

Matt

I was born and raised in South Kitsap and two of my children still live here.... with us, they can't afford to buy.

Julie

I work in the mortgage industry in Port Orchard and have 50 plus clients who qualify to buy but can not afford the inventory in this area. Instead, they are looking in Mason County and South Pierce or other area in Kitsap they may be more affordable.

Craig

I have children who can't afford to move to Port Orchard.

Jay

I have friends who have been priced out of Port Orchard by residents moving in from King County.

Karianna

My husband and I choose to move to Port Orchard in 2018 because we wanted to purchase a house for our growing family. We had to make many compromises because of prices of homes in the area, but what we purchased will be good for us while we work on finding/building/etc. our final home here in WA. (I was born in WA, he is from MN, but fell in love with the state before he met me). Our home has lots of things we need to do to improve to be perfect for us now, but the long term plan is to build a home on land, and rent our current property, hopefully to military families (like us) who need a space to land. BUT since pricing in the area is next to impossible for people to afford, even we have to price our home higher to even afford to rent it.

With so many in the area being military, I know finding affordable homes or apartments are extremely hard. Its lucky to find something within the housing allowance, as prices rise with the allowance being raised. We got lucky...we are within our budget, and we make it work, but constantly rising taxes, lack of housing, unaffordable pricing, and many other factors is a CONSTANT battle for military families coming to the area, and already here. We love it here in Port Orchard, we have wonderful neighbors, we have easy access to everything we need (even if we have to travel a bit for some more specific things like Costco and other larger stores), and we LOVE how the city has grown without losing its small town feel. But...

Housing is a huge problem, not just in the City of Port Orchard, but the whole Peninsula. With competition for houses from Seattle, its made the situation next to impossible for one of the biggest driving forces for the economy in the area...the military families. How we can add housing without losing the charm of the small town feel I have yet been able to figure out...but something DOES need done. Our family is lucky...but there are MANY who are not.

Erica

I grew up in Port Orchard and the majority of my extended family lives here. My husband and I would like to find a house on acreage or property to build our dream home that supports us growing most of our own food. That is incredibly hard to find at a reasonable price.

Debra

Potential for large medical bills, trying to downsize by 2/3rds sq footage and cannot find a home that I can afford and does not need remodeling/updating. My income may look middle-income but it is SS - investments less withdrawals to have money to live on. With the economy my retirement savings are declining quickly but @ 68 I have many worsening health conditions that prevents me from being to able to work. We need some nicely, made for elderly eg small-ranch homes.

Melissa

Recently moved here, only reason I was able to buy was because it's a townhouse

Michael

My wife and I moved to Port Orchard in 1991, when it was still a beautiful place to live. The current house and apartment building explosion looks terrible, is already causing significant traffic congestion, and will inevitably cause an crease in crime. It is sad to see the incredible amount of development spoiling the place I love.

Don

Moved to Port orchard for a job in the shipyard.

Dan

Moved to PO from Silverdale. Relocated from Central California in 1993 to accept job with City of Bremerton PW&U as Project Manager and later accepted position in 2008 with Harrison Medical Center and 2016 with CHI Franciscan in Hospital Planning, Design & Construction. Very fun career!

David

We moved to Port Orchard because we had friends here in Kitsap County

Cate

I was lucky and got into my home 16 years ago; I have refinanced once. If I were to try to find a place to live right now without the equity of my home, I would have to find a roommate or two to alleviate the financial strain.

Diane

I moved here from Auburn in 2003, since retired.

Diane

I moved to Port Orchard for a new job in 2000. My partner and I are now 79 and 84. I retired in 2020, but due to expenses, health problems and too much being withdrawn from IRA funds I'm looking for a part time job to help us stay in our home.

Kris

We moved to port orchard a few years ago. Even with our two middle class jobs, we find it exceptionally expensive to afford our modest home. If something were to happen and we'd need repairs to our house, such as old water pipes bursting, we'd be struggling a lot to pay the mortgage.

Gerry

I purchased my grandmother's home from the estate after she died. I commuted from Port Orchard to Poulsbo for work for over 30 years.

Anonymous

Fear for my 2 children being able to afford a modest dwelling (teenagers). Recruitment for my County employer has impacted services rendered there.

Anonymous

My kids can't afford to stay and live in Port Orchard so they moved away. My dad moved to another town to find more affordable senior housing. The rental market is no sustainable for young adults to start and build their families and future homes here. It used to be when I moved here 22 years ago which is why I choose to raise my kids here.

Anonymous

When we moved to Port Orchard, difficult to find homes in decent condition close to foot ferry.

Anonymous

Moved to Port O 21 yrs ago to be near a son and because it was near Seattle but not IN Seattle

Anonymous

We own a building that we are attempting to turn into affordable, communal living for individuals in their 20's. The challenge is that as we work through the permitting process it keeps changing from the direction given between the pre-permit planning meetings and at the time we submitted for approval. Specifically, new forms and additional forms and then the entire application has to be submitted with new dates. These changes are creating additional costs in financing, professional planning, etc. These additional costs are making redevelopment to provide affordable housing prohibitive when considering future projects.

Anonymous

Our housing story doesn't really fit what I think you're looking for. We would like to move, not because of costs or work. The one and only reason we want to move is because of our dishonest and unethical HOA. We'd like to move to a home with privacy and seclusion.

Anonymous

I have watched much housing happening in the last year. I am not happy about all the green belts and housing that is occurring. There is not the infrastructure for this. Our sewage and water are not able to provide this amount of development. I see houses going up in wetlands and the area that I moved to that was rural and green is becoming full of traffic and crime. I know housing is your priority but stop destroying our natural areas.

Anonymous

My children can't find housing here that they can afford. They have moved elsewhere. The politics in WA have also contributed to them leaving the state. We are not far behind. Can't stand what our governor is doing to this state.

Anonymous

Lived here for 44 years. Grown kids live with us in a mother-in-law apartment because they can't afford their own housing here.

Anonymous

I was only able to purchase my home in Port Orchard with Housing Kitsap's Mutual Self-Help

Housing Program. This offered my family and I an affordable path towards homeownership. Otherwise, I wouldn't even be able to rent here.

Anonymous

Kids can't afford housing and live with us. All our employees live outside the city because it's cheaper.

Anonymous

Senior relatives are housed in my home (at below market rent) because living expenses are too high in King County. Port Orchard remains a less expensive option for living within the Puget Sound region.

Anonymous

We moved to Port Orchard from Bainbridge because we wanted to raise our kids in this community. We love our home and our neighbors in McCormick Woods.

Anonymous

I moved to Port Orchard 15 years ago because I loved its small feel, yet close proximity to the larger cities. More so I loved the trees. We have no trees anymore. The city is allowing clear cutting to put in mass developments. Our water quality sucks. Even filters can't remove the hard minerals and chlorine. Port Orchard should be just as concerned about protecting everyone- not just a pet project that someone at city hall has. All residents' quality of life goes down when the city doesn't seem to care about preserving what made this city unique and beautiful. Put the port orchard city plan side by side a Seattle map. City of Seattle has more designated green space than Port Orchard's long term plan.

Anonymous

I moved Port Orchard 30 years ago and purchased a home.

Appendix B.2 – Housing Stories from Renters

Stories with people who volunteered to attribute their first name are listed first. Stories after that are anonymous. Incomplete answers are removed. Answers may be lightly edited for spelling or to remove offensive content. See a summary under section 3.4 of this report.

Chris

This city is pricing out the local workforce. These surface level allocations of below market rent in new housing developments is immoral in exchange for the tax breaks they receive. The workforce used for construction will not be local either. There's a high likelihood that new housing will be rented by navy members, further limiting workforce housing as the navy doesn't stock our grocery store shelves.

Demarie

There is very little options when looking for a home to rent. Also keep noticing the amount of apartments that are being built but very little is being done about making sure our roadways have the capability of supporting that amount of growth.

Paul

Grew up next door to where I'm at now. I've rented this home for 13 years. The owners have always paid the water/utility bill because there is 2 homes on the 1 meter. I've learned this evening that the bill hasn't been paid since September and the service is scheduled to be disconnected tomorrow. My aunt and uncle own the property . They had to move to a assisted living facility several months ago. I was led to believe that the bill would be kept current.

As a disabled individual living alone I am very concerned. I will call in the morning to try and resolve this issue.

Vanessa

Moved out to WA Jan 2022 with husband and son. We wanted to buy a home as first time buyers but find the process a bit difficult. Renting a home is getting to be expensive with rent being \$2100 for two bedroom duplexes.

Anonymous

I grew up here and my parents live here. My husband and I struggled to find a home to buy that was the right mix of size, location, neighborhood, future appreciation, and development risk. We continued to rent with an exceptionally good set up, but we watched the home prices skyrocket the past few years and I began to have serious concerns about being priced out of the area. This year we purchased multifamily real estate in port orchard to preserve the option to stay in the area and secure our future housing needs.

Anonymous

We moved here from Alaska & didn't intend to stay in our current apartment for more than one year. Due to rent and other cost increases and poor well-paying job opportunities we've been

essentially trapped here for 5 years, and the situation is leading me to look elsewhere for our future. I was really excited to live in this beautiful area, and I've been sorely disappointed trying to enjoy living here.