

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.

Mayor

Robert Putaansuu

City Council

Fred Chang

John Clauson

Shawn Cucciardi

Scott Diener

Cindy Lucarelli

Jay Rosapepe

Mark Trenary

City Staff

Nick Bond, Director of the Community Development Department

Jim Fisk, Senior Planner

Josie Rademacher, Assistant Planner

Stephanie Andrews, Senior Planner

Consultant Team

MAKERS Architecture & Urban Design: Bob Bengford, Scott Bonjukian, Markus Johnson

Leland Consulting Group: Chris Zahas, Andrew Oliver

Stakeholder Organizations Interviewed

Port Orchard City Council and Mayor

Kitsap Housing Authority

Disney & Associates

Port Orchard Chamber of Commerce

Tarragon

Contour Construction

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.

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	Medium	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
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 difference family structures to find and afford a home. 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 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 the Appendix.

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 high rate of housing production will **nearly double the city's housing inventory within the next several years**. 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

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

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.**

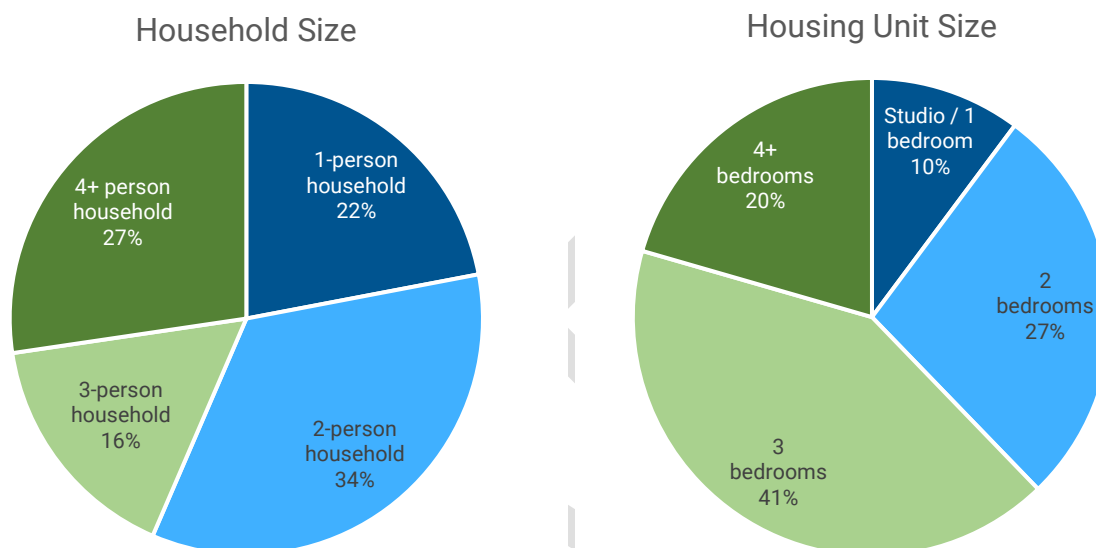


Figure 1. Household Size and Housing Unit Size in Port Orchard, 2020. Source: 2020 American Community Survey 5-Year Estimates, Tables S2501, DP04

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.⁵ 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 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.

In recent years, housing prices have risen rapidly in Port Orchard when compared with incomes, as shown below in Figure 2. Rents increased 28 percent and home values increased 56 percent between 2015 and 2020, compared to only a 15 percent increase in incomes over the same

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.

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

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, \$468,702.⁸

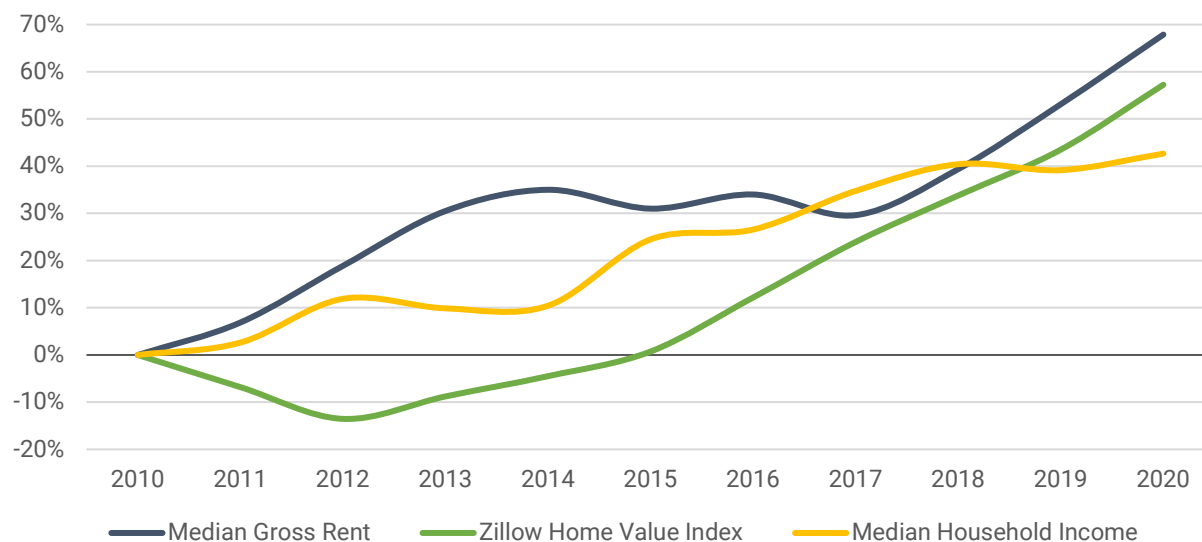


Figure 2. Change in Home Prices, Rents, and Incomes in Port Orchard, 2010-2020. Source: Zillow, American Community Survey 2020 5-Year Estimates, Table S2503, DP04, Leland Consulting Group

Kitsap County targets indicate that Port Orchard will see a demand for up to **4,804 new housing units by 2044**. Figure 3 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 including subsidized units, vouchers, other incentive programs such as MFTE, and filtering⁹ 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.

⁸ 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

⁹ "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.

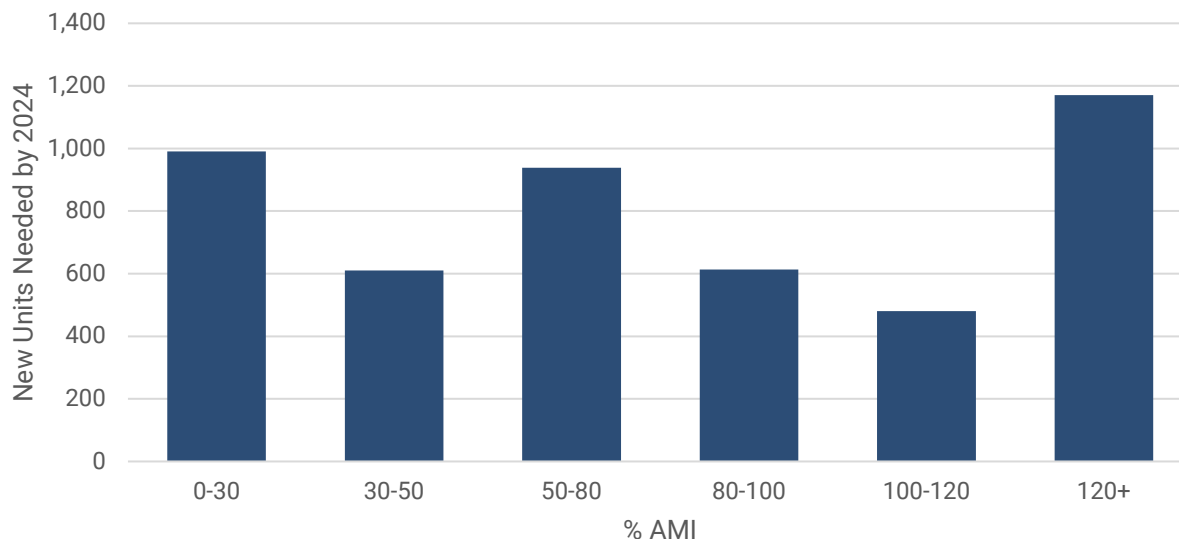


Figure 3. Housing Demand by Income Bracket in Port Orchard, 2022-2044. Sources: Leland Consulting Group, 2020 American Community Survey 5-Year Estimates, Kitsap County Countywide Planning Policies

1.3 – Racially Disparate Impacts

While Port Orchard may not have explicitly racist policies in place today, many policies do have racially disparate origins and impacts. The practice of zoning emerged in the early 1900's and explicitly race-based zoning had to be banned almost immediately as a result of the 1917 Supreme Court case of *Buchanan v. Warley*. After that decision, cities crafted less direct methods to divide people by race and class with zoning policies that are still prevalent today.

The indirect methods largely rely on the differences of wealth, income, and tenure between peoples' race and ethnicities. In Port Orchard, for example, 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.¹⁰ Therefore, policies that restrict the supply and price of rental housing 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.

¹⁰ Source: American Community Survey 2020 5-Year Estimates, B25003 Tables.

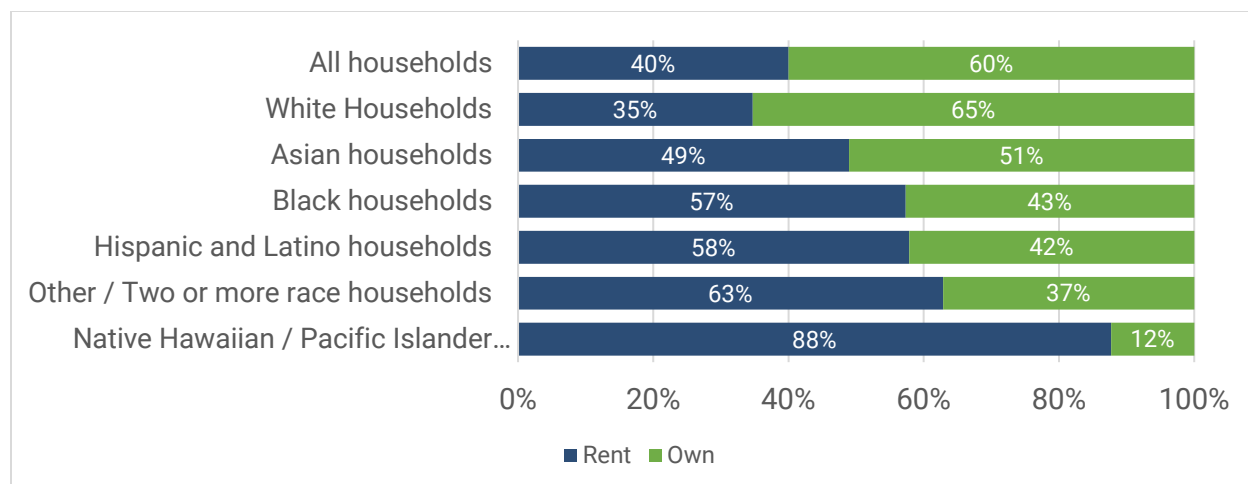


Figure 4. Tenure by race. Source: ACS 2020 5-Year Estimates, Table B25003 series

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.

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.



Figure 5. Example of multifamily housing.

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 are not limited to Port Orchard and this issue has been gaining much-needed attention across the state and country, even earning a [statement on zoning](#) from the White House. Other city-level 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.

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.

1.4 – 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)

1.5 – 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 4.2.4** for the parking regulation changes needed 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).
- [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. Consider the following changes.

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 this 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.¹¹ 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

¹¹ "The Hotel-Spirit." Slate. July 2022. <https://slate.com/business/2022/07/hotels-rental-market-housing-prices-shortage-solution.html>

- 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.

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):¹²

- 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.¹³



¹² Bellevue Municipal Code LUC 20.20.845.E.2, <https://bellevue.municipal.codes/LUC/20.20.845.E.2>

¹³ 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 250-300 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.¹⁴</p> <p>Consider limiting permanent clusters to lower intensity residential zones such as R1 and R2.</p>	 

¹⁴ 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. ¹⁵	

Figure 6. Tiny home options

¹⁵ Seattle Municipal Code 23.42.054 and 23.42.056.

https://library.municode.com/wa/seattle/codes/municipal_code?nodeId=TIT23LAUSCO_SUBTITLE_IIILAUSRE_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.
- 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
- 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.¹⁶

See related recommendations for middle housing in Strategy 2.4.10.

¹⁶ 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.

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.

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.

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 the 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. However, middle housing is detached houses, backyard cottages, cottage court, duplexes, attached houses, fourplexes, and townhouses are exempt from those standards. Recommendations in Strategy 2.3.1 call for relaxing lot dimensional standards for; that is coupled with this recommendation .

Add requirements for minimum private usable 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.

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:

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.

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.¹⁷

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.¹⁸ 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

¹⁷ 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>

¹⁸ 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 7 - 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 $\frac{1}{4}$ acre or $\frac{1}{2}$ 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 $\frac{1}{4}$ or $\frac{1}{2}$ net acre</i>	
R3	12
R4	15
R5 (if zone is not deleted per strategy 2.1.2)	15
CC	20
CMU	25
GMU	25
DMU	25

Figure 8 - 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

The current standards of [Chapter POMC 20.129](#) can considerably 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. 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 without guaranteeing any new trees are planted.¹⁹

Explore alternative approaches for tree standards which easier to administer and have less impacts on soft costs and housing capacity. One option is not focusing on individual trees and instead require requiring a minimum tree canopy coverage after some years of construction is completed (allowing both newly planted and existing trees to contribute). This is the method used in Port Orchard for the McCormick Village Overlay District under [POMC 20.38.280](#).

¹⁹ “Does Money Grow on Trees?” Neiman Taber Architects. April 2023.

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

Recommendation: Exempt middle housing developments (all types of duplexes, cottage housing, townhouses, and triplexes/fourplexes) from the requirement to prepare a significant tree retention plan by a certified arborist, horticulturalist, landscape architect, forester or other qualified professional. This would expand the exemption beyond detached houses and backyard cottages but still apply the tree requirements of the chapter.

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*
- (2) Not more than eight disabled persons, whether adults or minors, living together in a consensual residential living arrangement, but not to exceed a total of eight persons; or*
- (3) State licensed adult family homes as defined by RCW 70.128.010; or*
- (4) State licensed foster family homes and group care facilities as defined in RCW 74.15.020.*

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 1977.²⁰ 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.

²⁰ “Second Egress: Building a Code Change”. <https://secondeggress.ca/Seattle>

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.²¹

Demonstrated success in at least one community (Memphis, TN) suggests the topic may be worth further discussion.²² 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 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.

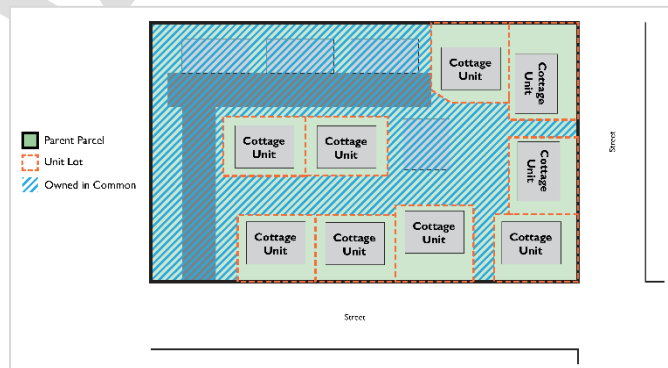


Figure 9 - Diagram of the unit lot subdivision concept

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

²¹ “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>

²² “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/>

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 1.3, 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.²³

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.²⁴ 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.²⁵ 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

²³ Chapple, Karen and Anastasia Loukaitou-Sideris. “White Paper on Anti-Displacement Strategy Effectiveness.” Prepared for the California Air Resources Board, February 2021.

²⁴ Been, Vicki, Ingrid Gould and Katherine O’Regan. “Supply Skepticism: Housing Supply and Affordability.” New York University Furman Center, August 2018.

²⁵ 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.²⁶ 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.²⁷ 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). ²⁸
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 10. 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.

²⁶ Chapple and Loukaitou-Sideris.

²⁷ “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/>

²⁸ “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 11. 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.^{29, 30, 31}

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.³² 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.³³ The D.C. program has also resulted in the creation of many limited equity

²⁹ "City of Burien, Washington, Ordinance No. 804." October 2022.

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

³⁰ City of Kenmore, Washington, Ordinance No. 22-0545." March 2022.

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

³¹ "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/>

³² "Residential Landlord-Tenant Resources." Washington State Office of the Attorney General.

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

³³ 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.³⁴

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.^{35, 36, 37}

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

³⁴ "Tenant/Community Opportunity to Purchase." PolicyLink. <https://www.policylink.org/resources-tools/tools/all-in-cities/housing-anti-displacement/topa-copa>

³⁵ "Housing Rehabilitation Loan Program." City of Vancouver. <https://www.cityofvancouver.us/eph/page/housing-rehabilitation-loan-program>

³⁶ "Home Rehabilitation." City of Spokane. <https://my.spokanecity.org/housing/affordable/>

³⁷ "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.³⁸

Overall, the largest barrier to community land control models is lack of funding for ownership affordable housing to jumpstart these types of organizations.³⁹

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.⁴⁰ 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.⁴¹ 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.⁴²

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.

³⁸ "A Case for Public Investment in Shared-Equity Homeownership." SquareOne Villages. September 2020. <https://olis.oregonlegislature.gov/liz/2021R1/Downloads/PublicTestimonyDocument/20717>

³⁹ 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/>

⁴⁰ Chapple, Karen and Anastasia Loukaitou-Sideris. "White Paper on Anti-Displacement Strategy Effectiveness." Prepared for the California Air Resources Board, February 2021.

⁴¹ National Low Income Housing Coalition, "Out of Reach: The High Cost of Housing." 2022. <https://nlihc.org/oor/zip?code=98367>

⁴² "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.⁴³ 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.⁴⁴ 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.⁴⁵

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.⁴⁶

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

⁴³ “Homelessness – Common Questions & Answers.” Washington State Department of Commerce. January 2019. <https://www.skagitcounty.net/HumanServices/Documents/Housing/Homelessness%20FAQs%2001-2019.pdf>

⁴⁴ “Homelessness is a Housing Problem.” Greg Colburn and Clayton Page Aldern. <https://homelessnesshousingproblem.com/>

⁴⁵ “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>

⁴⁶ Kitsap County Point In Time Count. <https://www.kitsapgov.com/hs/Pages/HH-Point-in-Time.aspx>

most vulnerable people.⁴⁷ 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

⁴⁷ “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.

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.

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.
- Oversee and manage the City’s housing funds including the housing sales tax and Community Development Block Grant funds. 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
- 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

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.

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

serve high-density residential development. 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 (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 Van Zee Park, Givens Playfield (also adjacent to a community center), 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 12 - 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.

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.^{48, 49} A related option is to add maximum parking requirements, especially for the most intense uses such as retail.⁵⁰

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.⁵¹ 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.⁵²

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.

⁴⁸ "Parking Reform Network." <https://parkingreform.org/resources/mandates-map/>

⁴⁹ "Rethinking Parking Minimums." Institute of Transportation Engineers. February 2019. <https://www.dropbox.com/s/1becvgm8ebznwj2/ITE%20journal.pdf?dl=0>

⁵⁰ "Parking Maximums." Sustainable Development Code. <https://sustainablecitycode.org/brief/parking-maximums-7/>

⁵¹ "End Parking Mandates & Subsidies." Strong Towns. <https://www.strongtowns.org/parking>

⁵² "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.⁵³

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)

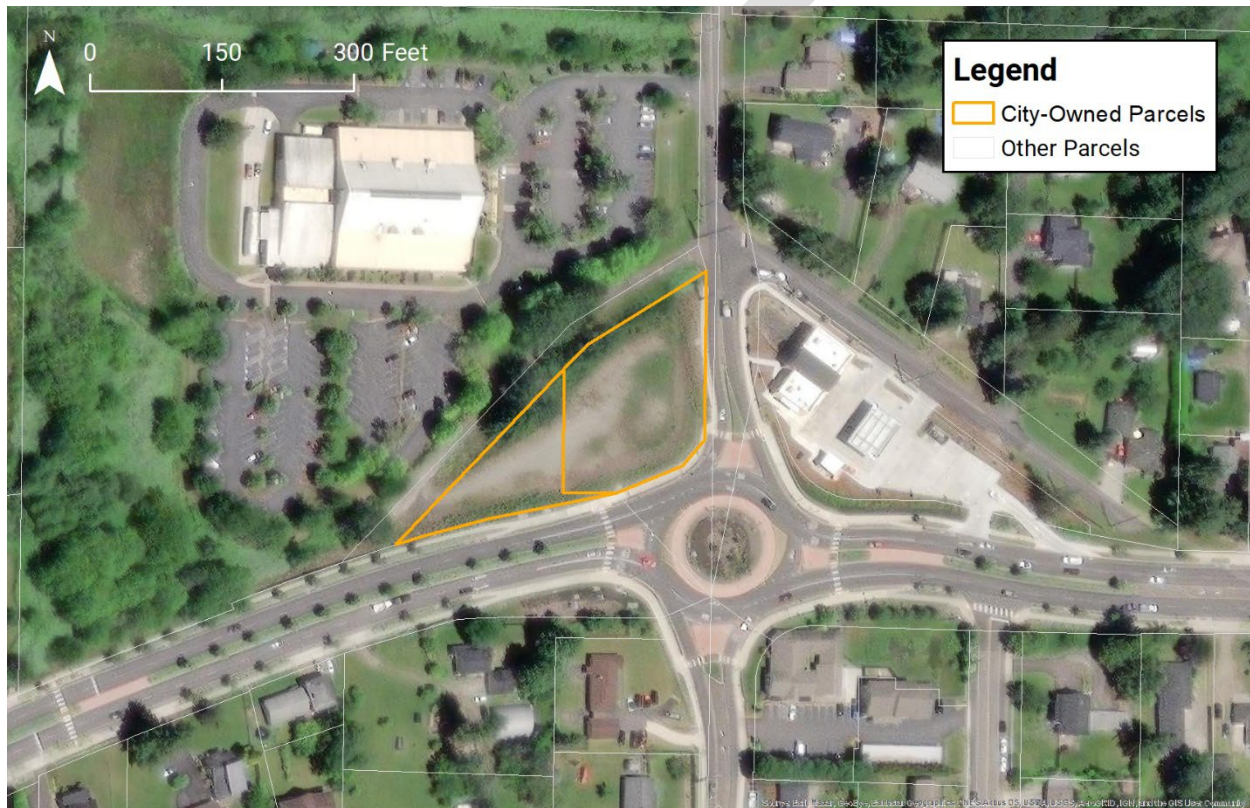
This is a one-acre vacant site within the Tremont Center and zoned Commercial Mixed Use. The site could be viable for townhomes or multifamily development with a small commercial component, potentially leveraging new single stair provisions (see Strategy 2.4.7). It is eligible for the Type 1 and Type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

⁵³ "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.



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.⁵⁴ 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.



⁵⁴"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

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.⁵⁵

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

⁵⁵ "Overview of 2021 Changes to the Multifamily Housing Tax Exemption Program." Washington State Department of Commerce. <https://deptoocommerce.box.com/shared/static/7k5p88yv41m8ot882gibtzafwzlofkf05.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.⁵⁶ 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.”⁵⁷

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.⁵⁸ 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

⁵⁶ 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>

⁵⁷ The JLARC audit’s findings can be found at: https://leg.wa.gov/jlarc/taxReports/2019/MFTE/f_ii/default.html

⁵⁸ 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.⁵⁹

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 Figure 6. 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.

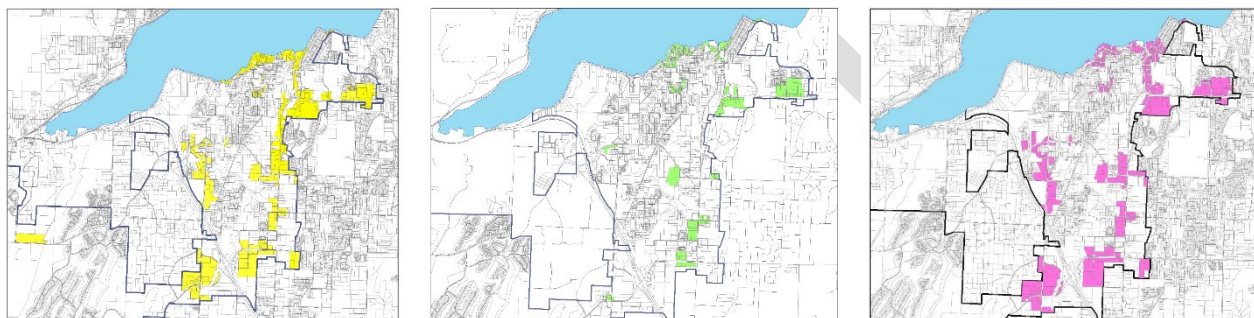


Figure 13. Maps of parcels currently eligible for the Type 1, Type 2, and Type 3 MFTE programs. Source: City of Port Orchard Municipal Code

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

⁵⁹ A comprehensive list of 2021 legislative changes to the MFTE program can be found here: <https://deptofcommerce.box.com/shared/static/7k5p88yv41m8ot882gbtzafwzlofkf05.pdf>

the MFI, the program could be calibrated to a lower level (such as 60 percent rather than 80 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.⁶⁰

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

⁶⁰ "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.⁶¹ 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.⁶² 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.⁶³

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.⁶⁴ 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

⁶¹ 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>

⁶² “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>

⁶³ “Washington Housing Initiative Impact Pool: 2021 Impact Report.” JBG Smith. https://www.washingtonhousinginitiative.com/_files/ugd/36926a_182d6b3b6e814466a17bf33ec1616407.pdf

⁶⁴ “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.⁶⁵

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 Street⁶⁶ 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.⁶⁷

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.

⁶⁵ “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>

⁶⁶ Detailed in the “Project Spotlights: Downtown Mixed Use” section of the Existing Conditions and Housing Needs Analysis Report.

⁶⁷ 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.⁶⁸ 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.⁶⁹ 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.⁷⁰ 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.

⁶⁸ Chapple, Karen, Wegmann, Jake, Mashood Farzad, and Coleman, Rebecca. “Jumpstarting the Market for Accessory Dwelling Units.” Urban land Institute. https://turnercenter.berkeley.edu/wp-content/uploads/pdfs/Jumpstarting_the_Market_-_ULI.pdf

⁶⁹ Port Orchard Municipal Code 13.04.030(1)(e)(i), 13.04.040(1)(e)(i)

⁷⁰ 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.⁷¹ 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.^{72, 73} 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 1.4, zoning preemptions and other changes to the Growth Management Act are likely to be proposed and debated by the Legislature in the coming years. 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.

⁷¹ “Housing Trust Fund.” Washington State Department of Commerce. <https://www.commerce.wa.gov/building-infrastructure/housing/housing-trust-fund/>

⁷² “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/>

⁷³ “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	Medium	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
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 14 - 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 15 - 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.⁷⁴

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 16 - 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.

⁷⁴ Downtown Subarea Plan, City of Port Orchard. <https://portorchardwa.gov/downtown-subarea-plan/>

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

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Appendix C

Public Engagement Report

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