



STUDY SESSION
Tuesday, April 19, 2016
AGENDA

1. CALL TO ORDER / ROLL CALL

7:00 PM

Mayor: Val Tollefson

Deputy Mayor: Sarah Blossom

Councilmembers: Kol Medina

Michael Scott

Ron Peltier

Roger Townsend

Wayne Roth

2. PRESENTATIONS

7:05 PM

A. National Poetry Month

3. PUBLIC COMMENT ON AGENDA ITEMS

7:10 PM

4. CITY COUNCIL DISCUSSION

A. 7:20 PM Puget Sound Energy (Andy Wappler, VP Corporate Affairs)

B. 7:50 PM Island Power

C. 8:20 PM Discuss 2015 Financial Reporting and 2016 Capacity, AB 16-055 - Finance

D. 8:50 Discuss Creating an Affordable Housing Task Force, AB 16-056 - Councilmember Medina

5. ADJOURNMENT

City of Bainbridge Island City Council Agenda Bill



PROCESS INFORMATION

Subject: 7:20 PM Puget Sound Energy (Andy Wappler, VP Corporate Affairs)	Date: 4/19/2016
Agenda Item: COUNCIL DISCUSSION	Bill No.:
Proposed By:	Referrals(s):

BUDGET INFORMATION

Department: City Clerk	Fund:	
Expenditure Req:	Budgeted?	Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:	
City Manager:	Legal:	Finance:

DESCRIPTION/BACKGROUND

RECOMMENDED ACTION/MOTION

ATTACHMENTS:

Description	Type
☐ PSE PowerPoint Presentation	Backup Material

Serving Bainbridge Island

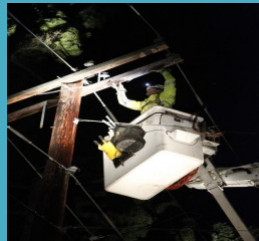


City of Bainbridge Island
Council Study Session
April 19, 2016

Today's conversation

- How PSE serves Bainbridge

- ✓ Reliable power



- ✓ Clean energy



- Three questions for the community

Kitsap Service team provides local response

Poulsbo Service Center

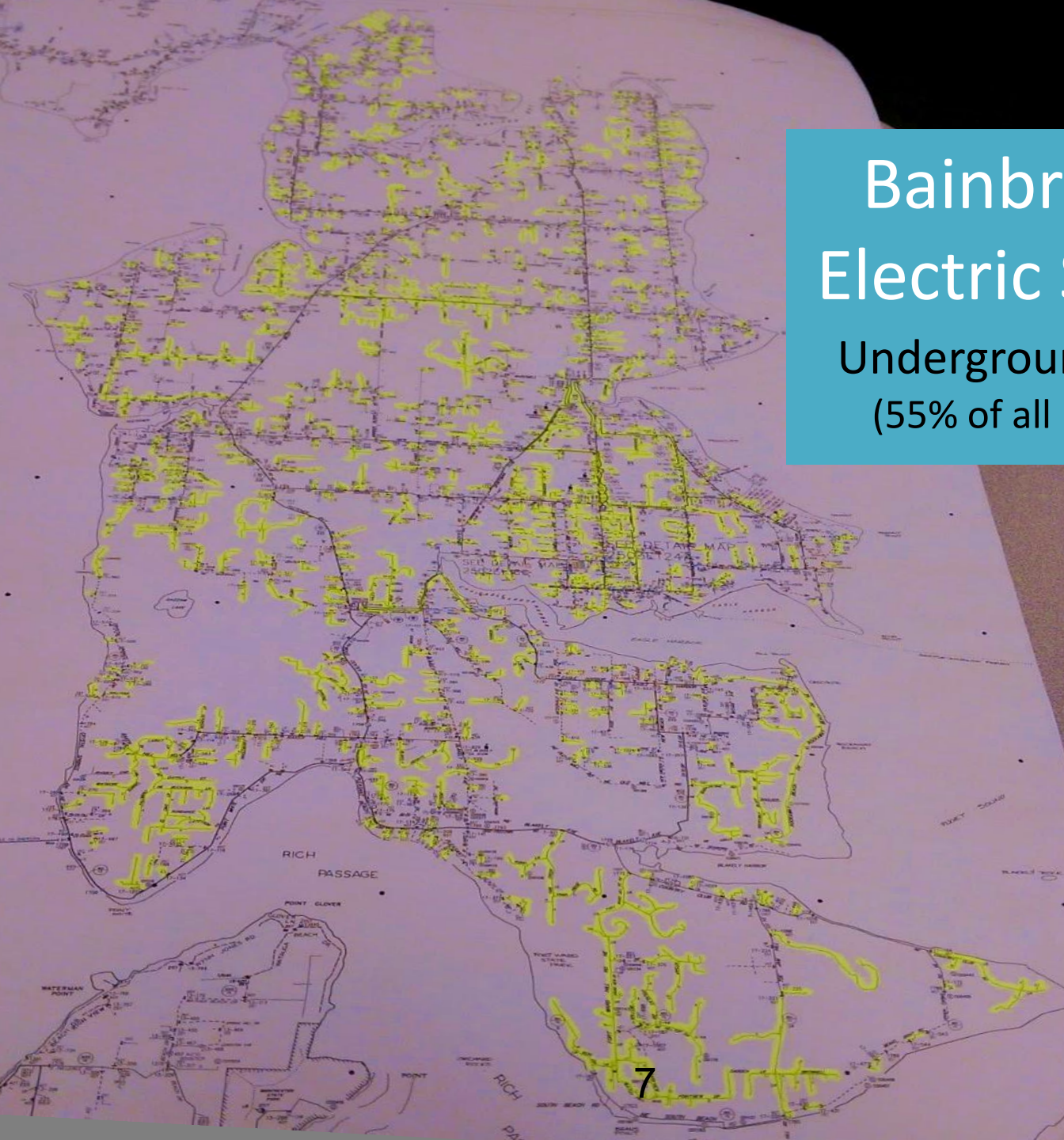
- 92 people (normal)
- 200+ people (storms)
- Engineers & system planners (PSE)
- Service crews (PSE)
- Substation crews (PSE)
- Line crews (Potelco)
- Tree crews (Asplundh)



Bainbridge Island Electric Service Map

All power lines in **black**





Bainbridge Island Electric Service Map

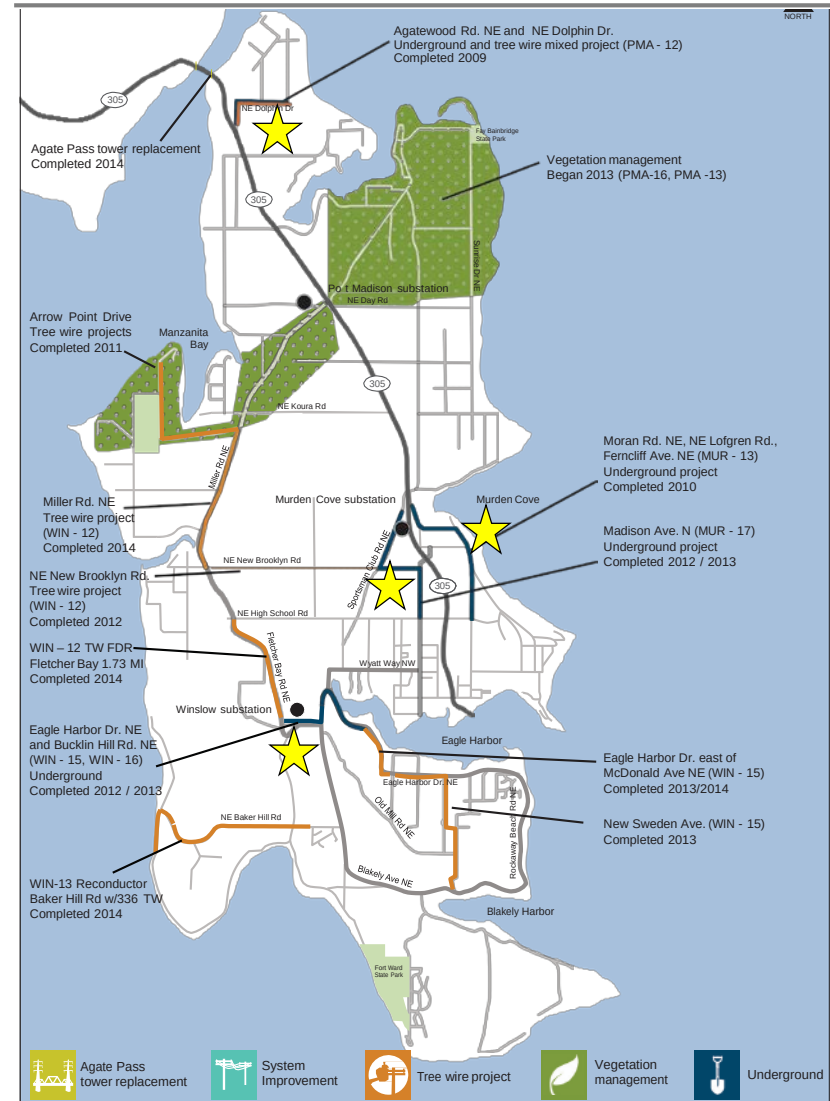
Underground lines in yellow
(55% of all Island power lines)

\$21 million in Bainbridge Island neighborhood electric system improvements since 2010

Local reliability projects (2010-16)

- Tree wire
- Re-conductoring
- Pole replacement
- Tree trimming
- Additional undergrounding ★

Bainbridge 55% underground



A new transmission line would have prevented 7 major outages just since August 2015

PSE Bainbridge Reliability Plan 2010

Components

New substation

New transmission line connecting substations in a loop, providing both with two sources of power

Energy management, efficiency, conservation tools & programs

Benefits

Adds 25 MW of capacity to meet capacity needs for 10–15 years, based on projected population growth

Increases transmission reliability

Enables deployment of automated switching and future incorporation of “smart grid” technologies

Greatest benefit to distribution reliability

New substation sites closer to the load center

New substation sites easily screened

Drawbacks

Greater impact to trees and vegetation

Potentially sensitive environmental areas on City-owned site

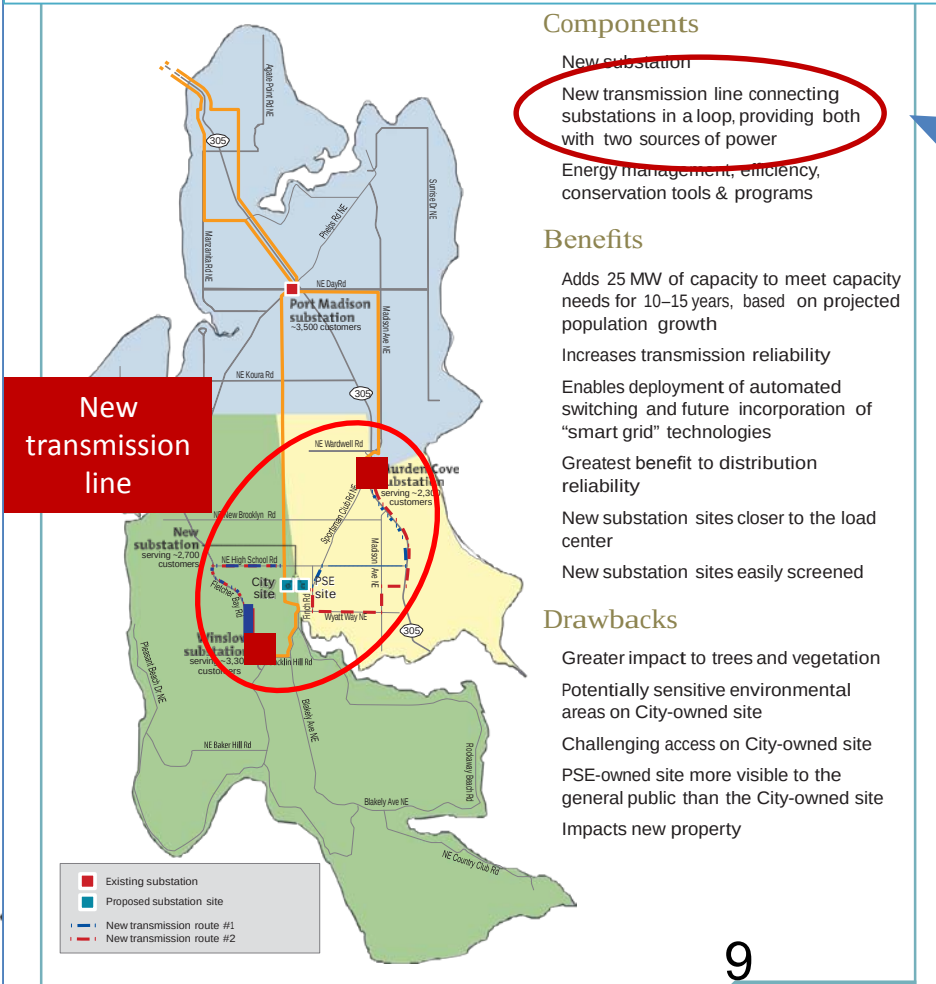
Challenging access on City-owned site

PSE-owned site more visible to the general public than the City-owned site

Impacts new property

“New transmission line connecting substations in a loop, providing both with two sources of power.”

*PSE Bainbridge Reliability Plan
April 2010*



PSE listened in 2010 when Bainbridge residents voiced concerns about a new power line

“PSE’s new transmission lines project will not address recent electricity outages on the island.”

Letter to the Editor, Feb. 19, 2010



New lines, substation not worth the risk | Letters | Feb. 19 - Bainbridge Island Review

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LETTERS TO THE EDITOR

New lines, substation not worth the risk | Letters | Feb. 19

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Feb 19, 2010 at 11:12AM

PSE's new transmission lines project will not address recent electricity outages on the island.

PSE has stated that its proposed construction of transmission lines and a new substation on Bainbridge Island would address reliability and capacity issues on Bainbridge. What does that mean exactly?

PSE proposes to build about four miles of transmission lines that will connect substations with two sources of transmission lines. It's great from an engineering point of view that such a transmission loop would give redundancy so if one transmission line goes out, there's another line providing power to the substation to prevent downtime.

Many residents are concerned with health and safety risks associated with the 24/7 EMF and electrosmog exposure to residents in proximity to any new transmission lines and substation. If PSE's new construction will make electricity outages less than recent history, then it may be worth the risk, you may think. Think again.

Heather Brinkey, PSE project manager for the proposed project, informed Robert Gex, island resident and RAISE member, that the last transmission outage on Bainbridge was in June 2007.

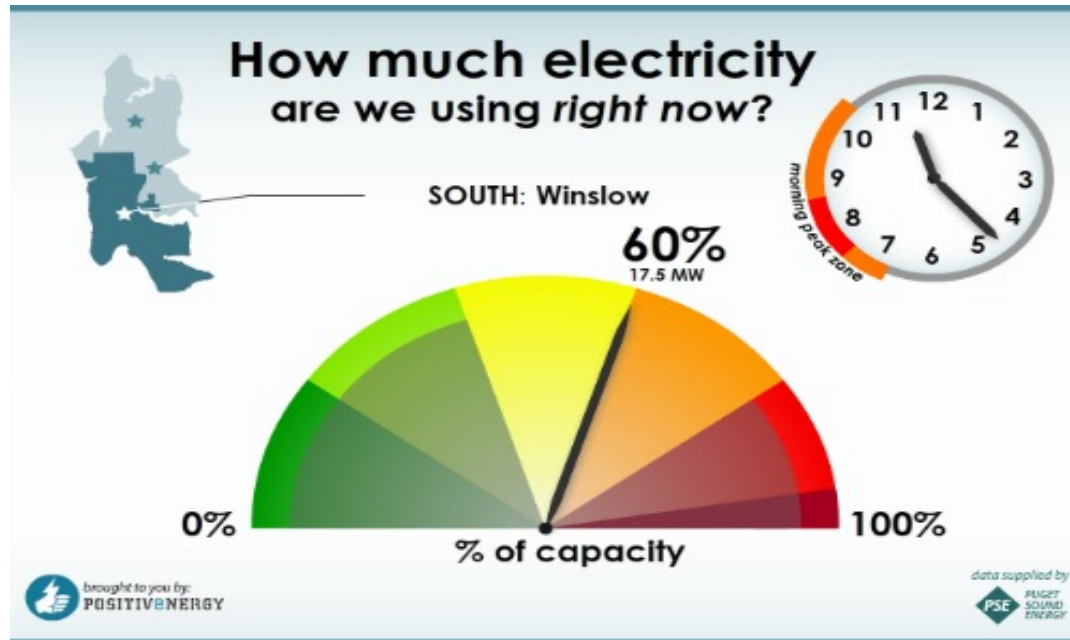
So, all the electricity outages we have experienced since then were due to inclement weather, i.e., wind, ice, snow and downed trees falling on distribution lines. So what would building a \$10 million transmission lines and substation do for our current electricity unreliability with downed distribution lines? Nothing.

Vegetation management or trimming trees more often than PSE's routine one visit per six years would be a good start. Please learn more about the issue of electric reliability, please

[Read the Mar 4 Green Edition](#)
Browse the print edition page by page, including stories and ads.
[Browse the archives.](#)

<http://www.bainbridgereview.com/opinion/letters/94791657.html> [3/7/2016 12:06:01 PM]

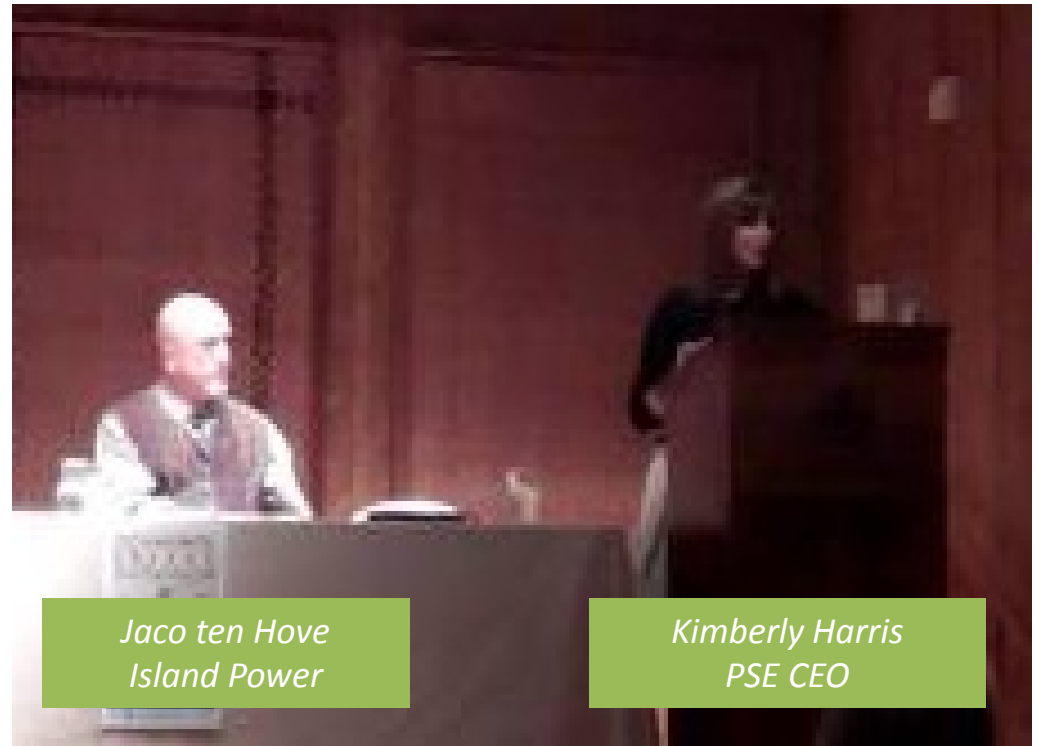
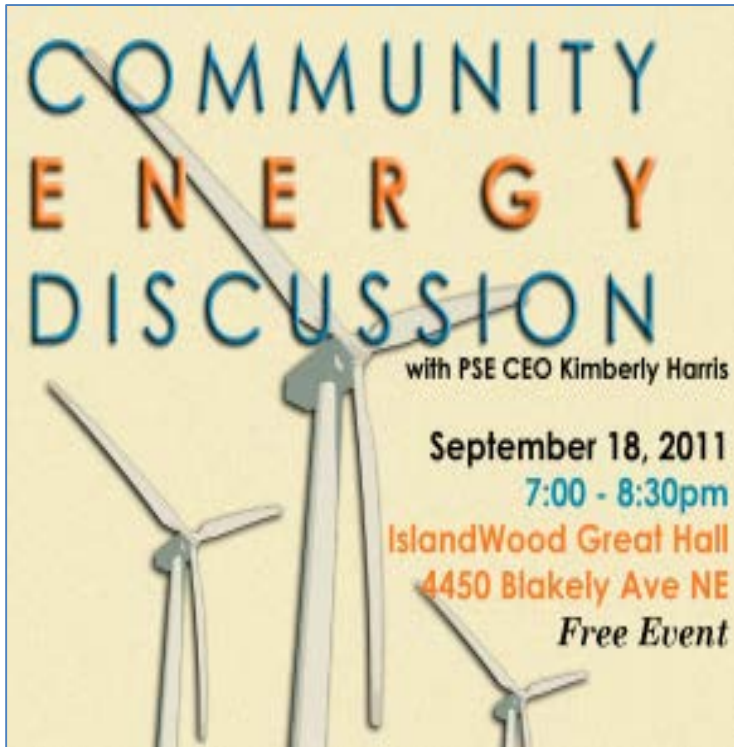
PSE and Bainbridge partnered on new innovations in energy efficiency



- Island “Energy Meter”
- Partnership with RePower Bainbridge
- Home energy management pilot program

When our Bainbridge customers said they didn't want coal power, we listened and took action

Bainbridge Island Community Energy Discussion - 2011



Local leaders joined environmentalists in supporting PSE's 2016 coal transition plan

Coal legislation supporters:

- Gov. Jay Inslee
- Sen. Christine Rolfes
- Rep. Sherry Appleton
- Rep. Drew Hansen
- 92-5 state legislature passage



Colstrip Generating Station, MT

WCV

“Please thank Kimberly Harris, the President of PSE, for making the right call to help Washington transition off coal.”

- Washington Conservation Voters



“We are pleased to see there is now a clear process that will ensure protection for Washington consumers and eliminate the carbon pollution from these coal units.”

- The Sierra Club

The City of Bainbridge is a green power leader

- City of Bainbridge carbon-free with PSE Green Power
- 11% of Bainbridge customers participate in PSE Green Power
- Solar challenge grants
 - Sakai Intermediate School
 - Waterfront Park Community Center



Bainbridge Island is a solar power leader



- 182 PSE solar customers on Bainbridge Island
- \$443,000 incentives in 2015

- Incentive cut 75% for a Bainbridge-only utility
- State incentive based on utility's total energy sales

Bainbridge and PSE can create new green choices together



EXISTING PSE PORTFOLIO

- All electric customers
- ~1.0 lbs. CO2 per kWh



EXISTING GREEN POWER PROGRAM

- REC purchases
- 44,000 customers
- residential, business, municipal



PROPOSED PREMIUM GREEN

Long-term partnership with PSE for dedicated energy resources



CUSTOMER OWNED PROJECTS

- Active ownership & management by customer
- Distributed generation

Three questions for the community

1. What happened in Jefferson County?

Jefferson PUD: the only new utility in 60 years

“Look what our neighbors at Jefferson PUD can say about public power. Wouldn’t it be great if we had this too?”

- IslandPower website



The Jefferson feasibility study was a poor guide

 Jefferson County Public Utility District	2008 Feasibility Study	2016 Reality Check
Startup costs	\$47.1m (\$27-66m)	\$115.5m
Electric bills	Up to 20% lower	No net savings 2013-'16
New jobs	67 new employees	33 employees
Customer experience	More reliable, better service	75% of PUD customers see no improvement
Green initiatives	Local renewables, more energy efficiency	Solar incentives cut, energy efficiency reduced
Feasibility Study costs	\$28,000	\$2.3m

One year after starting service, key questions were still unanswered

Port Townsend Leader April 2014

Port Townsend & Jefferson County Leader

PUD kicks off cost study

Rate issue to follow;
Friends poised to push
PUD for 'strategic plan'

By Allison Arthur of the Leader

How much is it costing Jefferson County Public Utility District to buy power, pay its debts, and serve its customers? And should some customers pay more – or less – for the power they receive?

Those are questions for which EES Consulting of Kirkland will crunch numbers in a \$58,460 study starting now and due this summer. Public hearings on any rate changes are to come in September and October before a 2015 budget is approved.

The PUD took the reins of the electric utility from Puget Sound Energy a year ago and has spent the first year in transition, hiring people, keeping the purchased system up and running. Now, officials say it's time to take a look at the true operational cost.

"We've got to figure out what it actually costs to run an electric utility," said PUD President Wayne King. "You can't run this like a business

discount for low-income, senior and disabled customers," said Burke. He questioned how other customers' rates would rise based on scenarios for a larger discount combined with determining how many people signed up for the discount.

Burke said neither of the top two proposals being considered did a stellar job on the topic of discounts, but the consultants that weren't chosen, FCS Group and Cuthbert Consulting, Inc. at least addressed this issue.

"I found no such content in the sample EES report," Burke said.

"This is just a request for a proposal," said Burke of

lion – as well as how much it pays for EPA power.

It also weighs the cost of delivering the power to customers – the cost of employees and equipment, for example.

There are serious policy decisions that are likely to be discussed in the coming months, including whether the base rate of \$7.49 a month is low and whether conservation programs need to be promoted and if so, how?

As a government entity, the PUD is unable to replace the private power system's generous special-assistance programs.

Another issue that has risen is charging customers who have solar power systems net-metering – the PUD service crediting excess power generated by customers' solar systems, and reducing their monthly power bill.

PUD officials have questioned the cost of the extra meter reading each month for net-metering customers.

Jefferson PUD, announced in a press release March 28 that it plans to ask commissioners at the April 1 board meeting to develop and adopt a strategic plan.

"It is important that the PUD acts intentionally, rather than reacts as issues come up," stated Rick Jahnke, president of Friends of Jefferson County Public Power.

"The consultants that the PUD commissioners have contracted to prepare the rate study will ask the PUD

commissioners what their electricity goals and objectives are, and to our knowledge none yet exist."

Jeff Randall, also a member of the group, said some objectives are common sense – stable rates, a reliable power source, environmental practices.

"Developing a strategic plan is a great way to engage the PUD's staff and the county's citizens in the process of owning and operating our publicly owned utility,"



Barney Burke



Wayne King

"We've got to figure out what it actually costs to run an electric utility."

Wayne King
Jefferson County PUD

"We've got to figure out what it actually costs to run an electric utility."

Jefferson PUD Commissioner
April 2, 2014

Jefferson PUD example needs careful scrutiny

Port Townsend Leader Feb. 2016

“We've got a mess here. We're still floundering.”

Jefferson PUD Commissioner
Feb. 10, 2016

PUD braces for 'findings' by state auditors

**Manager: Public
agency struggled after
buying power system**

By Allison Arthur of the Leader

The Jefferson County Public Utility District (PUD) is bracing for a second year of findings by the Washington State Auditor's Office.

A team of auditors has been at the PUD offices for the past two months looking at financial statements from 2013 and 2014.

“We're going to have several findings regardless, because we failed to file [financial statements] on time in 2013 and on time in 2014, so we'll have two findings, no matter what,” said PUD manager Jim Parker.

“And we'll probably have some findings for controls that were in

Three questions for the community

1. What happened in Jefferson County?
2. **What's your top priority?**

What's your top priority?

Growth
Police
Fire
Roads
Human services
Electric utility
Schools
Water
Sewer
Sakai property
Traffic
Ferry service
Dog park
Arts



Three questions for the community

1. What happened in Jefferson County?
2. What are your local priorities?
3. **What can we do together?**

PSE and Bainbridge: 2010-2016

- \$21m in electric reliability projects
- More underground powerlines
- Increased tree-trimming
- Responding to storms with 200 Kitsap personnel
- Preparedness and safety training
- Transitioning from coal power
- 100% of City electricity carbon-free with Green Power
- Residential Green Power leadership
- RePower Bainbridge partnership
- \$2m in home energy efficiency grants and rebates
- \$1m in business energy efficiency grants and rebates
- \$443,000 in 2015 solar incentives
- Solar systems at Sakai Intermediate School and Waterfront Park Community Center
- PSE Foundation grant of \$50,000 for Island Church emergency shelter generator
- Sponsorship of more than two dozen arts, human services, education, parks, recreation and environmental organizations and events

PSE wants to work with Bainbridge

What can we do for reliable power?

What can we do for clean energy?

What can we do for the community?



Why Public Power?



WHY PUBLIC POWER MAKES SENSE FOR BAINBRIDGE

Opportunities With Public Power



- **Climate Change:** Get off coal and carbon now!
- **Economics:** \$25 million leaves the island every year, with public power \$8 million dollars, and 25 new jobs, stay here
- **Increased Reliability:** Public power will bring Island Based Crews, Undergrounding
- **Local control:** Islanders will decide transmission, reliability, power supply and other issues

Who should we trust with our future?

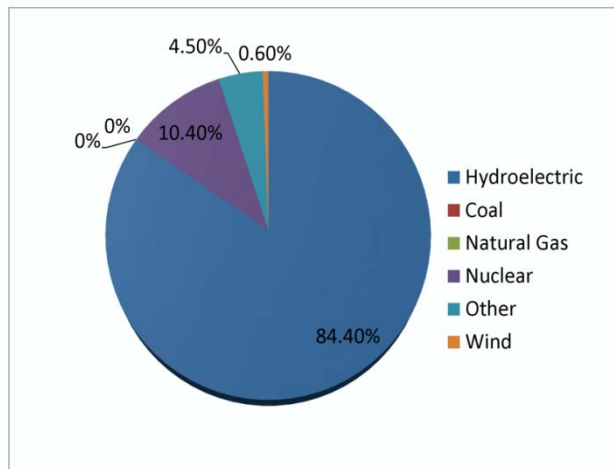
- [illegible]

Some Comparisons: Fuel Source



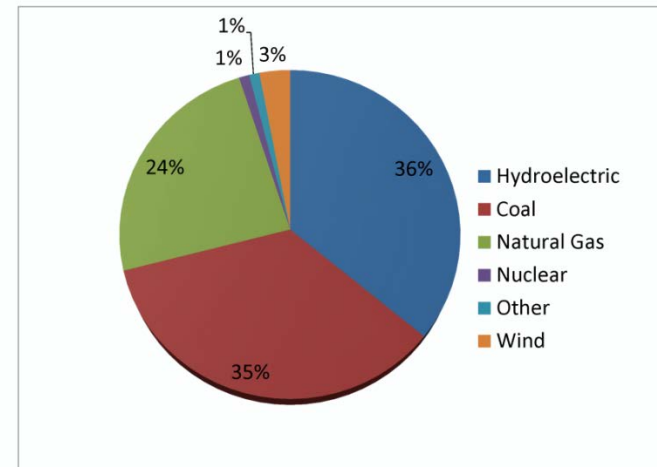
Bonneville Power Administration

97% Carbon Free Power



PSE- Macquarie Capital

59% Fossil Fuel



More Comparisons: Main Power Sources



BPA *Tier One* Power will
be New Renewable Power



PSE
Colstrip Coal Plant



Comparisons: Ownership



Bainbridge Electric Board

City of Bainbridge Island



PSE Macquarie Capital Sydney Australia



What are the Risks?



- **Risks With Bainbridge Electric Board?**
 - “Business Failure?” Record of 62 other publics?
 - “Credit Rating ?” COBI Currently *Aa2
 - “Decisions Made Locally?” *Bainbridge Electric Board*

- **Risks With PSE / Macquarie Capital?**
 - Miss Out on “Tier One” BPA power
 - “Coal Plant Retirement” costs, \$200 Million plus
 - “Credit rating?” (Macquarie Capital) *Baa3
 - “Carbon Tax Risk” On Going

This is about Bainbridge's Future



- **Public Broadband Communications?**

“The fastest single broadband location in the nation with a download speed of 85.5 Mbps”

Grant PUD, Ephrata WA,

Smart Grid Technology

- **Meet Load Growth with local renewables and energy efficiency**
- **Electrifying Transportation? Electric Cars? Electric Ferry's ?**

Thank You!
Questions?



ISLAND POWER
**[HTTP://WWW.ISLAND-
POWER.ORG/](http://www.island-power.org/)**

PSE Owner Since 2009

Macquarie Capital Sydney Australia



“The company's high margins, profits and the lucrative rewards for its executives and shareholders saw the Australian media label the bank "The Millionaire Factory" *The Sydney Morning Herald*. 2012

Nicholas W. Moore, CEO

(PSE is owned by Puget Energy,
which is owned by Puget Holdings,
which is owned by a set of foreign
company's organized by Macquarie)

PSE Macquarie sale in 2008 or \$7.4 billion

Moodys Baa3 rating

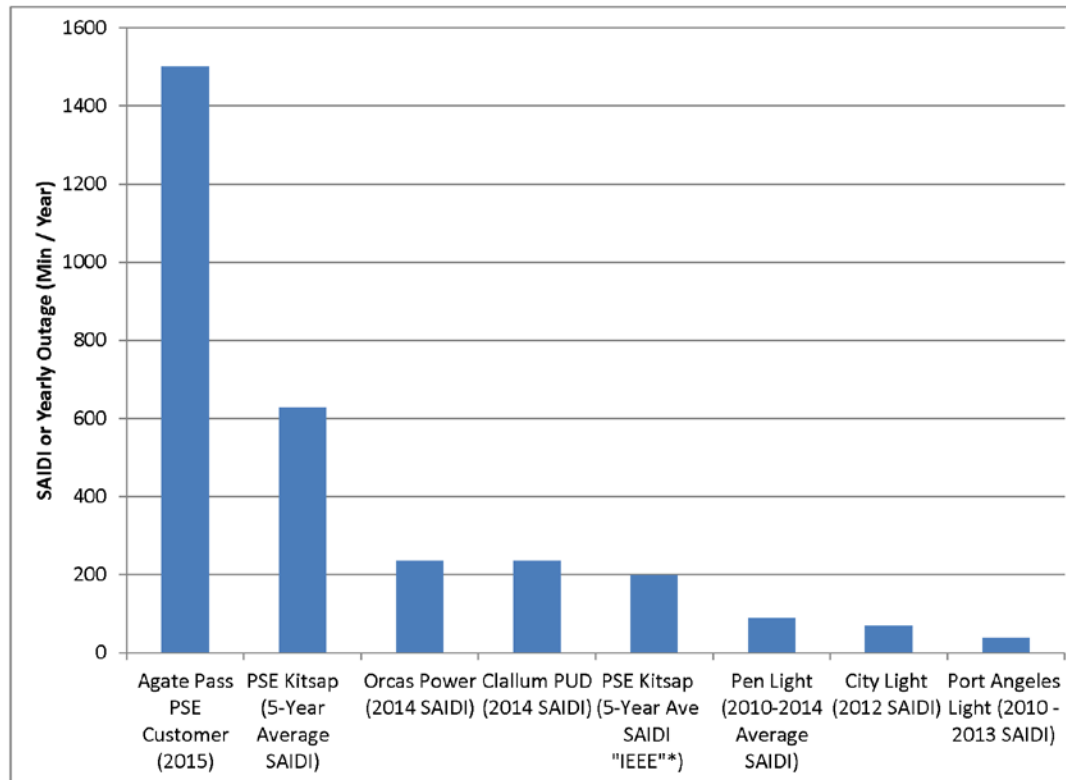


More Comparisons: Power Bill



Utility	# Customers	% Underground	# Employees	Power Bill* (1500 kWh)	Broadband Telecom
PSE (Bainbridge)	8,000	>8%	1	\$158.42	No
Jefferson PUD	16,381	8%	35	\$151.00	Yes
Clallam PUD	29,829	55%	139	\$132.23	Yes
Port Angeles Light	10,410	30%	35	\$128.18	Yes
Pen Light (Gig Harbor)	27,236	72%	88	\$122.00	No
Pacific PUD (Raymond)	17,020	66%	56	\$113.00	Yes

More Comparisons: Reliability (Average Outage Minutes Per Year)



The Municipalization Study Should Include:

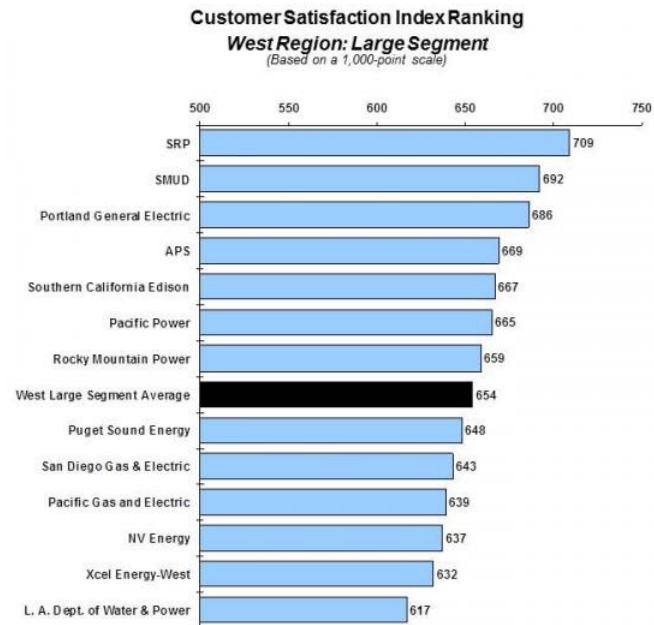


- **The Business Case:** Project Rates/Bills for PSE and BEB, and ***Compare with Current Publics***
- **The Environmental Case:** Project for PSE vs. BEB, and ***Compare with Current Publics***
- **Reliability:** Project for PSE vs. BEB and ***Compare with Current Publics***
- **Future Risk:** Project for PSE vs. BEB and ***Compare with Current publics***

More Comparisons: Customer Satisfaction



J.D. Power 2013 Electric Utility Residential Customer Satisfaction StudySM



Source: J.D. Power 2013 Electric Utility Residential Customer Satisfaction StudySM

Charts and graphs extracted from this press release must be accompanied by a statement identifying J.D. Power as the publisher and the J.D. Power 2013 Electric Utility Residential Customer Satisfaction StudySM as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power survey results without the express prior written consent of J.D. Power.

City of Bainbridge Island City Council Agenda Bill



PROCESS INFORMATION

Subject: 8:20 PM Discuss 2015 Financial Reporting and 2016 Capacity, AB 16-055 - Finance	Date: 4/19/2016
Agenda Item: COUNCIL DISCUSSION	Bill No.: 16-055
Proposed By: Ellen Schroer, Finance Director	Referrals(s):

BUDGET INFORMATION

Department: Finance	Fund: General Fund	
Expenditure Req:	Budgeted? No	Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:	
City Manager:	Legal:	Finance: Yes

DESCRIPTION/BACKGROUND

Finance and Administrative Services Department staff are currently working to prepare the City's 2015 financial statements, in accordance with state law. While the work to close the City's books is ongoing, preliminary information indicates that 2015 financial performance led to a higher-than budgeted balance in the General Fund.

The attached memo provides a brief summary of performance, and provides information about options for changes to the 2016 budget.

Staff is not requesting final decisions at this meeting. Rather, we anticipate a discussion and receiving Council direction about possible additions to the 2016 budget. Staff will prepare an ordinance for Council consideration in May to reflect adjustments to the 2016 budget.

RECOMMENDED ACTION/MOTION

Discussion

ATTACHMENTS:

Description	Type
❑ Transmittal Memo	Backup Material
❑ PowePoint Presentation	Backup Material



Date: April 15, 2016
To: City Council
Doug Schulze, City Manager
From: Ellen Schroer, Director of Finance and Administrative Services
Subject: 2016 financial update and budget change discussion

As the Finance and Administrative Services Department continues to work to complete the City's financial reporting for 2015, I'd like to provide you with a brief update on 2015 financial results, and bring a couple of financial items forward for your consideration. This memo and update focus on the City's tax-supported funds, in particular the General Fund.

[2015 Preliminary Financial Results \(General Fund\)](#)

The City's General Fund ended 2015, and thus began 2016, with a balance of \$15.6 million, roughly \$4.7 million higher than the \$10.9 million budgeted as the starting point for 2016. While the higher balance means that the City has more money than it used in budget forecasts, the entire \$4.6 million dollars is not available to spend. This memo provides an explanation of the amount available, and the most significant contributors to the higher-than-expected balance.

To understand how much money the City has available to spend, it is first necessary to deduct amounts planned for capital projects. A total of \$2.1 million that included as spent in 2015 when preparing the 2016 budget is associated with projects that are still in progress. As a result, that money must be set aside for the approved projects as spending in 2016. This reduces the additional funds available amount to program to roughly \$2.46 million

It is important to understand the reasons for the higher-than-budgeted resources. Analysis shows that revenue in 2015 across several funds was higher than estimated, due to conservative forecasting practices and robust performance in building-related economic sectors such as construction-related sales tax, Real Estate Excise Tax (REET), and Building and Development Services (B&DS) fund revenues. Strong performance in REET and B&DS revenues means that these funds pay directly for activities that would otherwise receive General Fund support.

- Revenue higher than estimate in the General Fund - \$570,000 or roughly 3%. Key revenue sources such as property tax, sales tax, utility tax, and liquor excise tax were all higher than forecast.
- Expenditures less than estimate - \$633,000. About \$100,000 of this amount is for items that will occur in 2016 and may be brought to the Council as carryforward requests. Non-personnel operating expenses, in particular professional and intergovernmental services, were less than forecast. Other contributors to the underspending included outside legal services and intergovernmental services.
- Operating transfers from the General Fund to the Building and Development Services and General Obligation Bond Funds were \$720,000 less than estimated. This is due to higher than estimated revenues for both building-related revenues and REET, which reduce the General Fund support that is required to other funds.

Effects on the 2016 Adopted Budget

The City Council may amend the adopted budget at any time. The higher than budgeted ending balance in the General Fund allows the City Council to increase the City's budget to support additional items that are on the City's work plan, if Council chooses to do so. Because this funding is characterized as primarily one-time money, we are presenting only one-time projects rather than increases to staffing or other on-going costs. It is also possible for the Council to elect to save some or all of this money to be programmed in future budget years.

Some decisions on new spending for 2016 have already occurred. Since the budget modification process in the fall of 2015, Council has directed City staff to take on several projects not currently supported by the 2016 Adopted Budget costing roughly \$500,000. These items will be formally approved by Council as Q1 budget adjustments.

- Eelgrass Study - \$35,000
- Core 40 Miller Road Project Design - \$25,000
- Electric Utility Municipalization Feasibility RFP - \$200,000 (estimate, planning number only that will be refined as more information is available)
- Pollution Premises Insurance - \$230,000

There are also three large capital projects for which the City doesn't have complete budgets: the City Dock, Waterfront Park, and the Public Safety Facility. The City could decide now to reserve all or part of the available additional funds to support these projects.

- Waterfront Park Project. The Waterfront Park project is planned for construction later this year. The current design and construction budget of \$1.5M includes \$670,000 from the Washington State Ferry settlement fund, \$330,000 in General Fund support, and \$500,000 in grant funding. The City recently received a single bid for the project, and to accept this bid would require an increase in the project budget (to \$1.6M for construction).
- City Dock Project. The current project budget is \$2.1M. Current funding plans for the City Dock project include \$835,000 of grant funding, but this project did not receive funding in the initial round of funding decisions, and remains below the funding line. In order to build the project as it has been designed, the City would need to provide all funding from the General Fund. The current project budget of \$2.1M already includes \$925,000 from the Washington State Ferry settlement fund as well as \$307,000 of direct General Fund support. In the absence of grant funding, the General Fund support would need to increase to \$1.14M.

In addition, the approved budget for the City Dock project may be too low. Current engineering estimates for the dock project, including a project contingency, show a total cost of roughly \$300,000 more than the \$2.1M approved in the 2016 CIP. Final costs will not be known until bids are received closer to construction.

- The Public Safety Facility will be a large financial commitment on the part of the City, and financing has not been determined. Council may elect to set some funding aside at this time towards initial phases of this project.

There are additional items which I would like to bring forward for your consideration at this time. These items have either already been discussed with Council, or have been identified by staff through the established work program. To date, Council has not given direction to increase the budget to support any of these items.

- Community needs assessment - \$60,000. As discussed with Council on March 22, this funding would pay for a consultant to gather information to inform the Council and community about human services needs on Bainbridge Island. This work would need to be completed before October to be used to inform the next human services funding award cycle.
- Low Impact Development Code revisions - \$50,000. This funding would pay for a consultant to work with City staff to revise the City's municipal code as it pertains

to low impact development. This work must be completed by the end of 2016 in order for the City to stay in compliance with its NPDES permit.

- Mountain View Road Reconstruction - \$52,000 of General Fund + \$12,000 SSWM. This surface and storm drainage project is included in the 2016 approved CIP at a total cost of \$139,000 (\$88,000 General Fund and \$53,000 SSWM). Current engineering estimates for this project, including a project contingency, show a total cost of roughly \$205,000 (\$140,000 General Fund and \$65,000 SSWM).
- Suyematsu farm - \$55,000. At the request of Friends of the Farms, in the fall of 2015, the City obtained environmental testing for the area around two older underground fuel storage tanks. While the fuel tanks have not been used in several years, previous leakage was detected in soil samples near the tanks' location. City staff support the removal of the tanks and contaminated soil. The City has received an estimate of \$55,000 to complete this work. If funding is approved, the work could be completed in 2016.
- Emergency AM Radio Station (Traveler Information System) - \$100,000. The funding would be used for the purchase and installation of equipment and licenses so that the City could set up a local AM radio station that would be able to cover the entire island and ideally, would reach across the Agate Pass bridge. The purpose for having an emergency AM Radio station is to provide timely information to citizens during an emergency or disaster. The station would also double as a Traveler Information System, similar to what is used on Vashon Island, which would provide ferry/bridge/traffic and other relevant travel information for both residents and those passing through the Island. The City initially approached the Rotary Club for funding for this project, but was turned down.

2016 Budget Update and Change Discussion

April 15, 2016

Page 5 of 5

Attachment A: Summary of Budget Changes

2016 Budget Changes For Council Discussion		
Item	Amount	Comment
<i>Previously approved increases</i>		
Eelgrass Study	35,000	
C40 Miller Design	25,000	Moving project to 2016 due to grant timing
Electric Utility Municipalization Feasibility RFP	200,000	
Premises insurance	230,000	
Subtotal	490,000	
<i>Significant projects for which funding gaps exist</i>		
Waterfront Park updated cost	TBD	Project will require additional funding if current bid accepted, currently estimated at \$300,000.
Dock project updated cost	TBD	Project will require additional funding if grant application is not successful (\$835,000) and based on current estimate of costs (\$300,000).
Public Safety Facility	TBD	Approximately \$420,000 left of original \$500,000 General Fund support. Additional funding will be required.
<i>Additional projects identified for Council consideration</i>		
Community needs assessment	60,000	Requested in advance of budget development
SSWM Low Impact	50,000	Required by NPDES permit
Mountain View Road Reconstruction	52,000	Current approved budget is \$139k. Cost increase based on engineer's estimate.
Suyematsu Farm	55,000	Fuel tank removal
Emergency AM Radio Station	100,000	Grant application not approved, so City funding required to move forward with this project.
Subtotal	317,000	



CITY OF
BAINBRIDGE ISLAND

2015 General Fund Performance and 2016 Capacity Discussion

April 19, 2016

Financial Discussion

- ▶ Discuss additional General Fund balance
- ▶ Review financial status of major capital projects
- ▶ Preview of Q1 2016 budget adjustments

2015 Financial Performance

- ▶ General Fund year-end balance higher than estimated
- ▶ Delay in capital spending
- ▶ Higher than estimated revenue
- ▶ Lower than estimated expenditures

2015 Financial Performance

- ▶ 2015 year-end processing is on-going; final information available in coming weeks.
- ▶ Roughly \$2,000,000 available for programming.

2016 Budget Changes

Significant Capital Projects

- ▶ Waterfront Park Project
- ▶ City Dock Project
- ▶ Public Safety Facility

Waterfront Park Project

Item	Amount
Current approved budget	\$1,500,000
2015 actual/encumbered spending	180,000
Remaining authorized spending	1,320,000
Current construction base bid	1,619,000
Assume 10% contingency	160,000
Construction base bid + contingency	\$1,779,000
Difference between authorized spending and current base bid + contingency	\$459,000

Funding notes

- ✓ All authorized funding is included in current budget (combination of WSF settlement, grants, and General Fund)
- ✓ Additional funds required to award construction contract in 2016.

City Dock Project

Item	Amount
Current approved budget	\$2,067,000
2015 actual/encumbered spending	130,000
Remaining authorized spending	1,937,000
Current construction estimate	2,250,000
Difference between authorized spending and current estimate	\$300,000

Funding notes

- ✓ All authorized funding included in current budget (combination of WSF settlement, grants, and General Fund)
- ✓ Grants successful: \$835,000 and \$275,000
- ✓ To go forward with current estimate requires additional General Fund support (approximately \$25,000)
- ✓ Changes can be included in upcoming 2017–2022 CIP development

Public Safety Facility Project

Item	
Current approved budget	\$500,000
2015 actual/encumbered spending	80,000
Remaining authorized spending	\$420,000

Project notes

- ✓ Public process is ongoing
- ✓ Could decide to put aside funds now for future use
- ✓ Previous estimates show that if City issues new debt with payments calculated to stay at 2017 debt service payment levels, could issue roughly \$16.5M in new debt

2016 Budget Changes

Previously-approved changes

- ▶ Eel grass study – \$35,000
- ▶ Miller Road project design –\$25,000
- ▶ Electric Utility Municipalization Feasibility RFP – \$200,000
- ▶ Pollution premises insurance – \$230,000
- ▶ Total: \$490,000

2016 Budget Changes

Additional items for consideration

- ▶ Community needs assessment – \$60,000
- ▶ Low impact development (LID) revisions to BIMC – \$50,000
- ▶ Mountain View Road reconstruction project – \$52,000 (General Fund)
- ▶ Suyematsu Farm fuel tank removal – \$55,000
- ▶ Emergency AM Radio Station – \$100,000

2016 Budget Changes

Next steps

- ▶ Council to provide guidance on capital projects to inform current planning and CIP updates
- ▶ Additional items will be scheduled in April and May
- ▶ All budget changes will be formalized by ordinance in May

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: 8:50 Discuss Creating an Affordable Housing Task Force, AB 16-056 - Councilmember Medina	Date: 4/19/2016
Agenda Item: COUNCIL DISCUSSION	Bill No.: 16-056
Proposed By: Councilmember Medina	Referrals(s):

BUDGET INFORMATION

Department: City Clerk	Fund:	
Expenditure Req:	Budgeted?	Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:	
City Manager:	Legal:	Finance:

DESCRIPTION/BACKGROUND

See attached memorandum and reports.

RECOMMENDED ACTION/MOTION

Discuss next steps.

ATTACHMENTS:

Description	Type
❑ Memorandum	Backup Material
❑ Tovar Housing Memorandum 4/8/16	Backup Material
❑ 2007 Community Housing Coalition Report	Backup Material
❑ Housing Needs Assessment (April, 2016 update)	Backup Material

Proposal for an Affordable Housing Task Force

Presented to Council by Councilmember Kol Medina
April 19, 2016

I think two points have become clear through the Suzuki property discussion: (1) a substantial portion of our community's residents deeply value affordable housing and strongly desire the City to do something to create more affordable housing on the Island; and (2) our current code and regulations are ineffective at creating conditions that result in the construction of affordable housing on the Island.

I believe that the City can and should, by making substantial revisions to its Code and programs, create conditions that will actually result in affordable housing being built on Bainbridge. My belief rests on the success of other cities in creating affordable housing and the belief of many of our residents that we can do this. To be clear, though, I don't believe that the City can "solve" the affordable housing issue; however, I think the City can be a leader in this area and accomplish substantial good for our community.

Because we on Council and, as far as I know, our planning staff are not experts in affordable housing incentives and programs, I believe the only way to achieve meaningful change in this area is through the creation of a committee of some type that is directed and empowered to survey modern-day affordable housing programs, report on those programs to the City, and suggest concrete steps the City might take to accomplish this goal

Thankfully, we do not have to start from scratch. In December 2007, the Community Housing Coalition delivered a Final Report to the City. This Report, which is included in the Agenda packet, was the result of 2 – 3 years of work by a broad range of residents, organizations, consultants, and City staff. It appears that the City invested substantial assets in the process that led to this Report. But as far as I can tell, the recommendations in this Final Report were largely never implemented. Subsequently, the City updated its Housing Needs Assessment in 2014. The Needs Assessment is also in the Agenda packet. I think the Report and the Needs Assessment provide good information to get a new committee started.

Proposed Process

1. Establish an Affordable Housing Task Force or Commission composed of 7 - 11 highly qualified individuals. For the time being, I'll just call this the "Committee."
2. Require the Committee to base its work on the Community Housing Coalition Report and the Needs Assessment. In particular, give the Committee the following three tasks:
 - A. Thoroughly review the Report and determine (1) to what extent, if any, the Report's recommendations have been implemented effectively, (2) whether the Report's recommendations are still appropriate for adoption, and (3) whether any of the Report's recommendations should be modified;
 - B. Survey other affordable housing tools that have been developed or gained in popularity since the publication of the Report, such as Seattle's "linkage fees;" and
 - C. Provide a report to Council summarizing the Committee's findings from the prior two activities and recommending actions the Council/City might consider.

3. Council debates the Committee's recommendations and decides which recommendations to work towards implementing.
4. Committee then works with City staff to draft appropriate ordinances to implement the chosen recommendations.
5. Draft ordinances are reviewed by Planning Commission, if appropriate.
6. Draft ordinances are presented to Council for debate, amendment, and adoption.

Questions that Need to be Answered

1. *How should we define "affordable housing"?*

I don't think we, the Council, need to answer this question. The Report is based on a definition of affordable housing. I suggest we rely on that definition and leave it to the Committee to decide if it would like to change that definition.

2. *Who should participate on the Committee?*

I suggest that the Council appoint qualified people to the Committee using the normal process for appointments to City Committees.

3. *Should the Committee be established by ordinance?*

Presumably, but I don't know how this works.

4. *Should it be a Commission?*

I do not understand the legal status of a "commission", but if that status provides greater authority or weight to the Committee, I'd like us to consider making it a commission.

5. *How will it be staffed?*

Our City Manager has expressed concern that we don't have sufficient planning department staff to support this Committee. We need to solve this problem.

6. *What is the timeline for this Committee?*

Personally, I'd like to have one or more draft ordinances in front of the Council by first quarter 2017.

7. *How should the public be involved?*

The Community Housing Coalition process involved a great deal of public involvement. I don't think we need to re-create that. Instead, I think the primary public involvement should be during the City Council and Planning Commission (if this goes to the Planning Commission) deliberations on the Committee's work.

8. *Does this Committee's work need to tie into the comprehensive plan review process?*

I don't have an answer to this question.

9. *How will we reconcile affordable housing with our comprehensive plan's strong commitment to environmental protection?*

I suggest that we do not need to answer this question now. I think this question will need to be answered when we are reviewing recommendations from the Committee.



Joseph W. Tovar
FAICP

MEMORANDUM

DATE: April 8, 2016

TO: Bainbridge Island Planning Commission

FROM: Joseph W. Tovar, FAICP

RE: Housing Element

The April 14 Planning Commission meeting is the first of three sessions where you will review the Housing Element. The focus of this first meeting should be on conveying the information in this packet and answering questions you may have. We expect that there may be questions that we cannot answer that evening, but could be prepared to answer at the meeting of April 28.

Once the Commission has digested the background information, the comment to date, and the choices presented in Attachment A, it would then be appropriate for you to deliberate and reach conclusions about what you would like to see in the Housing Element. We have prepared a draft Housing Element (Attachment B) for your review. As you reach conclusions about the options to address the Island's housing, we would then work with the Drafting Committee to bring back revisions for your consideration at the meetings of April 28 and May 12.

The background information on this subject is considerable. A 2004 Affordable Housing Task Force Report, a 2007 Community Housing Coalition Final Report, and a 2015 Housing Needs Assessment all provide useful background. A link to those documents appears [here](#). Housing, and particularly the need for more affordable housing on the Island, was a topic that was frequently mentioned at the Listening Sessions held in early 2015, as well as the Housing Workshop hosted by the Planning Commission on December 3. A table of the comments from the December workshop is Attachment C to this memorandum.

I. GMA duty

The primary GMA requirements for the Housing Element are set forth on pages 16 and 17 of the draft Housing Element (Attachment B). In addition, the City is required to have sufficient capacity in its updated Comprehensive Plan and implementing regulations to accommodate the 20-year growth target assigned by Kitsap County. As we have previously stated during the review of the draft Land Use Element, the Island has sufficient zoning capacity to accommodate the assigned targets of an additional 5,635 people by the year 2036. This means that there is no need to increase densities in

order to satisfy the population target for 2036. However, as outlined in the draft Housing Element and options described in Attachment A, there may be reasons for the City to consider increasing localized densities to help achieve such objectives as attracting development to designated centers and achieving a greater percentage of affordable housing in the future.

II. Framework of Guiding Principles and Land Use Element

Every element of the comprehensive plan is given substantive direction by the Guiding Principles and Policies that appear in the Introduction of the Plan. The Guiding Policies most relevant to the Housing Element are set forth on pages 17 and 18 of the draft Housing Element (Attachment B).

The draft Housing Element must also be consistent with and supported by other Plan elements. A citation of the most relevant portions of other draft Plan elements appears on pages 18 and 19 of the draft Housing Element.

Of particular importance to the questions of what type of housing we are planning for, and at what density and form that housing should take, is the question of where. A key organizing principle in the Land Use Element is the Island-Wide Land Use Concept which fundamentally divides the Island into two very different future land use patterns: designated centers (e.g., Winslow, Island Center, Rolling Bay and Island Center), and a broad conservation landscape everywhere else.



That is why the goals, policies, and options for addressing housing objectives, is very distinct in these two parts of the Island. As the details of the Planning Commission's recommended Housing Element emerge, we may be looking again at the Land Use, and other Elements, to make appropriate adjustments and refinements.

III. Profile, Trends, Needs and Options

Following are excerpts from the background documents, some of which also appears in the draft Housing Element.

A. Profile

- Bainbridge Island's 2015 population is 23,300.
- 91% of the Island's population is white.
- The median household income is \$92,558, about 1.5 times the county average
- 58% of Island residents have occupations in management, business, science and arts.
- The median wage for financial analysts, lawyers, and marketing managers ranges from \$100,457 to \$122,618.
- 32% of Island residents have occupations in service, sales and office occupations.
- The median wage for waiters, cashiers, and retail sales people ranges from \$27,703 to \$30,972.
- Approximately 80% of housing units on the Island are single-family homes, primarily located in a very low-density land use pattern of large lots.
- The average single-family home price in 2014 was \$696,519.
- About 16% of the housing units are multifamily, located primarily in the denser development patterns of Winslow and Lynwood Center.
- Rental apartments make up less than 7% of total housing units on the Island.
- The vacancy rate for apartments is 1.5%, which is well below the 5% rate that is typical of well-functioning rental markets.

B. Trends

- Between 2000 and 2010, the 3% annual population growth of the previous decades slowed to an approximate 13.5% increase in population for the whole decade.

- The “young adult” cohort (18 to 34 years old) makes up less than 10% of the Island’s population, which is a decline from 15% in 1990.
- The Island’s senior population (60+ years old) increased from 17% in 2000 to 26% in 2010.
- Population growth between 2010 and 2013 has slowed even further to below 1% percent growth (0.72%).

C. Needs

The City’s Housing Needs Analysis presents several indicators of housing need on Bainbridge Island.

- Almost 34% of individuals and families at all income levels who live in owner-occupied housing units are **cost burdened**, meaning that they spend over 30% of their income on housing.
- Almost 40% of individuals and families at all income levels who live in renter-occupied housing units are cost burdened. The majority (around 28%) of these residents have an annual income between zero and \$34,999. This means that as of 2012, 569 renters on the Island that have an income of \$34,999 or less are housing cost burdened. This is concerning as lower income cost burdened households are more likely to have to choose between housing costs and other necessities.
- The HNA analysis of Workforce Housing Affordability indicates that there is a gap in housing affordable for the Island’s workforce in service professions (e.g., restaurant workers, bank tellers, retail clerks, school bus drivers). Many of those workers are obliged therefore to commute from less-expensive off-island housing, which increases their transportation costs, congestion on SR 305 and greenhouse gas emissions.
- Bainbridge Island’s jobs/housing balance is .59 jobs for every housing unit, making it a “bedroom community.” The Puget Sound Regional Council suggests that housing rich neighborhoods add employment in order to increase economic opportunities for current residents.

D. Options for addressing Housing Needs on Bainbridge Island

Many ideas have been suggested by the public and the prior housing reports prepared for the City. From those many suggestions, we have culled a list of sixteen tools or strategies that the City could consider to address the identified needs. Those options are detailed in Attachment A, with specific illustrations and explanation of those options in supplementary Attachments A1 through A6.

Included in the table in Attachment A is a summary of what objectives each tool could help address, where on the island that approach might be most appropriate, some description of the approach and rationale, and a somewhat subjective judgment about how effective the approach might be in addressing the housing objectives identified. For example, an action such as making public land available is a much more direct and immediate way to facilitate new affordable housing than, say, a tiny house demonstration project.

Finally, it should be remembered that no one or two actions are likely to make a significant impact on achieving the City's housing objectives. The fact that no one approach will "solve" the affordable housing problem is not a sound reason for rejecting it. The experience in most cities has been that a multi-faceted strategy, with many actions, is the most promising way to address this serious issue.

Attachments

A - Housing Tools Table

A1 - City-owned and church properties in Winslow

A2 - Ronald Commons affordable housing project

A3 –Multi-Family Property Tax Exemption article

A4 – Cottage Housing examples

A5 - Growing Greener Conservation article

A6 - Tiny Houses report

B - Draft Housing Element and Glossary additions

C – Housing Workshop Comment Table

Attachment A - Potential Tools to increase supply of diverse housing types and affordable housing

#	TOOL	WHERE	POLICY OBJECTIVES	WHAT	POTENTIAL SCALE OF IMPACT ON SUPPLY OF HOUSING	MORE  LESS 
1	Surplus public land to write down the cost of development in partnership with affordable housing providers	Winslow	Increase the affordable housing supply	- The City Council's recent decision regarding the Suzuki property is an example of using surplus city owned property to achieve affordable housing objectives. The details of the project are yet to be negotiated, but they will result in 50+ units of housing with an affordable housing component, on a 13+ acre property in Winslow. - There may be other opportunities to include affordable housing in the airspace over future public facilities such as a police headquarters, post office or municipal parking garage. See Attachment A1. ACTION: adopt criteria and process		
2	Explore interest of Island churches regarding potential for affordable housing on church property	Winslow and NSCs if allowed by Subarea Plan	Increase the affordable housing supply	- Churches in a number of cities have dedicated a portion of their properties for use as affordable housing or other social services. Those churches see such purposes as consistent with their religious mission. - There are a number of churches within Winslow who may have some interest in such a possibility. See Attachment A1. - One example, from the City of Shoreline, the Ronald Methodist Church has partnered with non-profit housing providers to build “Ronald Commons” a 60 unit affordable housing project in the Town Center. See Attachment A2. ACTION: outreach to churches		
3	Multifamily Property Tax Exemption (MFPTE)	Winslow and NSCs if allowed by Subarea Plan	- Increase # of housing types - Increase the affordable housing supply	- Many cities, including Everett, Covington, Shoreline, Seattle and Tacoma, have effectively used the MFPTE tool to incent the building of 100s of units of affordable housing. - State law permits cities to exempt new projects for up to 12 years from paying property taxes on the value of improvements, provided that a percentage of the units are set aside as affordable housing. - The Puget Sound Regional Council has highlighted the MFPTE tool as an effective way to incentivize affordable housing. See Attachment A3 ACTION: draft ordinance to adopt program		

4	Cottage Housing Ordinance	Island-wide	• Increase # of housing types • Increase # of smaller units	• The 2007 Community Housing Coalition Final Report included and recommended adoption of a draft cottage housing ordinance. • Cottage housing, at a typical density of 11 units to the acre, addresses a specific niche in the market for empty-nesters and young singles. • The Ericksen Ave Cottages are an example of this type in Winslow. See Attachment A4. ACTION: craft and adopt new regulation	
5	Conservation Villages Ordinance	Outside Centers	• Increase # of housing types • Increase # of smaller units • Conserve lands outside centers	• The City's regulations for cluster subdivisions have produced controversial and unsatisfactory results. • A new approach could be explored to better achieve the City's conservation objectives, while also creating the opportunity for small houses (900 to 1500 square feet) and/or on small lots (3,000 to 5,000 square feet). • A "Conservation Villages" ordinance could be drafted to avoid the flaws in present subdivision regulations and build upon the principles in the "Growing Greener" movement in other states. See Attachment A5 ACTION: craft and adopt new regulation	
6	Extend and clarify Housing Design Demonstration Projects (HDDP) Process	Winslow and NSCs if allowed by Subarea Plan	• Increase # of housing types • Increase # of smaller units • Increase the affordable housing supply	• The GROW community and Ferncliff Village are two projects that have been developed using the HDDP process. • The HDDP is presently the only tool the City has to incent the provision of affordable housing and green building practices. It does so by providing for density increases and modification of dimensional standards. • The HDDP expires at the end of 2016. The City should consider clarifying the HDDP process and making it a permanent option for innovative housing. ACTION: adopt ordinance extending	
7	Increased Floor Area Ratio (FAR) to incent affordable housing as part of mixed use projects	Winslow	• Increase # of housing types • Increase the affordable housing supply	• Increasing the FAR in Winslow could be tied to the provision of affordable housing. A sliding scale of FAR could be established tied to specific levels of affordable housing as part of the mix. • Any increase in FAR would have to be accompanied by appropriate revisions to maximum building height and floor plate in order to accommodate the increased building envelope. • The most appropriate location for increased FAR and larger building envelopes would be the High School Road, Madison, Ferry Terminal and Erickson District ACTION: craft and adopt code amendment	

8	Adopt Tiny Houses regulations	Island-wide	- Increase # of housing types - Increase the affordable housing supply	- Much interest has been expressed in “tiny houses” as a specific housing niche. Generally, these are quite small (under 600 square feet or less) which lowers the cost for materials and construction, but likewise limits the household size that can be accommodated. See Attachment Attachment A6. - The City could make available a small parcel in Winslow for a demonstration project. ACTION: refer to staff for study.	
9	Reduce or eliminate required parking where alternative transportation modes are available	Winslow	Increase # of housing types	- A key obstacle to infill development is the high cost of parking. Surface level parking is very land intensive and structured parking can cost \$40,000 per stall. - A significant Increase in the supply of apartments would be facilitated by reducing or eliminating parking requirements. - The degree of reduction could be tied to the availability of alternative modes of transportation (e.g., transit, walkable distances to services, bicycles, etc.) ACTION: craft and adopt code amendment	
10	Reform Accessory Dwelling Units (ADU) standards	Island-wide	- Increase # of housing types - Increase the affordable housing supply	- Over 200 ADUs have been permitted since 1992. - One way to reduce the cost of ADUs would be to enable the sharing of utility meters between the ADU and the larger house. ACTION: craft and adopt code amendment	
11	Revisit Zoning requirement for affordable units as a % in new multifamily	Winslow	Increase the affordable housing supply	- Requiring the provision of affordable housing for detached housing subdivision was problematic. It resulted in very few units and was an administrative burden on the City. - Bainbridge’s unsuccessful inclusionary zoning ordinance was repealed. ACTION: refer to staff for study	
12	Explore a future housing levy to fund construction of affordable housing	Island-wide	Increase the affordable housing supply	- Engage a community discussion of the merits and costs of an affordable housing levy on the Island. - COBI should participate in and support conversations about a Kitsap County levy or tax for affordable housing. - Both Seattle and Bellingham have passed affordable housing levies. King and Pierce County are now considering levies. ACTION: initiate study of options, merits and costs	

13	Increase resources to the Housing Trust Fund	Island-wide	Increase the affordable housing supply	- The Housing Trust Fund is the only existing source of public funding to support housing projects on the Island. - Consider a special transfer of funds from the General Fund, to better capitalize new affordable housing projects. - Identify new sources of funding to keep the HTF as a viable means of supporting projects. ACTION: refer to staff to prepare options	
14	Streamline the permit process for projects with an affordable housing component	Island-wide	- Increase # of housing types - Increase the affordable housing supply	- Two of the greatest impediments to the viability of any development, including affordable housing projects, are uncertainty and delay. - Increase the viability for affordable housing projects by reducing uncertainty. Adopt clear standards so that a developer can rely on unambiguous requirements, not the vagaries of a discretionary permit process - Eliminate advisory meetings by the planning commission and appeals to the council. Limit appeal to a single open record hearing before the hearing examiner. ACTION: craft and adopt code amendment	
15	Waive development and utility fees for projects that have 100% affordable housing	Island-wide	Increase the affordable housing supply	- The margin of viability for some affordable housing projects is thin, so that any reduction in cost can make an important difference. - Some communities have either waived or reduced planning and development fees and/or water & sewer fees for projects that provide 100% affordable housing. Bainbridge Island should consider expanding fee waivers to include these costs. ACTION: refer to staff to prepare program	
16	Establish annual targets for addition of market rate and income eligible affordable housing units to the Island supply	Island-wide	- Increase # of housing types - Increase the affordable housing supply	- Numeric targets should be developed for new units built, number of affordable housing units built, vacancy rates, etc. - An annual or semi-annual report should monitor progress, analyze reasons for success or lack of it, and recommend revisions to existing measures or adoption of new measures. ACTION: refer to staff to prepare program	

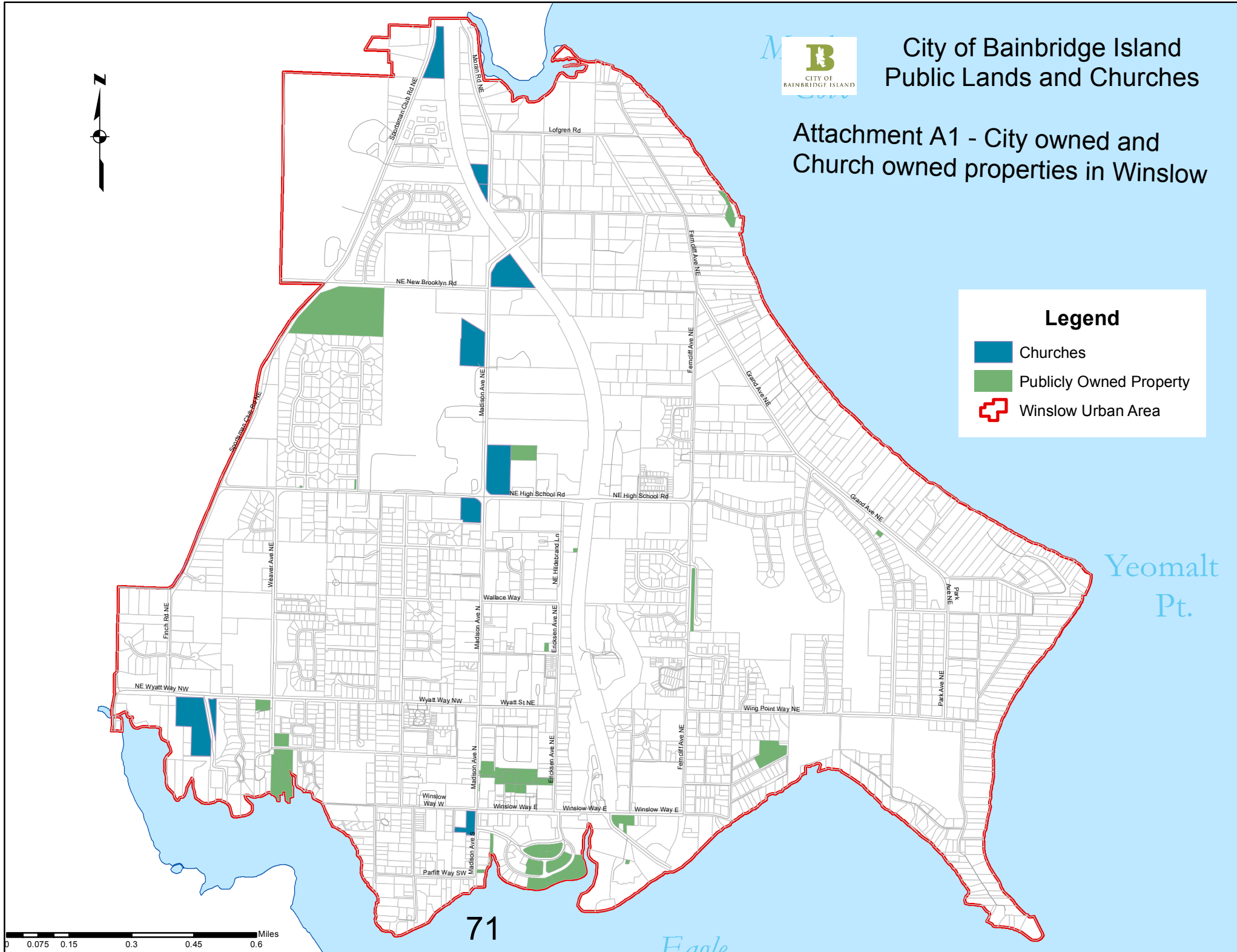


City of Bainbridge Island Public Lands and Churches

Attachment A1 - City owned and Church owned properties in Winslow

Legend

-  Churches
-  Publicly Owned Property
-  Winslow Urban Area



Ronald Commons

A New Shoreline Community

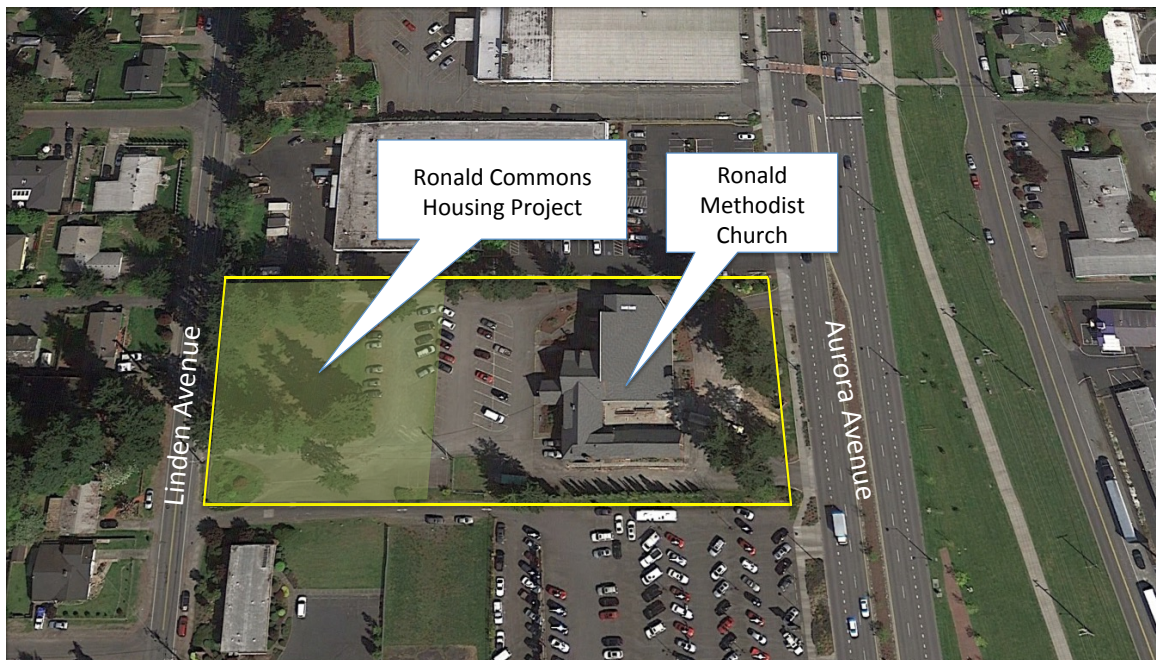


Ronald Commons will feature :

60 affordable apartments, including 12 for veterans and their families, owned and operated by Compass Housing Alliance.

A 12,000 square foot integrated service center with support programs and a food bank, owned and operated by Hopelink.

A remodeled Ronald United Methodist Church, offering and expanded presence and a wider range of resources to the community.



Attachment A3 - Multifamily Property Tax Exemption Article

Puget Sound Regional Council



Featured Tool: Multifamily Tax Exemption*

A state law (RCW 84.14) helps cities attract residential development. Cities may exempt multifamily housing from property taxes in urban centers with insufficient residential opportunities. The city defines a residential target area or areas within an urban center; approved project sites are exempt from *ad valorem* property taxation on the residential improvement value for a period of eight or 12 years. The 12-year exemption requires a minimum level of affordable housing to be included in the development (at least 20% of the units or 100% if the building is solely owner-occupied). The eight-year exemption leaves the public benefit requirement—in both type and size—to the jurisdiction’s discretion. The eight-year exemption carries no affordable housing requirement. Cities must pass an enabling ordinance to enact the MFTE and to allow applications for the exemption.

What issue does a multifamily tax exemption address?

This tool encourages multifamily development and redevelopment in compact mixed-use districts (urban centers) where housing and affordable housing options are deficient. Through the multifamily tax exemption, a jurisdiction can incentivize dense and diverse housing options in urban centers lacking in housing choices or affordable units. MFTE can also apply to rehabilitating existing properties and redeveloping vacant or underused properties.

Where is the multifamily tax exemption most applicable?

Cities planning under the Growth Management Act (RCW 36.70a) that have designated urban centers with a deficiency of housing opportunities are eligible to implement this tool. In King, Pierce, Snohomish and Kitsap counties, cities must have at least 5,000 in population. Cities must designate eligible areas that contain urban centers. Urban centers—in the context of the MFTE-enabling legislation—have a particular meaning:

“...a compact identifiable district where urban residents may obtain a variety of products and services. An urban center must contain:

- (a) Several existing or previous, or both, business establishments that may include but are not limited to shops, offices, banks, restaurants, governmental agencies;
- (b) Adequate public facilities including streets, sidewalks, lighting, transit, domestic water, and sanitary sewer systems; and
- (c) A mixture of uses and activities that may include housing, recreation, and cultural activities in association with either commercial or office, or both, use.” (RCW 84.14.010)

Based on the state law, designated districts are commercial or business districts with some mix of uses. Such areas may exist in downtowns, commercial corridors, or other intensively developed neighborhoods. Examples of designated districts throughout the central Puget Sound region are listed in the model policies, regulations and other information section below.

MFTEs have been effective in producing multifamily units in the region’s larger cities. Since its inception, the MFTE law has been expanded to include smaller cities. The effectiveness of this tool in larger jurisdictions could make it an attractive tool for smaller and moderate-sized cities that meet the population threshold.

Tool Profile

Focus Areas

- [Urban Centers](#)
- [Transit Oriented Development](#)
- [Expensive Housing Markets](#)

Housing Types

- Multifamily
- Ownership
- Rental
- Market Rate
- Subsidized

Affordability Level

- 80 to 120% AMI
- Less than 80% AMI

Goal

- Affordability

** Tool considered very effective for producing units at less than 80% AMI.*

Case Studies

- [Burien Multifamily Tax Exemption](#)
- [Lynnwood Multifamily Tax Exemption](#)
- [Tacoma Multifamily Tax Exemption](#)

Multifamily tax exemptions can encourage relatively dense attached flats or townhomes, in mixed-use projects or residential complexes, which means this tool is particularly useful in urban centers and transit-oriented developments. Dense development is also economically efficient in expensive housing markets, and can reduce housing costs.

What do I need to know about using or developing a multifamily tax exemption?

The MFTE implementation process is guided by state law in RCW 84.14. In general, the process includes preparing a resolution of intent to adopt a designated area, holding a public hearing and adopting and implementing standards and guidelines to be utilized in considering applications for the MFTE. Among other criteria, the designated area must lack “sufficient available, desirable, and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the urban center, if the affordable, desirable, attractive, and livable places to live were available” (RCW 84.14.040). A property owner applying for an MFTE must meet the criteria (per RCW 84.14.030) summarized here:

- The new or rehabilitated multiple-unit housing must be located in city-designated residential target areas within the urban center.
- The project must meet local government requirements for height, density, public benefit features, number and size of proposed development, parking, income limits for occupancy, limits on rents or sale prices, and other adopted requirements.
- At least 50% of the space in the new, converted or rehabilitated multiple-unit housing must be for permanent residential occupancy. Existing occupied multifamily developments must also provide a minimum of four additional multifamily units.
- New construction multifamily housing and rehabilitation improvements must be completed within three years from approval.
- The applicant must enter into a contract with the city containing terms and conditions satisfactory to the local government.

The exemption is recorded with the County Assessor. Developments that violate the terms of the exemption are required to pay back the exempted tax amounts, plus interest, and a penalty fee.

Cities considering the program need to weigh the temporary (8-12 years) loss of tax revenue against the potential attraction of new investment to targeted areas. MFTE projects could be catalysts for other private investment if they help prove an area is desirable. Pairing the MFTE with other tools that affect density and cost reductions may help the city achieve higher density and affordable housing in designated mixed-use and commercial areas. These tools include:

Featured Tools:

- [Density Bonuses](#)
- [Transit Oriented Development Overlays](#)
- [Parking Reductions](#)

Other Tools:

- [Mixed-Use Development](#)
- [No Maximum Densities](#)
- [Planned Action EIS](#) (see in particular the SEPA residential and mixed-use exemption option)

Creating a Multifamily Tax Exemption Program

A typical planning process (gathering information, conducting public outreach and considering ordinances), together with the specific requirements of state law, will guide the development of an MFTE program:

Determine Residential Target Areas. Cities will need to consider the state law’s “urban center” definition which addresses existing commercial businesses, mixed uses and infrastructure.

Analysis. To support the urban center and residential target area designations, a jurisdiction should map or collect data on current uses, services and capital facilities. The data and analysis should demonstrate that the area lacks sufficient residential housing, including affordable housing. Estimating the tax revenue and other cost-benefit implications of the MFTE program can help to determine whether the program would help achieve housing goals. For example, prior to adopting an MFTE ordinance, the City of Lynnwood prepared an analysis of tax revenue that would be foregone should the ordinance be adopted. In terms of other cost-benefits, jurisdictions can calculate the short-term construction and sales tax revenues and employment gains that stem from the development. (See case studies below.)

Conduct Public Outreach. The MFTE statute suggests that a jurisdiction considering an MFTE program issue a resolution of intention to designate an urban center and residential target area(s). The resolution should also identify the time and place of a hearing. Cities must hold a public hearing on the proposed MFTE ordinance and follow notification schedules listed in the statute. While crafting the ordinance, cities will also want to involve stakeholders, including developers of multifamily and condominium housing, affordable housing developers and advocacy groups, and major land owners and businesses in the residential target areas. See [Citizen Education and Outreach](#) for strategies to involve the public and stakeholders.

Determine Standards. The state affords jurisdictions wide latitude to design their MFTE laws to meet local planning goals. Proposals must meet local zoning and development standards and any affordability and occupancy criteria the jurisdiction sets. Based on the intent of the MFTE, key decisions to shape the ordinance include:

- **Encouraging more versus less participation from developers.** The threshold number of units to qualify for the exemption and public benefit requirements could influence the level of participation by developers. A low threshold and limited public benefit requirements, for example, might make the program more accessible to developers, but yield a smaller return in public benefit for foregone revenue. A high threshold and demanding public benefit requirement, however, might make the program unattractive to developers. Striking a balance between requirements, goals and attractiveness is essential to a successful MFTE program.
- **Encouraging affordable housing versus market-rate housing.** RCW 84.14 allows cities to provide a bonus for affordable housing provision by allowing 12 years of tax exemption, versus the eight years offered for market-rate developments. Cities could further encourage developers to opt for the 12-year exemption by setting a threshold number of units or public benefit to attract development. Offering other incentives (e.g., [density bonuses](#), [flexible single family development regulations](#)) along with the MFTE can strengthen interest in affordable development in the city.
- **Encouraging more rental or ownership housing.** The law provides incentives for affordable multifamily rental housing where the whole development is eligible for the tax exemption if at least 20% of the units are affordable to low- and moderate-income households. To receive the 12-year exemption, buildings intended to be entirely owner-occupied must price all of their units affordably for moderate-income households. Setting a threshold number of rental versus ownership units could influence the type of tax exemption applications received in favor of a particular tenure.
- **Ensuring that affordability endures.** Affordable units may be at risk of losing their affordable status both at the end of the MFTE time period and during its existence if a developer decides to opt out of the program. Requiring [affordability covenants](#) for these units is one method for preserving affordability.

Implementation. State law requires an application process and procedures. Cities will need to allocate staff and resources to reviewing applications. A fee may be charged for the request. The agency has 90 days to approve or deny the application.

Monitoring. The law requires regular reporting by applicants and by cities. Upon construction and annually thereafter, the property owner must file reports containing information such as occupancy, vacancy, and other

items required by the city. Cities will also want to make sure that these requirements are not too onerous. In some cases, partnerships between non-profits and for-profits to ensure secure income certifications and monitoring may be helpful.

Cities must report to the State of Washington Department of Commerce annually by December 31 regarding certificates granted, unit types, monthly rent and sales costs, and other information. Cities could use these regular reports to monitor the success of the program and build supporting data for future program goals. Some cities establish a sunset clause by which time the city may re-adopt or let expire the tax exemption program.

Model Policies, Model Regulations, Other Information

State of Washington: [RCW 84.14](#)

See adopted ordinances of the following cities at: <http://www.mrsc.org/codes.aspx>

- Bremerton: Downtown Core and Multiple Residential Zones
- Burien: Downtown Commercial Zone
- Everett: Downtown and vicinity
- Kirkland: Central Kirkland/Houghton; Totem Lake and North Rose Hill; Juanita; and NE 85th Street
- Lynwood: City Center
- Puyallup: central business district (CBD) and certain areas south of the CBD
- SeaTac: 154th Street and SeaTac/Airport Station Areas
- Seattle: 39 neighborhoods or districts
- Shoreline: Ridgecrest District
- Tacoma: 17 mixed-use centers designated on the Generalized Land Use Plan and in the Comprehensive Plan

Attachment A4 – Two Cottage Housing Examples

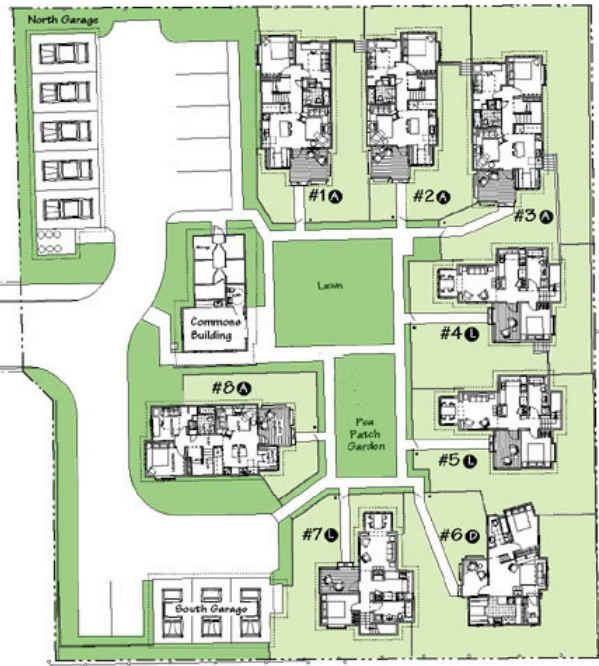
ERICKSEN AVENUE COTTAGES



Ericksen Avenue Cottages Bainbridge Island, WA	
Site Size	.91 Acre
Dwelling Units/Acre	12
Number of Homes	11
Square Footage Range of Homes	1,049 to 1,099 Sq. Ft.



GREENWOOD AVENUE COTTAGES



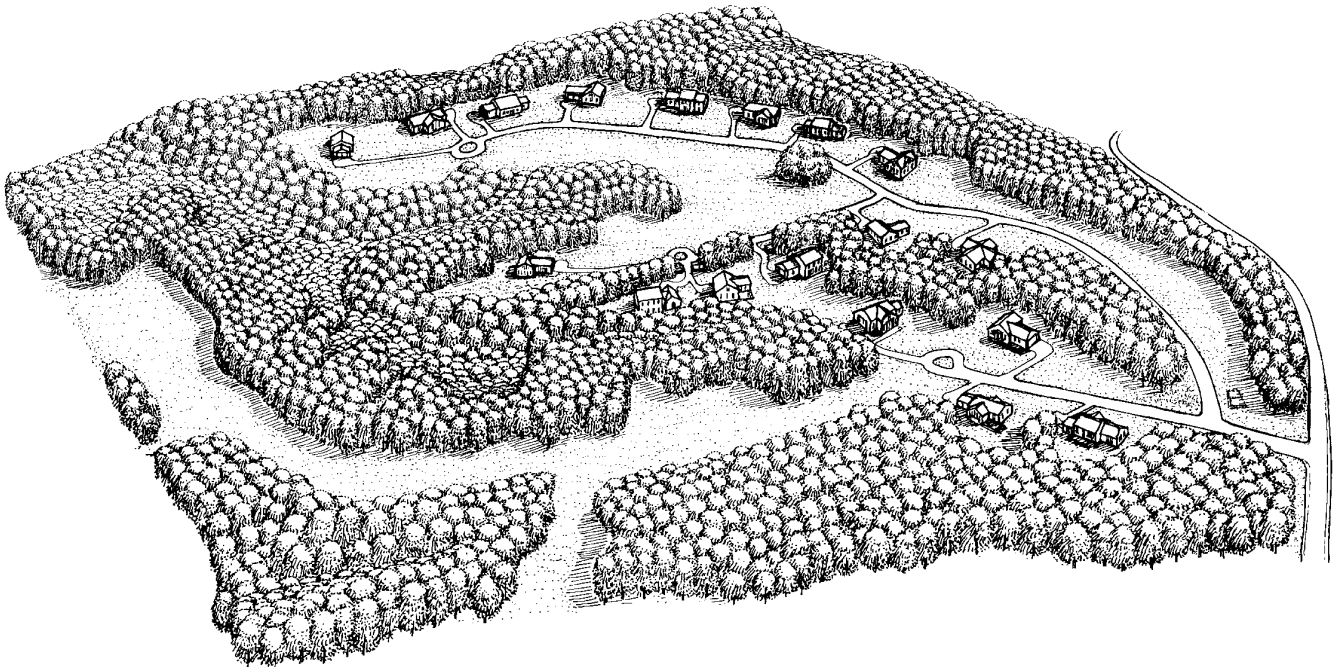
Greenwood Avenue Cottages Shoreline, WA	
Site Size	1.25 Acres
Dwelling Units/Acre	10
Number of Homes	8
Square Footage Range of Homes	768 to 998 Sq. Ft.



Growing Greener

PUTTING CONSERVATION INTO LOCAL CODES

Communities across Pennsylvania are realizing that they can conserve their special open spaces and natural resources *at the same time* they achieve their development objectives. The tools? Conservation zoning and conservation subdivision design, an approach we're calling *Growing Greener*.



These *Growing Greener* tools are illustrated in the above subdivision, where the developer builds the maximum number of homes permitted under the municipality's zoning, while at the same time permanently protecting over half of the property. The open space is then added to an interconnected network of community greenspaces.

If you want your community to take control of its destiny and ensure that new development creates more livable communities in the process, the *Growing Greener* approach might be right for you.

Introduction

This booklet summarizes how municipalities can use the development process to their advantage to protect interconnected networks of open space: natural areas, greenways, trails and recreational land. Communities *can* take control of their destinies so that their conservation goals are achieved in a manner fair to all parties concerned. All that is needed are some relatively straight-forward amendments to municipal comprehensive plans, zoning ordinances, and subdivision ordinances. These steps are described in the sections that follow.

Growing Greener is a collaborative effort of the Pennsylvania Department of Conservation and Natural Resources, Natural Lands Trust, Pennsylvania State University Cooperative Extension and an advisory committee comprised of officials from the Department of Community and Economic Development, Center for Rural Pennsylvania, Lycoming County Planning Commission, Pennsylvania Environmental Council, Pennsylvania Planning Association and Department of Environmental Protection.

During 1997, Natural Lands Trust conducted

three *Growing Greener* pilot workshops hosted by the Centre County Planning Commission, Centre Region Planning Agency, Tri-County Regional Planning Commission and the Union County Planning Commission. Our focus during 1998 will be helping county planning agencies and other planning organizations build their capacity to help the communities they work with realize their conservation goals. In order to assist them, Natural Lands Trust has developed multi-media educational materials available for use by community planners across the state. We invite county planning agencies and interested planning consultants and conservancies to join us as *Growing Greener* partners.

How do I learn more?

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November 1997

The Conservation Design Concept

Each time a property is developed into a residential subdivision, an opportunity exists for adding land to a community-wide network of open space. Although such opportunities are seldom taken in many municipalities, this situation could be reversed fairly easily by making several small but significant changes to three basic local land-use documents—the comprehensive plan, the zoning ordinance and the subdivision and land development ordinance. Simply stated, Conservation Design rearranges the development on each parcel as it is being planned so that half (or more) of the buildable land is set aside as open space. Without controversial “down zoning,” the same number of homes can be built in a less land-consumptive manner, allowing the balance of the property to be permanently protected and added to an interconnected network of community green spaces. This “density-neutral” approach provides a fair and equitable way to balance conservation and development objectives.

Four Keys to Conservation

Communities protect open space because it protects streams and water quality, provides habitat for plants and animals, preserves rural “atmosphere,” provides recreational areas, protects home values and reduces costs of municipal services. In short, land conservation makes your community a better place to live. Four basic actions underlie the *Growing Greener* process:

1 Envision the Future: Performing “community audits.” Successful communities have a realistic understanding of their future. The audit projects past and current development trends into the future so that officials and residents may easily see the long-term results of con-

tinuing with current ordinance provisions. Communities use this knowledge to periodically review and adjust their goals and strategies for conservation and development.

2 Protect Open Space Networks Through Conservation Planning. Successful communities have a good understanding of their natural and cultural resources. They establish reasonable goals for conservation and development—goals that reflect their special resources, existing land use patterns and anticipated growth. Their comprehensive plans document these resources, goals and policies. The plan contains language about the kinds of

ordinance updating and conservation programs necessary for those goals to be realized. A key part of the Comprehensive Plan is a *Map of Potential Conservation Lands* that is intended to guide the location of open space in each new subdivision as it is being laid out.

3 Conservation Zoning: A “Menu of Choices.” Successful communities have legally defensible, well-written zoning regulations that meet their “fair share” of future growth and provide for a logical balance between community goals and private landowner interests. They incorporate resource suitabilities, flexibility, and incentives to require the

inclusion of permanent conservation lands into new subdivisions. The five zoning options summarized in this publication and described in detail in the *Growing Greener* manual respect the private property rights of developers without unduly impacting the remaining natural areas that make our communities such special places in which to live, work, recreate and invest in.

4 Conservation Subdivision Design: A Four-Step Process. Successful communities recognize that both design standards and the design process play an important part in conserving community resources. Such communities adopt subdivision codes which require detailed site surveys

and analyses identifying the special features of each property, and introduce a simple methodology showing how to lay out new development so that the majority of those special features will be permanently protected in designated conservation areas or preserves. To a

considerable extent, those preserves within new subdivisions can be pre-identified in the Comprehensive Plan so that each such area will form an integral part of a community-wide network of protected open space, as noted above.



Figure 2

A matching pair of graphics, taken from an actual "build-out map," showing existing conditions (mostly undeveloped land) contrasted with the potential development pattern of "checkerboard suburbia" created through conventional zoning and subdivision regulations.

1 Envisioning the Future Performing "Community Audits"

The "community audit" visioning process helps local officials and residents see the ultimate result of continuing to implement current land-use policies.

The process helps start discussions about how current trends can be modified so that a greener future is ensured.

Sad but true, the future that faces most communities with standard zoning and subdivision codes is to witness the systematic conversion of every unprotected acre of buildable land into developed uses.

Most local ordinances allow or encourage standardized layouts of "wall-to-wall houselots." Over a period of decades this process produces a broader pattern of "wall-to-wall subdivisions" (see Figure 1). No community actively plans to become a bland suburb without open space. However, most zoning codes program exactly this outcome.

Municipalities can perform audits to see the future before it happens, so that they will be able to judge whether a mid-course correction is needed. A community audit entails:

Numerical Analysis of Development Trends.

The first step involves a numerical analysis of growth projections, both in terms of the number of dwelling units and the number of acres that will probably be converted into houselots and streets under present codes.

Regulatory Evaluation.

The second step consists of an evaluation of the land-use regulations that are currently on the books, identifying their strengths and weaknesses and offering constructive recommendations about how they can incorporate the conservation techniques described in this booklet. It should also include a realistic appraisal of the extent to which private conservation efforts are likely to succeed in protecting lands from development through various nonregulatory approaches such as purchases or donations of easements or fee title interests.

"Build-Out" Maps.

The third step entails mapping future development patterns on a map of the entire municipality (see Figure 2). Alternatively, the "build-out" map could focus only on selected areas in the municipality where development is of the greatest immediate concern, perhaps due to the presence of special features identified in the comprehensive plan or vulnerability due to development pressures.

The following parts of this booklet describe practical ways in which communities can take control of their destinies so that conservation goals will be achieved simultaneously with development objectives, in a manner that is fair to all parties concerned. Three interrelated documents—the Comprehensive Plan, Zoning Code and Subdivision and Land Development Code, stand together like a three-legged stool providing a balanced footing for achieving a municipality's conservation goals.

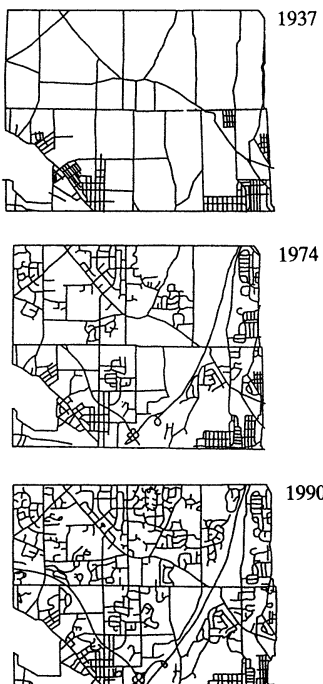


Figure 1

The pattern of "wall-to-wall subdivisions" that evolves over time with zoning and subdivision ordinances which require developers to provide nothing more than houselots and streets.

2 Protecting Open Space Networks Through Conservation Planning

Although many communities have adopted either Comprehensive Plans or Open Space Plans containing detailed inventories of their natural and historic resources, very few have taken the next logical step of pulling together all that information and creating a *Map of Potential Conservation Lands*.

Such a map is vitally important to any community interested in conserving an interconnected network of open space. The map serves as the tool which guides decisions regarding which land to protect in order for the network to eventually take form and have substance.

A *Map of Potential Conservation Lands* starts with information contained in the community's existing planning documents. The next task is to identify two kinds of resource areas. *Primary Conservation Areas* comprise only the most severely constrained lands, where development is typically restricted under current codes and laws (such as wetlands, floodplains, and slopes exceeding 25%). *Secondary Conservation Areas* include all other locally noteworthy or significant features of the natural or cultural landscape—such as mature

woodlands, wildlife habitats and travel corridors, prime farmland, groundwater recharge areas, greenways and trails, river and stream corridors, historic sites and buildings, and scenic viewsheds. These Secondary Conservation Areas are often best understood by the local residents who may be directly involved in their identification. Usually these resource areas are totally unprotected and are simply zoned for one kind of development or another.

A base map is then prepared on which the Primary Conservation Areas have been added to an inventory of lands which are already protected (such as parks, land trust preserves, and properties under conservation easement). Clear acetate sheets showing each kind of Secondary Conservation Area are then laid on top of the base map in an order reflecting the community's preservation priorities (as determined through public discussion).

This overlay process will reveal certain situations where two or more conservation features appear together (such as woodlands and wildlife habitats, or farmland and scenic

viewsheds). It will also reveal gaps where no features appear.

Although this exercise is not an exact science, it frequently helps local officials and residents visualize how various kinds of resource areas are connected to one another, and enables them to tentatively identify both broad swaths and narrow corridors of resource land that could be protected in a variety of ways.

Figure 3 shows a portion of a map prepared for one Chester County township which has followed this approach.

The planning techniques which can best implement

the community-wide *Map of Potential Conservation Lands* are Conservation Zoning and Conservation Subdivision Design. These techniques which work hand in hand are described in detail below. Briefly stated, conservation zoning expands the range of development choices available to landowners and developers. Just as importantly, it also eliminates the option of creating full-density "checkerboard" layouts that convert all land within new subdivisions into houselots and streets.

The second technique, "conservation subdivision design," devotes half or

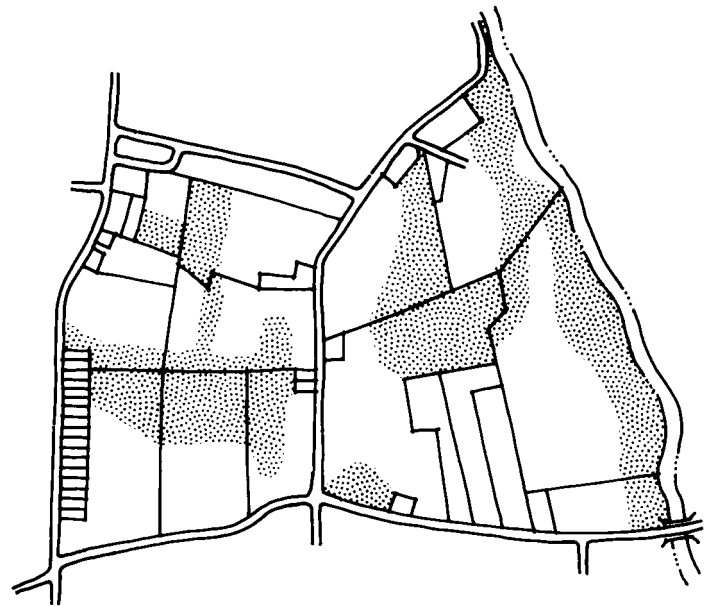


Figure 3

Part of a *Map of Potential Conservation Lands* for West Manchester Township, York County. West Manchester's map gives clear guidance to landowners and developers as to where new development is encouraged on their properties. Township officials engaged a consultant to draw, on the official tax parcel maps, boundaries of the new conservation lands network as it crossed various properties, showing how areas required to be preserved in each new development could be located so they would ultimately connect with each other. In this formerly agricultural municipality the hedgerows, woodland remnants, and the riparian buffer along the creek were identified as core elements of the conservation network.

more of the buildable land area within a residential development as undivided permanent open space. Not surprisingly, the most important step in designing a conservation subdivision is to identify the land that is to be preserved. By using the community-wide *Map*

of Potential Conservation Lands as a template for the layout and design of conservation areas within new subdivisions, these developments help to create an interconnected network of open space spanning the entire municipality.

Figure 4 shows how the open space in three adjoining subdivisions has been designed to connect, and illustrates the way in which the *Map of Potential Conservation Lands* can become a reality.

Figure 5 provides a bird's-eye view of a land-

scape where an interconnected network of conservation lands has been gradually protected through the steady application of conservation zoning techniques and conservation subdivision design standards.

3 Conservation Zoning A "Menu" of Choices

The main reason subdivisions typically consist of nothing more than houselots and streets is that most local land-use ordinances ask little, if anything, with respect to conserving open space or providing neighborhood amenities (see Figure 6).

Communities wishing to break the cycle of "wall-to-wall houselots" need to consider modifying their zoning to actively and legally encourage subdivisions that set aside at least 50 percent of the land as permanently protected open space and to incorporate substantial density disincentives for developers who do not conserve any significant percentage of land.

Following this approach, a municipality would first calculate a site's yield using traditional zoning. A developer would then be permitted full density *only* if at least 50 percent of the buildable land is maintained as undivided open space (illustrated in

Figure 7: "Option 1"). Another full-density option could include a 25 percent density bonus for preserving 60 percent of the unconstrained land (Figure 8: "Option 2"). Municipalities might also consider offering as much as a 100 percent density bonus for protecting 70 percent of that land (Figure 11: "Option 5").

It is noteworthy that the 36 village-like lots in Option 5 occupy less land than the 18 lots in Option 1, and that Option 5 therefore contributes more significantly to the goal of creating community-wide networks of open space. The village-scale lots in Option 5 are particularly popular with empty-nesters, single-parent households, and couples with young children. Its traditional layout is based on that of historic hamlets and villages in the region, and new developments in this category could be controlled as Conditional

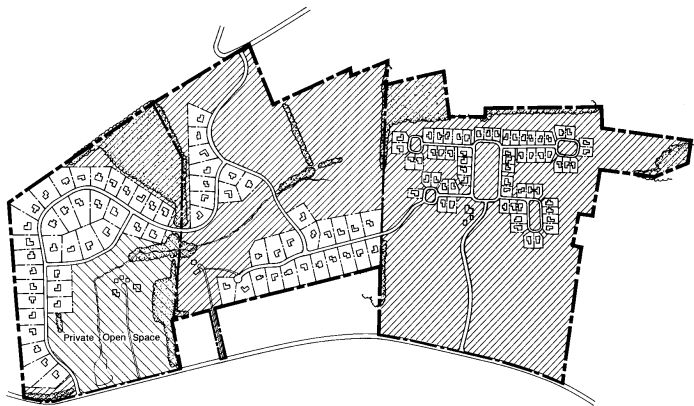


Figure 4
The conservation lands (shown in gray) were deliberately laid out to form part of an interconnected network of open space in these three adjoining subdivisions.

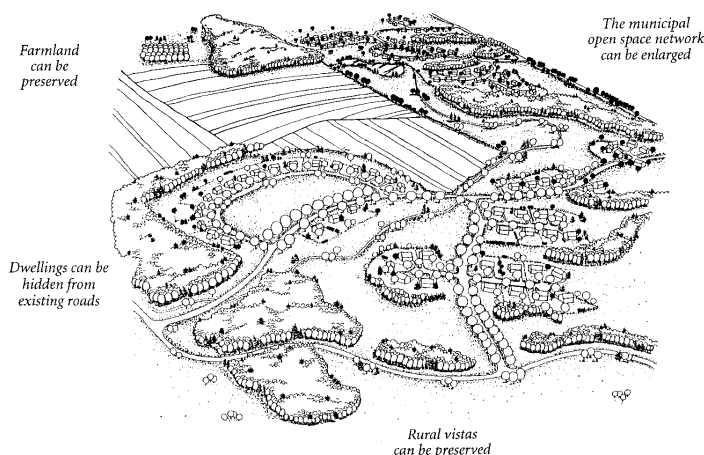


Figure 5
This sketch shows how you can apply the techniques described in this booklet to set aside open space which preserves rural character, expands community parkland and creates privacy for residences. (Source: Montgomery County Planning Commission)

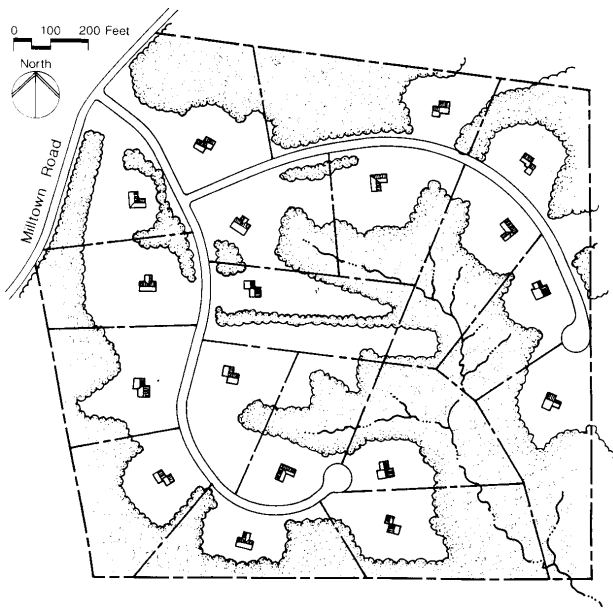


Figure 6 YIELD PLAN

The kind of subdivision most frequently created in Pennsylvania is the type which blankets the development parcel with houselots, and which pays little if any attention to designing around the special features of the property. In this example, the house placement avoids the primary conservation areas, but disregards the secondary conservation features. However, such a sketch can provide a useful estimate of a site's capacity to accommodate new houses at the base density allowed under zoning—and is therefore known as a "Yield Plan."

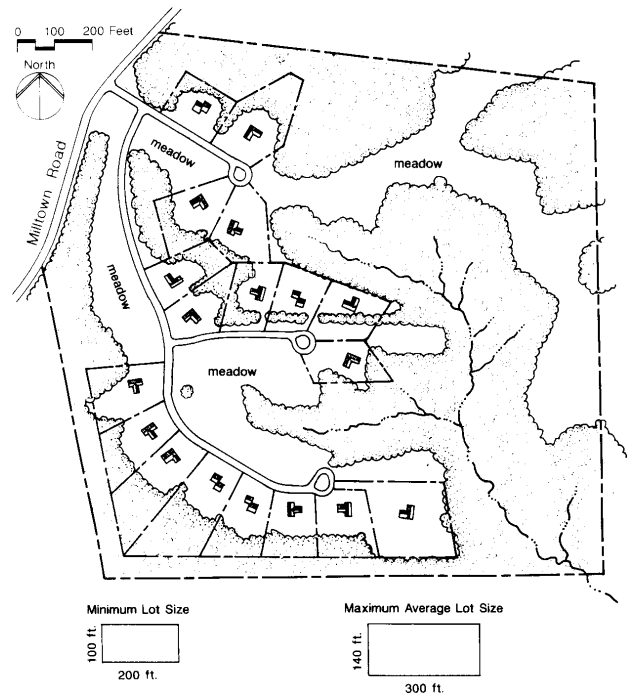


Figure 7 OPTION 1

Density-neutral with Pre-existing Zoning
18 lots
Lot Size Range: 20,000 to 40,000 sq. ft.
50% undivided open space

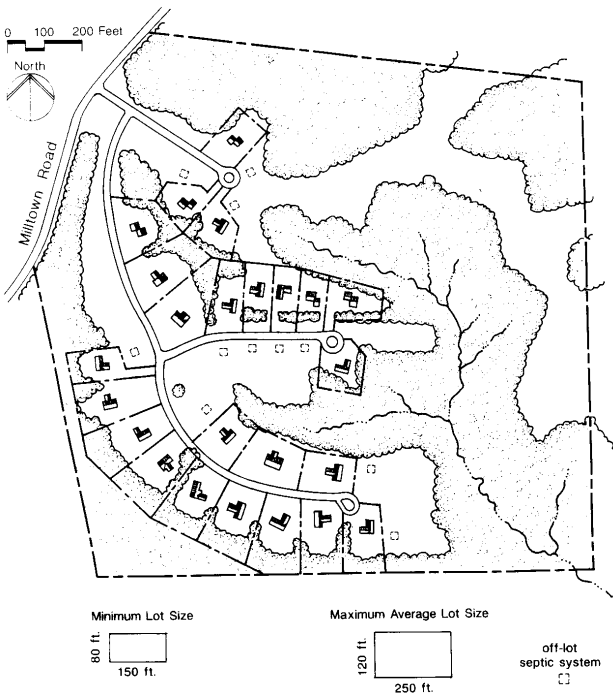


Figure 8 OPTION 2

Enhanced Conservation and Density
24 Lots
Lot Size Range: 12,000 to 24,000 sq. ft.
60% undivided open space

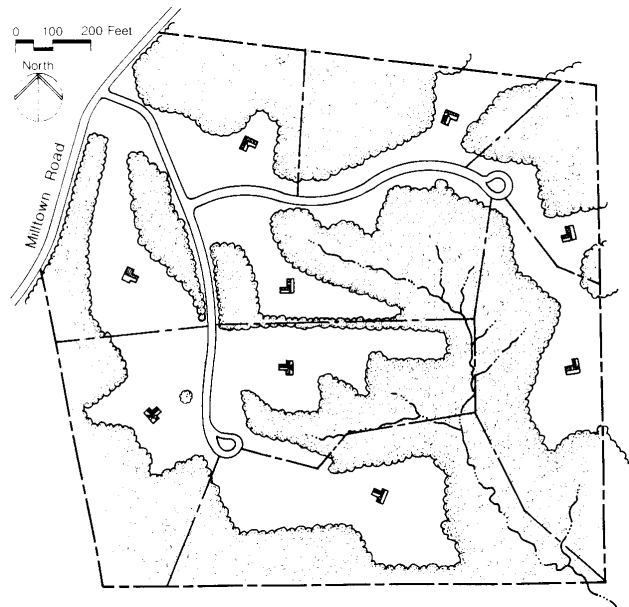


Figure 9 OPTION 3

50% Density Reduction
9 Lots
Typical Lot Size: 160,000 sq. ft. (4 acres)
Estate Lots

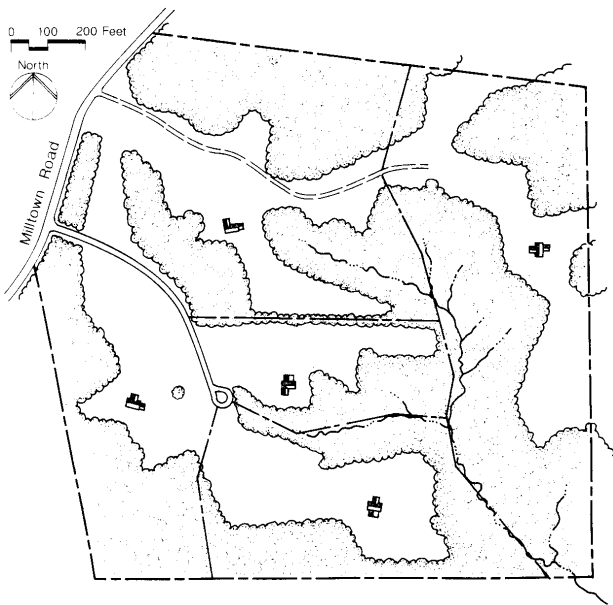


Figure 10 OPTION 4
Country Properties
5 Lots
Maximum Density: 10 acres per principal dwelling
70% density reduction

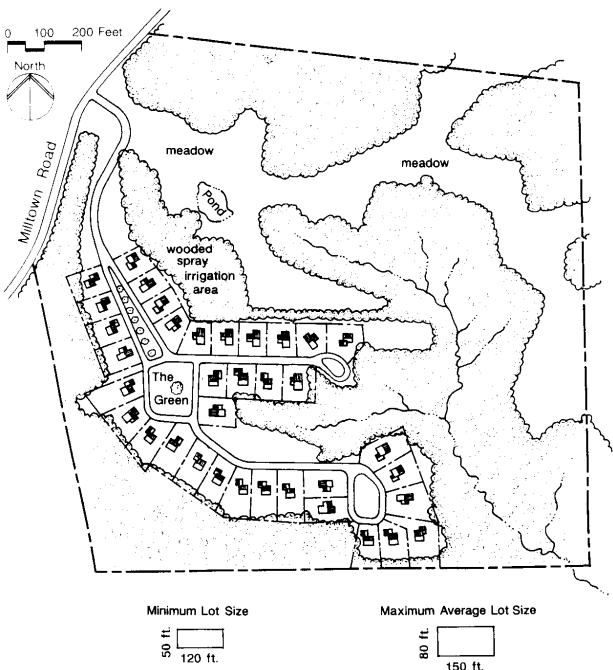


Figure 11 OPTION 5
Hamlet or Village
36 Lots
Lot Size Range: 6,000 to 12,000 sq. ft.
70% undivided open space

Uses subject to a set of extensively illustrated design standards.

Developers wishing to serve the “estate lot” market have two additional options. One involves lots containing at least four acres of unconstrained land (Figure 9: “Option 3”). The other is comprised of “country properties” of at least 10 acres, which may be accessed by gravel drives built to new township standards for very low-volume rural lanes (Figure 10: “Option 4”). An additional incentive to encourage developers to choose this fourth option would typically be permission to build up to two accessory dwellings on these properties. Those units would normally be limited in size, subject to architectural design standards to resemble traditional estate buildings, and restricted from further lot division.

Two or more of these options could be combined on a single large property. One logical approach

would combine Options 4 and 5, with the Option 4 “country properties” comprising part of the required greenbelt open space around an Option 5 village (see Figure 12).

Conspicuously absent from this menu of choices is the conventional full-density subdivision providing no unfragmented open space (Figure 6). Because that kind of development causes the largest loss of resource land and poses the greatest obstacle to conservation efforts, it is not included as an option under this approach.

For illustrative purposes, this booklet uses a one dwelling unit per two acre density. However, conservation zoning is equally applicable to higher density zoning districts of three or four units per acre. Such densities typically occur in villages, boroughs, urban growth boundary areas and TDR receiving areas where open space setbacks are critical to the residents’ quality of life.

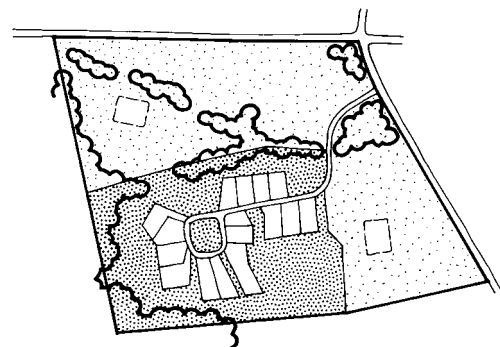


Figure 12
An Option 5 village surrounded by its own open space and buffered from the township road by two “country properties” (Option 4).

4 Conservation Subdivision Design

A Four-Step Process

Designing subdivisions around the central organizing principle of land conservation is not difficult. However, it is essential that ordinances contain clear standards to guide the conservation design process. The four-step approach described below has been proven to be effective in laying out new full-density developments where all the significant natural and cultural features have been preserved.

Step One consists of identifying the land that should be permanently protected. The developer incorporates areas pre-identified on the community-wide *Map of Potential Conservation Lands* and then performs a detailed site analysis in order to precisely locate features to be conserved. The developer first identifies all the constrained lands (wet, floodprone, and steep), called *Primary Conservation Areas* (Figure 13). He then identifies *Secondary Conservation Areas* (Figure 14) which comprise noteworthy features of the property that are typically unprotected under current codes: mature woodlands, greenways and trails, river and stream corridors, prime farmland, hedgerows and

individual free-standing trees or tree groups, wildlife habitats and travel corridors, historic sites and structures, scenic viewsheds, etc. After “greenlining” these conservation elements, the remaining part of the property becomes the *Potential Development Area* (Figure 15).

Step Two involves locating sites of individual houses within the Potential Development Area so that their views of the open space are maximized (Figure 16). The number of houses is a function of the density permitted within the zoning district, as shown on a *Yield Plan* (Figure 6). (In unsewered areas officials should require a 10 percent sample of the most questionable lots—which they would select—to be tested for septic suitability. Any lots that fail would be deducted and the applicant would have to perform a second 10 percent sample, etc.)

Step Three simply involves “connecting the dots” with streets and informal trails (Figure 17), while **Step Four** consists of drawing in the lot lines (Figure 18).

This approach reverses the sequence of steps in laying out conventional subdivisions, where the

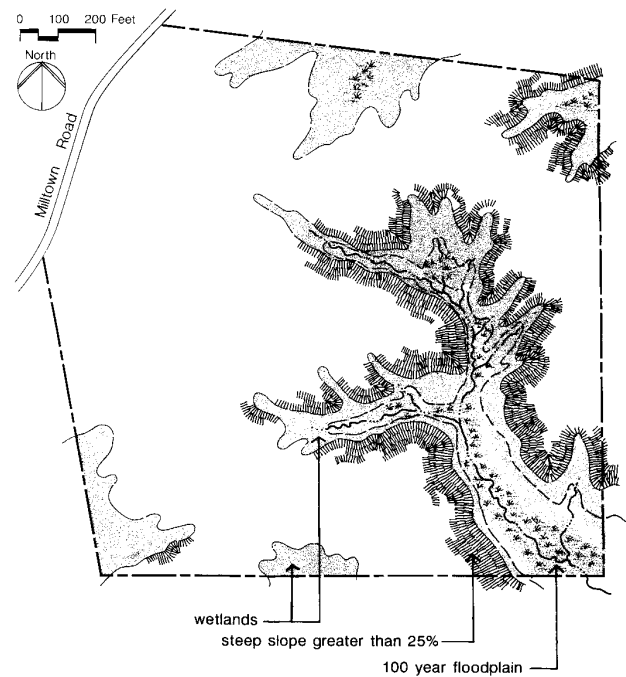


Figure 13 STEP ONE, Part One
Identifying Primary Conservation Areas

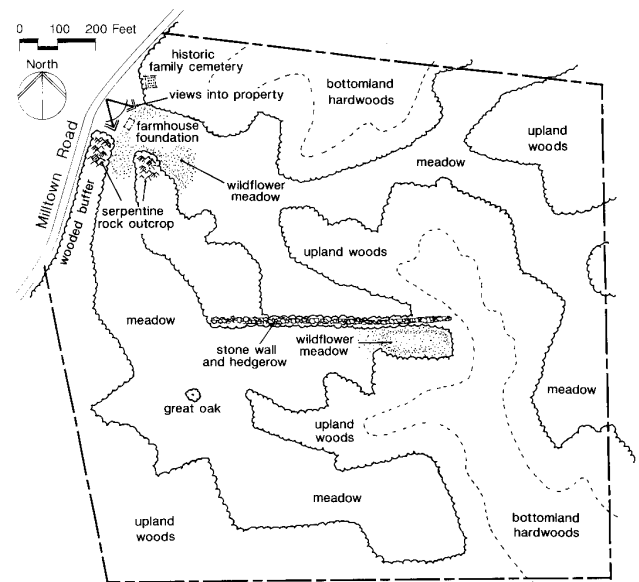


Figure 14 STEP ONE, Part Two
Identifying Secondary Conservation Areas

Typically unprotected under local codes, these special features constitute a significant asset to the property value and neighborhood character. Secondary conservation areas are the most vulnerable to change, but can easily be retained by following this simple four-step process.

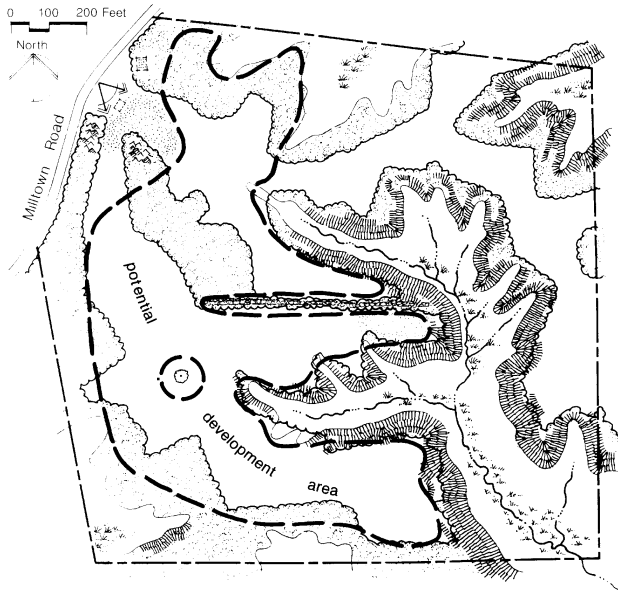


Figure 15 STEP ONE, Part Three
Potential Development Areas
for Options 1, 2, and 5

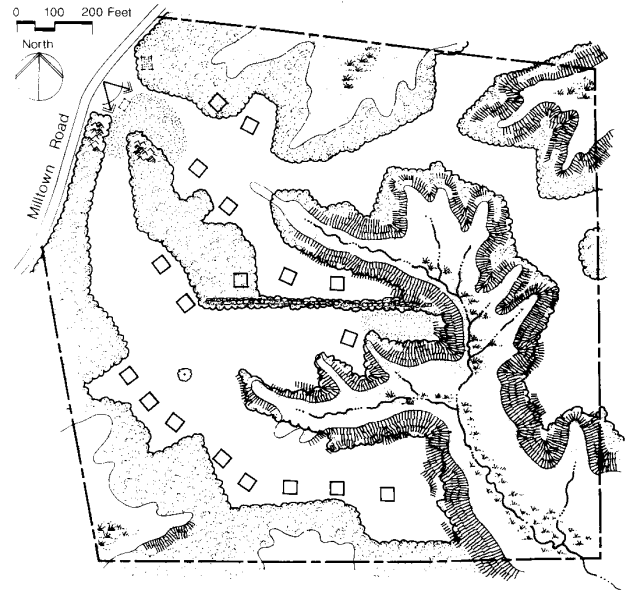


Figure 16 STEP TWO
Locating House Sites

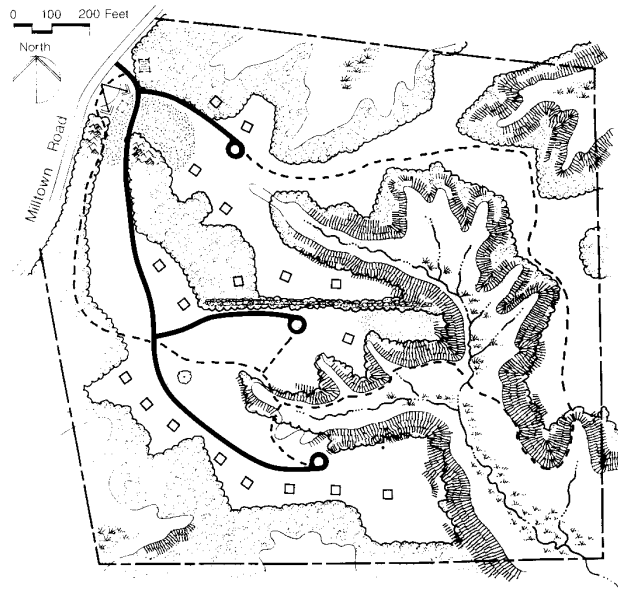


Figure 17 STEP THREE
Aligning Streets and Trails

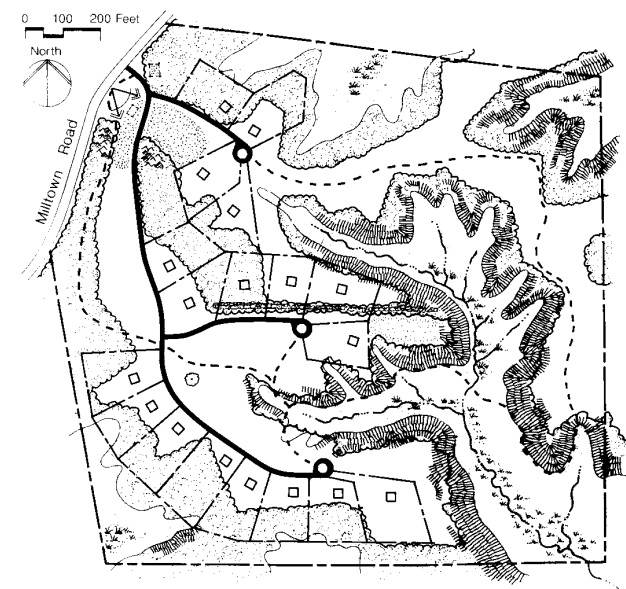


Figure 18 STEP FOUR
Drawing in the Lot Lines

street system is the first thing to be identified, followed by lot lines fanning out to encompass every square foot of ground into houselots. When municipalities require nothing more than “houselots and streets,” that is all they receive. But by setting community standards higher and requiring 50 to 70 percent

open space as a precondition for achieving full density, officials can effectively encourage conservation subdivision design. The protected land in each new subdivision would then become building blocks that add new acreage to community-wide networks of interconnected open space each time a property is developed.

landowner or developer wants it to be. In the vast majority of situations, municipalities themselves have no desire to own and manage such conservation land, which they generally feel should be a neighborhood responsibility. In cases where local officials wish to provide township recreational facilities (such as ballfields or trails) within conservation subdivisions, the municipality must negotiate with the developer for the purchase of that land on a “willing seller/willing buyer” basis. To facilitate such negotiations, conservation zoning ordinances can be written to include density incentives to encourage developers to designate specific parts of their conservation land for public ownership or for public access and use.

A legal analysis of the *Growing Greener* workbook, by Harrisburg land use attorney Charles E. Zaleski, Esq., is reprinted on the last page of this booklet.

How can a community ensure permanent protection for conservation lands?

The most effective way to ensure that conservation land in a new subdivision will remain undeveloped forever is to place a permanent conservation ease-

ment on it. Such easements run with the chain of title, in perpetuity, and specify the various conservation uses that may occur on the property. These restrictions are separate from zoning ordinances and continue in force even if legal densities rise in future years. Easements are typically held by land trusts and units of government. Since political leadership can change over time, land trusts are the most reliable holder of easements, as their mission never varies. Deed restrictions and covenants are, by comparison, not as effective as easements, and are not recommended for this purpose. Easements can be modified only within the spirit of the original agreement, and only if the co-holders agree. In practice, while a proposal to erect another house or a country club building on the open space would typically be denied, permission to create a small ballfield or a single tennis court in a corner of a large conservation meadow or former field might well be granted.

What are the ownership, maintenance, tax and liability issues?

Among the most commonly expressed concerns about subdivisions which conserve open space are questions about who will

Frequently Asked Questions About Conservation Subdivision Design

Does this conservation-based approach involve a “taking”?

No. People who do not fully understand this conservation-based approach to subdivision design may mistakenly believe that it constitutes “a taking of land without compensation.” This misunderstanding may stem from the fact that conservation subdivisions, as described in this booklet, involve either large percentages of undivided open space or lower overall building densities.

There are two reasons why this approach does *not* constitute a “taking.”

First, no density is taken away. Conservation zoning is fundamentally fair because it allows landown-

ers and developers to achieve full density under the municipality’s current zoning—and even to increase that density significantly—through several different “as-of-right” options. Of the five options permitted under conservation zoning, three provide for either full or enhanced densities. The other two options offer the developer the choice to lower densities and increase lot sizes. Although conservation zoning precludes full-density layouts that do not conserve open space, this is legal because there is no constitutional “right to sprawl.”

Second, no land is taken for public use. None of the land which is required to be designated for conservation purposes becomes public (or even publicly accessible) unless the

own and maintain the conservation land, and who will be responsible for the potential liability and payment of property taxes. The short answer is that whoever owns the conservation land is responsible for all of the above. But who owns this land?

Ownership Choices.

There are basically four options, which may be combined within the same subdivision where that makes the most sense.

• Individual Landowner

At its simplest level, the original landowner (a farmer, for example) can retain ownership to as much as 80 percent of the conservation land to keep it in the family. (At least 20 percent of the open space should be reserved for common neighborhood use by subdivision residents.) That landowner can also pass this property on to sons or daughters, or sell it to other individual landowners, with permanent conservation easements running with the land and protecting it from development under future owners. The open space should not, however, be divided among all of the individual subdivision lots as land management and access difficulties are likely to arise.

• Homeowners' Associations

Most conservation land within subdivisions is owned and managed by homeowners' associations

(HOAs). A few basic ground rules encourage a good performance record. First, membership must be automatic, a precondition of property purchase in the development. Second, zoning should require that bylaws give such associations the legal right to place liens on properties of members who fail to pay their dues. Third, facilities should be minimal (ball fields and trails rather than clubhouses and swimming pools) to keep annual dues low. And fourth, detailed maintenance plans for conservation areas should be required by the municipality as a condition of approval. The municipality has enforcement rights and may place a lien on the property should the HOA fail to perform their obligations to maintain the conservation land.

• Land Trusts

Although homeowners' associations are generally the most logical recipients of conservation land within subdivisions, occasionally situations arise where such ownership most appropriately resides with a land trust (such as when a particularly rare or significant natural area is involved). Land trusts are private, charitable groups whose principal purpose is to protect land under its stewardship from inappropriate change. Their most common role is to hold easements or fee simple title on conservation lands

within new developments and elsewhere in the community, to ensure that all restrictions are observed. To cover their costs in maintaining land they own or in monitoring land they hold easements on, land trusts typically require some endowment funding. When conservation zoning offers a density bonus, developers can donate the proceeds from the additional "endowment lots" to such trusts for maintenance or monitoring.

• Municipality or Other Public Agency

In special situations a local government might desire to own part of the conservation land within a new subdivision, such as when that land has been identified in a municipal open space plan as a good location for a neighborhood park or for a link in a community trail network. Developers can be encouraged to sell or donate certain acreage to municipalities through additional density incentives, although the final decision would remain the developer's.

• Combinations of the Above

As illustrated in Figure 19, the conservation land within new subdivisions could involve multiple ownerships, including (1) "non-common" open space such as cropland retained by the original farmer, (2) common open space such as ballfields owned by an HOA, and (3) a trail

corridor owned by either a land trust or by the municipality.

Maintenance Issues.

Local officials should require conservation area management plans to be submitted and approved prior to granting final subdivision approval. In Lower Merion Township, Montgomery County, the community's "model" management plan is typically adopted by reference by each subdivision applicant. That document identifies a dozen different kinds of conservation areas (from woodlands and pastures to ballfields and abandoned farmland that is reforesting) and describes recommended management practices for each one. Farmland is typically leased by HOAs and land trusts to local farmers, who often agree to modify some of their agricultural practices

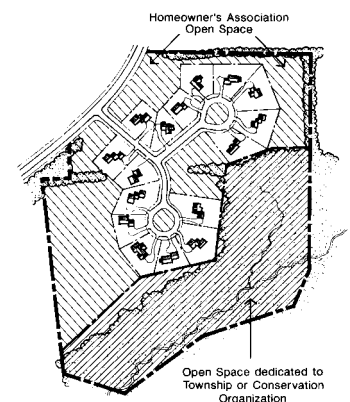


Figure 19
Various private and public entities can own different parts of the open space within conservation subdivisions, as illustrated above.

to minimize impacts on nearby residents. Although ballfields and village greens require weekly mowing, conservation meadows typically need only annual mowing. Woodlands generally require the least maintenance: trimming bushes along walking trails, and removing invasive vines around the outer edges where greater sunlight penetration favors their growth.

Tax Concerns. Property tax assessments on conservation subdivisions should not differ, in total, from those on conventional developments. This is because the same number of houses and acres of land are involved in both cases (except when part of the open space is owned by a public entity, which is uncommon). Although the open space in conservation subdivisions is taxed low because easements prevent it from being developed, the rate is similar to that applied to land in conventional subdivisions where the larger houselots are not big enough to be further subdivided. (For example, the undeveloped back half of a one-acre lot in a one-acre zoning district is subject to minimal taxation because it has no further development value.)

Liability Questions. The Pennsylvania Recreation Use of Land and Water Act protects owners of undevel-

oped land from liability for negligence if the landowner does not charge a fee to recreational users. A tree root or rock outcropping along a trail that trips a hiker will not constitute landowner negligence. To be sued successfully in Pennsylvania, landowners must be found to have “willfully or maliciously failed to guard against a dangerous condition.” This is a much more difficult case for plaintiffs to make. Even so, to cover themselves against such situations, owners of conservation lands routinely purchase liability insurance policies similar to those that most homeowners maintain.

How can on-site sewage disposal work with conservation subdivisions?

The conventional view is that the smaller lots in conservation subdivisions make them more difficult to develop in areas without sewers. However, the reverse is true. The flexibility inherent in the design of conservation subdivisions makes them superior to conventional layouts in their ability to provide for adequate sewage disposal. Here are two examples:

Utilizing the best soils.

Conservation design requires the most suitable soils on the property to be identified at the outset, enabling houselots to be arranged to take the best advantage of them. If one end of a property has deeper, better drained soils, it makes more sense to site the homes in that part of the property rather than to spread them out, with some lots located entirely on mediocre soils that barely manage to meet minimal standards for septic approval.

Locating individual systems within the open space.

Conventional wisdom also holds that when lots become smaller, central water or sewage disposal is required. That view overlooks the practical alternative of locating individual wells and/or individual septic systems within the permanent open space adjacent to the more compact lots typical of conservation subdivisions, as shown in Figure 20. There is no engineering reason to require that septic filter beds must be located within each houselot. However, it is essential that the final approved subdivision plan clearly indicate which parts of the undivided open space are designated for septic disposal, with each lot's disposal area graphically indicated through dotted lines extending out

into the conservation land. These filter beds can be located under playing fields, or conservation meadows in the same way they typically occupy positions under suburban lawns. (If mound systems are required due to marginal soil conditions, they are best located in passive use areas such as conservation meadows where the grass is cut only once a year. Such mounds should also be required to be contoured with gently sloping sides to blend into the surrounding landscape wherever possible.)

Although maintenance and repair of these septic systems remains the responsibility of individual lot owners, it is recommended that HOAs be authorized to pump individual septic tanks on a

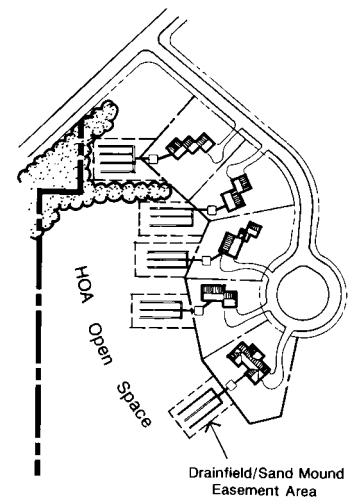


Figure 20
A practical alternative to central water or sewage disposal facilities are individually-owned wells and/or septic systems located within conservation areas, in places specifically designated for them on the final plan.

regular basis (every three or four years) to ensure that the accumulated sludge never rises to a level where it can flow into and clog the filter beds. This inexpensive, preventive maintenance greatly extends the life of filter beds.

How does this conservation approach differ from “clustering”?

The *Growing Greener* conservation approach described here differs dramatically from the kind of “clustering” that has occurred in many communities over the past several decades. The principal points of difference are as follows:

Higher Percentage and Quality of Open Space.

In contrast with typical cluster codes, conservation zoning establishes higher standards for both the quantity and quality of open space that is to be preserved. Under conservation zoning, 50 to 70 percent of the unconstrained land is permanently set aside. This compares with cluster provisions that frequently require only 25 to 30 of the gross land area be conserved. That minimal open space often includes all of the most unusable land as open space, and sometimes also includes undesirable, left-over areas such as

stormwater management facilities and land under high-tension power lines.

Open Space Pre-Determined to Form Community-wide Conservation Network.

Although clustering has at best typically produced a few small “green islands” here and there in any municipality, conservation zoning can protect blocks and corridors of permanent open space. These areas can be pre-identified on a comprehensive plan *Map of Potential Conservation Lands* so that each new development will add to—rather than subtract from—the community’s open space acreage.

Eliminates the Standard Practice of Full-Density with No Open Space.

Under this new system, full density is achievable for layouts in which 50 percent or more of the unconstrained land is conserved as permanent, undivided open space. By contrast, cluster zoning provisions are typically only optional alternatives within ordinances that permit full density, by right, for standard “cookie-cutter” designs with no open space.

Simply put, the differences between clustering and conservation zoning are like the differences between a Model T and a Taurus.

How do residential values in conservation subdivisions compare to conventional subdivisions?

Another concern of many people is that homes in conservation subdivisions will differ in value from those in the rest of the community. Some believe that because so much land is set aside as open space, the homes in a conservation subdivision will be prohibitively priced and the municipality will become a series of elitist enclaves. Other people

take the opposite view, fearing that these homes will be smaller and less expensive than their own because of the more compact lot sizes offered in conservation subdivisions.

Both concerns are understandable but they miss the mark. Developers will build what the market is seeking at any given time, and they often base their decision about selling price on the character of surrounding neighborhoods and the amount they must pay for the land.

In conservation subdivisions with substantial open space, there is little or no correlation between lot size and price. These developments have sometimes been described as “golf

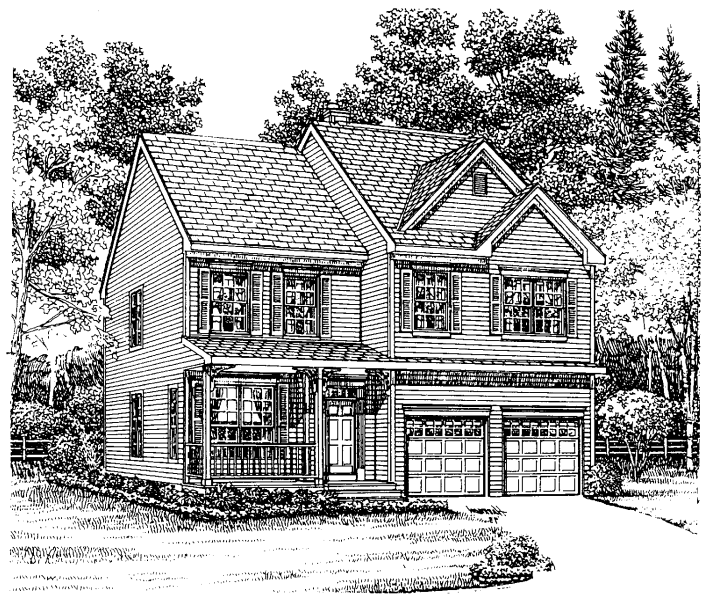


Figure 21

This house design fits comfortably on lots 45 to 50 feet wide, demonstrating that homes with 2,400 sq. ft. of floorspace and a two-car garage can be built within the village-scale lots featured in the “Option 5” zoning alternative. (Courtesy of Hovnanian Homes, Fox Heath subdivision, Perkiomen Township, Montgomery County.)

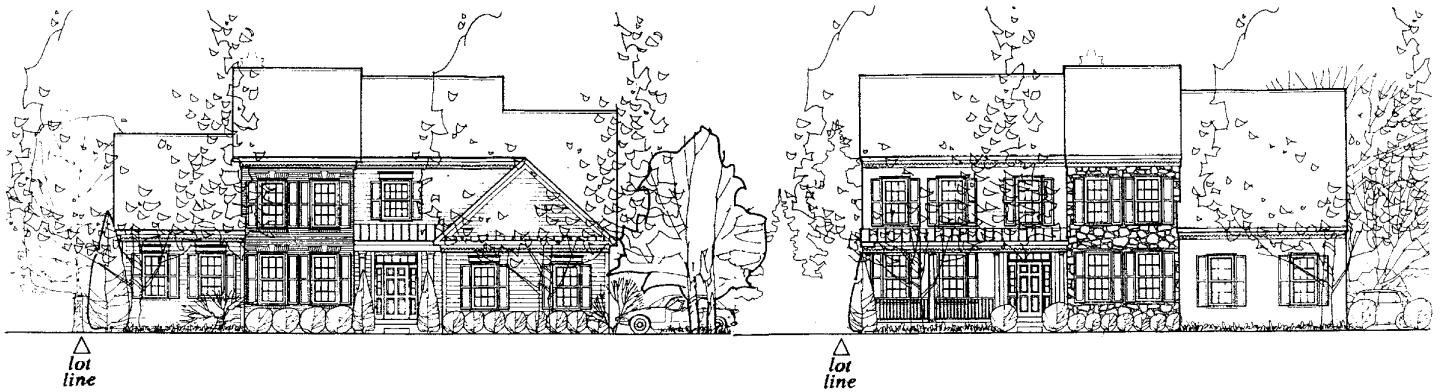


Figure 22

Developers who wish to build larger homes will find this example interesting. Although it contains nearly 3,000 sq. ft. and features an attractive side-loaded garage, it fits onto lots just 100 feet wide. This has been achieved by positioning the homes off-center, with 30 feet of side yard for the driveway and five feet of yard on the opposite side. This ensures 35 feet spacing between homes. (Courtesy of Realen Homes, Ambler)

course communities without the golf course,” underscoring the idea that a house on a small lot with a great view is frequently worth as much or more than the same house on a larger lot which is boxed in on all sides by other houses.

It is a well-established fact of real estate that people pay more for park-like settings, which offset their tendency to pay less for smaller lots. Successful developers know how to

market homes in conservation subdivisions by emphasizing the open space. Rather than describing a house on a half-acre lot as such, the product is described as a house with 20 and one-half acres, the larger figure reflecting the area of conservation land that has been protected in the development. When that conservation area abuts other similar land, as in the township-wide open space network, a further marketing advantage exists.

involving density shifts among contiguous parcels. Other techniques can be effective, but their potential for influencing the “big picture” is limited. The *Growing Greener* approach offers the greatest potential because it:

- does not require public expenditure,
- does not depend upon landowner charity,
- does not involve complicated regulations for shifting rights to other parcels, and
- does not depend upon the cooperation of two or more adjoining landowners to make it work.

Of course, municipalities should continue their efforts to preserve special properties in their entirety whenever possible, such as by working with landowners interested in donating easements or fee title to a local conservation group, purchasing development

rights or fee title with county, state or federal grant money, and transferring development rights to certain “receiving areas” with increased density. However, until such time as more public money becomes available to help with such purchases, and until the Transfer of Development Rights mechanism becomes more operational at the municipal level, most parcels of land in any given community will probably eventually be developed. In that situation, coupling the conservation subdivision design approach with multi-optioned conservation zoning offers communities the most practical, doable way of protecting large acreages of land in a methodical and coordinated manner.

Relationship of the *Growing Greener* Approach to Other Planning Techniques

Successful communities employ a wide array of conservation planning techniques simultaneously, over an extended period of time. Complementary tools which a community should consider adding to its

“toolbox” of techniques include the purchase of development rights; donations of sales to conservancies; the transfer of development rights; and “landowner compacts”

tot lot and an informal picnic grove provide additional amenities to the residents. At *Farmview*, 137 acres of productive farmland were permanently protected, in addition to most of the woodlands. This subdivision prompted the township to revise its conventional zoning so that the developer's creative design could be approved. Since that time over 500 acres of prime farmland has been preserved in this community through conservation subdivision design representing a \$3.5 million conservation achievement (at an average land value of \$7,000) and these figures continue to grow as further subdivisions are designed. The potential for replicating this and achieving similar results throughout the Commonwealth is enormous.

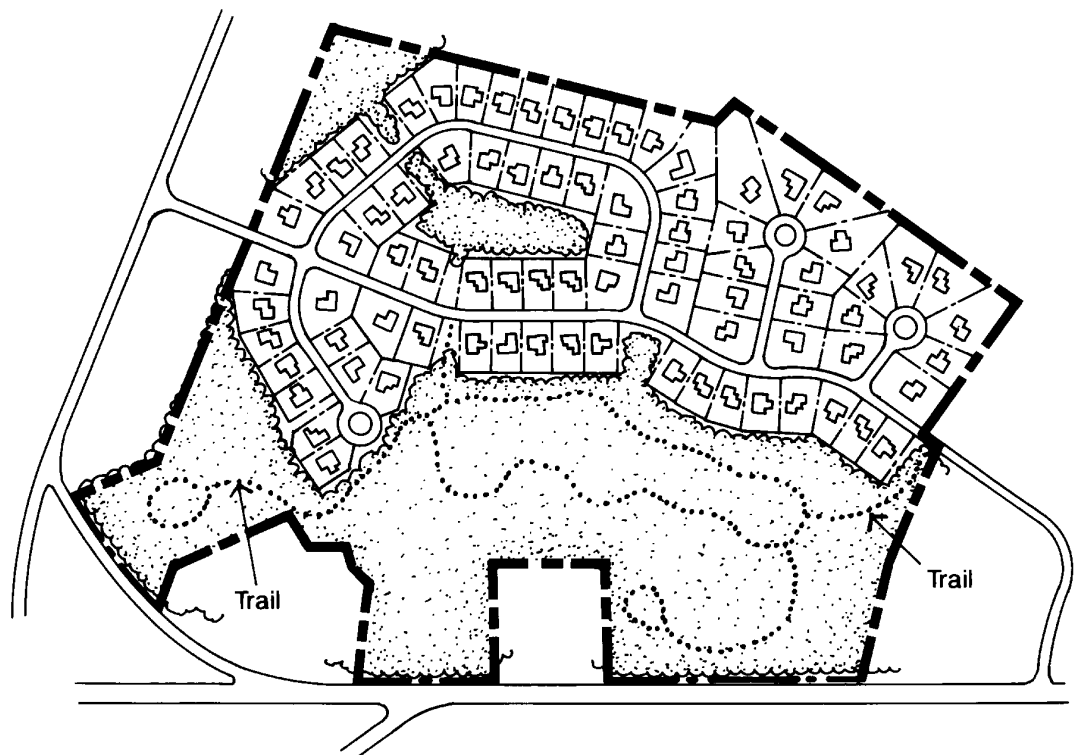
Garnet Oaks

Foulk Road, Bethel Township, Delaware County

Developer: Realen Homes, Ambler

Development Period: 1993–94

Just over half of this 58-acre site has been conserved as permanent privately-owned open space through the simple expedient of reducing lot sizes to the 10,000–12,000 sq. ft. range (approximately 1/4 acre). The developer reports that these lot sizes did not hinder sales because about two-thirds of the lots directly abut the densely wooded open space, which gives them the feel and privacy of larger lots. In fact, the evidence indicates that the open space definitely enhanced sales in two ways: increased absorption rates and higher



prices (through premiums added to the prices of lots which abut the conservation areas).

The locations of these conservation areas were carefully selected after a comprehensive analysis of the site's natural and historic features had been conducted. Those secondary features that were identified for preservation included a line of mature sycamore trees along an existing farm lane, a stone wall and springhouse, and several areas of healthy deciduous upland woods, in addition to the site's delineated wetlands. Based on information received from post-sales interviews in its previous developments, Realen's staff learned that today's

homebuyers are considerably more discerning than they were 10 and 20 years ago, and now look for extra amenities not only in the houses but also in the neighborhood setting. This knowledge led Realen to take special measures to protect trees on individual houselots and within the street right-of-way. Their approach included collaborating with the Morris Arboretum in preparing a training manual for subcontractors and conducting training sessions in tree conservation practices, attendance at which was required of all subcontractors.

The centerpiece of Garnet Oaks' open space is the near mile-long wood-

land trail which winds its way through the 24-acre conservation area, connecting a well-equipped playground and a quiet picnic grove to the street system in three locations. Where the trail traverses areas of wet soils it is elevated on a low wooden boardwalk. This trail, which was cleared with assistance from a local Boy Scout Troop, features numerous small signs identifying the common and botanical names of the various plants and trees along the trail. Realen's staff also designed and produced an attractive eight-page trail brochure that illustrates and de-

scribes the flora, fauna, environmental areas, and historic features along the trail. The guide also explains the developer's creative use of low-lying woods as a temporary detention area for storm-water runoff, a naturalistic design that helped avoid a more conventional approach in which many trees within the preserve would have been removed to provide for a conventionally engineered basin. Realen's sales staff reported that prospective buyers who picked up a copy of the trail brochure and ventured out onto the trail typically decided to make their home purchase in Garnet Oaks.

Farmview

Woodside Road and Dolington Road, Lower Makefield Township, Bucks County

Developer: Realen Homes, Ambler

Development Period: 1990-96

Located on a 418-acre site, Farmview is a 322-lot "density-neutral" subdivision whose layout was designed to conserve 213 acres of land (51 percent of the property), including 145 acres of cropland and 68 acres of mature woods. While 59 percent of the original farmland was needed for development, 41 percent categorized as prime agricultural and farmland of statewide importance was able to be

preserved in addition to nearly all of the wooded areas.

The 145 acres of farmland that have been saved were donated by the developer to the Lower Makefield Farmland Preservation Corporation, a local conservation organization whose members include local farmers, township residents and an elected official liaison. This cropland is leased to farmers in the community through multi-year agree-

ments that encourage adaption of traditional farming practices to minimize impacts on the residents, whose yards are separated from their operations by a 75-foot deep hedgerow area thickly planted with native species trees and shrubs.

Realen Homes also donated the 68 acres of woodland to the township to support local conservation efforts in creating an extended network of forest

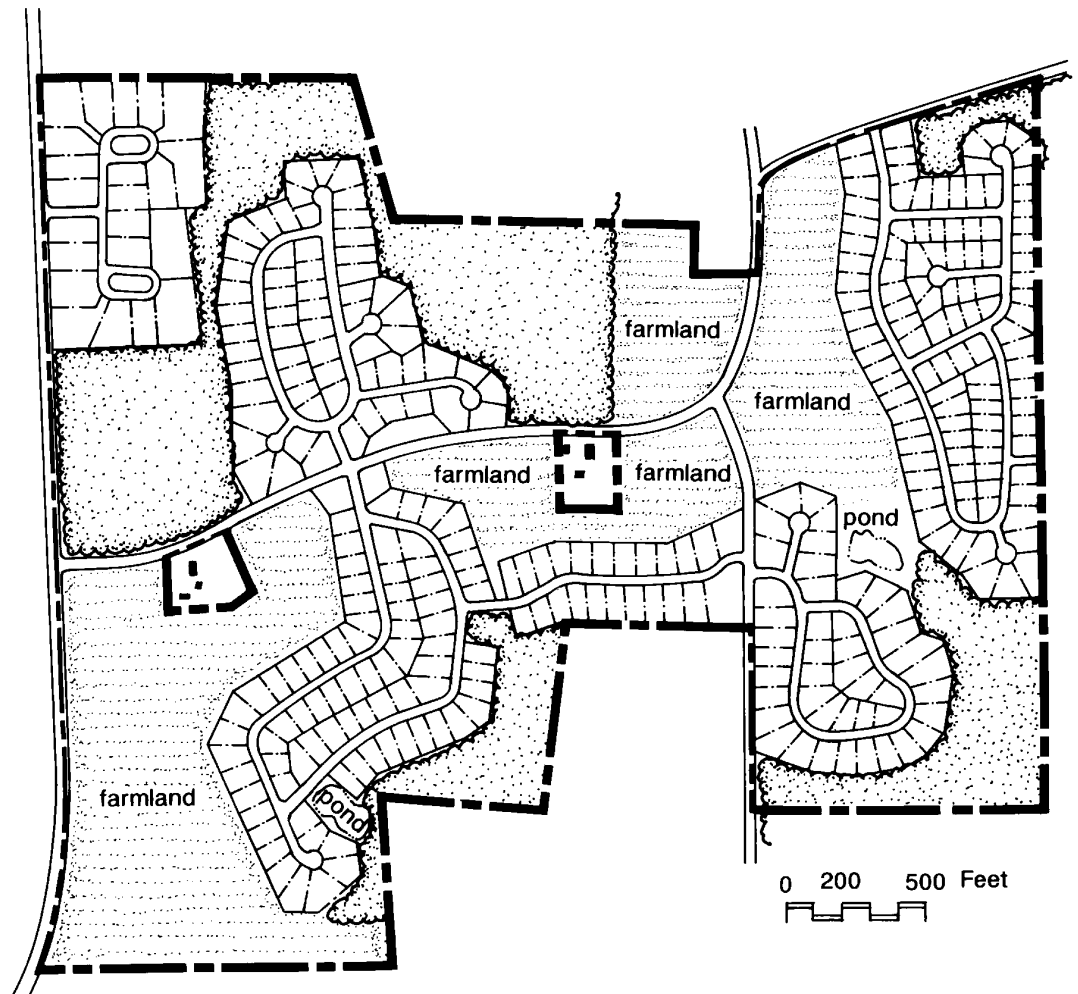
habitat and wildlife travel corridors. These areas also offer potential for an informal neighborhood trail system in future years. (The developer's offer to construct such trails was declined by the supervisors, citing liability concerns, despite the fact that other townships in the region actively encourage such trails in new subdivisions and also on township conservation lands.)

Had it not been for the developer's initiative and continued interest, this subdivision would have been developed into the same number of standard-sized one-acre lots, which was the only option permitted under the township's zoning ordinance in 1986 when Realen purchased the property. After 18 months of discussing the pros and cons of allowing smaller lots in exchange for serious land conservation benefits, the supervisors adopted new zoning provisions permitting such layouts specifically to preserve farmland when at least 51

percent of a property would be conserved. These regulations target the most productive soils as those which should be "designed around."

Although other developers were at first skeptical of Realen's proposal to build large homes (2,600–3,700 sq. ft.) on lots which were typically less than a half an acre in a marketplace consisting primarily of one acre zoning, the high absorption rate helped

convince them that this approach was sound. Contributing to the project's benefits to both the developer and the township were reduced infrastructure costs (for streets, water, and sewer lines). Premiums added to "view lots" abutting the protected fields or woods also contributed to the project's profitability.



ECKERT SEAMANS CHERIN & MELLOTT, LLC

ATTORNEYS AT LAW

October 16, 1997

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Randall G. Arendt, Vice President
Conservation Planning
Natural Lands Trust, Inc.
1031 Palmers Mill Road
Media, PA 19063

Re: Conservation Planning Documents and
Growing Greener Workbook

Dear Mr. Arendt:

I have had the opportunity to review the *Growing Greener* workbook and the proposed conservation planning concepts set forth in that workbook for compliance with the provisions of the United States Constitution, the Pennsylvania Constitution, and the Pennsylvania Municipalities Planning Code (the "MPC"). In my opinion, the conservation planning concepts as set forth in the *Growing Greener* workbook are constitutional land use control concepts and the provisions comport with the requirements of the Pennsylvania Municipalities Planning Code.

The subdivision concept which provides for a conceptual preliminary plan and standards for that plan is authorized specifically under the MPC as part of the two-stage planning process allowed by Section 503(1) of the MPC. The Zoning Ordinance concept utilizes a multi-tiered zoning system with options available to the landowner under the Zoning Ordinance. Such a device is specifically authorized under Section 605 of the MPC which specifically encourages innovation and promotion of flexibility, economy and ingenuity in development based upon express standards and criteria. The proposed ordinances contained in the workbook satisfy that specific requirement.

The provisions of both the United States Constitution and the Pennsylvania Constitution require that the land use regulations be reasonable and be intended to benefit the public health, safety and welfare. The concept of providing a variety of options for choices by the landowner meets both the reasonableness and public purpose tests of constitutionality. The benefit of the *Growing Greener* concept is that there will be a greater amount of usable open space, while at the same time the landowners will be able to make reasonable use of their property under the options available as proposed in the workbook.

Individual municipalities within the Commonwealth of Pennsylvania will have to apply the concepts and will have to establish their own densities based upon the unique circumstances in each particular municipality. There can be no guarantee that all such ordinances will be constitutional unless they satisfy the requirements of being reasonable with regard to the locational circumstances of the particular property and community in question. However, it is my opinion that if the concepts and procedures set forth in the *Growing Greener* workbook are followed and that the densities and requirements reflect the unique circumstances of the individual municipality, that the *Growing Greener* concept is lawful and constitutional in the Commonwealth. The concepts set forth in the *Growing Greener* workbook provide a new method of addressing the pressures of growth and development throughout both the urban and rural portions of the Commonwealth of Pennsylvania, and I urge the municipal officials to give full consideration to these exciting new concepts.

Very truly yours,



Charles E. Zaleski

CEZ/ljr

Harrisburg
Pittsburgh
Allentown
Philadelphia
Boston
Fort Lauderdale
Boca Raton
Miami
Tallahassee
Washington, D.C.

ZONING PRACTICE

NOVEMBER 2015



AMERICAN PLANNING ASSOCIATION

➞ ISSUE NUMBER 11

PRACTICE TINY HOUSES



11

Tiny Houses, and the Not-So-Tiny Questions They Raise

By Donald L. Elliott, FAICP, and Peter Sullivan, AICP

Where did they come from—those cute little “cabins-on-wheels” that you see being pulled down the road or sitting on a lot?

With wood siding, a pitched roof, gable windows . . . and even a porch with a railing. All that’s missing is the dog in the yard (presumably a small dog in a small yard).

Tiny houses are the latest vehicle/structures to join the small house movement, and are now trending due to television programs like *Tiny House Nation*. Many individuals and couples seem proud to say they live a small but sophisticated lifestyle in less than 500 square feet. Often their stated motivation is to declutter and live a simpler life—maybe even a life “off the grid.”

Cuteness aside, tiny houses raise some interesting questions for planners. Questions like . . .

“Is this a house, or a trailer, or . . . just what is it?”

“Would this qualify as an accessory dwelling unit?”

“Does this meet the residential building code?”

“Where should we allow this to be parked . . . or occupied . . . and for how long?”

This article attempts to answer some of those questions for the types of small, trailer-mounted units described above. The sections below review how these units fit into the general U.S. system of land-use control through building codes, zoning ordinances, subdivision regulations, and private



“Tiny house, Portland” by Tammy (Weekend with Dee), Wikimedia (CC-BY-2.0)

➡ Most localities have no specific provisions in their subdivision or zoning codes to accommodate small trailer-mounted homes outside of recreational vehicle parks.

restrictive covenants. In addition to addressing individual tiny homes, we also address how small communities of tiny homes might be created.

WHAT ARE THEY?

What are tiny houses? The answer is simpler than you think. They’re recreational vehicles (RVs), and a careful read of the manufacturers’ websites makes that clear. One manufacturer, Tumbleweed Tiny House Company, states that their product is “an RV like you’ve never seen before.”

For planners, this makes things simpler. The question then becomes, “Where do we allow RVs to be occupied?” Traditionally, the answer has been campgrounds (for temporary living) and RV parks (for longer-term living). Most communities typically limit temporary RV occupancy (in a campground or elsewhere) to 30 days, and the logic behind this is that RVs are not permanent dwellings. They have electric systems and water tanks and sewage tanks (or composting toilets) that can only operate for a while before they need to be hooked up to support systems or emptied.

But this answer doesn’t satisfy everyone, especially tiny-house proponents and anyone else interested in living smaller, more simply, and (presumably) more affordably (more on that later).

Donald L. Elliott, FAICP, is a director in the Denver office of Clarion Associates, a former chapter president of APA Colorado, and a former chair of the APA Planning and Law Division. As a planner and lawyer he has assisted more than 40 North American cities and counties reform and update their zoning, subdivision, housing, and land-use regulations. He has also consulted in Russia, India, Lebanon, and Indonesia, and served as USAID Democracy and Governance Advisor in Uganda for two years. Elliott is a member of the Denver Planning Board.

Peter Sullivan, AICP, is a senior associate in the Chapel Hill, North Carolina, office of Clarion Associates. His specializations include zoning and comprehensive planning. A Pacific Northwest native, his professional background includes policy and environmental planning and development review. Sullivan is a former officer with Toastmasters International and former member of the University of Washington’s Urban Design and Planning Professionals Council. He is currently a correspondent for Planetizen.com and enjoys speaking as academic guest lecturer, webinar host, and conference presenter. Sullivan’s project work has been recognized by the Washington State Governor’s Office, Puget Sound Regional Council, and the Washington Chapter of APA.



"Tiny House Giant Journey in the Petrified Forest and an RV" by Guillaume Duthil, Wikipedia (CC BY-SA 4.0)

➞ This tiny house is the star of its own YouTube channel, Tiny House Giant Journey.

Here's why tiny houses are so tricky. Although tiny houses are not generally designed for permanent occupancy, some of them are being purchased by people who intend to use them that way. Most zoning ordinances don't resolve this tension, because they don't address where or how tiny houses can be used for long-term or permanent occupancy.

BUILDING AND OCCUPANCY CODES

With the exception of some very rural communities, most cities and counties require that long-term or permanent residential units meet either the locally or state-adopted residential building code (usually some version of the International Residential Code), or the U.S. Department of Housing and Urban Development (HUD) national standards for manufactured housing safety. Since manufactured homes are obviously not constructed like stick-built housing—and since (unlike stick-built housing) they can be moved across state lines in interstate commerce—back in 1974 HUD adopted national safety standards for this type of housing. As a general rule, residential units for long-term occupancy need to meet one of these two sets of standards.

Unfortunately for many purchasers, some tiny houses do not meet these requirements. While tiny houses might meet the Recreational Vehicle Industry Association (RVIA) safety standard for highway travel and temporary living, these standards are not the same as the HUD manufactured housing standards for permanent living. In fact, the website for CAVCO (a manufacturer of "park model" recreational vehicles—which are similar to and sometimes in-

clude tiny houses)—states that these vehicles "are not intended for, nor should they be used for, anything other than recreational camping or seasonal use. They are not permanent residences and should not be used as such."

For those intending to live in their tiny house full time, the trick is to find a tiny house that not only meets the RVIA standards but also the residential building code or manufactured housing standards.

For those intending to live in their tiny house full time, the trick is to find a tiny house that not only meets the RVIA standards but also the residential building code or manufactured housing standards. Or to look for a community that has adopted a building code allowing long-term occupancy of tiny houses. Some communities have done this, and in many communities the ability to use a tiny house for long-term occupancy turns on whether it will be mounted on a permanent foundation and connected to utilities.

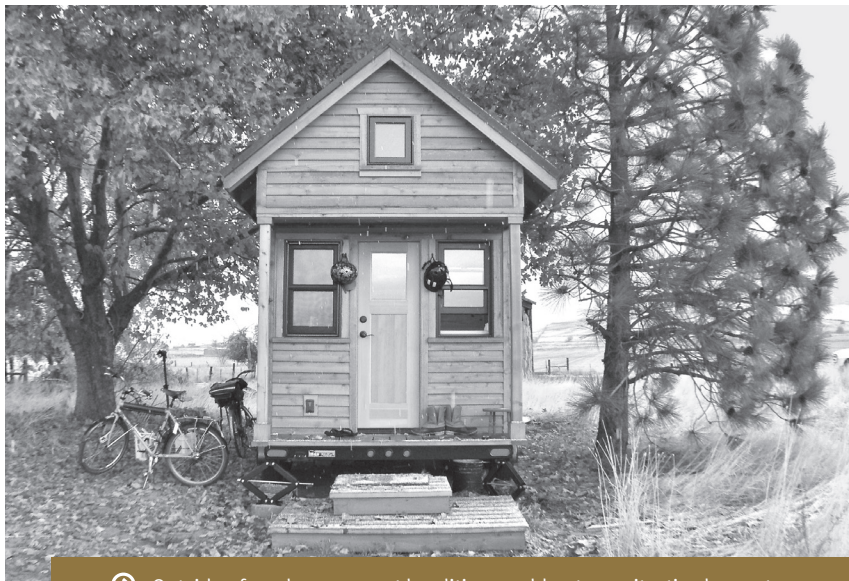
FOUNDATIONS MATTER

Let's assume a potential buyer doesn't want to install a tiny house in a campground or RV park, but rather a traditional residential lot. Some communities allow this if the owner removes the wheels (and sometimes the axles); installs the unit on a permanent foundation (or at a minimum uses secure tie-downs); and connects the unit to public water, sewer, and electric systems.

The logic behind these requirements is that they convert a mobile housing unit into a stationary unit, protect against "blowovers" and other wind-related damage (to the occupants and to neighboring property owners), and make the utility systems safe for long-term operation.

As an example, the small community of Spur, Texas, (population 1,245) has marketed itself as the "First Tiny House Friendly City." Spur permits tiny houses to be used as permanent, primary dwellings by creating an exception to the general building code/manufactured home standard compliance requirement. However, even in this deliberately welcoming community, wheels must be removed, a foundation must be constructed, and the unit tied to the foundation with "hurricane straps," and the unit must be hooked up to local sewer, water, and electric systems. In one well-documented case the cost of the foundation and connections came to about \$5,700 (McCann 2015). In some Spur zoning districts, tiny houses are permitted by right, but in others a variance is required.

Again, there are exceptions. A tiny-house owner might be successful living an off-the-grid lifestyle in areas that are literally far from the grid. In some very rural communities, stick-built



"Fall and winter, side by side" by Tammy Strobel, Flickr (CC BY 2.0)

- ➡ Outside of rural areas, most localities would not permit a tiny house to serve as a primary dwelling unit unless it was mounted on a permanent foundation and connected to local utilities.

homes do not need to connect to water and sewer systems (i.e., they permit well and septic systems) or electric systems (i.e., they allow off-the-grid power), and those communities would presumably allow the same exceptions for tiny houses.

NOW, ABOUT THOSE ZONING RULES

So, if a buyer doesn't want to live in an RV park, *and* is willing to remove the wheels, install a foundation, and connect to utilities, *and* the local government allows long-term occupancy of tiny houses under those conditions, where can the unit be located? The answer depends on local zoning regulations. Most zoning ordinances do not list tiny houses by name; they simply treat them like other housing uses.

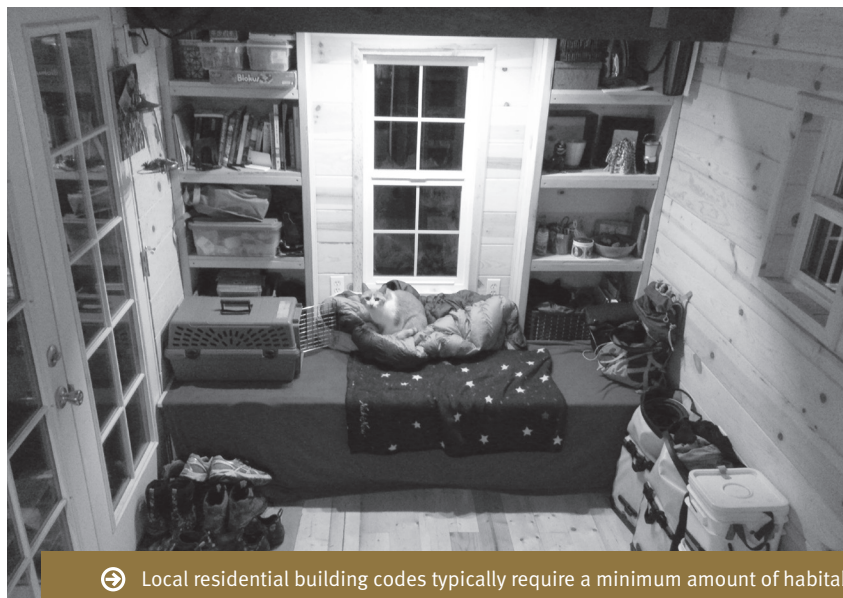
For a tiny house to be used as a primary dwelling unit (i.e., there is no other house or primary use on the property), the question is whether the lot is zoned for single-family homes and whether the tiny house meets any minimum size requirements for houses in that zone. Most zoning codes across the U.S. do not include minimum floor space requirements for single-family homes. But some do, and that can be a barrier to installing tiny houses. Generally this occurs when a residential neighborhood has been developed for—or with—large homes, and some of the lots already have large homes on them. In those circumstances, the local government or neighborhood residents may want to protect against the remaining lots being

occupied by smaller homes that they fear will reduce the neighborhood quality or character. Some communities, for example, have adopted minimum width or length-to-width requirements for single-family homes in an attempt to keep "single-wide" manufactured homes out of neighborhoods where the housing stock is of a different character. Those requirements would likely prohibit the installation of a tiny house, despite their charming appearance.

Whether this is fair to the tiny-house (or manufactured home) buyer, and whether it represents sound land-use policy, are emerging issues for debate. Minimum residential size limits are already in poor repute these days because they tend to drive housing prices up; however, these types of requirements are generally not illegal.

One work-around for the eager tiny-house buyer may be to install a tiny house as an accessory dwelling unit (ADU) (i.e., a second housing unit on a lot that already has a primary housing unit or another primary use of land). While ADUs are a fairly recent development, an increasing number of zoning ordinances now address where and under what conditions an ADU can be installed. Again, since most zoning ordinances do not address tiny houses by name, the question is whether your tiny house meets the requirements applicable to other forms of ADUs. One threshold question is whether the community allows detached ADUs or only allows internal ADUs constructed within the building envelope of an existing home. If the latter is true, a tiny house ADU will not be allowed. If the community allows detached ADUs, they often attach conditions like the following:

- Either the primary housing unit or the ADU must be occupied by the owner of the land.
- The ADU must not exceed a maximum size (generally 400 or 600 or 800 square feet).
- An extra on-site parking space for the ADU occupant may be required.



"Tiny house" by Tomas Quinones, Flickr (CC BY-SA 2.0)

- ➡ Local residential building codes typically require a minimum amount of habitable space per occupant, which may prevent legal habitation of tiny houses by more than one person.

- The ADU may not be allowed to have its entrance door facing the street.
- The part of the lot containing the ADU cannot be carved off and sold as a separate lot.
- If the tiny house can meet these requirements, it may be acceptable as an ADU, even if it would not be approved as a primary home on the same lot. In some cases, however, ordinances that allow detached ADUs limit them to existing structures like carriage houses, garages, or barns, which would prohibit tiny-house ADUs.

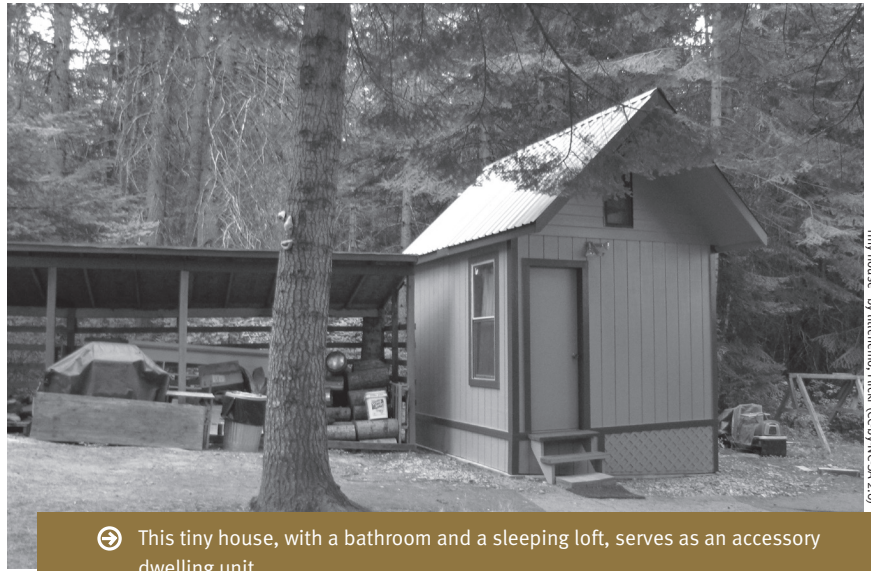
Finally, it is important to realize that most communities apply the same building, foundation, and utility requirements to ADUs that they do to primary structures. So if the question is, “can I park my tiny house in my parents’ backyard and live in it without installing a foundation or hooking up to utilities?” the answer is probably *no*. Long-term occupancy of a recreational vehicle in a residential zone district (say, for more than 30 days) is usually illegal regardless of whether you have the property owner’s consent or you are related to them.

So tiny-house owners need to be thoughtful about where they intend to install the unit, and need to read the zoning ordinance carefully to ensure it is allowed in the area where they want to live. The good news (for planners) is that it is fairly easy to review the existing zoning code and see whether the code permits tiny houses as primary units or ADUs in those locations where the community wants to allow them. Planners might also want to promote more permissive regulations if the community is ready to remove a potential housing barrier.

OTHER POTENTIAL BARRIERS

OK. So you have decided that your community wants to allow long-term occupancy of a tiny house, and you have modified the zoning ordinance to clarify where they are allowed. There are still three other potential barriers to think about.

First, unless you want to install the tiny house in a very rural area, the parcel of land where the tiny house will be located generally needs to be a subdivided lot. Subdivision regulations ensure that each parcel of land that will be developed with something other than open space or agriculture has access to a street and has utilities in place (if utilities are required in that location). This could be an issue if the tiny-house owner wants to buy 1,000



➞ This tiny house, with a bathroom and a sleeping loft, serves as an accessory dwelling unit.

Tiny-house owners need to be thoughtful about where they intend to install the unit, and need to read the zoning ordinance carefully to ensure it is allowed in the area where they want to live.

square feet of land from a property owner—just enough to accommodate the tiny house and a “livin’ small” lifestyle—but the subdivision regulations require a minimum lot size of 5,000 square feet. Or it could be an issue if the tiny house must be connected to utilities but the land in question does not yet have utilities in place to connect to.

Second, the community should probably advise the tiny-house owner to check that private restrictive covenants attached to the land do not prohibit tiny houses in that area. Again, *tiny house* will probably not be listed by name, but it is not uncommon to find private covenants that contain minimum house size requirements even if the zoning ordinance does not. While it is generally not the city or

county planner’s job to check on the existence of private covenants when issuing a zoning approval or a building/installation permit, and local governments are generally not responsible for enforcing those covenants, advising the tiny-house owner to check on this is just good customer service. In the end, the fact that the city or county issues a permit to install a tiny house with a foundation does not protect the owner against a suit from other property owners pointing out that the tiny house does not meet restrictive covenant minimum-size requirements.

Third, even if neither the zoning ordinance nor private restrictive covenants prohibit the tiny house because of its size, many communities have residential occupancy codes to prevent overcrowding. While occupancy codes vary, it is not uncommon to find a requirement that the unit contain 125 square feet of living area per occupant, or that it not contain more than two occupants per bedroom. That could be a problem if the owner intends to house his or her family of four in a 400-square-foot tiny house, no matter how well they get along. Since occupancy of the unit may change in the future (the owner’s out-of-work cousin may move in), it is hard to ensure against overcrowding when the installation permit is issued, but making the owner aware of these requirements is good customer service.

WHAT ABOUT A TINY HOUSE COMMUNITY?

What about a whole group of folks (or a developer) who want to create an entire neighbor-

hood of tiny houses as a source of affordable housing, or just to accommodate a different lifestyle?

That is a bit tougher. While the Internet has many stories of individuals or property owners intending to create tiny house communities, it seems that few if any have been created to date. And some of the existing communities have been created for unique reasons and through “one-off” procedures.

For example, places like Opportunity Village in Eugene, Oregon, or Quixote Village in Olympia, Washington, have been created as alternatives to homeless camps in or near the same location. In both cases, it appears that the local government adopted a contract or resolution approving the use of land for tiny houses without requiring it to comply with some standard utility or construction requirements precisely because it would house very low-income households under better living conditions than the occupants had previously. While inspiring as initiatives to address the challenges of housing affordability and homelessness, both of these examples required individualized negotiations and agreements to vary from normally applicable public health and safety standards—flexibility that might not have been approved for a market-rate housing development.

However, there are at least three different ways in which a tiny-house community for the general public could be created—each modeled on an existing form of land-use approval. The choice of an appropriate tool turns heavily on the question of whether you intend the occupants to be able to sell the house and the piece of land it occupies to someone else in the future.

A Tailored Zoning and Subdivision of Land

If tiny-house owners are going to be able to sell their lots and homes to others, then the community will need to be subdivided into individual lots, and those lots will need to meet the minimum size and dimension requirements of the zone district where they are located. If you want to allow tiny house community developers to create very small lots (say 1,000 to 2,000 square feet), it is likely that your city or county does not have a residential zone district allowing lots of that size. So the local government will have to create a zone district allowing that type of lot. If the roads within the community are going to be narrower or more lightly constructed than those in stick-built



➡ Quixote Village in Olympia, Washington, provides housing for 30 previously homeless adults. Photo from *Tent City Urbanism: From Self-Organized Camps to Tiny House Villages* by Andrew Heben.

subdivisions, then the community will have to adopt subdivision standards (or exceptions to the current standards) allowing those types of construction. In many cases, the local government is only willing to allow “lower-than-normal-standard” infrastructure if the property

home subdivisions, and those types of standards are good places to look for guidance.

A Planned Unit Development

If the community expects that there will be only one of these communities or it does not want to create a new zone district or subdivision regulations to address tiny houses in general, the tailoring of zoning and subdivision standards described above could be accomplished through a planned unit development (PUD) tailored to a single development and a single developer. While single-project PUDs are relatively easy to adopt, they often reflect a very specific picture of the approved development that is hard to amend over time as conditions change. A PUD for a tiny-house community should be drafted assuming that conditions will change in the future, and to avoid locking in an overly specific development plan. For example, it may not be wise to require a community building of a certain size, or a park or storage area of a specific design in a specific location, because those items may need to be moved or resized in the future.

Similarly, if the home owners association is responsible for roads and utilities, it may be wise to offer some flexibility to relocate or resize those facilities in the future as needs change. The Greater Bemidji Area of Minnesota has thought through these issues and adopted a PUD approach for tiny-home subdivisions (§1101.F).

A PUD for a tiny-house community should be drafted assuming that conditions will change in the future, and to avoid locking in an overly specific development plan.

owners agree to own and maintain it over time (i.e., the city or county will not accept it as dedicated infrastructure for public maintenance), so the developer will likely have to create a home owners association to do so. These types of specialized standards have been adopted before, however, for unique forms of housing like manufactured home subdivisions or cottage

A Condominium or Cohousing Development

If the occupants of tiny houses in the community do not need to have the right to sell individual lots to others in the future, then a tiny house community could be structured as a condominium or cohousing development. Under this model, the land remains unsubdivided. Instead, a development plan is approved allowing many tiny houses, and perhaps support facilities like community buildings or shared parking areas, to occupy a single parcel of land. Instead of owning individual lots, residents own shares in the development as a whole. If structured as a condominium, each resident's share includes the exclusive rights to occupy their individual tiny house and a parking space, and also a proportionate share in the land, community buildings, roads, and infrastructure serving the area. As with a nontraditional subdivision described above, the local government may well require that the roads and utilities be owned and maintained by the condominium association. Under this approach, residents who decide to sell their tiny house in the future are actually selling their package of rights in the development (and the maintenance obligations that go along with them)—they are not selling the land. Again, it is usually wise to avoid overregulating or “zoning to a picture” in ways that may require additional governing body approval for minor changes in the future.

CONCLUSION

At this point, most city and county zoning and subdivision ordinances are unprepared for tiny houses. Answers to questions about what tiny houses are, where they can be installed, and under what conditions can be found if you search hard enough—but they are not clear or obvious. The good news is that there are several examples of how land-use controls can

be developed or modified to accommodate new and creative forms of housing and land development. RV park, manufactured home park, and subdivision, cohousing, and cottage development standards provide a deep pool of content from which tiny-house regulations can be tailored and developed.

As with most land-use questions, however, the appropriate tools cannot be crafted until some policy questions have been answered. To prepare for the arrival of tiny-house owners and community developers in the future, local governments should be prepared to answer these questions:

- Do we want to allow the installation of tiny houses for long-term occupancy, and if so, in what parts of our community?
- Do we want to accommodate only those tiny houses that meet our current building code or the federal manufactured home standards, or do we want to create exceptions for other tiny houses that can be made safe for long-term occupancy in other ways?
- Do all tiny houses need to be installed on foundations and with connections to our electric, water, and sewer systems, or are there some areas (maybe rural areas) where we would allow them under other circumstances?
- Are there areas of the community where they should be permitted as primary dwelling units?
- Are there areas of the community where they should not be permitted as primary dwelling units, but would be acceptable as accessory dwelling units?
- What changes to our building code, zoning ordinance, and subdivision regulations need to be made to achieve those results?

- With a little forethought, you can be prepared for the day a tiny-house owner shows up with some or all of the questions discussed above—and avoid that “deer-in-the-headlights” look that so annoys the town council.

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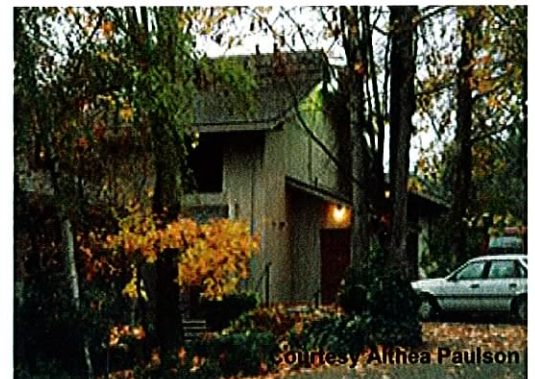
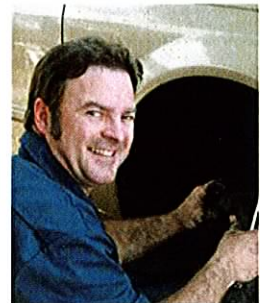
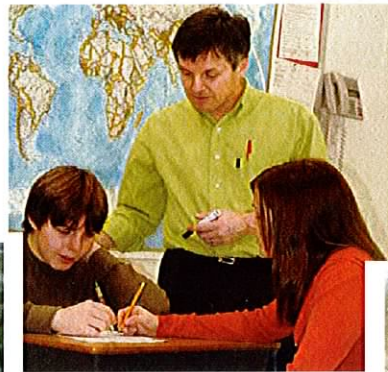
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Community Housing Coalition

FINAL REPORT

December 2007



Courtesy Althea Paulson

The Community Housing Coalition encourages the preservation and creation of a spectrum of housing options to support Bainbridge Island's goal of being a diverse, sustainable community. It does so by assessing and tracking needs, acting as a central clearinghouse for community housing information, providing best practice research, and contributing to the development of effective public policy.

**Community Housing Coalition
Final Report
December 2007**

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Tina Gilbert	Kate Smith
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Supported Housing Committee
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Community Housing Coalition Final Report

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Executive Summary

Purpose

This Summary highlights the priority recommendations from the Community Housing Coalition to the City of Bainbridge Island. The following Section of this Final Report, and Appendices, provide essential details to facilitate the transfer of work from the Community Housing Coalition to the City, as recommended in the CH2MHILL Report.¹ We trust that this work will receive appropriate priority and allocation of resources.

In January 2005, and as one of the recommendations from the 2004 Mayor's Affordable Housing Task Force,² the City Council endorsed the creation of the Community Housing Coalition under the umbrella of the Health, Housing and Human Services Council. The CHC, functionally formed in late June, 2005, was charged with the mission to "encourage the creation and preservation of a spectrum of housing options to support Bainbridge Island's goal of being a diverse, sustainable community, by:

- 1) Acting as a central clearinghouse for community housing needs and information;
- 2) Encouraging collaborative partnerships to develop diverse housing options; and
- 3) Providing best practice research and contributing to the development of effective public policy related to housing."³

The CHC inherited the full list of recommendations from the Mayor's Affordable Housing Task Force, which became the basis for CHC's Work Plan.

State of Housing on Bainbridge Island

When the Community Housing Coalition was formed in 2005, the median sales price of a single family home on the island was \$569k (December 2005, year-to-date); the median sales price for condominiums was \$383.2k. At the end of 2007, year-to-date figures indicate a 19 - 20% increase for single family homes, to \$680k, and condominiums, to \$456.5k.⁴

CHC's first task was to identify the income levels that are under-served by the open market on Bainbridge Island, according to the federal definition of "affordability," which states that housing expense (rental fee, including utilities and garbage, or mortgage payment, including property taxes and hazard insurance) equates to no more than one-third of gross household income

In 2007, Kitsap County median income was \$65,700, for a family of four. Based on the federal definition of "affordability," people on Bainbridge Island earning up to (and over) 120% of the area median income have been under-served by the market for several years. To put this in perspective, a family earning \$75,840 a year can afford a rent or a mortgage payment up to \$1,896 per month, which equates to a mortgage of approximately \$300,000. This reflects the significant, and growing, gap between the median home price and what many can afford.

The CHC created the Housing Solutions Matrix⁵ to focus efforts on multiple solutions that would serve a range of income levels.

¹ CH2MHILL Final Report, 2007. Appendix 1, Page 3.

² Mayor's Affordable Housing Task Force Executive Summary. Appendix 1, Page 5.

³ Community Housing Coalition Charter Agreement. Appendix 1, Page 9.

⁴ Real Estate Report, Windermere; Appendix 1, Pages 45-47.

⁵ Housing Solutions Matrix; Appendix 1, Page 19.

Recommendations

The Housing Element of the Bainbridge Island Comprehensive Plan provides policy guidance as follows: *"The underlying assumption is that the marketplace will guarantee adequate housing for those in the upper economic brackets, but that some combination of appropriately zoned land, regulatory incentives, financial subsidies, and innovative planning techniques will be necessary to make adequate provisions for the needs of middle and lower income persons."*⁶

In this context, the CHC submits the following key recommendations to advance the work on "diverse housing." While each of these recommendations carries priority for immediate implementation, CHC assigns the highest priority to items 1-4.

1. **Implement the recommendation from the CH2MHILL Report to hire a full-time housing planner to coordinate and carry on the work started by the Community Housing Coalition. (Page 3)**
2. **Complete and adopt the Inclusive Housing Ordinance (aka the Affordable Housing Ordinance) as developed by the Community Housing Coalition. (Page 7)**
3. **Adopt the key provisions and criteria developed by the CHC for a contract/agreement between the City and the Community Land Trust for the purpose of implementing certain aspects of the Inclusive Housing Ordinance. (Page 17)**
4. **Continue the new Accessory Dwelling Unit (ADU) Program and create a conditional "amnesty" program ADUs which are or will be rented to income-qualified tenants but do not conform to current zoning/regulations. (Page 21)**
5. Adopt code changes that will allow existing Non-conforming Structures to be "grandfathered" and to be rebuilt at the same or greater density, if they are lost due to a natural disaster. (Page 27)
6. Adopt the Cottage Housing Ordinance. (Page 29)
7. Restructure and revise policy and procedures for the Housing Trust Fund and expand its capacity by marketing and encouraging contributions from multiple community sources. (Page 4, Item 8)
8. Continue facilitation of collaborative working relationships among housing organizations and advocates, and expand community awareness and involvement activities. (Page 5, Item 12)

⁶ City of Bainbridge Island, Comprehensive Plan – Housing Element, Goals and Policies; Appendix 1, Page 22.

Major Accomplishments

To put CHC's work in context, the following list includes some of the significant accomplishments the CHC has achieved since they began their work in late June 2005. Events and activities on this list proved to be extremely valuable with respect to development of work products, increased public awareness and advocacy, and coordination with and among local housing organizations.

- Convened a successful **Community Housing Summit** (April 2006) attended by more than 100 people. (Appendix 1, Page 31 - Summit Summary)
- Established a **Community Land Trust** for housing, in conjunction with the Housing Resources Board, to hold land in trust in perpetuity for sustained affordability.
- Partnered with the developers of **Vineyard Lane** so that four affordable condominiums created under the current Affordable Housing Ordinance were sold to income-eligible buyers in the Community Land Trust Program.
- Collaboratively organized a **joint Planning Commission/City Council Affordable Housing Workshop** (February 2007) to enhance communication and address strategic issues.
- Developed the **Housing Solutions Matrix** to guide and focus CHC's work on solutions that would serve a range of income levels. (Appendix 1, Page 19)
- Drafted a new **Inclusive Housing Ordinance (aka Affordable Housing Ordinance)**, which remedies the difficulties of the previous Ordinance, for adoption by the City. (Appendix 2, Page 7)
- With Trust for Working Landscapes and Housing Resources Board, organized and hosted a series of public workshops with Michael Brown from Burlington Associates on the **Community Land Trust** approach to housing and land stewardship. (Appendix 1, Page 33 – Event Flyer.)
- Developed a brochure and video to promote **Accessory Dwelling Units** as a viable affordable housing option; convened an ADU Workshop attended by more than 60 people. (Appendix, Page 35 – Event Poster; copy of the ADU brochure is included at the end of this Report.)
- Developed **Community Awareness** of affordable housing issues through: a Faces & Places poster marketing campaign (to be released in January); newspaper coverage; Bainbridge Island broadcasting coverage; outreach to Chamber of Commerce, Inter-faith Council and others.
- Advocated and coordinated community participation for the project to preserve the **Quay Bainbridge Apartments**; initiated communication to inform and engage residents.
- Developed recommendations for revisions to the draft **Cottage Housing Ordinance** for the City's review. (See Page 29 of this Section for details.)

- **Engaged diverse stakeholders** in deliberations about housing policies and recommendations by hosting a Developer's Forum, a Funding and Finance Workshop and a series of Environmental Round Table discussions.
- In partnership with the Chamber of Commerce, completed a **Survey of Large Business Employers** and a **Local Workforce Housing Survey**. (Appendix 1, Page 37 - Survey Highlights)
- **Strengthened collaborative working relationships** among CHC member organizations, and established a leadership forum for Board Chairs and Executive Directors of the HHHS Council, HRB, KCCHA, Helpline House, and the CHC as well as the Senior Planner and Planning Director for the City. (Appendix 1, Page 13 – Chart of Housing Organizations)
- **Established working connections and partnerships** with Trust for Working Landscapes, Chamber of Commerce, Elder Friendly Community Committee and the Supported Housing Committee (for special needs citizens).
- Conducted **extensive research** on housing legislation, policies and programs, and studied **best practices** and leading-edge thinking in communities across the region and the country.
- Actively participated in the development of recommendations for the **2025 Citizens Advisory Committee** and the **Winslow Tomorrow Incentive Program**.
- Initiated outreach to learn from and share with **regional and national entities**, e.g., Northwest CLT Network, National CLT Network, individual CLTs, Bellingham/Whatcom County Affordable Housing Task Force, Puget Sound Regional Council, Policy Link, etc.
- Organized a Funding and Finance Workshop to explore the need and resources for funding affordable housing projects/programs. (Appendix 1, Page 39)
- Recommended policy and procedural improvements as well as considerations for fund allocation for the **Housing Trust Fund**. (Appendix 1, Page 41)
- Provided critical input to the Shoreline Management Master Plan/**Open Water Marina** debate.

Lessons Learned

Throughout the term of the Community Housing Coalition, a number of themes were constant, affirming the recommendations from the 2004 Mayor's Affordable Housing Task Force and a multitude of housing programs/projects in communities in our region and across the country:

- Housing is a complex problem that requires systemic change and multifaceted solutions (there is no "silver bullet")
- Certain solutions to the affordable housing crisis on Bainbridge Island, e.g., Cottage Housing, Accessory Dwelling Units, Community Land Trust and inclusive housing programs, have been revisited several times over the course of the past 10 years, resulting in repeated recommendations that these programs be adopted and implemented.

- To turn the tide on housing issues, a long-term commitment and a consistent, steadfast effort is required. (Continual improvement requires ongoing attention and time for relationships to develop; crisis management, short-sighted funding and stop-start attempts do not produce sustained results.)
- "Affordability" is not only an issue for people of meager means; the future of our community lies in our ability – and willingness – to provide a wide range of rental and ownership options for people of all economic circumstances.
- The City's leadership and full involvement in development of policy and code solutions is essential, especially for technical expertise, the crafting of technical ordinances, access to the City's internal resources and the authority to usher new code through the maze of internal City processes and essential public involvement.
- If "diverse housing" is to be a priority for the City, it must be funded and supported by administrators, legislators and staff, with clear roles and responsibilities, open and clear lines of communication, transparency, and strong, clear policy direction based on commonly held community values.
- Clear, long-term vision and strategies, developed collaboratively with key stakeholders "at the table," are essential to guide the community toward sustainable housing solutions.
- The best solutions and most successful programs are those which are, also, created collaboratively and garner the support from policy makers, City Staff, housing organizations and advocates.
- "Diverse housing" carries with it social, environmental and economic factors and implications that must be considered in setting policy and constructing programs.

Introduction

This report includes background information and recommendations developed by the Community Housing Coalition. It reflects the knowledge and insights gained through extensive research, deliberations, stakeholder involvement and due diligence on the parts of 15 committed community volunteers and CHC staff over the course of two and one-half years..

The intention is to provide enough background and details so that the City will have a firm foundation upon which to base the next phase of development; essential functions of this next phase, in particular, relate to moving forward with new or revised ordinances, establishing a community point of contact for housing programs within the City and continuing to invite and facilitate collaborative working relationships.

In this Section, discussion on each "recommendation" outlined in the Executive Overview will be expanded, with background, descriptions of CHC's processes and conclusions. Additional details are contained within the extensive "library" of materials compiled from CHC's research, which will be transferred to the City's Planning Department.

Appendix 1 provides a complete history of the Community Housing Coalition and the foundation upon which the work is based, as well as information related to specific accomplishments.

Appendix 2 contains information specifically related to the Inclusive Housing Ordinance; Appendix 3 contains information related to Cottage Housing.

NOTE: With the closure of the Community Housing Coalition at the end of 2007, all questions and comments on this Report can be directed to the City of Bainbridge Island, Planning and Community Development - Brent Butler, Senior Planner (206) 780-3763.

CHC Transition to City Hall

This recommendation speaks to the essential "next steps" for the City, as it takes on expanded leadership and responsibility for "diverse housing" community initiatives.

Background

The Community Housing Coalition was established as an entity through which a comprehensive, collaborative approach to affordable housing would be implemented, and specific recommendations from the Mayor's Affordable Housing Task Force would be further developed and implemented.

Early in 2007, the City engaged CH2MHILL to conduct a "performance review" of the Health, Housing and Human Services Council (HHHS) and the CHC. (See excerpts relevant to the Community Housing Coalition, Appendix 1, Page 3.)

The following recommendations reflect a desire to see that the work CHC has done in several areas continues and, in some cases, is expanded and accelerated. The key areas include: strengthening relationships and building partnerships among the organizations involved in housing in our community; conducting research into successful housing programs across the region and the country; developing recommendations for policies and ordinances; advocating for a full range of housing options and resources; and increasing the visibility of affordable housing within the community.

Recommendations

The City has implemented one part of CH2MHILL's Action Plan, which is to close the CHC by year end 2007; the second part of the Plan, to allocate the necessary resources to take over and continue the work within the City, has not, as yet, been implemented. To make steady progress, the City must provide dedicated staff and funding. The CHC endorses the CH2MHILL Action Plan and asserts that the following priority Actions must be implemented without delay:

1. Fund and hire a **full-time housing specialist**.
2. **Accept and move critical CHC projects forward**, especially the Inclusive Housing Ordinance, ADU Program, Non-Conforming Structures Ordinance, Cottage Housing Ordinance and community awareness activities. CHC also recommends that ample opportunities be created for the public and key stakeholders to be involved in the next steps of processing these work items.
3. Establish a short-term **"transition team"** consisting of members from City Planning staff, City Council, Executive, CHC (member/staff), and others deemed necessary. The CHC recommends that this transition team, as a first step, review, affirm (or adjust) the City's long-term, high-level strategic goals and priorities for "diverse housing" for our community. It is essential that City decision-makers (legislators, executive and staff) and community housing organizations be "on the same page" and work together, from a solid foundation, to plan, implement and support "diverse housing" initiatives. CHC recommends that explicit support be secured for the following fundamentals, which guided CHC work:
 - A clear vision for "diverse housing" in our community (See Appendix 1, Page 15.)
 - The range of income levels that need to be served. The CHC remains steadfast in its support for housing options that serve a range of income levels, up to and

including moderate and middle income residents (< 120% of Kitsap County Area Median Income), who are not served by the market.

- A continuum of housing options, including reasonably priced rental units AND home ownership, through the marketplace and the work of local housing organizations. Expanding ownership options (e.g., "starter" homes, clusters of small homes, etc.) will help reduce the risk of losing (or not attracting) young families, "empty nesters" and elders who want to stay on the Island and "downsize," and people for whom stepping into the housing market is part of improving their financial security.
- 4. To reinforce the CHC2MHILL Action Plan, agree upon clear and universally accepted roles and responsibilities for Staff, Council, Executive, non-profit housing organizations, advisors, etc. In addition, the working relationships, as cultivated by the CHC, will continue to evolve, and an effective system of communication between and among these entities, and the City, needs to be established to ensure open dialogue and transparency and to facilitate partnerships.
- 5. Designate a City Council Member and/or Standing Council Committee as an active participant/liaison on the development of policies and strategies for housing.
- 6. Per the CH2MHILL Action Plan, form an on-going "advisory" panel to provide ongoing, high level guidance on matters related to "diverse housing." The CHC recommends that local housing organizations, City Council, Housing Trust Fund Executive Committee, Planning Commission, the housing professions, and economic, social and environmental advocacy be represented on this advisory panel. (The "L6" group, which is comprised of Executive Directors and Board Chairs from key housing entities. HRB, HHHS Council, Helpline House, KCCHA, and the City Planning Department, might be a source for representatives to sit on the advisory panel.)
- 7. Establish a connection between the "advisory" group and the Housing Trust Fund (HTF) Executive Committee, keeping the operation of the Executive Committee separate to preserve their critical focus on the allocation of the City's funds for specific projects and to maintain objectivity.
- 8. Further explore opportunities to provide financial support for "diverse housing," including those identified by participants in a CHC Funding/Finance Workshop (see Appendix 1, Page 39), perhaps as part of an expanded leadership role of the Housing Trust Fund Executive Committee. "Opportunities" include innovative funding mechanisms beyond the City's Housing Trust Fund, e.g, property tax relief and fee deferrals/waivers for ADUs and rental property projects; partnerships with local financial institutions, private investment vehicles (e.g., CDFI), etc.
- 9. Develop a 10-year projection of the numbers and types of housing units (rental and ownership) needed to serve households of diverse economic means. (These estimates will serve as guideposts for legislation and the allocation of City funds and other resources.)
- 10. In conjunction with HHHS, manage the "faces & places" poster campaign to continue to raise awareness, and consider convening public forums for open, constructive conversation on this subject.
- 11. Measure the community's support for policies and public funding for "diverse housing" through a mechanism such as a new survey of community values. It will be important to

develop survey tools which invite responses regarding the underlying community values at stake, such as the social and economic diversity, which is seriously threatened by the current and projected state of housing.

12. Partner with and support the existing and emerging housing organizations and groups in the community, and create ample opportunities to sustain and deepen the collaborative relationships the CHC has cultivated. This includes the nonprofit housing development/property management organizations as well as human services agencies and committees, e.g., the Elder Friendly Community Committee (a program of HHHS) and the Supported Housing Committee for people with special needs. The Comprehensive Plan – Housing Element, H 1.3, states: “The City shall partner with non-profit organizations, the development community, local lending institutions, elected officials, and the community at large to assist in meeting affordable housing goals and implementing policies.” (Appendix 1, Page 23.)

Inclusive Housing Ordinance

This recommendation addresses the further development of the draft Inclusive Housing Ordinance (aka Affordable Housing Ordinance), which has been the focus of significant CHC time and energy.

Background

Wide ranges of housing stock and prices, in any community, are essential to the preservation – and growth – of healthy social/economic diversity. Housing on Bainbridge Island, with the median sales price for single family homes increasing steadily to a current high of \$680k, and condominiums at the median sales price of \$456.5k (December 2007, year-to-date),⁷ is out of reach for an ever increasing number of families.

From a purely financial view, the market precludes the majority of the local work force, young people, artists, and people living on fixed incomes, from purchasing a home; people of moderate financial means who require (or prefer) small, sensible homes will find few, if any, houses that meet their size and price criteria. Young families who want to avail themselves of excellent schools, parks, open space and a strong sense of community, will find nothing that resembles a “starter home.” While some condominiums advertise “affordable” units, an income of at least \$50,000 is required to purchase a \$205k unit; many are built small to accommodate households of one or two people, leaving fewer options for larger families.

While rental units have remained reasonably priced for people of many income levels, the vacancy rate on Bainbridge Island hovers between one and two percent, and waiting lists for the most affordable units continue to grow.

The original Affordable Housing Ordinance (AHO), BIMC Chapter 18.90, requiring that new residential developments include a percentage of affordable housing, was enacted in 1997; amendments to BIMC Sections 18.40.040 and 18.40.050 were adopted in September 1999 to create affordable housing requirements specific to the Mixed Use Town Center and High School Road Zones.

This program, considered an “inclusionary zoning (or housing) program,” was the first of its kind in Washington, demonstrating the leadership necessary to make a significant impact and adopt an innovative, yet proven, approach. The vision of this program was to enable teachers, firefighters, public employees and young families to own homes on the Island; the goals were to 1) disperse “income-eligible” housing throughout all geographic and economic segments of the community, 2) provide a mixture of housing types and sizes, and 3) avoid “economic enclaves.” The AHO applied to most new subdivisions and multifamily developments; units created were to serve “moderate income” households (80 – 95% of the median household income for the Seattle metropolitan area).

With time and experience, the City determined that the Affordable Housing program, while producing some results, was not working as originally intended and overall goals were not being met.

- Affordability was not sustained (with first resale, units reverted to market rate prices)
- Legal challenges were raised regarding the cost off-set for the developer.
- Income-eligible and qualified buyers (with sufficient down payment and credit rating) were difficult to find; buyers often became “cost-burdened” by multiple refinances and over extending credit.
- Qualified buyers opted out due to the restrictions on resale that seemed onerous.

⁷ Real Estate Date, Windermere; Appendix 1, Page 45-47.

- Units built were not sold quickly.
- Extensive investment of City staff time and resources did not yield corresponding results; process for subsidy recapture at resale was complicated to administer.
- Developers found the process difficult to work with and some opted to develop just below the threshold to avoid affordable housing requirement.

The requirements of the 1997 Affordable Housing Ordinance were repealed in April 2005, while the optional affordable housing program stayed in tact.

The new Inclusive Housing Ordinance, is intended to meet the over-arching Goals of the Housing Element of the Comprehensive Plan and state laws/regulations, including the Growth Management Act. The ordinance is in compliance, as well, with HB 2984, which was passed in the 2006 Washington State legislative session and establishes minimum standards for local jurisdictions that adopt affordable housing incentive programs.

These Goals provide the foundation for the development of the new Inclusive Housing Ordinance:

- Ensure perpetual affordability for income-eligible buyers and renters.
- Promote and facilitate the provision of diverse housing options in all geographic areas of the community.
- Serve the needs of people of diverse income groups, up to and including moderate and middle income levels
- Interface/collaborate with COBI Staff, Winslow Tomorrow and 2025 committees, all of which have embraced "affordable housing" as a priority, to ensure that policies and programs related to the provision of "affordable housing" are in alignment.
- Secure public and private support/assistance for policy development, implementation and ongoing operation of housing "infrastructure."

Research - A significant amount of energy was directed toward learning about housing programs in other cities; the CHC learned from some of the most successful "best practice" communities as well as from those who have struggled to create and update codes that are relatively easy to administer and yield affordable housing stock. (A partial list of resources is provided in this Section, beginning on Page 12. CHC's complete "library" of materials will be on file in the City's Planning Department. This documentation includes extensive material on inclusive housing programs in other cities, as well as studies and papers produced by public and private institutions, and provides the basis for CHC's critical analyses of "inclusionary zoning/housing.") A matrix of programs in smaller cities, which includes the number of units produced, can be found in Appendix 2, Pages 3-4.

Among the most successful programs in communities similar to Bainbridge Island, in size or other characteristics, are Highland Park, IL, Chapel Hill, NC, Boulder, CO and Burlington, VT; additionally, study of jurisdictions such as Montgomery County, MD, where inclusive zoning has been a practice since 1974, and many cities in California, particularly near the shoreline, has been exceptionally valuable.

Planning Commission and Legal Review – The provisions of the new ordinance were developed by the CHC in 2006. The key elements of the program, and later, the draft ordinance, were brought before the Planning Commission for discussion and guidance in four study sessions in 2006 - June 22, July 27, September 21 and October 26. The key points brought up in these meetings, e.g., income levels served, fee in lieu provision, mandatory vs. voluntary programs, role of the Community Land Trust, concerns about density, among others, were considered by the CHC and, with few exceptions, have been addressed in the final

recommendations. (Meeting minutes from the Study Sessions are available through the City's website.)

The CHC also responded to a number of questions raised by citizens during public comment periods at Planning Commission and City Council meetings, which are available from the City's Planning Department.

In August, 2006, the draft ordinance underwent a legal review by Attorney for the City, Rod Kaseguma; this review included a strong recommendation that a nexus analysis be conducted to demonstrate the relationship between new construction and the need for affordable units. The City implemented an RFP process to select the consultant, and funds for the consultant's contract were approved in May 2007. Completion of the analysis by Keyser Marston Associates, with a related Fee In-Lieu recommendation, is pending.

Community Involvement

At the 2006 Community Housing Summit, attended by more than 100 citizens, housing advocates and building professionals, the CHC presented ideas for the new Inclusive Housing Ordinance and surveyed participants regarding their support for this type of program. Results reflected that 85% believed the ordinance was "good for the community," and 62% said they would personally support it.

The ordinance, while in development, was also brought directly to key stakeholders for their involvement, ideas and suggestions. CHC convened a Developers' Forum, which was attended by 12 developers and other interested parties, in January 2007. This constructive conversation yielded a number of issues and suggestions, including:

- Application of the ordinance in all zones, rather than in high density areas only, can be problematic
- "Stacking" of inclusive housing requirements on top of open space, critical areas, public amenities, etc. presents a challenge for developers
- Accommodating additional density (required affordable units as well as off-set and bonus market rate units) can be problematic with existing restrictions on height, setback, parking, etc.
- Initial and re-sale prices of affordable units need to be set up front and sale/purchase processes must be timely and well managed
- The program needs to serve those we need to serve and providing financial support for buyers should be considered.

(See Appendix 2, Page 17, for the complete list of issues and suggestions generated at the Developers' Forum.)

In addition, the CHC initiated a meeting with the Chair and Executive Director of the Home Builders Association, and made a focused effort to learn about industry concerns and criticisms regarding inclusive zoning. The National Association of Home Builders has produced a document, *"Policy, Practical, and Legal Challenges to Inclusionary Zoning: A Resource Manual for NAHB Members,"* which challenges some of the fundamental principles of inclusive zoning and advocates for certain provisions should a jurisdiction elect to develop and adopt an ordinance. According to this document, *"the single biggest failing of adopted inclusionary ordinances is that they leave important details vague or entirely unaddressed, and thus are ineffective due to resulting confusion or uncertainty."*⁸

⁸ "Policy Practical, and Legal Challenges to Inclusionary Zoning: A Resource Manual for NAHB Members," June 2007.

A “best practice” discovered through CHC’s research is “A Joint Policy Brief” on inclusionary zoning, which was co-produced by the Home Builders Association and the Nonprofit Housing Association of Northern California,⁹ and affirms/strengthens points raised in local conversations with developers.

To these points, the CHC committed to provide a clear, consistent framework for developers and present options that would facilitate ease of implementation and maximum participation.

Four environmental “round table” discussions were held to invite input and ideas from environmental advocates. These sessions proved to be invaluable for the constructive ideas that were generated, the “big picture” thinking, and the underlying acceptance of the interdependence of “environment” and housing for people. (A summary of key points from these discussions can be found in Appendix 2, Page 19)

The 2025 Growth Advisory Committee expressed support, in their Final Report, for “incentive zoning.”

Rather than granting blanket density increases to encourage growth in certain areas, the City would grant the increases only when landowners qualify by providing features that benefit the community. In other words, the City would use the added density as an incentive to encourage development that includes affordable housing, high-quality open space, community gardens or other amenities. Landowners who elected not to provide these features would be held to existing zoning.¹⁰

The CHC developed a decision matrix to reflect the primary alternatives considered (Appendix, 2, Page 21).

The CHC recommends that the following provisions be included in the new Inclusive Housing Ordinance (IHO). (See Appendix 2, beginning on Page 7 for the full DRAFT of the IHO.)

1. Set-aside requirement – 15%. The CHC studied and deliberated extensively on the merits of “required” and “voluntary” programs. The consensus of Members was that, to make progress from the point of our previous Affordable Housing Ordinance, which produced few results, and learning from experiences in other communities, a program that requires a portion of development to be “affordable” must be adopted.
2. Threshold/Application – This requirement applies:
 - In single family residential zones and Neighborhood Service Centers, to projects of five or more units.
 - In areas measured by FAR (Mixed Use Town Center/High School Road Districts), to residential development of 6,000 sq ft or more.
 - Developments of new rental and for-sale projects; in addition, developments that preserve or rebuild affordable dwelling units on site may count these units toward the inclusive housing requirement and be eligible for the increased density allowance.
3. Cost off-set/Incentives

⁹ “On Common Ground: Joint Principles on Inclusionary Housing Policies,” July 2005

¹⁰ Final Report, Mayor’s 2025 Growth Advisory Committee; Appendix 1, Page 29

- Density allowance – developer will receive one additional market rate unit for each affordable unit built
 - Expedited processing will apply to projects with 50% affordable units or more; allowances/adjustments up to 30% will also be made for set-back, height and lot coverage
4. Building permit fees and/or fees for City sewer/water hook up will be deferred on affordable units until occupancy.
 5. Alternative Equivalent Proposals – Developers may comply with the requirement, if on-site construction is not possible, by one of these methods of equivalent value:
 - Construction of inclusive housing units on another site
 - Dedication of land and/or structures to the Community Land Trust or other nonprofit housing developer
 6. Fee in lieu Proposal – Developers may propose to pay a fee in lieu of building the units if site conditions prevent compliance. (The amount of the fee is to be determined with the completion of the analysis by Keyser Marston.)
 7. Adjustment or Waiver – The applicant may apply for a reduction, adjustment or waiver of the inclusive housing requirement if the requirements preclude the construction of one or more of the market rate bonus units.
 8. Optional Program – If the developer exceeds the 15% affordable unit requirement, the project is eligible for additional density at the rate of one market rate unit for each affordable unit built.
 9. Target populations – The basic requirements of this ordinance will serve residents earning $\leq 80\%$ of Kitsap County Area Median Income (AMI); the "optional" program (more than 15% affordable units) may serve $\leq 120\%$ of Kitsap County AMI.
 10. Duration of Affordability – Affordable for-sale units created as a result of this ordinance will be "perpetually affordable" to owners through a Community Land Trust program which is based on a 99-year ground lease on the land and a limited equity resale formula.
 11. Community Land Trust (CLT) – The City will contract with a Community Land Trust to perform the following duties related to the ordinance:
 - Set maximum sales price and rental rates on affordable units
 - Provide advice regarding the types/sizes of units in demand (during pre-application conference)
 - Manage income eligibility requirements and work with pool of eligible/qualified buyers
 - Establish resale formula for sustained affordability
 - Market the units to eligible buyers
 - Hold land in trust and exercise first right of refusal to purchase for-sale units when appropriate

NOTE: Further discussion of these duties and the CHC's recommendation for criteria to guide the City in drafting an agreement/contract with the CLT can be found beginning on Page 17.

Production of Affordable Units - Based on data provided by the City in 2006, the CHC estimates that the IHO will produce eight units per year in single family residential areas and 25-

30 units among the high density areas (MUTC, HSR Districts). Conservatively, over the course of 10 years, the IHO could produce 300 units of diverse housing.

Recommendations

The CHC recommends that these "next steps" be taken to move forward on the Inclusive Housing Ordinance (IHO):

1. Complete the nexus analysis and fee in lieu study with Keyser Marston Associates.
2. Resolve "open issues." While the CHC recommends the provisions as drafted, we acknowledge that there are a few issues that remain in question and one for which the CHC has not reached a solution. These include the following, and will require special attention:
 - Required vs. voluntary nature of the program
 - Application of IHO requirement to all zones
 - Density Cap (the CHC did not reach a conclusion)

Resolution of these issues will best be accomplished in a collaborative fashion among City Staff, Planning Commission, Council and further involvement with key stakeholders.

3. Based on 1 and 2 above, complete the drafting of the Inclusive Housing Ordinance and additional reviews as required, and forward it to the Planning Commission for another study session. Additional work will be needed to align the IHO with code revisions proposed for the Winslow Core, and update the corresponding code for the High School Road District and Neighborhood Service Centers.
4. Develop (update) a manual for developers, including a description of options and the step-by-step application process, definitions, etc.

Selected Resources

(These references are generally available on-line; the CHC "library" will be on file with the City's Planning Department.)

Washington State

"Incentive Zoning in Seattle," Seattle Planning Commission White Paper, February 2007.

"Policy Guide to Inclusionary and Bonus Housing Programs in Washington," The Housing Partnership, August 2007

Washington State House Bill 2984 – Authorizing cities, towns, and counties to implement affordable housing incentive programs. (Effective June 7, 2006)

General

"Expanding Affordable Housing Through Inclusionary Zoning: Lessons From the Washington Metropolitan Area," Brookings Institute, by Karen Destorel Brown, October 2001;
<http://www.brookings.edu/es/urban/publications/inclusionary.htm>

"Field Guide to Inclusionary Zoning," National Association of Realtors, by Frederik Heller, WIRC Manager, <http://www.realtor.org/libweb.nsf/pages/fg806>

"Inclusionary Zoning and Community Organizing," Center for Community Change, <http://www.knowledgeplex.org/showdoc.html?id=41764>

"Inclusionary Zoning Now in 131 Communities," David Rusk, Dec 6, 2003; <http://www.gamaliel.org/DavidRusk/Intro%20to%20IZ%20laws.pdf>

"Inclusionary Zoning: Lessons Learned from Massachusetts," National Housing Conference Affordable Housing Policy Review, Jan 2002, by Brian Blaesser, Mark Bobrowski, Robert Engler, et al.; http://www.mhp.net/termsheets/zoning_12_14_01.pdf

"Inclusionary Zoning: The California Experience," National Housing Conference Affordable Housing Policy Review, Feb 2004, by Nico Calavita, California Affordable Housing Law Project, California Coalition for Rural Housing, and Housing Association of Northern California; <http://www.calruralhousing.org/Publications/Inclusionary%20Housing%20-%20NHC%20Report.pdf>

"Inclusionary Zoning: Ideas You Can Use," HUD – Regulatory Barriers Clearinghouse; http://www.huduser.org/rbc/pdf/Inclusionary_Zoning_Slideshow.pdf

"Inclusionary Zoning: Legal Issues," California Affordable Housing Law Project of the Public Interest Law Project and Western Center on Law and Poverty, Dec 2002; <http://www.wclp.org/files/IZLEGALFINAL.December2002-1.pdf>

"Linkage Fees and Inclusionary Zoning: Growing Smarter through Affordable Housing," 1000 Friends of Florida, (Foresight, Fall 2000), by Jaimie Ross, Affordable Housing Director; http://www.1000friendsofflorida.org/Affordable_Housing/Growing_Smarter.asp

"On Common Ground: Joint Principles on Inclusionary Housing Policies," Home Builders Association and Nonprofit Housing Association of Northern California, July 2005; http://www.nonprofithousing.org/attachments/Inclusionary_Principles.pdf

"PICO's Work on Inclusionary Zoning," PICO (formerly Pacific Institute for Community Organizations), Denise Collazo, April 2004; http://www.piconetwork.org/linkedddocuments/Inclusionary_Zoning_Concept_Paper.pdf

"The Inclusionary Housing Debate: The Effectiveness of Mandatory Programs Over Voluntary Programs," Nicolas Brunick, Zoning Practice, September 2002 (American Planning Association); <http://www.planning.org/affordablereader/znp/ZPSep04.pdf>

"The Inclusionary Zoning Toolbox," American Planning Association – 2005 Conference Session, by Stephen Sizemore, AICP; <http://www.planning.org/conferencecoverage/2005/tuesday/inclusionaryzoning.htm>

"Zoning for Housing Justice," National Housing Institute (NHI), Shelter Force Online, Issue 131, Sept/Oct 2003 –by Miriam Axel-Lute. <http://www.nhi.org/online/issues/131/inclzoning.html>

The other side of the story:

"Affordable Housing Mandates and Inclusionary Zoning," The Free Liberal, by Fred Foldvary, Oct 2004; <http://www.freeliberall.com/archives/000292.html>

"Inclusionary Zoning Makes Housing Less Affordable," The Independent Institute, by Edward P. Stringham, Benjamin Powell, published in San Francisco Business Times, Nov 22, 2004; <http://www.independent.org/newsroom/article.asp?id=1416>

"Affordable Housing Mandates Causing Higher Prices, Less Construction," The Reason Foundation, study by Stringham and Powell, June 2004; <http://www.reason.org/growth/>

"Inclusionary Zoning: A Public Policy Failure," California Building Industry Association, The Issue Brief; <http://www.biasup.org/IssueBrief.pdf>

"Out of Control: Sarasota County Eyes Inclusionary Zoning," Sarasota, AL, Dec 2004 <http://www.rppi.org/outofcontrol/archives/000744.html>

"Inclusionary Zoning Strikes Out," Realty Times, by Lew Sichelman http://realtytimes.com/rtcpages/20040623_inclusionaryzoning.htm

City-Specific **Andover, MA**

- City Community Development Plan - <http://andoverma.gov/planning/commdevplan/>
- City Code Section VIII, Zoning By-Law; http://gcp.esub.net/cgi-bin/om_isapi.dll?clientID=71806&infobase=andover.nfo&softpage=Browse_Frame_Pg42

Barnstable County, MA

"Inclusionary Housing Bylaw/Ordinance for Towns in Barnstable County, Massachusetts" <http://www.capecodcommission.org/bylaws/affordhous.html>

Boulder, CO

City of Boulder - *"A General Introduction to Inclusionary Zoning,"* Aug 29, 2003 <http://www.ci.boulder.co.us/hshhs/planning/General%20I%20Z%20Introduction.pdf>

Burlington, VT

City of Burlington – Article 14: Inclusionary Zoning/Density Bonus <http://www.ci.burlington.vt.us/planning/zoning/znordinance/article14.html>

Chapel Hill, NC

- City's Land Use Development Ordinance - <http://www.ci.chapel-hill.nc.us/documents/Planning/Miscellaneous%20Documents/Development%20Ordinance%20October%202002.pdf>
- City's Land Use Management Ordinance - <http://www.ci.chapel-hill.nc.us/documents/Planning/Land%20Use%20Management%20Ordinances/LUMO%20Cover%20and%20Table%20of%20Contents.pdf>

Highland Park, IL

- City of Highland Park – Article XXI. *"Inclusionary Housing"* <http://www.cityhpil.com/pdf/ordinances/article21.pdf>

- Introduction About Highland Park - http://www.highlandpark.org/hpg_about_intro.htmAmerican
- Planning Association, Zoning News, October 2003, *"Affluent Community Sets Precedent with
Inclusionary Zoning Ordinance,"* by Lynn M. Ross;
<http://www.planning.org/affordablereader/znzp/znoc03a.htm> (article)

Madison, WI

*"Madison Mayor Offers Changes to Inclusionary Zoning Law as Housing Market Cools and
Support for Ordinance Wanes;"*

<http://www.smartgrowth.org/news/article.asp?art=5116&state=50&res=1024>

Montgomery County, MD

The Moderately Priced Dwelling Unit Program: Montgomery County, Maryland's Inclusionary
Zoning Ordinance;

[http://www.montgomerycountymd.gov/dhctmpl.asp?url=/content/dhca/housing/housing_P/mpdu/
summary.asp](http://www.montgomerycountymd.gov/dhctmpl.asp?url=/content/dhca/housing/housing_P/mpdu/summary.asp)

Palo Alto

Association of Bay Area Governments – Theory in Action, *"Below Market Rate Housing
Provided Through Inclusionary Zoning;"*

<http://www.abag.ca.gov/planning/theoryia/houspaloalto.htm>

Santa Cruz

Community Action Board of Santa Cruz County – *"Inclusionary Zoning: A Viable Solution to
Affordable Housing Crisis?"*

<http://www.cabinc.org/Research/inclusionaryzoning.htm> (will link to multiple documents,
including code)

Walnut Creek

City of Walnut Creek, Inclusionary Zoning Ordinance;

http://www.walnut-creek.org/planning/Housing/Housing%20Pages/iz_ord.htm

Westchester, NY

"Inclusionary Zoning Helps Build Housing," (Q&A);

<http://www.westchestergov.com/housing/inclzoning.htm>

Community Land Trust

Background

A Community Land Trust is an approach (and an entity) that is based on holding a piece of land in trust, removing the cost of the land from the price of the home and selling the home to an income-eligible household.

Nearly 200 Community Land Trusts, many of which have decades of experience, are operating in the U.S., with at least 30 in the Northwest. CLTs generally adopt a set of operational and governance guidelines that have become "standard" for the "classic CLT" model, as developed over time by the national network. Success stories about CLTs and "best practices" are abundant; the CHC became part of the national and regional CLT networks, which have provided a wealth of information and insight from seasoned CLT founders, directors, boards and communities. (The "library" of material file compiled by the CHC will be on file with the City's Planning Department.)

The Mayor's Affordable Housing Task Force recommended that the Community Land Trust approach on Bainbridge Island be "expanded" to create more housing.¹¹ The CHC accepted this recommendation and established a Work Group to explore the CLT model specifically related to the creation of housing options. A connection was made with founders of the Trust for Working Landscapes, an existing CLT established to "shepherd farming and farm culture on Bainbridge Island," who generously shared their experiences and access to CLT resources. The CHC conducted extensive research to fully understand the CLT approach as it has been, and is being implemented regionally and nationally to provide affordable housing and a fundamental sense of community.

As the CLT Work Group and the Inclusive Housing Ordinance (IHO) Work Group progressed through the development of their recommendations, it became evident that a "marriage" of the CLT approach with the IHO provided an opportunity to address some of the weak spots in the previous (repealed) Affordable Housing Ordinance, particularly related to preserving long-term affordability and the marketing and resale of the homes.

The CHC facilitated a connection between HRB and the Trust for Working Landscapes; as a result, discussions regarding opportunities to partner in the development of housing on agricultural land are in progress.

In a survey of participants in the 2006 Community Housing Summit, 95% indicated that the CLT approach was "good for the community." In May 2007, the Mayor's 2025 Growth Advisory Committee endorsed the CHC's position on Community Land Trusts as a "powerful tool" for ensuring permanently affordable housing on Bainbridge Island.¹² In July 2007, CHC organized a public discussion series on the subject of CLTs, featuring Michael Brown from Burlington Associates, the premiere consulting and resource center for CLTs.¹³ Additionally, seeds have been planted to consider the use of public land, e.g., the Suzuki Property, for a multi-purpose CLT project (agriculture, housing, open space, parks), in the spirit of the Troy Gardens Project in Madison, WI.¹⁴

¹¹ Mayor's Affordable Housing Task Force, Executive Summary; Appendix 1, Page 7, Item 8.

¹² Final Report, Mayor's 2025 Growth Advisory Committee; Appendix 1, Page 29.

¹³ Community Land Trust, Community Discussion Series; Appendix 1, Page 33.

¹⁴ Friends of Troy Gardens, www.troygardens.org

Recommendations

The CHC developed descriptions of roles and responsibilities, based on the "classic" CLT model, to be performed in conjunction with the Inclusive Housing Ordinance; these descriptions will help guide the selection of a CLT and for establishing the working agreement/contract between the City and the CLT to perform said duties. (While the CHC refrains from recommending a particular organization with which the City will enter into an agreement, the Housing Resources Board is currently the only local housing CLT on Bainbridge Island that is committed to this particular mission and is growing the capacity to perform these functions. In 2006, the HRB stepped forward to expand their mission to include CLT functionality and the Board hired a new executive director, who has extensive background in housing and Community Land Trusts.)

Legal Status

The Community Land Trust (CLT) entity must be an independent, 501(c)3 nonprofit corporation, legally chartered in Washington state, whose mission is to provide housing opportunities to people who are not served by the market.

In compliance with Federal Law (H11966, Section 212), the CLT entity "acquires parcels of land, held in perpetuity, primarily for conveyance under long-term ground leases, transfers ownership of any structural improvements located on such leased parcels to the lessees; and retains a preemptive option to purchase any such structural improvement at a price determined by formula that is designed to ensure that the improvement remains affordable to low- and moderate-income families in perpetuity."

Description of Roles/Responsibilities

The CLT entity, as landowner/trustee, and the building/home owner will enter into a long-term, renewable ground lease, which protects the interests of both parties by defining the following:

Roles/responsibilities and rights of the landowner/trustee, including but not limited to:

- Holds the land in trust, in perpetuity
- Has the right to step in and force repairs in order to safeguard structural integrity of the buildings
- Establishes and administers the resale formula
- Holds an option to step in to cure default on owner's mortgage
- Holds an option to purchase building at initial sale and resale if no eligible buyer is available
- May charge a fee for the administration of the ground lease

Roles/responsibilities and rights of the building owner, including but not limited to:

- Meets income and asset eligibility requirements
- Owner-occupation of the building
- Upkeep of the building
- Restriction on resale to income qualified buyer with an option for the CLT to purchase
- May will the property to rightful heirs

The CLT entity will certify income and asset eligibility of prospective buyers (and renters), and advise prospective buyers that they will need to be credit/mortgage qualified.

The CLT entity will actively "market" the CLT homes, provide CLT and first-time homebuyer education to prospective homebuyers, build and maintain a list of income/asset eligible buyers for units produced as a result of the Inclusive Housing Ordinance.

The CLT entity will set the initial maximum sales prices of any structures to be sold based on the amounts households of various sizes and incomes can pay for housing without exceeding one-third of their household income; the maximum sales prices for the various sizes and types of structures will be determined annually and made public. (These prices will also be conveyed to developer/applicants in the pre-application conferences)

To ensure perpetual affordability, the CLT entity will formulate resale prices of the units to ensure perpetual affordability, and monitor the resales. The formula will be designed to provide present homeowners the benefits of homeownership (income tax deductions, principal amortization, control over improvements, etc.), while giving future homebuyers fair access to housing at an affordable price; the formula will be reviewed periodically and documented in the ground lease.

The CLT entity will create and maintain all of the legal documents associated with the land purchase, ground lease and home sales/rentals. The CLT entity will develop and adopt policies and procedures for proper administration and operation of their duties.

The CLT entity will operate as a community-based enterprise. As such, it will:

- Reflect the Values and intentions of the community and the City as expressed in the Comprehensive Plan, Values Surveys, Needs Assessments and other relevant surveys/studies.
- Establish a governance policy and organizational structure that includes representation from people who lease land from the CLT and others who represent the community/public interest.

Through extensive research and involvement with CLTs nation-wide, the CHC finds that CLTs generally embrace the following as standards for CLT governance and recommends the following:

- The CLT is a membership organization that welcomes any citizen to support, advocate for, volunteer for and/or serve in some other capacity.
- Two-thirds of the CLT entity's Board of Directors may be nominated by, elected by people who either live on the CLT's land or people who reside in the community.
- "Tripartite governance" - One-third of the seats held by people who lease land from the CLT; one-third by people who represent the interests of the entire community, but are not lease holders; and one-third by people who speak for the public interest (e.g., public officials, local funders, nonprofit providers of housing or social services and other individuals)

The CLT entity will have an active acquisition and development program, aimed at expanding the CLT's holdings of land and increasing the supply of affordable housing under CLT's stewardship throughout the community.

The CLT entity is committed to the sustainable stewardship of the land it owns, the development of structures that suit the land and match the character of the neighborhood, and the long-term efficiency of the buildings. This will be accomplished, to the extent possible, through the integration of conservation strategies, open space preservation, low impact development, healthy and energy-efficient building methods, materials and installed features.

The CLT entity may submit requests for "start-up" operational costs to the City via the Housing Trust Fund, following appropriate policies and procedures. The CHC recommends that the City recognize and support the CLT as an essential partner in the administration of the IHO and as an independent entity contributing to the stock of affordable housing (rental and ownership), by way of a City Council resolution and allocation of funds from the Housing Trust Fund for pre-

development and building management/development capacity. (Comprehensive Plan – Housing Element - H 1.4 "The City supports the efforts of community non-profit housing organizations and local and regional public and private entities in developing and managing affordable housing on Bainbridge Island."¹⁵)

The CLT entity will actively seek and obtain development and operational funds from a variety of local, regional and national sources to leverage taxpayer dollars; the CLT will also work with local and national lenders to explore mortgage financing options for homebuyers, and work with local organizations/donors on creative strategies to subsidize homeowners and renters when necessary.

The CLT entity will actively seek and engage in collaborative partnerships for the purpose of acquiring land, and developing or rehabilitating homes. The CLT entity will coordinate and work with local entities, e.g., the Kitsap County Consolidated Housing Authority, the Trust for Working Landscapes, private landowners and developers and relevant Citizen Commissions and Committees, e.g. Open Space Commission.

The CLT entity will submit an annual report to the City Council, providing data on the number of affordable dwelling units sold or rented, the income levels of households served, and other relevant information as requested by the City Council.

Selected Resources

Burlington Associates Resource Center – <http://www.burlingtonassociates.com/>

"Community Land Trusts Come of Age," Washington State Housing Finance Commission Newsletter, April 2006; <http://www.wshfc.org/Newsletter/Apr2006/index.htm>

Institute for Community Economics - <http://www.iceclt.org/clt/>

Kulshan Community Land Trust, Bellingham - <http://www.kclt.org/index.htm>

National CLT Network - <http://www.cltnetwork.org/index.htm>

National Housing Institute, "*Shared Equity Homeownership*," by John E. Davis; www.nhi.org/policy/SharedEquity.html

OPAL (Of People and Land) CLT, Orcas Island - <http://www.opalclt.org/>

Policy Link - <http://www.policylink.org/EDTK/CLT/>

The E. F. Schumacher Society - <http://www.schumachersociety.org/clts.html>

Thistle Community Housing, Boulder County - <http://www.colorado-housing.net/thistle/common/default.asp>

¹⁵ City of Bainbridge Island Comprehensive Plan, Goal 1.4; Appendix 1, Page 23.

Accessory Dwelling Units

Background

The Housing Element of the City's Comprehensive Plan points to Accessory Dwelling Units as an "innovative approach" to increase the variety of housing choices.¹⁶

ADUs, as rentals, provide benefits to property owners, renters and the community. They provide a source of income for owners, while making efficient use of land and resources; for tenants, they offer a safe, affordable place to live, a sense of "neighborhood," and the possibility of helping to care for the land and build relationships.

An Accessory Dwelling Unit is 800 square feet (or less) of separate living space, contained within or detached from a single-family residence on a single lot. An ADU has a kitchen, bathroom and a place to sleep; it has one off-street parking space and shares the driveway with the primary dwelling.

The Mayor's Affordable Housing Task Force found that City code discouraged the use of Accessory Dwelling Units as affordable housing by requiring that the primary dwelling on the property be owner-occupied. To eliminate this disincentive, the Task Force recommended that City code be changed to allow primary dwellings on lots which have Accessory Dwelling Units (ADU) to be non-owner occupied.

On August 3, 2005, Council passed Ordinance 2005-20, striking the language that prevented owners from renting their primary dwelling as well as their ADU.

The CHC established an ADU Work Group in January 2007 to create a public awareness campaign and develop recommendations to facilitate the building and renting of ADUs on Bainbridge. Four key deliverables were produced:

- A tri-fold brochure, designed to educate property owners on the benefits of renting ADUs, provide a few basic steps to get started, and contact information. (See brochure at end of this Report.)
- A 10-minute video, featuring several ADU owners and tenants, designed to inspire others with the personal stories of relationships and neighborhood. This video has been shown on BITV and will be rotated into their ongoing programming; copies are available through City Hall, the Housing Resources Board and the Public Library.
- A Community Workshop on ADUs, held on December 1, 2007 at City Hall. This event, which included presentations, exhibits, discussion and idea generation, attracted more than 60 people, representing a cross-section of the community - people in the housing "business," property owners and affordable housing advocates. (Appendix 1, Page 35 – Event Poster)
- As a result of the workshop, an additional package of information has been developed, providing more detail and resources, and will be available from the City's Planning Department. (Copies of this package will be sent to Workshop participants and posted on the City's website.)

The Mayor's 2025 Growth Advisory Committee endorsed the CHC's recommendation to promote ADUs as a strategy that makes efficient use of land and creates "modest" growth in neighborhoods.¹⁷

¹⁶ City of Bainbridge Island Comprehensive Plan – Housing Element, Goal 1.5; Appendix 1, Page 23

¹⁷ 2025 Growth Advisory Committee Final Report; Appendix 1, Page 29

Recommendations

CHC's work on the Accessory Dwelling Unit Program primarily focused on outreach and education. Through this effort a number of recommendations have emerged, which will enable the future production and renting of ADUs. This list is arranged in order of priority assigned, collectively, by participants in the Community ADU Workshop.

Highest Priority

1. **Streamline/expedite permitting process** - Evaluate the current building application process and documentation for ADUs and explore opportunities to shorten the process and prepare an abbreviated version of the application document for ADUs. CHC suggests that the existing ADU package be reviewed with a group of ADU owners, architects and builders, and revised/updated based on their input.

CHC also suggests that a set of three or four standard, pre-approved ADU designs be made available to property owners, and that these plans be developed through a Request For Proposal process for local architects, designers and engineers.

2. **Provide property tax relief/reduction** for ADUs rented to income eligible renters. While this is a widely-supported action, it requires official coordination and cooperation among all taxing districts. (CHC proposes that this be part of new funding/finance strategies considered by the Housing Trust Fund Executive Committee; see Page 4 of this Section, Item 8.)

3. **"Grandfather"** or provide **"amnesty"** to certain existing non-conforming units - Create criteria and a process by which property owners, who commit to renting their ADUs to income-qualified tenants, could come forward, request inspection and commit to making the necessary changes. Additionally, the CHC recommends that the City, in partnership with private building professionals, help connect ADU owners with or provide assistance to bring the ADUs up to code (see item 7 below).

4. **Advocate for changes to Kitsap County Health District regulations** regarding the two-bedroom rule (minimum requirement for a septic system), and encourage a broader range of innovative on-site sewage systems that meet or exceed current requirements. This will entail research of state and county codes, new technologies available and negotiations to adjust regulations.

5. **Defer/waive building permit and/or sewer/water hookup fees** for ADUs that are rented to income-eligible person(s) for at least 5 years. Considerations must include:

- Policy decision with respect to financial impacts for the City and appropriate funding sources
- A method/mechanism for initial processing, reporting, tracking and administering income-eligibility. The CHC recommends that the City contract with an established local housing provider to perform this function. (The HRB has offered to perform this function as part of the process of matching tenants with property owners as part of their HomeShare Program.)

Moderate Priority

6. Revise BIMC 18.89.030 to increase maximum size from **800 to 900 sq ft**. This change aligns City requirements with those of the Kitsap County Health District, which includes a 900 sq ft maximum.

7. **Provide technical and financial assistance** for property owners who build ADUs for rental to income-qualified tenants

- Financial – While this is not a City function, per se, the CHC suggests that the Housing Trust Fund Executive Committee might provide leadership in the exploration of no- or low-interest loans or grants for owners who rent to income qualified people, and provide a directory of these resources. (Funding sources might include private institutions, foundations or a small allocation from Housing Trust Fund.)
- Technical – Create a directory of willing professionals (architects/designers and contractors) and suppliers offering low-cost and/or volunteer consultation, labor and/or materials.

Low Priority

While this item was deemed relatively low on the priority list by Workshop participants, the CHC suggests that further assessment and exploration, at some point, might contribute to an increase the stock of ADU rentals.

8. Create an ADU manual for property owners and provide prototypes of designs/plans

The CHC's research on ADU programs revealed two particularly outstanding efforts that serve as models:

- City of Santa Cruz, California – Funded by a grant and developed by consultants for the City in 2003, this program includes an extensive ADU Manual to assist homeowners in the process of developing an ADU, with design standards, building codes and prototype designs. Supplementary materials include prototype design plans, alternative roof plans, etc.¹⁸
- ARCH, A Coalition for Housing in East King County – Developed in 2001, this on-line Home Owner Packet provides basic steps and resources for Pre-Construction/Permitting, Construction Management and "After Construction," including finding tenants and managing the property.¹⁹

Additional CHC recommendations, which were not vetted with Workshop participants, include the following:

9. Continue to work with HRB to establish a **method by which property owners can find income-qualified tenants**. (HRB has committed to putting this in place by summer 2008, as part of their HomeShare Program.) CHC recommends that renting an ADU to someone who as been income qualified by HRB be the basis for an owner's eligibility for certain incentives and assistance, e.g., tax relief, fee deferral and/or other financial/technical assistance.

10. The major portion of the supply of **ADU brochures** produced by the CHC will be delivered to the City for display and easy access to all visitors to City Hall, particularly those who visit the Planning and Community Development counter. (These brochures were designed to not be limited by time; additional copies can be easily printed and, if content changes are necessary or desired, revisions can be made by contacting the contract designer, Linda Campbell.)

11. In order to measure the effects of the new ADU materials, the CHC requests that the City **track the number of inquiries and applications for new ADUs, and the types of questions** raised. This information can also be used to adjust/refine materials, guidelines, etc.

¹⁸ City of Santa Cruz, Accessory Dwelling Unit Program, 2003; www.ci.santa.cruz.ca.us/pl/hcd/ADU/adu.html

¹⁹ ARCH - Accessory Dwelling Unit – Basic Steps For Creating An ADU, www.archhousing.org/adu2/welcome.html

12. A "ripple" from the ADU Workshop and video production has reached the planning table for the Chamber of Commerce **Annual Home and Garden Show**, scheduled for March 22. Terry Moyemont, producer of the CHC's ADU video, is leading an effort to convene a panel discussion during the Home and Garden Show on the merits of ADUs. CHC encourages the City to **support this event and participate as requested**; this is an opportunity to provide information and convey the City's interest in and support for this sensible housing option.

13. Learning from the success of local home, garden and solar energy tours, the CHC recommends that an **Island tour of ADUs** be organized for Spring or Summer 2008. Many are the benefits of hearing, first-hand, the stories from homeowners and people who live in ADUs regarding their experience with the processes they followed, the barriers they overcame, and the joys they have experienced with their ADUs.

14. CHC suggests that an **annual (or semi-annual) gathering** be organized for homeowners and building professionals interested in ADUs. Design of such an event can range from a simple Q&A session to a more formal "workshop" or "forum" with presentations and exhibits.

Selected Resources

"Accessory Dwelling Unit: Add a Home to Your House," a home owners manual by ARCH (East King County Housing organization); <http://www.archhousing.org/adu2/>

City of Langley, A Bylaw to amend City of Langley Zoning Bylaw, 1996, No. 2100 to permit secondary suites in single family residential zones;
http://www.city.langley.bc.ca/_pdf/BYLAW_2644.pdf

City of Mercer Island, Accessory Dwelling Unit Regulation
<http://www.ci.mercer-island.wa.us/Files/adu.pdf>

City of Santa Cruz, Accessory Dwelling Unit Development Program and *"Accessory Dwelling Unit Manual"* (2003); <http://www.ci.santa-cruz.ca.us/>

City of Seattle, Department of Planning and Development Explores Alternative Housing Choices
<http://www.cityofseattle.net/dclu/CodeDev/HousingChoices/dadu.asp>

City of Vancouver, "Secondary Suites Program,"
<http://www.vancouver.ca/commsvcs/licandinsp/licences/ssp/>

Kitsap County Health District

- Coordinated Regulatory Requirements for Accessory Dwelling Units, July 29, 2002 Memorandum (Updated September 17, 2004);
http://www.kitsapcountyhealth.com/environmenta_health/onsite/docs/special_residential.pdf
- *"Homeowners Guide to Onsite Sewage Systems,"*
http://www.kitsapcountyhealth.com/environmenta_health/onsite/docs/om_manual.pdf
- CURRENT Onsite Sewage Rules and Regulations;
http://www.kitsapcountyhealth.com/environmenta_health/onsite/docs/oss_regs.pdf
- REVISED Onsite Sewage System and General Sewage Sanitation Regulations (Draft Ordinance 2008-xx);
http://www.kitsapcountyhealth.com/environmenta_health/onsite/docs/20071228_draft_oss_proposal.pdf

Municipal Research and Services Center of Washington - *Accessory Dwelling Units*. October 1995 - Report No. 33 - www.mrsc.org

Design Resources for Small Homes

Websites

Katrina Cottages - www.katrinacottages.com

Little Green Buildings - www.littlegreenbuildings.com

The Cottage Company - www.cottagecompany.com

The Small House Society - <http://resourcesforlife.com/groups/smallhousesociety/>

Tiny Houses - <http://www.tinyhouses.net/>

Tumbleweed Houses - <http://www.tumbleweedhouses.com/>

Books

"Compact Houses": Cristina del Valle.

"Desert Works": Rick Joy.

"Democratic Architecture," Donald MacDonald.

"Design Like You Give a Damn," Architecture for Humanity books.

"House Annual Issues (s)," Fine Homebuilding Magazine (Summer 2007)

"Little House on a Small Planet," Shay Salomon.

"Micro: Very Small Building," Ruth Slaud.

"Mini House," Colejandro Bahamer.

"Mini House Style," Ricorico.

"Modest Mansions," Donald Proule.

"Modular Houses," Kunz & Galindo.

"Pre-fab Modern," Jill Herbes.

"Rural Studio," Dean & Hursley.

"Ten Houses: the Miller Hull Partnership," ed., Oscar Rura Ojeda

"The Big Book of Small Houses," ed., Black Dog & Leventhall.

"The Sea Ranch," Lyndon and Alexander.

"Tiny House," Lester Walker

Non-Conforming Structures

Background

The Mayor's Affordable Housing Task Force recommended that non-conforming multi-family structures containing subsidized housing units be legalized, to allow rebuilding/renovation at the same density.²⁰ Currently, according to BIMC 18.87.030, if a building is destroyed by more than 50% of its replacement value, the building must be reconstructed to comply with underlying zoning. Island Terrace, a property of the Housing Resources Board, for example, currently has 49 units on 3.15 acres; if a rebuild was necessary in this R.8 zone, 24 affordable apartment units would be lost.

Additionally, current code allows that a non-conforming use may be continued as long as "the use is not enlarged, increased or extended to occupy a greater area of land or structure than was occupied on the date of adoption of this code."

Recommendations

CHC suggests that the preservation of existing multi-family housing stock is essential for the community, for the nonprofit entities who develop and manage them and for current and future residents. While this matter has not been a top priority to the CHC, and resources were not expended to study it extensively, the following list of suggestions, supporting the MAHTF's position, was developed in a CHC work session and is submitted for consideration.

1. Study and make a determination regarding a change to BIMC 18.87 that exempts structures with subsidized units.
2. Study the opportunity to sustain the density on a "rebuild," as long as the original footprint is not exceeded. (For example Mercer Island Municipal Code 19.050.D.2 states that, in the Town Center, "A legally nonconforming structure which suffers a catastrophic loss may be reconstructed to its previous legally nonconforming configuration and appearance if the cost of the reconstruction equals or is less than 75 percent of the structure's current...assessed value...and is reconstructed within the same building footprint..." In situations other than Town Center and Single-Family, per MIMC 19.050.D3: "Any legally nonconforming structure that suffers a catastrophic loss may be reconstructed to its previous legally nonconforming configuration regardless of the extent of damage or reconstruction cost.")
3. Explore how density might be increased on "interior remodels" to create additional units, as long as there are no exterior alternations or expansions involved.
4. Explore how Rezoning (BIMC 18.114) or a "contract zone option" might be used to facilitate preservation of density on a case-by-case basis.

²⁰ Mayor's Affordable Housing Task Force, Executive Summary; Appendix 1, Page 7, Item 9.

Cottage Housing

Background

A Cottage Housing project consists of four to 12 homes clustered around a central open area, offering an alternative to single family homes and condominiums. The projects, typically used for infill, are built to concentrate the density while preserving the privacy and personal space of a detached house in a smaller and less costly living unit. The homes are usually limited in size (800 to 1200 square feet) and have three or fewer bedrooms. One of the key benefits to Cottage Housing is that, while moderately increasing density, the overall building areas are reduced by as much as 50%.

Cottage Housing, once considered an innovative housing option, has gained popularity in the past decade and can now be found throughout the U.S. and the Puget Sound region; examples of cottage housing ordinances and developments can be found in Redmond, Langley, Shoreline, Edmonds, and Seattle. In most instances, cottage housing is allowed in several zones, where sewer and water are available. (Shoreline has since repealed their Cottage Housing Ordinance due, in large part, to an unresolved issue related to neighborhood acceptance of specific project. With a strong, joint commitment to community involvement in the planning process, by the developer and the City, this situation can be avoided.)

Cottage Housing is currently allowed on Bainbridge Island in commercially zoned land and in the high density zones in Winslow. In both cases the land is limited in supply and is very expensive. In 2001, the Planning Commission convened several study sessions on a draft citizen-initiated Cottage Housing Ordinance and amendments to the Comprehensive Plan and zoning code that would allow higher density for smaller unit development in selected zones. The draft Cottage Housing Ordinance was revised and presented to the Commission, again, in April 2002. Work on the Ordinance was suspended while the Comprehensive Plan revisions were underway; it was reintroduced for consideration by the Mayor's Affordable Housing Task Force, which supported the revisions, in 2003.

The Housing Element revisions, adopted in 2004, include the following direction:

H.1.6 – "The City should develop provisions to encourage development and preservation of small to mid-size single-family housing units. These provisions may include a framework to permit small-unit housing development known as cottage housing, with increased density in the residential zones included in the Winslow Master Plan study area (R-4.3, R-3.5, R-2.9) and the Neighborhood Service Centers. Standards shall be developed for cottage housing development that include, but may not be limited to, maximum allowable size and density and covenants to limit size in perpetuity."²¹

The Mayor's Affordable Housing Task Force recommended that a Cottage Housing Ordinance be considered for adoption;²² further development of this recommendation became part of the CHC's Work Plan. Similarly, the 2025 Growth Advisory Committee endorsed the promotion of Cottage Housing as a strategy that "increases density in existing neighborhoods while preserving their single family character."²³

The CHC established a Work Group to develop recommendations for Cottage Housing; their research revealed Cottage Housing approaches in several other cities in the region, and found support to be nearly universal. The Work Group produced a "white paper," which is included in Appendix 3, beginning on Page 3.

²¹ City of Bainbridge Island Comprehensive Plan, Housing Element, Goal 1.6; Appendix 1, Page 23.

²² Mayor's Affordable Housing Task Force, Executive Summary; Appendix 1, Page 7, Item 11.

²³ Final Report, Mayor's 2025 Growth Advisory Committee, Appendix 1, Page 29.

Locally, acceptance from many is due, in large part, to the Ericksen Avenue Cottages project in Winslow, which demonstrates the marketability and the aesthetic "fit" for the neighborhood. During 2001 Planning Commission deliberations, Kathleen O'Brien, local founder and principal of O'Brien & Company, a sustainable building consulting firm, submitted memos to the Planning Commission regarding cottage housing as a necessary strategy; she suggested that, if viewed through the lenses of the economy, the environment and social equity, Cottage Housing contributes "significantly to the sustainability of our community as we grow."²⁴

Concerns raised by the public have primarily revolved around the impact and appearance of increased density ("not in my neighborhood") and the "affordability" factor. Results from the survey from 2006 Bainbridge Island Community Housing Summit showed that 78% of the participants support Cottage Housing as "good for the community."²⁵

Cottage Housing, by nature of the small size of lots and structures, is considered by some to be naturally affordable. On Bainbridge Island, however, where the price of land is high and spec developments tend to be marketed to the higher income levels, with high-end products and amenities, it cannot be assumed that Cottage Housing will be accessible to even middle income home buyers. This reality caused the CHC to decide to not bring the Cottage Housing Ordinance recommendation forward until after the Inclusive Housing Ordinance is adopted to ensure that a percentage of the units would be developed as "affordable."

Recommendation

Adopt the Cottage Housing Ordinance

The Community Housing Coalition believes that an effective Cottage Housing is a critical piece of the solution to provide housing options on Bainbridge at prices that fit the "lower/middle" affordability range.

The CHC recommends that Version II of the previously drafted Chapter for Cottage Housing (BIMC 18.92) (Appendix 3, Page 15) and related sections be further developed and adopted to encourage the creation of Cottage Housing.

The following key provisions are endorsed by the CHC:

1. Cottage Housing is permitted in selected zones, where sewer and water are available and as defined by the Housing Element. (When the technology for community on-site sewage systems has advanced, permission may be expanded.)
2. Cottage Housing will fit the scale and character of existing neighborhoods
3. While the underlying zoning does not change, qualified Cottage Housing projects will be allowed the additional density.
4. Requirements of the Inclusive Housing Ordinance apply to all Cottage Housing developments.

The CHC also recommends that planning for any Cottage Housing project will include neighborhood participation. Community acceptance will rest upon adequate information, open dialogue regarding the impact and appearance of cottage housing projects, and political support.

²⁴ Letters to the City of Bainbridge Island, July 24 and September 18, 2001; Appendix 3, Page 9.

²⁵ Community Housing Summit – Summary; Appendix 1, Page 31.

Resources

City of Port Townsend - Cottage Housing Development Design Standards (MC 17.34);
<http://www.codepublishing.com/wa/porttownsend.html>

"Cottage Housing in Your Community: A Guide to Drafting a Cottage Housing Ordinance," The Housing Partnership, June 2001 (Michael Luis);
<http://mrsc.org/govdocs/S42CottageHousOrdGuide.pdf>

Cottage Housing, Municipal Research Service Center of Washington, May 2005
(<http://www.mrsc.org/subjects/planning/cottagehousing.aspx>)

City of Shoreline, Municipal Code for Cottage Housing
<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/112905m.htm>

City of Langley – Municipal Code for Cottage Housing, Chapter 18.22.180;
<http://www.langleywa.org/documents/lmc/lmc-complete.pdf>

City of Redmond – Cottage Housing (various codes; Cottage Housing allowed in specific planned unit developments); <http://www.ci.redmond.wa.us/searchapp/search.aspx>

Appendix 1

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CH2MHILL Final Report

CRITICAL RECOMMENDATIONS AND ACTION PLANS (excerpt)¹

A review of all of the background data, stakeholder interviews, and benchmarking data has brought four critical recommendations to the forefront.

- 1) Continue to make progress of critical recommendations from Benchmarking Study
- 2) Minor efficiency improvements to HHHS will allow improved focus on service providers
- 3) City to lead Affordable Housing with a consolidated citizen housing board
- 4) Establish expectations for communication and performance

3) Action Plan - City to Lead Affordable Housing

The recommendation is for leadership and staffing for affordable housing being placed into the City and consolidation of CHC, HTF, and L5 into one housing advisory committee. This advisory committee should be staffed in the Planning Department by a housing planning/programming specialist.

However, this change is not one that should happen overnight. The activities or steps to make this transition complete must be done in a way to take advantage of the work that has been accomplished by CHC to date and also allows time for the city to create the appropriate platform for assuming the affordable housing responsibility.

A. A transition team should be created with a minimum of the following members: CHC member, CHC staff person, City Planning Department Director, Executive Branch, and a Council representative. This team should be chartered to serve as the focal point for all actions and recommendations concerning this transition. The charter should include specific operating guidelines. This team should have a specific life-span and meet on a very regular basis (start with weekly and move to bi-weekly).

B. The transition team must first establish clear roles and responsibilities for Council, existing CHC staff, and the advisory board.

C. The next order of business for the transition team is to agree and commit to the level of city staff required, which will likely be one full time affordable housing program manager specialist.

D. This team should also review all of the efforts of the current CHC staff and create a work plan for completion of those current activities that must be finished. This work plan should include a timeline for completion of results and a description of the deliverables.

E. The team should then consolidate members from several housing boards, including CHC, Housing Trust Fund, and L5 into one community housing advisory board. This new advisory board could have very similar membership to the current membership of L5. This board would work with the City planning department to guide their affordable and community housing programs.

F. Housing Resources Board (HRB) is an integral partner in the City's affordable housing program, as one of the few housing developers in Bainbridge Island. The need to maintain their representation on the advisory board and will continue to work with the city directly through the planning department to move affordable housing projects forward. HRB should have a representative on the newly formed housing advisory board.

¹ CH2MHILL Final Report, 2007, Page 16, 18-19.

G. It is still uncertain what the citizens of Bainbridge Island are willing to pay for as far as Affordable Housing. It is essential that the City "test the will" of the community as far as how much they are willing to pay for Affordable Housing and what level they are willing to pay for. The transition team should develop a few ideas and pass on a recommendation to the Council.

H. Once Council has a better understanding of the community stance on affordable housing, Council needs to make a policy decision on focus of affordable housing for the City. What aspects of Affordable Housing is the City going to focus on? To what Median Housing Income (MHI) are the City's programs going to focus on? Several comparable cities including in this study are focusing on home ownership programs for "workforce housing".

I. The transition team should charter the housing program specialist person to define the role and clearly establish responsibilities, performance expectations, and communication requirements.

J. The final activity of the transition team should be a performance review of the affordable housing processes, communication, and roles of all those involved. This effort may yield improvements to ensure the completion of the transition. Once there is satisfactory transition, the transition team may disband.

EXECUTIVE SUMMARY

AFFORDABLE HOUSING TASK FORCE REPORT

May 2004

INTRODUCTION

The City of Bainbridge Island, as mandated by the Washington State Growth Management Act, has developed housing goals and policies that are "intended to encourage the availability of affordable housing to all economic segments of the population, promote a variety of densities and housing types, and encourage preservation of existing housing stock." In 1997 the City established an affordable housing program to implement several of the housing goals and policies.

In the fall of 2003, Mayor Darlene Kordonowy appointed the Mayor's 90-Day Affordable Housing Task Force. The Task Force was charged with reviewing the City's current housing program and recommending how the program could be revised to better meet the requirements of the Growth Management Act and goals and policies in the Comprehensive Plan. As part of their work the Task Force reviewed the Housing Element, including revisions recommended as part of the state-mandated update of the Comprehensive Plan, and the 2003 Housing Needs Assessment. In addition, the Task Force evaluated the City's existing programs, including the income-qualified for purchase and for rent programs and the fee in-lieu option. The Task Force also studied trends in the local housing market over the last several years.

IDENTIFICATION OF POLICY ISSUES

As an outcome of the review process the Task Force identified key policy issues that should be addressed in developing a housing program that is multi-faceted, flexible and sustainable.

1. Recognize the need to balance the concerns for environmental protections with the need for more density and diversity of housing that is affordable to a full range of income levels.
2. Make it easier for the marketplace to develop housing for income levels ranging from low to moderate income, using regulatory incentives, zoning changes, financial incentives and other strategies.
3. Strengthen the City's commitment to affordable housing leadership through housing program initiatives that include regulatory incentives, financial strategies, zoning changes and density bonuses, and that in general provides a more integrated approach to supporting affordable housing.
4. Simplify the existing housing program for the buyers and renters, as well as developers and the financial sector.
5. Identify how to best serve each income level with a range of housing options, including subsidized rentals, affordable rentals for low to moderate income levels, and homeownership programs for low to moderate level income groups.
6. Develop a city policy to minimize the loss of low cost housing and address the displacement of lower income people by legalizing non-conforming affordable housing sites and structures.
7. Identify the most effective and efficient strategy for implementing affordable housing concepts and goals for long-term sustainability, and provide adequate resources to this effort.

PRIORITY RECOMMENDATIONS

The following are the Task Force's recommendations for enhancing the City's affordable housing program. While the Task Force believes that completely meeting the need for affordable housing on Bainbridge is an unattainable goal, the group does believe that these priority options will provide the most

effective impact for the dollars invested in beginning to meet some of the need. Most of the options could be realized through modifications to existing City funded programs, policies and zoning codes. The Task Force felt it was important to continue with the programs in place while strengthening their effect.

1. Approve the revisions to the goals and policies of the Housing Element that have been proposed as part of the state-mandated update of the Comprehensive Plan. The scope of the Housing Element is not limited to affordable housing. Instead, in accordance with the Growth Management Act, the goals and policies should address providing a variety of housing types, sizes and choices that address the needs of different households. The proposed revisions broaden the policies to include more housing tools, and also provide flexibility so that the City's programs can be more easily revised to respond to changing circumstances.

2. Coordinate and focus the various housing programs in the City, and provide adequate resources for this effort.

At present, various organizations on the Island are working on housing programs and initiatives. These programs share common goals but often work independently of each other. Coordinating the efforts would increase visibility and efficiency and maximize available resources. The Task Force recommends that the City take the lead and provide the resources to develop a focused, coordinated housing program on the Island.

3. Revise the for-purchase affordable housing program that applies to the private development sector.

The Task Force recommends retaining the requirement that a percentage of new residential development be targeted as affordable, with density bonuses offered in return. However, the Task Force recommends against basing the program on income qualification. Instead, a maximum sales price would be established for the affordable units, based on what a targeted income group could afford. This calculation would be based on the HUD definition of "affordable" (a mortgage payment of no more than 30% of monthly income, or a mortgage not higher than three times annual income) and would be adjusted periodically to reflect interest rates. The homes would have to be owner-occupied for a minimum of five years. The City's involvement would be limited to verifying sales price, as opposed to the current program, which requires ongoing involvement in income certification, refinances, home equity loans, resales etc. The requirement that the buyer repay a subsidy or share appreciation with the City would be eliminated.

The Task Force recognizes that this program would only work in certain types of developments. Other developments would have the option of meeting the affordable housing requirement by using the fee in-lieu program.

4. Fee in-Lieu Program -- Continue the existing program, allowing developers to contribute cash in lieu of building affordable units in a given development. Expand fee in-lieu to areas outside Winslow, establishing a per unit fee rather than a per square foot fee.

5. Silent Seconds. – Under this program, which would require income-certification, a portion of the down payment on the purchase price would be provided as a "silent second" to enable income-qualified individuals to purchase market rate homes. Initially, the "silent second" would come from the fee in-lieu program. (Non-profit agencies, foundations, or government entities might also be a source for funds.) It's anticipated that this program would be used primarily to purchase existing housing stock, as opposed to new homes.

Example: An income-qualified individual pays 10% down on a market rate home, an affordable housing entity provides an additional 10% of the purchase price and the 80% balance of the purchase price is financed. At the time of resale, the seller returns the principal of the 10% second plus a specified interest amount to the original funding entity, providing a self-perpetuating fund. The reimbursement portion of the program plus the on-going fee-in-lieu program provides an opportunity for program expansion.

6. Revise the affordable for-rent program that applies to the private development sector – These proposed revisions are intended to ensure that the rents charged for affordable units are significantly lower than market-rate rents, and that the annual monitoring requirements are simplified. The income group targeted by the rental program should be dropped one level, from moderate income to low income. Require initial income certification and then require that the owner submit annual rent rolls to verify that the rents remain within the required range.

7. Expand the Housing Trust Fund (HTF) mission -- Currently, the Housing Trust Fund serves the housing needs of those whose incomes fall at or below 80% of the Kitsap County median income. This option proposes that a separate HTF program be created for the use of fee in-lieu funds, and that this program be geared to households at or below 80% of the Seattle median income.

8. Expand the Existing Community Land Trust (CLT) program -- The Community Land Trust model provides for perpetual affordable housing by removing land cost from the cost of housing. Land is included with housing purchase through a 99-year lease, with the land being permanently owned by a government or non-profit agency. Currently, the City is negotiating with the Trust for Working Landscapes to provide affordable housing on City-owned land. The CLT could be expanded to include the purchase of new land for the purpose of providing more affordable housing.

9. Legalize non-conforming structures containing subsidized housing units -- Many of the existing subsidizing housing units are in older buildings, which are now non-conforming. Under current code, the structures would have to be made conforming if they need to be replaced or extensively renovated. By exempting subsidized units from this requirement, the required construction work becomes more financially feasible and the stock of affordable units is maintained. In addition, the density of some of the subsidized housing projects exceeds current zoning, making them non-conforming uses. This impacts both the ability to rebuild at the same density and maintain insurance. Existing densities in affordable developments should be recognized as conforming, provided the affordability is maintained.

10. Allow non-owner occupied primary dwellings on lots which have an accessory dwelling unit -- Current codes allow ADUs on most lots, in an effort to encourage affordable housing. However, current code also requires that either the primary dwelling or the ADU must be owner-occupied. Both units may not be rented at the same time. The Task Force believes that this restriction discourages the use of ADUs as affordable housing. This recommendation is intended to eliminate this disincentive.

11. Cottage Housing – Adoption of a cottage housing ordinance would allow moderate density increases in selected residential zones in exchange for limiting the size of the residences. This type of ordinance has been created in several local communities as a method to encourage the creation of small size homes. Currently our zoning offers few incentives to build smaller homes for those who either can't afford or don't need a larger home. Because of the size limitations and open space requirements, the resulting intensity of development is equal to or less than the comparable residential development.

OTHER OPTIONS

The Task Force also recommends that the City consider the following options:

1) Allow multi-family development as a conditional use in Winslow residential zones - All residential zones outside of Winslow allow multi-family as a conditional use, except in the R-4.3, R-3.5 and R-2.9 zones (sometimes referred to as the "old Winslow" zones). The proposed zoning change would simply allow multifamily as a conditional use in the three residential zones currently excluded, thereby increasing the opportunity for expanded housing choices without changing the density.

2) Incentives for Small Size Market Rate Units - Currently the code only recognizes income-qualified units as meeting the definition of affordable. Part of the solution to affordable housing is creating more

small units as a means to increase the number of units provided, reduce cost and provide a variety of housing choices. This option would allow a proposed dwelling of 600 square feet or less to be defined as meeting the City's affordable housing requirements in the Mixed Use Town Center, without any other qualification. The reality is that the size will keep it affordable in relation to other units, whether for rent or for sale.

3) Transfer of Development Rights - The City's current transfer of development rights program theoretically allows increased density in selected areas if the density increase provides affordable housing. However, the TDR program is unworkable in its current format, primarily because the designated sending and receiving areas for development rights are very limited. The TDR program should be revised to expand sending and receiving areas, and to facilitate the process of transferring development rights.

CONCLUSIONS

The Task Force recognizes the strengths of our affordable housing programs currently in place. While the report has taken issue with each of them, it has also recommended that they be maintained with modifications. These first few years of experience with the City's programs have provided the opportunity to observe success and failures, and now make refinements. The Task Force has identified the critical role the market place should play, and the need to create stronger incentives. While the City should continue to set policy, it must provide a variety of options both for non-profit and for profit developers. We hope the options listed are considered for that purpose.

Many of the conclusions of this report are the result of the combined first hand experience of its members with affordable housing on the Island. While each member brings a unique perspective, there was simply not enough time to investigate the nature of the housing problem or the actual needs in a detailed manner. Furthermore, the creation of affordable housing and the programs that support it are in constant flux due to changing economic conditions. Issues we see today and the proposed solutions may be ineffective under different conditions. Therefore, it is essential to monitor the successes and failures and be willing to try new approaches.

While the community has stated its desire to have a diverse population, the reality of sustaining this will continue to be a challenge. The concept of an affordable project or home next door is unsettling to many, or so it would seem. Part of the solution is to recognize that most of the residents of these homes already are a part of the community and part of its stability. Well designed affordable homes look identical to conventional homes. Aside from community receptiveness, there will be limited opportunities for more housing without making more land available. This means higher densities or innovative land uses, which again may not be readily accepted. Bainbridge will always be faced with ever increasing land and home values, making it harder to maintain a semblance of diversity. We hope the City leaders and citizens can see the bigger picture where a variety of community goals must be balanced in order to make modest gains.

Community Housing Coalition Charter Agreement

Introduction

In the fall of 2003, Mayor Kordonowy convened a "Mayor's Affordable Housing Task Force" ("MAHTF") to help the City of Bainbridge Island achieve and strengthen its goal of diversity in housing options. The MAHTF met over the subsequent months, developed recommendations and presented them to the Mayor and City Council. A key recommendation was the formation of a Housing Commission to serve as a "strong, independent, professionally staffed and well-funded board that is permanently devoted to this complex task". The City Council approved the recommendations and asked the MAHTF to determine the shape of the new organization and how it would function. In addition, the Mayor asked the MAHTF to work with the Health, Housing and Human Services Council (HHHS) to design an organizational structure that would strengthen HHHS' role in the housing arena, and ensure that housing issues were considered within the larger context of community values and integrated with the existing network of human service organizations.

In carrying out this charge, the MAHTF and HHHS worked with the Housing Resources Board ("HRB"), Helpline House ("Helpline"), and other interested community members. HHHS, HRB and Helpline decided to combine the strengths and perspectives of their respective organizations by forming a Coalition focused on the community's housing goals. These organizations and individuals developed a proposed organizational structure, goals and responsibilities, working budget, and preliminary work plan for a new "Community Housing Coalition". Their proposal to the City was based on a prior MAHTF recommendation to the Mayor that the new housing organization "be established within HHHS, and a full-time Housing Director position be funded within HHHS".

On January 19, 2005 the City Council "endorsed HHHS's expanded focus on housing issues and the creation of the Community Housing Coalition within HHHS" and allocated the requested funding for 2005 to HHHS. The MAHTF, HHHS, HRB, Helpline House and other interested community members then formed the CHC Development Task Force to guide the formation of the Community Housing Coalition. CHC Development Task Force members are: Charlie Wenzlau, Bruce Weiland and Peter O'Connor (MAHTF), Dana Quitslund, Stephen Davis, and Jan Lambert (HHHS), Carmella Houston (MAHTF and HHHS), Del Miller, Don Heppenstall and Bill Reddy (HRB), Joanne Tews (Helpline), Kathy Cook (City of Bainbridge Island), Bill Luria, and Ed Kushner. The CHC Development Task Force is charged with finalizing the structure and functions of the CHC, and with selecting the initial members of the Coalition.

Purpose of the CHC

Mission

The Community Housing Coalition encourages the creation and preservation of a spectrum of housing options to support Bainbridge Island's goal of being a diverse, sustainable community. It does so by acting as a central clearinghouse for community housing needs and information, providing best practice research, and contributing to the development of effective public policy related to housing.

Functions

The Community Housing Coalition seeks to achieve its mission by engaging in functions such as the following:

1. **Research and Information Gathering** -- both locally and nationally, including research of available funding sources & requirements, analysis of approaches that have worked elsewhere, regular evaluations of local conditions, etc.
2. **Education** -- disseminating information on housing issues to the community, the City, developers, etc., at both the island-wide level and the project specific level.
3. **Policy Review and Recommendations** -- including reviews independently generated and those undertaken at the request of—or in coordination with—the City.
4. **Policy Implementation** -- helping develop useful policies and garnering public support, including drafting, review of community initiatives and city ordinances, etc.
5. **Review and Consultation** -- focusing on encouragement of projects that create and support diverse housing options, and help with approaches that provide community benefits.
6. **Coordination** -- of both public and private housing efforts and related funding initiatives.
7. **Supplemental Support** -- to City Planning staff on issues relating to housing diversity.
8. **Initiation and Facilitation** -- of creative, community-building ideas and proposals.
9. **Advice and Advocacy** -- for housing opportunities from various sources.

CHC Council

The work of the CHC is performed by a council of citizen volunteers who broadly represent the needs and aspirations of the community, provide expertise and advocacy, formulate effective policy, and provide guidance to the City and community to achieve the purposes of the CHC.

Number of CHC Council Members

The CHC Council consists of up to 12 members. It is a goal of the CHC to maintain council membership at 8 members or above.

Appointment of CHC Council Members

The CHC Council members are appointed as follows:

Sustaining Organization Appointees:

Five members of the CHC Council are appointed by the boards of directors of the organizations represented in the CHC as follows:

- Two members are appointed by the HHHS Board of Directors.
- Two members are appointed by the HRB Board of Directors.
- One member is appointed by the Helpline House Board of Directors.

Community at large Appointees

Initially, one or two Members are former members of the Mayor's Affordable Housing Task Force.

The balance of the original CHC Council members are appointed by the CHC Development Task Force, taking into consideration the desirability for the CHC Council to have individuals with experience and backgrounds in design, development, real estate, finance, housing advocacy, and a broad range of other activities.

Subsequent to the appointment of the original CHC Council, individual Community at large appointees are appointed by the full CHC Council.

City Appointee

The City may appoint one non-voting member (such as a City Council member) to maintain a high level of communication between the CHC and City Government.

Ex-officio

The HHHS Executive Director may attend meetings (non-voting status).

CHC Council Voting

Consensus: The CHC Council operates by consensus as much as possible, but also votes on the adoption of policy recommendations and other positions, such as endorsement of—or concerns about—a project or approach.

Quorum: Adopting such a position requires a quorum (2/3 of the council's voting membership), with a majority of members voting in favor of the position.

Individual voting: Each individual CHC Council member has one vote.

Terms

CHC Council members serve one, two or three-year terms, determined by each member's ability to serve and measured from that member's first meeting. An individual member will serve no more than 6 years consecutively. At the conclusion of a term, a member may seek re-appointment by the CHC Council for an additional term that does not extend beyond the maximum consecutive years served.

Council Officers

The CHC Council annually elects a chair and vice-chair to preside at the meetings of the CHC Council and lead the work of the coalition. The CHC Council may identify such other officers as it deems appropriate.

Committees

The CHC Council may organize itself into such permanent or ad hoc committees as it deems necessary or expedient to carry out the work of the coalition.

Meetings

The CHC Council meets at regular intervals with a frequency to be determined by the CHC Council based on work load. All members of the CHC Council are provided notice of all meetings held by the Council or any committee of the Council.

Council Rules

The CHC Council governs its own proceedings, setting rules to ensure that members clearly understand their responsibilities and that the CHC Council works effectively for the good of the community. CHC rules are established by a 50% majority vote.

Adherence to clear rules concerning conflict of interest is essential to maintaining the credibility of the Coalition in the community.

Representatives and Advisors

Non-voting representatives: The CHC Council solicits and welcomes the attendance of additional non-voting representatives from the City, such as members of the City's Planning or other departments, and from other private or public organizations involved with and interested in the work and goals of the CHC.

Advisory Panels: From time to time, the CHC Council may invite organizations and/or individuals to work with the CHC on specific issues. These may take the form of guests at CHC meetings or task groups to work on research, policy development, etc. The advisors

supplement the knowledge, expertise and/or viewpoints represented by the members of the CHC.

Oversight

The HHHS board provides oversight of the CHC as part of its fiduciary responsibility to the City and community. Specifically, the HHHS board reviews and approves the annual work plan of the CHC, and reviews progress on the work plan, and any changes in the plan, on approximately a quarterly basis. This oversight is limited to helping the CHC set goals that are achievable, fiscally responsible, and supportive of the CHC's mission.

Staff Support

Staff support is provided by a Housing Director and additional support staff, hired by HHHS with funding provided by the City. The Housing Director works directly with the members of the CHC Council and provides continuity in moving the Coalition's work forward.

The Housing Director is expected to play a leadership role in framing housing issues for the community and to serve as the public face for the Community Housing Coalition, as well as acting as a facilitator and long-range planner for the Coalition. The Director also provides the technical expertise necessary to work with the City on ordinance and zoning changes as well as a working understanding of public and private financing and best practice approaches to community housing.

The Housing Director reports to the Executive Director of HHHS, with the understanding that the Director's work priorities are reflected in the work plan set by the CHC Council. The initial Housing Director is selected by the CHC Development Task Force and any members of the CHC Council appointed at the time of interviews for the position, with final approval by the Executive Director of HHHS. Subsequent personnel decisions with respect to Housing Directors are made by the CHC Council, with the final approval of the Executive Director of HHHS and the HHHS board.

Decision-Making

Review Interval: Before presenting any recommendations for City policy changes or ordinances to the appropriate body within the City (Mayor, Planning Department, Planning Commission and/or City Council) for action, the CHC Council will allow two weeks time to pass so organization appointees, such as those from HHHS, HRB or Helpline, can discuss the proposed policy changes with their Boards of Directors. These organizations may ask the CHC Council to provide further information or address concerns during this two week time period, which may result in adjustments to the recommendations being brought forward to the City.

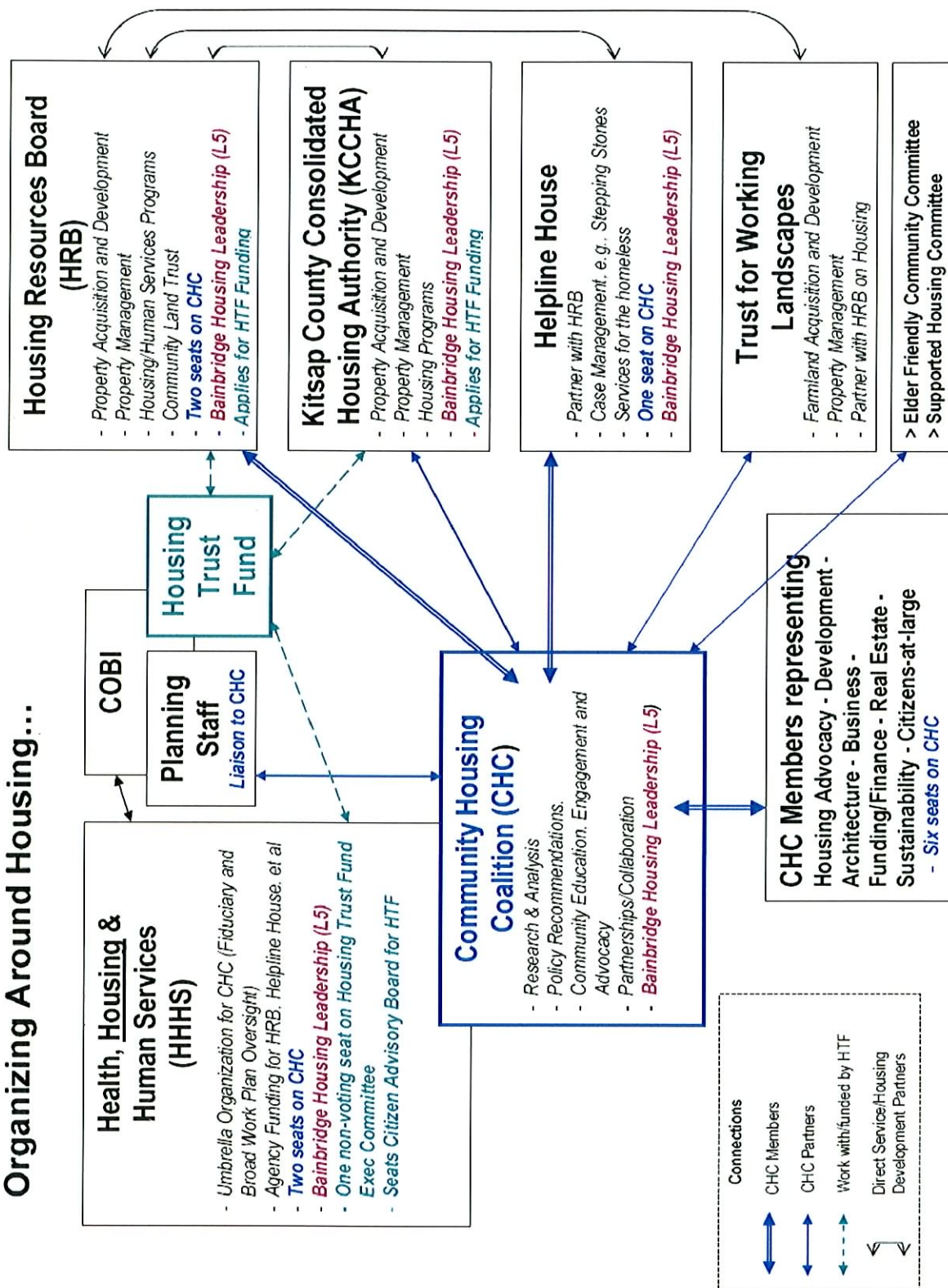
No organization has the power to modify, overrule or veto any recommendation of the CHC Council.

In the event that any CHC Council member disagrees with or takes exception to some feature of a recommendation that the CHC Council wishes to make to the City, the member has the right to have its disagreement or exception included along with the recommendation made to the City, in the form of a minority report or dissent.

Charter Agreement

To take effect, this Charter Agreement must be approved by the CHC Development Task Force. This agreement may subsequently be changed by the CHC Council once it is formed, with a 3/4 majority vote of all members and the approval of the HHHS board.

Organizing Around Housing...



CHC Plan

During the first weeks, the new Community Housing Coalition developed the framework for a Strategic Plan and the structure for approaching the work.

Vision Statement (July 2005)

Taking the lead from the Vision Statement in the City's Comprehensive Plan, which reads, "*Foremost, Bainbridge Island should preserve the diversity of one of its most precious resources--its people. The Island should remain a place where the business people, artists, farmers and long-time residents can all find a place to live,*" the CHC drafted the following statement to guide their planning:

Bainbridge Island is a place where "community" matters. The diversity of our community is what makes us strong and vibrant; we value differences in age, ethnicity, lifestyle, education, vocation, income, faith and gender; we...and our families...become better for what we learn from each other.

Citizens from all walks of life have contributed to the collective wisdom regarding what we want for our community. Support for diverse housing options is strong from the business community, social/human services organizations, environmental advocates, educators, civil service organizations, the interfaith community, and private citizens.

Everyone, representing a wide diversity of backgrounds and circumstances, is connected to each other and to the community; "neighborliness" shows itself in many ways, including friendliness, inclusiveness and lending a helping hand.

Emphasis is placed on building and sustaining neighborhoods and making easy connections for pedestrians and bikes between home, work, school, and businesses. Neighborhoods are comprised of a diversity of homes for families of various descriptions, and include opportunities for renting as well as ownership. Gathering places are plentiful, for neighbors to meet and play.

Housing options are available to young people, to elders and others on fixed incomes, to people whose families have lived here for generations as well as newcomers. People of any economic circumstance have options regarding where they live, and the options are available, appealing, financially viable, and sustainable.

Bainbridge Island has a strong preference for environmental preservation. Collaborative partnerships between conservationists, housing advocates and housing providers have resulted in innovative solutions to challenges of density, zoning and preservation of natural systems. Homeowners and builders work together to construct homes based on Universal Design standards and sustainable building practices, use earth-friendly materials and products, and integrate Low Impact Development methods to achieve the most efficient ecological footprint and long-term cost-effective energy-efficient homes.

Mission

This Mission Statement was adapted slightly from the original version drafted by the CHC Development Task Force:

The Community Housing Coalition encourages the preservation and creation of a spectrum of housing options to support Bainbridge Island's goal of being a diverse, sustainable community. It does so by assessing and tracking needs, acting as a central clearinghouse for community housing information, providing best practice research, and contributing to the development of effective public policy.

Key Strategies

These strategies provided consistent direction for the CHC.

1. Act as a clearinghouse for community housing information

The CHC tracked housing trends (local, regional and national), conducted research on successful housing initiatives in other communities (best practices), and compiled a "library" of educational materials. Inquiries focused on ways in which other communities, in general, and communities similar in size, geography and demographics, have provided diverse housing options through, in particular, innovative policies and strategies and collaborative working relationships. In 2005, the CHC co-sponsored an update of available housing needs assessment information and, in 2006-2007, conducted surveys of large business employers and members of the local workforce.

2. Develop a coherent framework and strategies

While taking action on short-term proposals, the CHC focused on the long-term vision for our community, developed strategies and work plans that promote social, environmental and economic sustainability, and developed a wide variety of solutions.

3. Develop and recommend effective public policy

Working in collaboration with the City and key stakeholders, the CHC studied and formulated changes/additions to policies and regulations that encourage and provide incentives for the preservation and development of diverse, sustainable housing options.

This strategy was fed, almost exclusively, by the list of recommendations inherited from the Mayor's Affordable Housing Task Force. (Page ____ of this Appendix)

4. Establish collaborative partnerships

The CHC worked closely with local human services agencies and created opportunities to partner with housing providers, e.g., Housing Resources Board (HRB), Kitsap County Consolidated Housing Authority (KCCHA). The CHC initiated actions to integrate work with other public initiatives, e.g., Winslow Tomorrow and the 2025 Growth Citizens Advisory Committee, worked collaboratively with stakeholder groups, such as the Chamber of Commerce, and actively participated in housing-related initiatives/committees, e.g., the Elder Friendly Community and the Supported Housing Committees. (Appendix 1, Page 12 depicts the interconnectedness of the organizations working on community housing initiatives.)

5. Develop a Community Engagement/Education Plan

Success is predicated on the awareness, involvement and support of policy makers, key stakeholders and the community at large. The CHC made connections with various sectors of the community, conducted stakeholder interviews and surveys, organized public forums, convened workshops, and developed materials to engage and educate.

Focus

From the beginning, the intention of the CHC was to focus on work items that would create and support a diversity of housing options. While some programs exist to provide assistance to residents who are "income eligible," and, obviously, those who have an abundance of financial resources are well served by the open housing market, there exists an ever widening gap between housing prices and earned household incomes typically considered "low," "moderate" and "middle."

In only four years, since the 2003 Housing Needs Assessment quoted an average home closing price of \$478,000 on Bainbridge Island, the average sales price has climbed to \$821.7 for single family homes and \$485.4 for condominiums. (A report of 2007 year end real estate data can be found on Page 36 of this Appendix.) The same report indicates that 84 of 254 single family homes listed as of December 31, 2007 were priced at \$1m or more, and only 13 homes listed were priced at \$400k or less, which leaves even most middle income households out of the housing market. Only 36 of the 94 condominiums listed as of December 31, 2007 were priced at \$400k or less.)

To determine how best to focus CHC resources given the reality of the housing situation, and to affirm the priorities established by the Mayor's Affordable Housing Task Force, the CHC reviewed the range of programs already in place and developed a matrix to lay out an array of housing options "affordable" to people in our community within each of the HUD-defined income levels.

This Housing Solutions Matrix (Page 17 of this Appendix), shows the relationships between income levels, various occupations, funds available to allocate to housing costs without spending more than one-third of gross income, and a range of "affordable" housing solutions.

The CHC elected to focus on solutions that would serve, primarily, the local work force, as well as young families and residents who want to "age in place," and, in general, households earning up to 120% of the Kitsap County Area Median Income. These solutions were consistent with the findings and recommendations of the Mayor's Affordable Housing Task Force.

CHC Work Plan

The Work Plan for the CHC was, initially, based on the list of priority recommendations inherited from the Mayor's Affordable Housing Task Force including:

1. Coordinate and focus various housing programs
2. Revise for-purchase affordable housing program
3. Revise the Fee-In-Lieu Program
4. Establish "Silent Seconds" program (down payment assistance)
5. Revise affordable for-rent program
6. Expand Housing Trust Fund mission
7. Expand existing Community Land Trust
8. Legalize non-conforming structures containing subsidized housing units
9. Revise Cottage Housing Ordinance

Implementation of a few of the MAHTF's recommendations was initiated prior to the establishment of the CHC, including:

- Approval of revisions to the Housing Element of the Comprehensive Plan – completed December, 2004.
- Allowance for primary dwellings with ADUs to be non-owner occupied – Council passed Ordinance 2005-20, August 3, 2005.
- Allowance for multi-family development as conditional use in Winslow – Council passed Ordinance 2005-21, September 28, 2005.

Another MAHTF recommendation, involving the revision to the Transfer of Development Rights (TDR) Program, was deferred to the City's 2025 Growth Advisory Committee and subject to a consultant's analysis and recommendation.

Over time, the Work Plan was adjusted to accommodate unforeseen circumstances (e.g., the requirement for a nexus analysis for the Inclusive Housing Ordinance), to address emerging priorities and to move projects forward in a more strategic order (e.g., scheduling the presentation of the Cottage Housing Ordinance after the approval of the Inclusive Housing Ordinance).

Structure

For the first year, the CHC met twice each month to conduct the business of the Coalition. It became quickly evident that the comprehensive nature of the work required a structure that enabled the group to focus on multiple tasks and topics simultaneously.

While the full CHC worked to prioritize the overall Work Plan, four Work Groups were initially established to focus on specific priority topics, each with work projects and deliverables.

Cottage Housing Ordinance

- a. **Community Land Trusts** – Don Heppenstall, Donna Dahlquist, Steve Davis, Del Miller, Clara Manning
- b. **Affordable Housing Ordinance** – Jim Laughlin, Del Miller, Heidi O'Brien, Charlie Wenzlau
- c. **Cottage Housing Ordinance** – Steve Davis, Dwight Sutton, Charlie Wenzlau
- d. **Community Engagement** – Carmella Houston, Donna Dahlquist, Dwight Sutton

Over time, this structure was adapted to support emerging issues; for example: the Community Land Trust Work Group merged with the Affordable Housing Ordinance Work Group, when a synergy between the two became evident; the Community Engagement Work Group initially constructed an overall plan and then reconvened to organize specific events; activities of the Cottage Housing Work Group were suspended after draft recommendations were presented to the full CHC in early 2006 and the CHC decided to delay submission of the Cottage Housing Ordinance to the City until after the Affordable Housing Ordinance was approved.

The **Accessory Dwelling Unit Work Group**, with Richard Beckman, Donna Dahlquist, Kate Smith and Merrill Robison, was established in January, 2007.

Each Work Group developed a plan, which included research and investigation to support the need, study of best practices and options, connections with and involvement from interested and involved stakeholders, and a due diligence process.

Decision-Making and Due Diligence

In the initial Plan, CHC gave priority to involvement of diverse stakeholders, integration of social, environmental and economic factors, serving the common good and open/transparent proceedings

Prior to submitting recommendations to the City, the CHC committed to completing a due diligence process which would clearly define the needs met, measure community support, pass environmental, economic and legal reviews and align with the Comprehensive Plan and other City mandates.

CHC Housing Solutions Matrix

HUD Income Categories	% Of Median	2006 Kitsap Median Income Equivalents *	Occupations	Monthly Housing / Rent Payment **	Types of Housing	Gap Solutions
Extremely Low	≤ 30%	≤ \$18,960	Waitstaff, New High School Graduates, Caregivers, Senior Citizens	≤ \$474	Subsidized Rental (HRB, KCOCHA, LIHI)	- Subsidized Rentals - Property Tax Exemption
Very Low	31-50%	\$19,592 – 31,600	Bakers, Bank Tellers, Retail Cashiers, School Bus Drivers, Disabled Persons	\$490 – 790	- Subsidized Rental (HRB, KCOCHA, LIHI) - Subsidized Purchase (Habitat)	- Subsidized Rentals - Property Tax Exemption
Low	51-80%	\$32,232 – 50,560	Teachers, Firefighters, EMTs, Patrol officers, City Planners, Middle Managers, Fixed Income Sr. Citizens	\$805 – 1,264	- Market rate rentals - Subsidized Purchase (KCOCHA) *** (mortgage up to \$205,000)	- ADU rental - Market rate rentals - CLT purchase - Silent seconds, - Down payment assistance - Aging in Place Support
Moderate	81-95%	\$51,192 – 60,040	Social & Community Service Managers, Police Detectives, Branch Managers	\$1,280 – 1,501	- Market rate rentals - Small market rate purchase - Condo + fees *** (mortgage up to \$243,780)	- Cottage or Cluster Housing combined with CLT - CLT Purchase - Creative Financing - Market rate rentals
Middle	96-120%	\$60,672 – 75,840	Small Business Owners, Loan Officers, Human Resource Managers	\$1,517 – 1,896	- Market rate rental - Subsidized purchase (e.g., silent second, down payment assist) - Small market rate purchase - Condo + fees *** (mortgage up to \$307,933)	- Cottage Housing - CLT purchase - Market rate rentals

*Kitsap County 2006 Median Income: \$63,200

Note: 2000 Census B.I. median household income = \$70,110

**HUD defined affordability (not rent burdened): rent or mortgage payment = < 30% of income.

***Based on a 30 year fixed rate loan at 6.25%

The median sales price of \$275,000 countywide was up 10% from a year ago. Bainbridge Island median sales price is well over \$700,000 as of October 2006.

Housing Element

INTRODUCTION

Decent and safe housing is a basic human need which has become increasingly unavailable to many Americans. This reality applies increasingly to certain segments of Bainbridge Island's population as well as to many of those who work on the Island. Kitsap County TRENDS Reports, which track the average home sale price in Kitsap County, document that between 1990 and 2003 the average Bainbridge Island home price escalated dramatically from \$232,687 to \$478,000.

The Growth Management Act (GMA) recognizes the importance of planning for adequate housing by requiring it as an element in Comprehensive Plans. Adequate housing is addressed specifically in one of the 13 major goals:

"Housing. Encourage the availability of affordable housing to all economic segments of the population of this state, promote a variety of densities and housing types, and encourage preservation of existing housing stock."

The requirements for a housing element which are mandated by the Act are:

"A housing element recognizing the vitality and character of established neighborhoods that: a) includes an inventory and analysis of existing and projected housing needs; b) includes a statement of goals, policies, and objectives for the preservation, improvement, and development of housing; c) identifies sufficient land for housing, and group homes and foster care facilities; and d) makes adequate provisions for existing and projected needs of all economic segments of the community."

The last item (d) in those requirements is echoed in the Vision for Bainbridge Island:

"... Foremost, Bainbridge Island should preserve the diversity of one of its most precious resources – its people. The Island should remain a place where the business people, artists, farmers, newcomers and long-time residents can all find a place to live."

and, General Goals (excerpt):

- Foster the diversity of the residents of the Island, its most precious resource.
- Provide a variety of housing choices for all residents.
- Provide affordable housing.

The main objective in preparing a housing element is to identify and prioritize the community's housing problems and trends, and to develop short and long-term solutions. On Bainbridge Island, residential development is the predominant use of land. In 1992, 38% of all the land on the Island was listed as developed for residential use. In 2003, 41% of the land on the Island was listed as developed for residential use. In addition, housing costs are typically the largest expenditure for most households, while a community's housing stock is its largest long-term capital asset.

The costs of land and housing have risen dramatically over the last two decades. The composition of the community in terms of age and income has changed as well. The lack of affordable housing has resulted in the need for many people who grew up on the Island to look elsewhere. Furthermore, many people who work on the Island cannot afford to live here, and the number of homeless individuals and families is growing.

The Housing Element provides the citizens of Bainbridge Island with an opportunity to establish goals, policies, and strategies that present solutions to existing problems and provide direction to future housing development without negatively impacting the existing character of the community.

A major step in the formulation of strategies is to assess our current situation. This is done through a Housing Needs Assessment that includes documentation and analysis of community demographics and trends, existing housing stock and condition, and an estimate of future housing needs, including special needs populations such as homeless, disabled and domestic violence victims. This is followed with a summary of the findings of the data, which give direction to the formation of goals and policies. From these, strategies are then developed to direct the provision of adequate housing for all citizens of Bainbridge Island.

In 2002, the City of Bainbridge Island authorized the development of a comprehensive and up-to-date housing needs assessment for Bainbridge Island, including an in-depth analysis of affordable housing needs across all households. This document, *The City of Bainbridge Island Housing Needs Assessment, September 2003*, is included as Appendix A. The 2003 Needs Assessment updated and expanded upon the Housing Needs Assessment completed in 1995, which is included as Appendix B.

GOALS AND POLICIES

Discussion: In accordance with the definition provided in the Growth Management Act (*WAC 365.195-070(6)*), the term "affordable housing" as used in the Housing Element refers to "the adequacy of the housing stocks to fulfill the housing needs of all economic segments of the population. The underlying assumption is that the marketplace will guarantee adequate housing for those in the upper economic brackets, but that some combination of appropriately zoned land, regulatory incentives, financial subsidies, and innovative planning techniques will be necessary to make adequate provisions for the needs of middle and lower income persons."

GOAL 1

Promote and maintain a variety of housing choices to meet the needs of present and future Bainbridge Island residents at all economic segments, and in all geographic areas in a way that is compatible with the character of the Island, and encourages more socioeconomic

diversity. The City shall partner with community non-profit organizations and local and regional private and public entities in carrying out the following policies:

H 1.1

The City recognizes its role in the regional housing market and shall cooperate with the Kitsap Regional Coordinating Council to develop an equitable distribution strategy for affordable housing.

H 1.2

The City shall take a proactive role in maintaining and encouraging economic diversity on the Island by providing affordable housing opportunities on Bainbridge Island. Accordingly, the City should designate the appropriate staff effort or organizational entity to assist and advise the community, landowners, and private and public entities about options for affordable housing, financing strategies, and funding sources; develop and assist with the City's application and approval process for special housing projects; and initiate and support affordable housing opportunities.

H 1.3

The City shall partner with non-profit organizations, the development community, local lending institutions, elected officials, and the community at large to assist in meeting affordable housing goals and implementing policies.

H 1.4

The City supports the efforts of community non-profit housing organizations and local and regional public and private entities in developing and managing affordable housing on Bainbridge Island.

H 1.5

The City shall encourage innovative residential development types and zoning regulations that increase the variety of housing choices suitable to a range of household sizes and incomes in a way that is compatible with the character of existing neighborhoods. Examples of innovative approaches are cottage housing development, cluster housing development and accessory dwelling units.

H 1.6

The City should develop provisions to encourage development and preservation of small to mid-size single-family housing units. These provisions may include a framework to permit small-unit housing development known as cottage housing, with increased density in the residential zones included in the Winslow Master Plan study area (R-4.3, R-3.5, R-2.9) and the Neighborhood Service Centers. Standards shall be developed for cottage housing development that include, but may not be limited to, maximum allowable size and density and covenants to limit size in perpetuity.

GOAL 2

Maintain the stock of existing affordable and rent-assisted housing. In partnership with community non-profit organizations and local and regional public and private entities the City shall pursue the following policies:

H 2.1

The City shall develop a continuing strategy to maintain the Rural Development Agency and HUD subsidies on existing rent-assisted housing. The primary strategy shall be to support the Kitsap County Consolidated Housing Authority and non-profit agencies to purchase the units through the provisions of the 1990 Housing Act.

H 2.2

In the event of the potential loss of privately-owned subsidized housing, the City will work with the appropriate public agencies to pursue the preservation of the subsidized units, or relocation assistance for the residents.

H 2.3

Water-based housing (live-aboards) is a viable component of the present and future housing stock of Bainbridge Island, and shall be subject to applicable environmental protection, seaworthiness, sanitation and safety standards, and authorized moorage.

H 2.4

The City shall initiate and support programs that assist low-income homeowners and seniors to repair, rehabilitate, maintain and improve accessibility to and within their homes.

GOAL 3

Increase the supply of affordable multi-family housing each year through the year 2012, with goals based on data provided by the Housing Needs Assessment and the City's housing reports.

H 3.1

The City shall encourage new multi-family housing in a variety of sizes in areas designated for such use in the Land Use Element. All developments are subject to Health District requirements for water and sewage disposal.

H 3.2

Accessory dwelling units shall be permitted uses in all residential zones, except at Point Monroe, the Sandspit (R-6). All other applicable development standards including lot coverage, setbacks, parking requirements, and Health District requirements for water and sewage must be met.

H 3.3

The City shall encourage agencies whose mission is to develop affordable housing to create new subsidized multi-family rental housing by aggressively pursuing Kitsap County Community Development Block Grant Funds, state funds, donations from private individuals and organizations, public revenue sources and other available funding.

GOAL 4

Promote and facilitate the provision of the diversity of affordable housing stock in all geographic areas of the community.

H 4.1

To encourage the provision of housing that will remain affordable over time, the City shall pursue effective strategies to reduce the land cost component of for-purchase housing, which may include alternative land use zoning, density bonuses and other incentives.

H 4.2

The City shall encourage housing created by utilizing a mechanism such as a community land trust.

H 4.3

Manufactured homes and manufactured home developments shall be permitted in all residential districts. A manufactured home development will be subject to all applicable development regulations of the underlying zone in which it is located, including affordable housing density bonuses.

GOAL 5

Promote and facilitate the provision of rental and for-purchase housing that is affordable to income-qualified households with a variety of income levels.

H 5.1

Housing developments where all units are income-qualified to specified income groups should be exempt from City impact fees and other selected administrative development fees. Exemptions should be based upon standards that are developed to reflect the income group targeted.

H 5.2

The City shall develop a program for income-qualified, first-time home buyers to provide assistance in purchasing a home that may include, but is not limited to, down payment or second mortgage assistance, below market-rate loans, guaranteed loans, and tax or utility relief.

H 5.3

All income-qualified rental housing units created as a result of the policies of this Housing Element shall remain affordable to income-qualified households for a period of not less than 30 years from the time of first occupancy and shall be secured by recorded agreement and covenant running with the title of the land, binding all the assigns, heirs and successors of the applicant.

H 5.4

All income-qualified homeownerhip units created as a result of this Housing Element shall be sold at a price affordable to income-qualified households. These units may be subject to a mechanism that is specified in an appropriate administrative procedure allowing the City to capture a share of the appreciation if the unit is sold at market rate. The City's share of the proceeds shall be used toward an affordable housing program.

GOAL 6

Facilitate the siting and development of housing opportunities for special needs populations.

H 6.1

The City shall support the services of community non-profit organizations and local and regional public or private entities in providing shelter for temporarily homeless singles and families with children, adolescents and victims of domestic violence on Bainbridge Island.

H 6.2

The City shall support the development of programs that ensure that the housing needs of the developmentally, physically and emotionally disabled are met within the community.

H 6.3

The City shall support programs that provide assistance to low-income, disabled persons to retrofit their homes to be more accessible.

GOAL 7

Utilize the City's bonding capacity and other resources to support the creation of affordable housing.

H 7.1

The City recognizes the need to provide financing assistance for affordable housing. Accordingly, the City will actively pursue public and private funds that may include, but are not limited to, real estate excise tax, grants, and other available resources.

H 7.2

The City, in partnership with local agencies producing affordable housing, may issue a General Obligation Bond to increase the production of housing affordable to households at or below 80% of median income for Kitsap County.

H 7.3

The City Council may issue Councilmanic (Limited Tax General Obligation Bonds; also called councilmanic bonds, or non-voted debt) to support the development of housing affordable to households at or below 80% of median income for Kitsap County.

H 7.4

The City shall establish and maintain a Housing Trust Fund which will be used to support the development and preservation of affordable housing on Bainbridge Island.

H 7.5

The City may purchase and make City-owned land available through long-term leases or other mechanisms for the purpose of creating income-qualified housing, and shall support other public entities that wish to use publicly-owned land for this purpose.

GOAL 8

Provide a periodic report on the status of housing on Bainbridge Island and the implementation of the Housing Element in order to assess the effectiveness of the housing goals.

H 8.1

The City shall monitor by survey and/or other means, and prepare a report on, the following aspects of housing:

A. Housing in general and the types of housing encouraged in this Element, including affordable multi-family and single family, owned and rented; accessory dwelling units; subsidized housing; adaptable units; clustered housing and cottage housing.

Housing Element 8 December, 2004

B. The condition of the local housing market and the number of new housing units, publicly and privately funded.

C. The use of density bonuses and the number of for-purchase housing units provided in new developments.

D. A description of the various initiatives supporting affordable housing, including activities of community non-profit organizations and local and regional public or private entities.

E. Programs of housing repair and renovation that improve accessibility.

H 8.2

The housing report shall be issued at least every five years, in coordination with statemandated updates of the Comprehensive Plan, and shall be made available to the public in various ways, such as notice in the local newspaper, on the City's web page, and on local media outlets.

Ensure affordable housing

The 2025 Committee agrees with the Community Housing Coalition that several strategies could be powerful tools for ensuring permanently affordable housing on Bainbridge Island:

- *Creating a Community Land Trust.* A community land trust holds title to land for the common good and makes it available to individuals through long-term land leases. Income-qualified individuals can buy homes on the land, but because the trust owns the land, the houses sell at a lower price initially and do not rise in value as fast as houses on private land. On resale, the price stays affordable and only income-qualified buyers may purchase the homes. If the City grants developers extra density in return for building affordable units, it should require participation in a community land trust to ensure that the units remain affordable over the long term.
- *Encouraging Accessory Dwelling Units.* Also known as ADUs or mother-in-law units, these help cluster development and are one way to create modest growth in neighborhoods where there is already a house on each lot. The City currently allows ADUs in all zones. A wide array of strategies could encourage more of them:
 - Allowing ADUs to comprise a separate tax unit so they can be sold independently of the main house.
 - Working with the Health Department to adjust requirements for septic fields when ultra-efficient appliances are installed in both the main and accessory dwellings.
 - Launching a campaign to raise awareness of the benefits of ADUs and to promote them as a way for many people on the island to be part of the solution in creating affordable housing.
 - Providing technical, architectural or financial assistance to build new ADUs or to create them by dividing large houses into separate units.
 - Reducing property taxes or deferring building permit fees over a number of years when units are rented to income-eligible people.
- *Promoting Cottage Housing.* Cottage housing is another way to increase density in existing neighborhoods while still preserving their single-family character. These projects typically consist of a cluster of small houses with a shared central space. Cottages typically range from 800 to 1000 square feet, and the typical density is 10 to 11 units per acre. The Ericksen Avenue Cottages on Bainbridge Island are an example of this kind of housing. Cottage housing is typically used on infill lots in established neighborhoods.

Community Housing Summit

June 6, 2006

Summary

Included in this summary:

- 1) Summit Program on BITV, and DVDs to borrow
- 2) Summit Highlights, Feedback and New Ideas
- 3) Planning Next Steps

First, for those who attended the Summit, we deeply appreciate your active participation and commitment! The event exceeded our highest expectations, and there is great energy to move forward, individually and collectively.

1) Summit Program on BITV, and DVDs to borrow

BITV taped the entire Summit and produced a two-part program which will continue to air on cable Channel 12 for several more weeks. To relive the Summit, capture more of the details or share with colleagues, friends and family, check out BITV's schedule:

Part 1 (Summit Morning Session, including Opening/Introductions, Keynote Remarks by Rep. Mark Miloschia, and the presentation, "Current State of Housing")

View on Saturday mornings at 9:30am and Monday evenings at 6pm

Part 2 (Summit Afternoon Session, including presentations, "Island Solutions;" "Cottage Housing Ordinance, Community Land Trust and Affordable Housing Ordinance;" Special Projects - Bill Carruthers and Wini Jones; and New Ideas)

View on Sunday mornings at 9:30am and Tuesday evenings at 6pm

For those without television or cable, the two-DVD sets are also available to check out - at no charge - from the Community Housing Coalition Office (842-1206).

Also, watch for a 15-minute piece on "housing" to be aired on Channel 12 (between scheduled programs), beginning the week of June 12. This piece, produced by BITV and the Community Housing Coalition, and sponsored by American Marine Bank, features Carmella Houston, Els Heyne, Carmella Houston and Kat Gjovik speaking about the current housing situation and the implications for our community. (This will also be available on DVD to borrow from the CHC office.)

2) Summit Highlights, Feedback and New Ideas

Highlights:

- Attendance - 101 citizens (and two infants), representing a good cross section of the community, and elected officials from COBI (Debbie Vancil and Bill Knobloch), Kitsap County (Patty Lent) and WA State (Beverly Woods).
- Keynote Speaker, State Representative Mark Miloschia, stressed the urgency of the current situation, the need for multiple solutions, a variety of resources, public/private partnerships and involvement from everyone in the community. "This is not about charity for a few, but affordable housing for all."
- Focused on the current situation and on solutions.
- Shared data/information, engaged in lively discussion and generated new ideas.

- Bill Carruthers and Wini Jones inspired us with their private development projects.

Feedback:

We received more than 60 feedback forms, expressing strong support for the three main solutions on the table, and interest in getting involved.

(60 Responses)	Solution is Good for the Community?	Can Personally Support?	Interested in Helping?
Community Land Trust	95%	65%	48%
Cottage Housing Ordinance	78%	52%	28%
Affordable Housing Ordinance	85%	62%	43%

New Ideas:

Several new ideas emerged from the discussion and garnered common interest/support – a community investment fund; a bond; property tax relief; shared housing arrangements; “government housing;” excise tax, and others.

3) Planning Next Steps

CHC has summarized the requests for more information and expressions of interest in working together on current solutions and new ideas. The current plan includes the following actions:

- **Summit materials** are available to those who could not attend. Please contact the CHC office at 842-1206
- **Public discussion groups and/or workshops** will be scheduled soon to explore housing solutions in general and specific areas of interest:
 - Community Land Trust concept/model
 - Innovative funding/financing solutions – public funding and bonds; personal and community-based investment opportunities; etc
 - Alternative housing structures (Accessory Dwelling Units, “small, sensible homes,” converted building, etc.)
 - Alternative living arrangements, e.g., shared housing
 - Housing for elders and people with disabilities
 - Innovative ideas that “push the envelope” on current public policy/ordinances (How can we best enable the development and use of land and structures that provide sensible housing options?)
- **Notices** will be sent when public hearings are scheduled on the Affordable Housing Ordinance and Cottage Housing Ordinance; briefing sessions for interested citizens/advocates will be held prior to public hearings with the Planning Commission and City Council.

Bainbridge Island
Community Land Trusts
A Public Discussion Series with Michael Brown
July 17 – 19, 2007



FOR THE LAND AND THE PEOPLE

Diverse, affordable housing options for the Island's working people, young families and elders are crucial to the vitality - and survival - of our community. We CAN simultaneously serve this important need, develop land wisely and preserve open spaces and farmland.

LEARN ABOUT THE CLT APPROACH!

Join us for one or more of these presentations and discussions.

Michael Brown is a partner with Burlington Associates in Community Development, LLC, a leading national consultancy and resource center for Community Land Trusts (CLT).

KEYNOTE PRESENTATION: COMMUNITY LAND TRUST - A COMMUNITY-BASED APPROACH

What are the key elements of a CLT? What makes a CLT an effective strategy for housing and land stewardship? How does this model work in other communities? How will it work on Bainbridge Island?

Tuesday, July 17, 7:00 - 9:00pm, City Hall Council Chambers

COMMUNITY LAND TRUSTS, CONSERVATION TRUSTS, OPEN SPACE and FARMLAND PRESERVATION

How does a community support multiple "land trust" and conservation programs? How do these efforts complement each other? What opportunities are there for partnering and collaboration? What works on Bainbridge?

Tuesday, July 17, 1:30-3:30pm
 City Hall Council Chambers

BUYING and OWNING A CLT HOME

What eligibility requirements, benefits, and responsibilities are associated with CLT homeownership? What opportunities exist or are planned for Bainbridge?

Wednesday, July 18, 11:30am - 1:00pm
 City Hall Council Chambers
 Bring a Brown bag lunch!

CLT - A STRATEGY FOR HOUSING DIVERSITY and PUBLIC POLICY

How does a CLT approach fit with multiple community housing strategies? How does it fit with public policies, such as "inclusive zoning" and Cottage Housing?

Wednesday, July 18, 2:00 - 3:30pm
 City Hall Council Chambers

CLT - EDUCATION and MARKETING

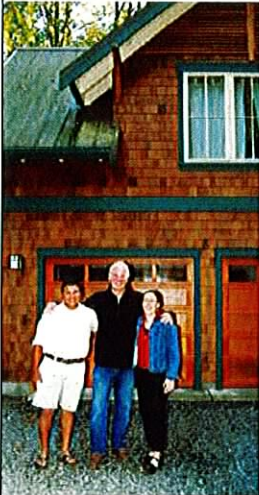
What outreach, education and marketing strategies are most effective for prospective CLT members, board, staff, community leaders, citizens and prospective buyers and renters?

Thursday, July 19, 10:00am - 12:00pm
 Bainbridge Library

Presented by the **Community Housing Coalition**, in partnership with Bainbridge Island's CLTs - **Housing Resources Trust** and **Trust for Working Landscapes**.

CONTACT: Kat Gjovik • 842-1206 • chckat@blhhs.org

Imagine a small, affordable place to live
...in your backyard



A Free Community Workshop Accessory Dwelling Units

Exhibits, presentations and constructive conversation about
building and renting your ADU

Saturday, December 1, 2007 » 9:30 a.m. to 12:00 p.m. » City Hall Council Chambers

Presented by The Community Housing Coalition

Accessory Dwelling Units ...Building community on Bainbridge Island

Bainbridge Island Chamber of Commerce – Community Housing Coalition Housing Surveys - Highlights

I. Survey of Large Business Employers

Overview: Six large businesses, with more than 50 employees each, plus one small business with 15 employees, participated; total number of employees represented – 700. Types of businesses included local government, manufacturing, publishing, finance, retail and medical. (A survey of Bainbridge Island School District was taken in 2005, with similar results.)

1. Wages/Salaries:
 - Over 15% of the 700 employees earn \$21,000 per year or less
 - Another 36% earn \$35,000 - \$56,000 per year
2. Residency: Over 70% Live OFF Island
3. Effect on business when employees live OFF Island: Slightly Negative - 5 businesses; No Effect - 2 businesses.
4. Effect on business when employees live ON Island: No Effect - 1 business; Somewhat Positive - 5 businesses; Extremely Positive - 1 business
5. Difficulty filling job openings: Somewhat Difficult - 6 businesses; Extremely Difficult - 1 business

II. Survey of People Working on Bainbridge

Overview: 233 people working on the Island (large and small businesses, manufacturing, retail, professional services, finance, etc.) responded to a survey regarding working and living on Bainbridge.

1. Wages/Salaries:
 - 6% earn \$25,000 per year or less
 - 42% earn \$50,000 per year or less
2. Commute: 86% of respondents drive their cars to work; 44% commute 30 minutes or longer.
3. Reasons for working on the Island (respondents chose multiple answers)
 - Type of work – 52%
 - Employer reputation – 39%
4. Residency: 54% live OFF Island
5. Reasons for not living on Island (respondents chose multiple answers)
 - Housing Prices – 79%
 - Cost of Living – 49%
 - Lack of Housing Choices – 24%

Funding & Finance for Affordable Housing

Workshop - March 26, 2007

Key Points and Ideas

Participants: Melanie Benson, Jackie Terry, Morgan Terry, Ed Kushner, Carl Florea, Christian Hayes, Dana Quitslund, Carmella Houston, Andrew Torres, Joe Deets, Kat Gjovik

TYPES of FUNDING Discussed

Public – local (bonds, general funds), state (WSHFC) and federal (tax credits)

Private – loans, investments, donations/gifts, in-kind (land)

Other – land trust income, public/private loan fund

NEEDS for MONEY (brainstorm)

1. Leverage public funds with private funds
2. Help people buy into Mobile Home Park
3. Need \$\$\$ (big dollars!)
4. Workers cannot afford to live here – workforce housing
5. Potential for community *investment*
6. Administrative costs for land trusts, HRB, KCCHA; need on-going presence of organizations to act (earnest money)
7. Development costs for projects, including feasibility and land costs
8. Need \$\$ "ready" to act fast – a revolving bank account/fund
9. Housing for people who make \$12 per hour
10. Big scale – lots of units
11. Down payment assistance (WSHFC will loan \$10-15k, with limits and restrictions)
12. Subsidized housing
13. Mortgage financing for CLT homes
14. Outreach to local mortgage financiers
15. Expertise on all funding sources (HRB, KCCHA)
16. Focal point for local residents
17. Incentives
18. Repair, weatherization, maintenance to enable aging in place
19. Funding for project feasibility and predevelopment
20. Community education
21. Land!

LIST of SOURCES (Brainstorm)

(Topics with high level of interest/energy are highlighted.)

1. ***Housing Trust Fund**
 - a. Need renewable source; how identify and obtain funds?
 - b. Need to expand what HTF will fund
 - c. Attract voluntary contributions from businesses (real estate, development)
 - d. Need to market HTF to new realtors, banks and define/describe what they will get for their contributions
2. Federal Home (very competitive)
 - a. Loan Bank HP funds
 - b. "Challenge" funds
3. Impact Capital
4. Housing Bond
 - a. Planned for 2008
 - b. Working with Mayor on pre-bond community poll
 - c. Partner with Open Space and other prospective bond beneficiaries

5. *Community Investment Fund

- a. Explore Community Development Financial Institute (CDFI), e.g., Shore Bank, Pacifica and Cascadia (rather than establish new funding mechanism)
 - b. Work with CDFI to focus our local funds to our community
6. Individual private loans to housing organizations (for gap financing)
7. Look at traditional institutions that fund Community Land Trusts and Mobile Home Park (e.g., Islander Angels, LLC, a 10-year commitment)
8. Community donors/investors

9. *\$10m offering

- a. "Goodwill" fund to use for on-the-spot acquisition
- b. Revolving fund
- c. Work with Bainbridge Community Foundation re deposit to generate income
- d. CDFI buys out LLC, to keep fund rolling?

10. *What are the successful programs for local banking institutions?

- a. Loans on CLT homes; need pro forma
 - b. Package of information to provide to banks re what we need
 - c. "Round robin" – rotating opportunity to finance homes among local banks
 - d. Loans to community that won't be sold to secondary market
 - e. Hypothicated CDs
 - f. Portfolio loans
11. Recognize and celebrate what each organization or business or individual contributes

12. *Consider Business Development Corp (BDC)

- a. Five partners, three of which are banks
- b. Pool resources
- c. Meets community reinvestment criteria
- d. Objective – fill an unmet need
- e. Needs approval from WA state

13. REET – Real Estate Excise Tax

14. Education – who is doing what in housing on Bainbridge Island?
15. Involve Bainbridge employers

Community Housing Coalition
221 Winslow Way W, Suite 205
Bainbridge Island, WA 98110
(206) 842-1206

DATE: June 20, 2007

TO: Mayor Kordonowy
City Council Members

CC: Mary Jo Briggs
Elray Konkell
Kathy Cook

FROM: Kat Gjovik
For the Community Housing Coalition

RE: Housing Trust Fund

The Community Housing Coalition (CHC) and other interested parties from the CHC's Funding/Finance work group respectfully submit this letter as initial input to the process of reviewing and "revitalizing" the Housing Trust Fund. Last year, it became clear to us that an update to the HTF Policy Plan would be appropriate and timely, to adjust to changing conditions and growing demands for "diverse housing," and we began to advocate for a short-term task force to conduct the review/update.

The CHC continues to strongly support a focused, facilitated review and update process for the Housing Trust Fund vision and Policy Plan, and appreciate the City's efforts in this direction. We believe that the best outcome will result from involvement of key stakeholders with expertise in finance, development and management of "diverse housing," as well as representatives from housing/human services organizations who might apply for HTF funds, community/civic leaders, housing advocates, and interested citizens at-large, and well as key decision-makers at City Hall.

In the development of recommendations for City policy and code, the CHC has identified a number of conditions/situations that would benefit from a more expansive, flexible Housing Trust Fund Policy Plan. This initial input, in the form of suggestions for consideration, relates to two key areas – Funding and Management/Administration:

Funding Considerations

1. Establish a funding timeline that is responsive to competitive applications and provides flexibility for emerging/unanticipated needs. Consider a semi-annual cycle to bring competing proposals to a level playing field, and a supplementary process to handle interim requests that carry some degree of urgency. Establish clear guidelines and criteria for both.

2. Create an annual "allocation plan" based on defined/quantified and anticipated needs and a formula to address unanticipated, emerging needs.
3. Identify appropriate "set asides" for additional housing programs, in a manner consistent with current treatment of the Independent Living Program.
4. Explore use of funds for and eligibility of certain programs/projects, e.g.:
 - A. Feasibility and pre-development studies
 - B. Capacity building and operations support for local nonprofit housing providers
 - C. Repair/maintenance and weatherization of single family residences
 - D. Home buyer education
 - E. Financial assistance for first time and/or CLT home buyers (e.g., loan, down payment assistance/silent seconds)
 - F. Bridge loans
 - G. Low interest loans for Accessory Dwelling Units (new construction, rehab and/or to make conforming)
 - H. Housing projects/programs that provide "supported living" opportunities for special needs citizens
5. Expand income levels served to include moderate income for local work force (e.g., up to 120% of Kitsap County AMI, or 100% of Bainbridge MI), to align with new Affordable Housing Ordinance and help close the ever-increasing gap between housing prices and family income.
6. Refine/expand criteria used to evaluate projects/programs, to include, for example: long term affordability; support for innovative/entrepreneurial efforts; green building/sustainable development (consistent with WA State standards to be implemented July 2008), etc.

Management/Administration Considerations

1. Revisit need to conduct and fund annual Needs Assessment; use Needs Assessment to inform criteria by which applications are evaluated; clarify role of HHHS and/or CHC.
2. Expand and adjust the make-up of the governing body to reflect the diversity of the community, e.g., 1/3 "at large," 1/3 housing professionals and advocates, 1/3 COBI and civic leaders.
3. Revisit the application review process; maintain the objective, independent review performed by interested, semi-technical citizens (currently, the Citizens Advisory Board).
4. Establish tracking/reporting process for projects/programs funded to ensure effective utilization of funds over time.
5. Partner with private companies for innovative matching programs, e.g., title and escrow companies, real estate companies, banks, etc.
6. Consider moving HTF to an independent "umbrella" organization, e.g., Bainbridge Community Foundation, where it would be more easily "marketed" to prospective donors, attract more private contributions, and not be directly influenced by politics.

7. Wherever it resides, launch an aggressive marketing plan to attract private donations.

It will be important to have alignment between HTF policy and forthcoming CHC recommendations, and we are eager to work with the City on this review process. Please contact me with questions/comments; we are eager to hear details of the review plan and schedule.

2007 Real Estate Statistics (Windermere) December 2007

Residential (SF):		2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Average Price Sold:		735,819	905,437			Average Listing:	1,080,524	978,408		YTD Avg Sold:	821,658	749,944	668,963				
Median Price Sold:		605,000	773,597			Median Listing:	881,000	749,250		YTD Med Sold:	680,000	661,000	569,000				
Units Sold:		15	20			Units Listed:	15	12		Units Sold	333	350	442				
2007 List/Pend Ratio																	
Price Range: All Prices		# of Listings	163	276	266												
		# Pendings	26	73	34												
		Ratio:	0.16	0.26	0.13												
Price Range: 0-400,000		# of Listings	6	10	9												
		# Pendings	1	3	1												
		Ratio:	0.17	0.30	0.11												
Price Range: 400K-600K		# of Listings	53	57	61												
		# Pendings	9	18	8												
		Ratio:	0.17	0.32	0.13												
Price Range: 600K-800K		# of Listings	31	44	49												
		# Pendings	3	9	8												
		Ratio:	0.10	0.20	0.16												
Price Range: 800K-1M		# of Listings	26	32	38												
		# Pendings	5	9	8												
		Ratio:	0.19	0.28	0.21												
Price Range: >1M		# of Listings	47	58	109												
		# Pendings	8	8	9												
		Ratio:	0.17	0.14	0.08												

Condominiums		2007	2006	2007		2006	2007	2006	2005
Average Price Sold:		584,375	285,616	Average Listing:		487,909	500,927	YTD Avg Sold:	485,432 349,547 381,143
Median Price Sold:		485,432	349,547	Median Listing:		446,000	455,000	YTD Med Sold:	456,500 302,500 383,165
Units Sold:		4	3	Units Listed:		14	4	Units Sold	152 136 74
2007 List/Pend Ratio			2-Jan	13-Mar		18-Jun	18-Sep	15-Oct	16-Nov 3-Dec 31-Dec
Price Range: All Prices		# of Listings	155	156		118	114	111	106 91 94
		# Pending	40	40		27	14	6	10 9 4
		Ratio:	0.26	0.26		0.23	0.12	0.05	0.09 0.10 0.04
Price Range: 0-400,000		# of Listings	54	55		50	43	36	37 38 36
		# Pending	6	8		6	4	2	2 1 2
		Ratio:	0.11	0.15		0.12	0.09	0.06	0.05 0.03 0.06
Price Range: 400K-600K		# of Listings	60	61		44	43	45	42 35 36
		# Pending	19	18		16	7	3	7 3 2
		Ratio:	0.32	0.30		0.36	0.16	0.07	0.17 0.09 0.06
Price Range: 600K-800K		# of Listings	29	29		14	16	17	17 15 15
		# Pending	9	11		2	1	0	1 2 0
		Ratio:	0.31	0.38		0.14	0.06	0.00	0.06 0.13 0.00
Price Range: 800K-1M		# of Listings	10	9		7	8	8	6 5 5
		# Pending	5	3		3	2	1	0 0 0
		Ratio:	0.5	0.33		0.43	0.25	0.13	0.00 0.00 0.00
Price Range: >1M		# of Listings	2	2		3	4	5	4 3 2
		# Pending	1	0		0	0	0	0 0 0
		Ratio:	0.5	0.00		0	0	0.00	0.00 0.00 0.00

Appendix 2

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Examples of Municipalities with Inclusionary Housing Programs (Information is current as of July 2006 unless otherwise noted)

Population (2000 Census)	Affordable Units Produced	Threshold Number Of Units and Income Target	Affordable Housing (Required Percentage)	In Rent Payment/ Off-site Development	Density Bonus	Other Developer Incentives
San Francisco Verano (1998)	150 units and 25 rental units completed since 1999 (\$200,000 collected in fee for rental payments.)	Threshold: 5 or more units for new construction projects 10 or more units for adaptive reuse or conversion of non-residential to residential projects Income Target: 65% of the AMI for rental units and 75% of the AMI for sale units	10-25% depending on the average sales price of project units in a development; the less affordable a development is, the higher the affordable requirement is (up to 25%)	Development Review Board can grant permission to build affordable units off-site, but density bonus is awarded and set- back increases to 1.25 times the number otherwise required. Developers are not allowed to build affordable units off-site if the project is located in a waterfront zoning district	35%-25% density bonus available depending on which zoning district the project is located in	None
Portland, Maine Carroll (2002)	230 units approved since 2002	Threshold: 3 or more units must build on lots less than 1/2 acre; lots of 1/2 acre or larger must build on site Income Target: 80% for affordable units; 50% for non-affordable units; 30% for non-affordable units; 10% for non-affordable units; 5% for non-affordable units	12-25% for all new developments; 10- 15% for non-affordable units; 5% for non-affordable units; 2% for non-affordable units	Ordinance does not provide for off-site construction or set-back for projects of 3 or more units. Ordinance also provides for lot area 3 units the applicant for 100 to 200 sq ft about \$20,000 of lot M bonus	Affordable units don't come toward the density of the unit	None
Hill and Park, Blair (2003)	17 Units Planned or Produced (\$100,000 collected in fee for rental payments)	Threshold: 5 or more units Income Target: for for-sale units, at least 50% must be sold to low-income households. On average, the affordable units must target 65% of the AMI. Renting units must target 50% of the AMI. Income Target: 65% of the AMI for rental units; 75% of the AMI for sale units; 80% of the AMI for sale units; 85% of the AMI for sale units; 90% of the AMI for sale units	27%	Incentive for determined by the City Council and deposited in the Affordable Housing Trust Fund. Developer may also construct units off-site or donate land	One additional market-rate unit for each affordable unit built. PUDs can receive up to 1.5 times the number of market-rate units for each affordable unit	Fee waiver for impact, demolition, utility connection fees
New York Albany (1997)	502 (\$2,000,000 collected in fee for rental payments)	Threshold: All new construction must have at least 10% affordable units Income Target: 30% AMI for rental units; 50% AMI for sale units	25%	If a developer is below 10 units a developer can make a fee-in-lieu payment of 3% of the market value of market-rate units	25%	None

Source: Ben Clark, Northwestern University, School of Education and Social Policy, July 2006

Examples of Municipalities with Inclusionary Housing Programs

(Information is current as of July 2006 unless otherwise noted)

	Population (2000 Census)	Affordable Units Produced	Threshold Number Of Units and Income Target	Affordable Housing (Required Percentage)	In-Lien Fee Payment/ Off-site Development	Density Bonus	Other Developer Incentives
Pleasanton, California (adopted mandatory ordinance in 2002 but has had voluntary inclusionary policies since the late 1970s)	63,654	635 units produced and planned (\$14.84 million collected in fee in- lien payments)	Threshold: 15 or more units, but projects under 15 units must pay an in-lien fee Income Target: Very-low-, low-, and moderate-income households (based on HUD definition)	For new multiple-family residential projects: 12% for very-low- and low- income households; For new single-family projects: 20% for very- low-, low-, and/or moderate-income households (based on HUD definitions)	Developers can opt to construct affordable units off-site, make a land dedication, or pay an in-lien fee. Fee calculated based on gap between affordable price and market price of housing, and is now \$9,000 per unit of affordable housing required.	2.5%*	Fee waiver or deferred, design modifications, priority processing
San Jose, New Mexico (1998)	82,203	Approx 500-600 units produced and planned (85 have warehouse units needed in 2005, 200- 300 rental units are in the pipeline for the next 2-3 yrs.)	Threshold: All developers are covered Income Target: 80% to 120% AMI	50% for new 15% rental	Only permitted in case of economic hardship and when required affordable percentages create a fraction of a unit. Fee based on square footage and cost to build unit.	Bonus of 15% over what the project is currently zoned	Waiver of building fees, ALTA impact fees may be waived only for affordable units

* current as of May 2006

* California state law requires the provision of a 25% density bonus, or "equivalent financial incentive," for developers who include certain percentages of units affordable to low-income and very-low income households. (California Government Code, Sec. 65915)

CHC DRAFT
October 19, 2007

INCLUSIVE HOUSING ORDINANCE
ORDINANCE 2007-XX

An Ordinance of the City of Bainbridge Island, Washington, establishing requirements and incentives to provide affordable housing in new residential developments; amending Section 18.06.565 of the Bainbridge Island Municipal Code; and replacing Chapter 18.90 of the Bainbridge Island Municipal Code with a new Chapter 18.90.

WHEREAS, the Housing Element of the Comprehensive Plan establishes goals and policies to encourage the availability of affordable housing to all economic segments; to promote a variety of densities and housing types, and to encourage preservation of existing housing stock; and

WHEREAS, Chapter 18.90 of the City Code provides for an optional (voluntary) affordable housing program for new single-family and multi-family residential developments; and

WHEREAS, to strengthen the City's housing programs, the City Council in January 2005 created a Community Housing Coalition responsible for research, analysis, education and advocacy regarding development and establishment of a focused and coordinated housing program; and

WHEREAS, the "_____ Report", prepared by _____ and dated _____, explains and quantifies the nexus and relationship between development in the City and low-income housing needs in the City; and

WHEREAS, after extensive research, the Community Housing Coalition recommended that the City establish inclusive housing requirements for new residential developments and prepared an ordinance establishing such requirements; and

WHEREAS, on _____, the Planning Commission held a public hearing on the Community Housing Coalition's recommendation and an ordinance to implement the recommendation; and

WHEREAS, after considering comments made at the public hearing on the Community Housing Coalition's recommendation and the draft ordinance, the Planning Commission recommended to the City Council that _____; and

WHEREAS, on _____, 2007, the City Council held a public hearing on the ordinance and the Planning Commission's recommendation, and concluded that _____; now, therefore,

**THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DO
ORDAIN AS FOLLOWS:**

Section 1. The City Council finds and declares as follows:

Note: The findings of fact supporting the need for the inclusionary requirement, as stated in the “nexus study,” will be set forth in this section.

Section 2. Section 18.06.565 of the Bainbridge Island Municipal Code is amended to read as follows:

18.06.565 Affordable housing

“Affordable housing,” “affordable dwelling unit” or “affordable units” means a dwelling unit for use as a primary residence by a household in any of the income groups described below, which may be rented or purchased without spending more than 30% of gross monthly household income including utilities (other than telephone and cable TV) for rentals, and 33% of gross monthly household income for purchased units, excluding utilities. The Community Land Trust shall calculate and publish annually the maximum purchase prices and maximum rents applicable to each of the following income groups:

Extremely low < 30% of median income household income

Very low income 31% – 50% of median household income

Low income 51% – 80% of median household income

Moderate income 81% – 95% of median household income

Middle income 96% – 120% of median household income

Note: Fractions will be rounded up to the next whole number.

“Median household income” means the amount calculated and published by the United States Department of Housing and Urban Development (“HUD”) each year for the Kitsap County (Bremerton/Silverdale MSA) as the median household or family income, adjusted by HUD for household size.

Section 3. Chapter 18.90 of the Bainbridge Island Municipal Code is repealed and replaced with a new Chapter 18.90 to read as follows:

**THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DO
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Moderate income 81% – 95% of median household income

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Note: Fractions will be rounded up to the next whole number.

"Median household income" means the amount calculated and published by the United States Department of Housing and Urban Development ("HUD") each year for the Kitsap County (Bremerton/Silverdale MSA) as the median household or family income, adjusted by HUD for household size.

Section 3. Chapter 18.90 of the Bainbridge Island Municipal Code is repealed and replaced with a new Chapter 18.90 to read as follows:

Chapter 18.90

INCLUSIVE HOUSING

Sections:

- 18.90.010 Purpose.**
- 18.90.020 Definitions.**
- 18.90.030 Required inclusive housing**
- 18.90.040 Optional residential density bonus for inclusive housing**
- 18.90.050 Community Land Trust**
- 18.90.060 Transfer of residential building lots**
- 18.90.070 Purchase of inclusive dwelling units**
- 18.90.080 Alternative mechanisms for meeting inclusive housing requirements**
- 18.90.090 Reduction, adjustment or waiver of inclusive housing requirements**

18.90.010 Purpose.

The purpose of this chapter is to implement policies of the housing element of the comprehensive plan and to mitigate direct, indirect and induced impacts of market-rate residential development on the demand for affordable housing. The housing element reflects the City's goal to disperse diverse, affordable housing throughout all geographic and economic segments of the community. The City recognizes that the marketplace is the primary supplier of adequate housing for those in upper economic groups, but that combinations of appropriately zoned land, regulatory incentives and innovative planning techniques are necessary to provide adequately for the needs of households with incomes at or below middle income, as those terms are defined in BIMC 18.06.565. It is also the purpose of this chapter to ensure perpetual affordability of affordable housing on Bainbridge Island.

18.90.020 Definitions.

For purposes of this chapter, the following definitions shall apply:

1. "Applicant" means the owner of the land included in the application, or the person, corporation or organization designated by the owner in writing to act on behalf of the owner regarding the application.
2. "Application" means a written request for approval of the subdivision of land or the construction of single-family or multi-family dwelling units.
3. "Community Land Trust" is a nonprofit entity designated by the City to perform certain duties relative to this ordinance (Section 18.90.050)
4. "Dwelling unit" is the total square footage of living space of a home or apartment and means a single-family dwelling unit or multi-family dwelling unit, whether included in a residential building or a mixed use building.
5. "Inclusive housing unit" is the dwelling unit created as a result of the inclusive housing requirement.
6. "Living space" is the inside dimensions of a home, including unfinished rooms. Living space does not include garages or unfinished basements.
7. "Owner" means the person, corporation or organization that owns the land or affordable dwelling unit, as applicable.

18.90.030 Required inclusive housing for new construction.

A. Applicability of Requirement. The inclusive housing requirement shall apply to all zones, to all new construction of for-rent and for-purchase dwelling units, and to all rehabilitation construction that converts multi-family rental units to condominiums.

B. Exemption. This chapter shall not apply to applications for development of land that is located in the critical areas overlay districts of the comprehensive plan.

C. Special rules for Mixed Use Town Center and High School Road Districts and Neighborhood Service Centers. In lieu of the inclusive housing requirements of this chapter, land located within the Mixed Use Town Center and the High School Road districts shall be governed by BIMC 18.40.070, and land located in the Neighborhood Service Centers shall be governed by Chapter 18.66 BIMC.

D. Required inclusive housing. Except as provided in Subsections B and C of this Section, at least 15% of the dwelling units in an application for construction of five or more dwelling units shall be inclusive dwelling units for households earning < 80% of Kitsap Area Median Income (Low income, as defined in BIMC 18.06.565), and at least 15% of the residential building lots in an application for subdivision of land into five or more residential building lots shall be used for inclusive dwelling units for households earning < 80% of Kitsap Area Median Income (Low income, as defined in BIMC 18.06.565). For purposes of this inclusive housing requirement, all applications for subdivisions on abutting parcels that are proposed as part of one development, and all applications for dwelling units that are proposed as part of one development, shall be deemed one application.

E. Increased Density Allowance. The applicant will be allowed an increase in the density for the buildings or land, subject to the requirement of Subsection D of this Section, by a number equal to the number of inclusive units required.

Examples of the inclusive housing requirement with the increased density allowance are as follows:

Example A Application to construct 5 market rate units:

5 market rate dwelling units
Plus 1 inclusive dwelling unit (15% of 5 = .75, rounded to 1)
Plus 1 additional market rate unit (15% of 5 = .75, rounded to 1)
Equals 7 dwelling units

Example B Application to construct 20 market rate dwelling units:

20 market rate dwelling units
Plus 3 inclusive dwelling units (15% of 20 = 3)
Plus 3 additional market rate units (15% of 20 = 3)
Equals 26 dwelling units

F. Preservation of Existing Affordable Dwelling Units.

An application that preserves or rebuilds existing affordable dwelling units on site may count such units toward the inclusive housing requirement and be eligible for increased density if the units will be rented or sold to low and moderate income groups as defined in BIMC 18.06.565

G. Applicability to Income Groups. A requirement of this chapter that applies to an income group as defined in BIMC 18.06.565 shall apply also to the full range of income groups with lower median household incomes as defined in BIMC 18.06.565. (A requirement specifying < 80% of Kitsap Area Median Income will apply to all income groups up to and including 80%.)

H. Duration of Affordability. All for-purchase inclusive dwelling units shall remain affordable to the targeted income groups for the long term, through a 99-year renewable ground lease. For-rent inclusive dwelling units shall remain affordable for ____ years.

I. Mixture and Appearance of Inclusive housing unit types and sizes. To ensure adequate distribution of inclusive housing units by household size, the bedroom mix of inclusive housing units in any project shall reflect the proportionality of the bedroom mix of the market rate units; in the pre-application conference, the Community Land Trust will advise the applicant of specific housing types and sizes needed to serve the current pool of qualified/eligible buyers, and the final plan shall be approved by the Director, Planning and Community Development. The size of the inclusive units may be smaller than market rate units; the exteriors of all inclusive dwelling units shall be similar in appearance, type and materials to the market rate dwelling units in the development.

J. Attached Housing. In single-family developments where there are two or more inclusive dwelling units, the Director may waive side yard setbacks to allow for attached housing units for the inclusive dwelling units only. The placement and exterior design of the attached units shall resemble, as closely as possible, a single-family dwelling.

K. Green building. Inclusive housing units shall comply with the City-wide green building code.

L. Phasing. If a project is constructed in phases, required inclusive dwelling units or inclusive residential building lots shall be allocated and completed by phase as determined by the Director, except under extraordinary circumstances, with approval of the Director.

18.90.040 Optional residential density bonus for inclusive housing above the 15% requirement.

A. Optional Density Bonus for Inclusive Rental Housing. The application that is subject to the requirement of BIMC 18.90.030 will be allowed additional rental market rate units equal in number to all inclusive housing units in excess of the 15% inclusive housing requirement of BIMC 18.90.030. The additional inclusive rental units will be rented to income groups up to and including 80% of Kitsap Area Median Income, as defined by BIMC 18.06.565.

B. Optional Density Bonus for Inclusive For-Purchase Housing. The application that is subject to the requirement of BIMC 18.90.030 will be allowed additional for-purchase market rate units equal to all for-purchase inclusive housing units in excess of the 15% inclusive housing requirement of BIMC 18.90.030. The additional inclusive housing units shall be sold to income groups up to and including < 120% of Kitsap Area Median Income, as defined in BIMC 18.06.565, based on the need as established by the Community Land Trust.

An example of the application of the optional inclusive housing density bonus is as follows:

Example C: Application to construct 20 market rate dwelling units:

	20 market rate dwelling units
Requirement	3 inclusive housing units (15% of 20 = 3)
Increase in density	3 additional market rate units (15% of 20 = 3)
Total	26 dwelling units
<u>Optional +20% Bonus</u>	<u>4 additional inclusive housing units (20% of 20 = 4)</u>
	<u>4 additional market rate units (20% of 20 = 4)</u>
Total Market Rate Units	27
Total Inclusive Housing Units	7
Total Units	34

C. Incentives. Applications for all development of inclusive rental dwelling units and developments in which for-purchase inclusive housing comprises more than 50 percent of the project shall be given priority status for processing with Planning and Community Development. Such applications shall also be allowed, upon approval by the Director, Planning and Community Development, a 30 percent additional height increase, a 30 percent reduction in side yard set back requirements, and a 30 percent greater lot coverage. If public transit is available at the location, a 30 percent reduction in the parking requirement shall also be granted.

D. Payment of fees. The applicant may, at its option, defer payment of the portion of City imposed fees, including sewer/water connection fees, which are applicable to the construction of required and optional inclusive dwelling units until the issuance of a certificate of occupancy for such units.

18.90.050 Community Land Trust.

A. Designation, powers and duties of Community Land Trust. The City Council shall by resolution establish the minimum qualifications, powers and duties of a nonprofit corporation and designate a Community Land Trust to administer and carry out the provisions of this chapter ("Community Land Trust"). Upon 12 months' advance notice, the City Council may by resolution change at any time the nonprofit corporation serving and the Community Land Trust.

The powers and duties of the Community Land Trust shall include but not be limited to the following:

1. Establish annually the maximum rent or sales price for inclusive housing units, based on BIMC 18.06.565.
2. Participate in pre-application conference and advise applicant of current needs regarding household size and bedroom mix for inclusive housing units.
3. Certify the income eligibility of prospective renters and/or purchasers of inclusive housing units.
4. Maintain a list of income-qualified renters and/or purchasers of inclusive housing units.
5. Market the inclusive housing units
6. Hold title (in trust) to the inclusive housing lots, with recorded 99-year ground lease agreements with buyers of inclusive housing units.
7. Purchase inclusive housing units, if desired.
8. Establish the formula for resale of for-purchase inclusive housing units to ensure sustained affordability.
9. Submit an annual report to the City Council, providing data relevant to this ordinance on the number of inclusive housing units rented or sold, the income levels of households served, and other relevant information as requested by the City Council.

B. Rules and Regulations. The CLT is authorized to adopt rules and regulations for the proper administration and enforcement of duties as described in 18.90.050A.

C. Community Land Trust Contract for Administration. The City shall enter into a contract with the Community Land Trust to carry out the administration of the inclusive housing units produced by this Chapter. In holding title to the residential building lots and in overseeing the rental or purchase, resale, maintenance and/or operation of inclusive housing units, the CLT shall be an independent entity and shall not be considered or deemed to be an agent, employee or officer of the City. The contract may authorize the Community Land Trust to charge an administrative fee for maintaining and operating the inclusive housing units.

18.90.060 Transfer of residential building lots.

Transfer of Lots. Upon receiving certificate of occupancy, the owner of a residential building lot on which an inclusive housing unit has been constructed shall transfer title of the lot to the CLT by statutory warranty deed. The deed shall be accompanied by covenants that include the inclusive housing unit requirements of this chapter, as supplemented by the preliminary plat conditions. The deed and the covenants shall be prepared by a representative of the CLT and approved as to form by the City Attorney. Upon request, the applicant shall provide to the Director or the chief operational officer of the CLT a title report for the lot. The lot shall be transferred to the CLT free and clear of all liens and encumbrances, except those accepted by the CLT. The CLT, and its successors in interest, shall hold title to the lot in trust, subject to the inclusive housing requirements of this chapter, as supplemented by the preliminary plat conditions.

18.90.070 Purchase of inclusive housing units.

A. Purchase Commitment and Right of First Refusal. Upon receipt of the application, the Director, Planning and Community Development, shall submit a copy of the application to the CLT. Within 30 days after the date of complete application, the CLT shall execute and provide

to the applicant, with a copy to the Director, an option agreement (right of first refusal) to purchase the inclusive housing unit upon its completion.

B. Covenants. Prior to issuance of a building permit for an inclusive housing unit, the owner of the inclusive housing unit shall execute and deliver to the CLT a duly executed covenant running with the land, in a form approved by a representative of the CLT, identifying the inclusive housing units and describing the applicable inclusive housing requirements of this chapter. The applicant shall be responsible for the cost and recording of the covenant.

18.90.080 Alternative mechanisms for achieving inclusive housing requirements.

A. Alternative Equivalent Proposals. An applicant may propose to achieve the purpose of the inclusive housing requirements of BIMC 18.90.030 by an alternative equivalent action that furthers inclusive housing opportunities in the City to a greater extent than compliance with the inclusive housing requirements of BIMC 18.90.030. An alternative action includes, but is not limited to:

1. Construction of inclusive housing units on another site.
2. Dedication of land to the Community Land Trust or other nonprofit housing developer for the development of inclusive housing units
3. Dedication of land with existing dwelling units that shall be used as or converted to inclusive housing units.

The proposal shall be made as a formal request to the Director, Planning and Community Development, on a form approved by the Director. The request shall be filed with the application, shall be accompanied by a processing fee as established by City Council resolution and shall explain in detail how the alternate action will exceed the inclusive housing requirements of BIMC 18.90.030. The Director shall consider the request as an administrative decision in accordance with BIMC 2.16.095.

B. Fee In lieu. An applicant may propose to achieve the inclusive housing requirements of BIMC 18.90.030 by payment of a fee in lieu to the City's Housing Trust Fund as created by Chapter 3.38 BIMC. The fee in lieu shall be established by resolution of the City Council. The proposal shall be made as a formal request to the Director, Planning and Community Development on a form approved by the Director. The request shall be filed with the application and shall explain in detail:

1. The site conditions that prevent the applicant from complying with the inclusive housing requirements of BIMC 18.90.030 on site;
2. The facts and circumstances that cause compliance with the inclusive housing requirements of BIMC 18.90.030 to be unfeasible;
3. The facts and circumstances that prevent bonuses and benefits of this chapter from mitigating the impacts of the inclusive housing requirements of BIMC 18.90.030.

The Director shall consider the request as an administrative decision in accordance with BIMC 2.16.095. Any approved fee in lieu shall be payable to the City's Housing Trust Fund before final plat approval for residential building lots and before approval of a development or building application for non-subdivision applications.

The fee in lieu may also apply if, as determined by the Director of Planning and Community Development, creating the inclusive housing required by this chapter would not serve the fiscal, growth management, critical areas, or utilities/services interests of the City.

18.90.090 Processing requirements.

A. Pre-application Conference. Prior to submittal of the application that is subject to the requirements of this chapter, the applicant, a department representative and a Community Land Trust representative shall attend a pre-application conference in accordance with the purposes and procedures of BIMC 2.16.035. At the pre-application conference involving a subdivision, the department representative or the Community Land Trust representative shall advise the applicant of the lot transfer requirements of this chapter, if applicable.

B. Application. The application shall include all information and documents that are required by this chapter and that are necessary, in the opinion of the Director, to determine compliance with this chapter, including but not limited to a description or depiction of the residential building lots that will contain inclusive dwelling units, if applicable. The subdivision application shall not be considered complete unless such description or depiction is included in the application. The application shall set forth any proposed phasing, and shall include any requests or options authorized by this chapter, including but not limited to density bonuses, phasing and fees in lieu amount.

C. General review process. Review of the application shall be carried out in accordance with the applicable provisions of Chapter 2.16 BIMC.

D. Review process for subdivisions. During review of a subdivision application, the Director shall determine whether the residential building lots proposed by the applicant for inclusive housing units can be constructed on the lots in accordance with applicable City rules and regulations. The requirement to transfer ownership of residential building lots and to construct inclusive housing units shall be included as a condition of preliminary approval of the subdivision, and shall also be included in a covenant that is executed and filed with the final plat. The preliminary plat and the final plat shall identify the residential building lots on which inclusive dwelling units will be constructed and the market rate bonus lots granted pursuant to this chapter.

18.90.100 Reduction, adjustment or waiver of the inclusive housing requirements.

A. Right to Request Change. The applicant may apply for a reduction, adjustment or waiver of the inclusive dwelling unit requirement of this chapter because:

1. The requirements of this Code preclude the construction of one or more market rate bonus units; or
2. The inclusive dwelling unit requirement lacks a reasonable relationship or nexus to the impact of the development.

B. Procedure for Request. The request shall be filed with the Director, Planning and Community Development, on a form approved by the Director, with the application. The request shall be accompanied by a processing fee as established by City Council resolution, and shall state in detail the factual and legal basis for the reduction, adjustment or waiver, and shall be accompanied by all documents relied upon by the applicant. The Director shall consider the request as an administrative decision in accordance with BIMC 2.16.095.

Section 4. A new section 18.40.070 is added to the Bainbridge Island Municipal Code as follows:

18.40.070 Inclusive housing requirement in the Mixed Use Town Center and High School Road districts.

A. Required Inclusive Housing. Any proposed development with a base residential FAR of 6,000 or more square feet shall provide additional residential development equaling at least 15 percent of the base residential FAR, which will be used for inclusive housing as defined in BIMC 18.06.565. The total allowable residential FAR may be increased by an amount equivalent to the square footage provided for inclusive housing. This increase in FAR may be used for market rate dwellings.

B. Development of the required inclusive housing shall be in accordance with BIMC 18.90.030.

The inclusive housing requirements are summarized in the example below.

Example: Base Residential FAR = 6,000 square feet (market rate)
Inclusive Housing Requirement = 15% of 6,000 square feet = 900 sq. ft.
FAR Bonus = 900 sq. ft. (market rate)

TOTAL PROJECT = 7,800 sq. ft.

C. Applications for development that exceeds the 15% inclusive housing requirement will be eligible for the optional density bonus and incentives in accordance with BIMC 18.90.040.

Section 5. If any section, sentence, clause or phrase of this ordinance shall be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 6. This ordinance shall take effect on and be in force five days from and after its passage, approval, and publication as required by law.

PASSED by the City Council this ____ day of _____, 2007.

APPROVED by the Mayor this ____ day of _____, 2007.

Darlene Kordonowy, Mayor

January 17, 2007 Developers' Forum

Summary of Comments/Suggestions

1. One approach will not work in all zoning districts; suggest exploring different programs for different zones, e.g., MUTC, Neighborhood Service Centers and single family residential.
2. In R8 zones, 15% requirement is challenging, with height, lot coverage, setback and septic requirements/limits.
3. Major concern regarding overarching land use and zoning regulations, etc., and how realistic it will be to meet the requirements outlined in the Ordinance.
4. Concern about the full array of requirements (open space, critical areas, public amenities, affordable housing, etc.) "stacking up" and making compliance difficult, if not impossible.
5. Financial models need to be run on raw land, and a variety of sample parcels; if unworkable, adjustments need to be made. (Bill Carruthers, Dick Allen, Wini Jones and Bill Nelson offered to help by providing land/projects to model.)
6. Also, include definition of target income levels for "typical" buyers and prices for affordable units.
7. Developers need data -number of units, household makeup, type of units, number of bedrooms, square footage, amenities, etc.
8. It will be important to have a pool of qualified people ready to commit to purchase the units; some concern that there might be limited appeal for the Community Land Trust homes.
9. How will CLT acquire land?
10. Income, asset and down payment criteria need to be established.
11. There is interest in avoiding unnecessary complications with Community Land Trust transactions.
12. There is need to consider how poorly maintained structures and foreclosures will be dealt with.
13. Need to establish sales prices and be clear on formula used.
14. Need to establish realistic Fee In Lieu amount.
15. Some preference for the resale of the unit to be tied to income rather than appraisal.

16. Rentals should be addressed specifically and separately in the ordinance.
17. Property tax breaks are needed for rental units meeting the "affordability" criteria.
18. Rental affordability should be based on rents charged so each individual renter would not need to be "qualified." (Proof could be a copy of annual rent roll for the apartments provided to the City.
19. How might ADUs fit into this Ordinance? Consider adjusting square footage limit and septic requirements, and encouraging ADU condos.
20. Will there be a cap on density? If so, what?
21. Interest in programs to subsidize the buyer.
22. Suggest more community involvement, e.g., land trust and others

Other thoughts regarding incentives:

1. Change in lot coverage and height limits
2. Performance based projects
3. Waiver of staff time for appeals
4. Waiver of hook-up fees
5. Provide additional density bonus if project is 100% affordable

Environmental Round Table – March 27

Affordable Housing Ordinance – Issues/Suggestions

1. Don't do all affordable – do mixed income projects
2. Do it – even if it means density increases; just don't ruin the environment
Concern about density outside of Winslow
3. Resolve perceived tensions between affordable housing and density,
and affordable housing and loss of open space
4. Need to see that housing really is diverse
5. Review attitude on large lot zoning that precludes affordable housing; look at
cost of land
6. Concern about inclusionary zoning and Scales' proposal; impact on taxpayers (school
increases)
7. Role of rental housing
8. "Affordability" not sustainable at resale
Community Land Trust!
CLT model – preserves environment and provides affordable housing
9. Bonuses have minimum impact
10. Move forward through the legislative process
11. AHO leads to a minimum 30% increase in density
12. There should be no escape from the requirement via a fee in lieu; any fee in lieu should
be an appropriate amount; call for a fee in lieu of development in outlying areas to fund
housing in urban dense areas.
13. Need to consider proximity to transportation and infrastructure
14. Small is better
Size of affordable units should be in proportion to market rate units
Need incentives and/or disincentives re size
15. Question bonus for increased FAR, height
16. Develop in Open Space areas? (It's the only land available)
17. Partner with business community for affordable projects; part of private development

Inclusive Housing Ordinance

Key Provisions	Recommendation	Comments
Base Requirement (Portion of development "set aside" for "inclusive" units)	15% of the number of market rate units in the project	Research reflects the range of percent set-aside is 5 – 35%; higher levels are, typically, found in cities with more advanced programs, and the majority settling on 10-15%. ("Inclusionary Zoning – Now in 131 Communities") The previous Bl Affordable Housing Ordinance included a 10% requirement, which resulted in few affordable units being built; this modest increase is in alignment with the majority of effective programs.
Applicability (Types of development and zones to which Inclusive Housing requirement will apply)	Requirement applies to all rental and ownership projects in all zones.	Comp Plan Housing Element: <i>"Promote and maintain a variety of housing choices...in all geographic areas."</i> The number and size of projects in the MUTCHSR and Neighborhood Service Centers, where higher density is allowed, will produce the majority of units. Application in Open Space Residential areas will result in more diverse neighborhoods and concentrated development.
Threshold – Open Space Residential (OSR) and Neighborhood Service Centers (Size of projects to which requirement will apply)	Project of five units or more	The previous Affordable Housing requirement applied to projects of eight or more units and produced little result, due in part, to the smaller number of houses per development. Lowering this threshold, which will apply to more of the applications, will result in a modest increase.
Threshold – MUTCHSR (Size of project to which requirement will apply)	Projects with 6,000 square feet or more of residential development	Development in high density areas is ideal for people earning lower incomes, with access to services, transportation, etc. Projects typically produce smaller units (condos, apartments and cottages).
Target Income Groups (Income levels served by Inclusive Housing Program)	Base Requirement households earning $\leq 80\%$ of Kitsap County Area Median Income	The previous Affordable Housing Ordinance served households earning up to 60% of Seattle Area Median Income. Market conditions over the past several years have put home ownership out of the reach of much of the Island's work force earning up to "middle" income. The few rentals built recently have also been priced above what many can afford. Kitsap County Area Median Income will be used to be more in alignment with the incomes earned on the Island.

Key Provisions	Recommendation	Comments
Off-set (% of units/density to offset requirement)	15%, or equal to the percentage of inclusive units built	For each inclusive unit built, the developer will be allowed one additional market rate unit to off-set the cost of building the inclusive unit.
Bonus (% of units/density allowed in addition)	15%, or equal to the percentage of inclusive units built	Understanding that building the inclusive units presents challenges for the development, this "bonus" is included to further balance the cost/benefit. This is the most typical "incentive" provided in IZ ordinances nation-wide.
Additional "incentives" (Incentives applicable to development of inclusive units)	1. Priority processing for application 2. 30% reduction in standard requirements for height, side yard set backs, lot coverage and, if public transit is available, in parking. 3. Deferral of payment of the City's portion of fees, including sewer/water fees, applicable to the construction of the inclusive units	It is recognized that adding units to a development presents additional design and financial challenges; these modest "adjustments" will help alleviate some of the financial and design complications.
Alternative Equivalent Proposals (Alternatives if building inclusive units on site is not possible)	1. Off-site construction 2. Dedication of land 3. Dedication of land with existing housing units 4. Fee in lieu	One of these alternatives may be proposed by the developer if building the inclusive units on site is not possible. "Equivalency" will be determined by criteria established and administered by the Director of Planning.
Reduction, Adjustment or Waiver	Applicant may submit a proposal for reduction, adjustment or waiver if requirement precludes the construction of one or more market rate bonus units	Due consideration will be given to circumstances which prevent the acceptance of the bonus density; the proposal will be considered by the Director of Planning.
Affordable Sales Price	The sales prices for inclusive units will be set based upon the amount a person making < 80% of Kitsap County Area Median Income can afford without spending more than one-third of their gross income.	The sales prices for inclusive units built will be determined by a Community Land Trust, in concert with the City. The buyer will pay for the structure only, and enter into a ground lease for the underlying land with the Community Land Trust. (See "Administration," below.)

Key Provisions	Recommendation	Comments
Term of Affordability	The inclusive units will be "affordable" over the life of the unit by way of a long-term ground lease and resale formula.	The land will be held in trust (a 99-year lease) by the Community Land Trust (CLT); the resale formula, be determined by the CLT, will be based on an index (CPI) or increase in Area Median Income. (See "Administration.")
Administration and Marketing/Selling of New Units	The Community Land Trust (CLT) will: 1. Determine income eligibility of buyers/renters; create and administer the list of income-eligible, mortgage qualified buyers 2. Partner with the developer to market the inclusive units 3. Determine and administer the resale of inclusive units	Identifying a nonprofit entity to perform these functions removes this responsibility from the City Staff; a CLT has the skills and experience to work with buyers, renters and developers, and to create a sense of community among the owners of the affordable units. The CLT enters into a ground lease with each home buyer, which holds the buyer responsible for taking care of their property; the CLT will also have the right of first refusal to buy the affordable units if a qualified buyer is not available, and the option to force repairs and/or cure an owner's default on the mortgage.
Optional Program Incentives (above and beyond the 15% requirement)	Developments which include more than the 15% requirement will be allowed to increase the density up to a maximum (to be determined), with one additional market rate unit for each inclusive unit built. These additional units may be sold to households earning $\leq 120\%$ of Kitsap County Area Median Income.	This "optional" provision will allow a developer, who is so inclined, to add significantly to the stock of inclusive housing stock. NOTE: While it is not anticipated that the City will receive an abundance of applications proposing excessive density, due to current development, building and design standards (even with the "incentives" offered above), it is recommended that a "cap" on density be established for each zone.

Appendix 3

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Community Housing Coalition Cottage Housing – White Paper

The Cottage Housing Work Group submits the following overview of the Cottage Housing concept for consideration by the full membership of the Community Housing Coalition (CHC). It is anticipated that this will serve as a basis for the CHC's final recommendations to the City Council and the ultimate adoption of a new Cottage Housing Ordinance.

What is Cottage Housing?

Cottage Housing is small scale housing intended for infill sites in established residential neighborhoods. It provides an option that preserves the privacy and personal space of a detached house in a smaller and less costly living unit. In the ownership marketplace it offers an alternative to the two choices most often available: single family homes and condominiums. Its historical precedent is the bungalow courts found in many U.S. cities. Although it is similar to single family housing, in some respects it is more like multi-family housing. Cottage Housing projects generally range from 4 to 12 homes, often grouped around a shared central space. The homes are typically limited in size from 800 to 1200 square feet and have 3 or fewer bedrooms. The typical density for Cottage Housing is 10 to 11 units per acre.

Cottage housing, once considered an innovative housing option, has gained popularity in the past decade and can now be found throughout the U.S. and the Puget Sound region; examples of cottage housing ordinances and developments can be found in Redmond, Langley, Shoreline, Edmonds, and Seattle. In these instances, cottage housing is allowed in several zones, so long as sewer and water are available. Cottage housing has found strong acceptance among community members. On Bainbridge Island, the Ericksen Avenue Cottages are an excellent example of Cottage Housing, demonstrating both the marketability of the housing, as well as the aesthetic "fit" for our community, when done thoughtfully.

Need

Cottage housing is a critical component of a diverse and robust range of housing options, and should be available to current and future residents of Bainbridge Island. It can add to the supply of housing with minimal use of scarce land, as well as increase the diversity of housing types on the Island. Cottage housing will serve a segment of the Island's population that is increasing – single person households, couples without children, and older people who want smaller homes located near required services. Healthy communities recognize the importance of offering a full range of housing

diversity that accommodates all income levels, including its less affluent citizens. Cottages provide a way to trade quantity of space for quality of space.

The demographic makeup of Bainbridge Island suggests that Cottage Housing can serve a significant niche in the overall housing inventory. About 50% of the households consist of married couples without children (35%), or single persons living alone (22%). Over one-fifth of our population reports that they spend more than 35% of household income on mortgages. Among renters, over one-third spends more than 35% of household income on their housing. This snapshot offers strong support to the argument for expanding the supply of economical housing....a dimension that can be served by Cottage Housing.

Principle features and advantages of Cottage Housing:

- Cottage Housing (CH) provides a housing option that preserves the privacy and personal space of the detached home, but in smaller and less costly units.
- CH developments provide a strong sense of community.
- CH offer an alternative to the two primary traditional housing choices – single family homes and condominiums.
- CH developments provide a way to trade quantity of housing for quality of housing at a more reasonable cost.
- CH allows empty-nesters, seniors, and the newly-single, and people needing “starter” homes to get equity out of their larger homes
- CH allows young people to step into the housing market with a “starter home,” and enjoy a detached home in a comfortable, community setting. (Locally, our housing situation makes it very difficult for young people beyond college age to find any small, affordable houses such as cottages.)
- CH consumes resources less intensively than traditional single family homes and makes more efficient use of land than conventional housing. It is “smart growth” in a resource-constrained world.
- CH provides moderate density increases (up to 2.5 times the existing densities) while reducing the overall building areas by as much as 50%.
- CH increases the density, but not the intensity (traffic, number of residents, total building area, etc.) of neighborhoods, while helping to reduce sprawl. (Smaller families have fewer cars, and cottage clusters are more readily served by public transit.)

- CH is designed to fit into existing neighborhoods by requiring multiple design features that emulate or complement the character of surrounding residences.

Potential Issues and Drawbacks

* **Affordability** – Cottage housing can serve the “mid-level” income resident, but is not “affordable” as the term is usually understood. However, as explained elsewhere in this paper it does provide a viable housing option to an increasingly significant portion of the Island’s population.

* **Density** – By definition, cottage housing results in much more dense use of land with as many as 12 – 14 single family homes on one acre. This level of density may be opposed by some residents who are accustomed to much lower densities in most areas of the Island. Community acceptance will rest upon adequate information that demonstrates the overall impact of cottage housing projects avoids many of the consequences associated with conventional “high density” housing. This same educational effort is indicated at the local government level in order to reassure policy-makers that cottage housing should not be stigmatized solely on the perception of “density”.

* **Infrastructure** – Due to the number of homes involved, cottage housing will require sewer service, or a relatively large dedicated septic/drain field. The latter option may not be practical on most parts of Bainbridge, thus restricting this kind of housing to Winslow and areas already served by sewers. As the technology of septic design and installation progresses, there will likely be greater opportunities for placement of cottage housing in areas without infrastructure.

Cottage Housing serves the Community Housing Needs of Bainbridge Island:

Cottage Housing can be a significant aid in the future of Bainbridge Island. Of immediate practical interest, it promises to be an important element in the housing development challenges in the Winslow Tomorrow planning effort. Adoption of a more effective Cottage Housing ordinance will help ameliorate the long range needs for diversified housing on Bainbridge Island. It will also provide the opportunity to develop vital micro-communities within the growing larger community, preserving the small scale feel that most individuals seek and hope to experience by living on Bainbridge Island.

Cottage Housing provides density, while moderating the “urbanizing” effect that generally comes with density.

The typical residents in Cottage Housing are singles, couples and single parents, and seniors. Cottage Housing is well-suited for this demographic because of the added security, reduced costs, and sense of community. Cottage Housing provides the option for these residents to stay in their community as their personal situations and housing

needs change over time. A development that attracts a mix of singles and couples will have no more cars than a group of "standard" or typical single family houses, especially those that include families with teenagers. So far, few children are seen in the Cottage Housing built in our region.

Objective: New Cottage Housing Ordinance

The Community Housing Coalition recommends that a new ordinance be adopted to encourage the creation of Cottage Housing. In 2001, a citizen-based initiative presented a draft ordinance to the Planning Commission for consideration; due in large part to the concern about "affordability," the draft was remanded back to Staff for reconsideration.

The Community Housing Coalition believes that an effective Cottage Housing is a critical piece of the solution to increasing needed housing options on Bainbridge at prices that fit the "lower/middle" affordability range. By making certain adjustments, the problems and constraints of the previous Cottage Housing ordinance will be resolved. A well-crafted Cottage Housing ordinance can provide the community with another tool for broadening the housing options available to our residents.

Early criticisms of Draft Ordinance	Recommended Changes
Cottage Housing is not "affordable"	Apply Inclusive Housing requirements to all Cottage Housing developments, which preserves a portion of the units as affordable for the long term
Cottage Housing allowed in all zones	Allow Cottage Housing in all zones or areas served by City or community water and sewer systems

Why is an Ordinance needed?

Locally, the only zoning that would currently allow Cottage Housing is either commercially zoned land or is located in the high density zones in Winslow. In both cases the land is limited in supply and is very expensive, or both. Our current zoning causes builders/owners to construct very large homes in order to justify the high land costs. An appropriate Cottage Housing ordinance will encourage the construction of more homes in exchange for building small scale homes with reduced land costs. The result is increased density without increasing the overall building area. There is currently no mechanism to encourage – or offer advantage to – effective alternatives to large, "high end" housing products.

Cottage Housing must fit within the scale and character of existing neighborhoods. The ordinance must have prescriptive design guidelines to insure the projects include the key features necessary to qualify as a cottage housing community. The ordinance works based upon the concept of creating an "overlay zone". This means the existing zoning would not change, but would allow cottage projects to achieve increased

densities. If the land were to be rezoned, the cost of the land would go up accordingly, eliminating the cost benefit of the increased density. The ordinance will allow an alternative use of land within existing underlying zoning rules.

Is Cottage Housing Affordable?

Housing affordability is affected by three factors: land cost, unit construction cost and subsidies. Cottage Housing can provide benefits in two areas: (1) reduced land cost due to a moderate density increase and; (2) unit construction cost reductions due to decreased home sizes. If Cottage Housing is created for homeownership, prices can range from higher end (if finest internal custom amenities are included) to lower end for traditional "detached" housing. When the Inclusive Housing requirements are applied, and Cottage Housing is combined with a community land trust and/or down payment assistance, then even lower

prices can be achieved. Cottage Housing offers one of our best opportunities for creating small scale detached housing that will serve the moderate to middle income groups in our community. If it is done within a community land trust, the added advantage of constraining price appreciation will help sustain affordability of such housing in the future.

This alternative promoting cottage housing can be competitive financially with traditional development. It would be helpful to educate prospective developers with data on sales of cottages at Erickson and earlier similar examples (Northtown Woods). For builders who may have an interest in cottage development, as opposed to building single family houses as current zoning might allow, the economics of producing cottage housing has to be as good as, if not a better business proposition than single family residential construction..

Synergy with the Inclusive Housing Ordinance:

The Inclusive Housing Ordinance is being revised at this time. The Community Housing Coalition will recommend that qualifying projects be allowed an increase in density in exchange for the required affordable units and compensatory market rate units. This increased density will make Cottage Housing projects even more feasible from an economic standpoint

Cottage Housing, the Comprehensive Plan and long range planning (2025):

The Housing Element of the City's Comprehensive Plan specifically identifies Cottage Housing as a tool to enhance housing choices and overall affordability. It is also mentioned in the context of land use changes required to facilitate housing diversity. If the City is to meet the growth projections for 2025, our community must define methods to provide for increased levels of density in a range of locations and housing types appropriate to those settings. Cottage Housing becomes a viable option for

neighborhoods close to shopping, transit, and services. It can function in a variety of settings, including the town center, neighborhood service centers and low density residential areas on the island. Its virtue is that it achieves increased densities but with minimal impact (when compared to typical single family homes).

An unresolved issue concerns community acceptance of "affordable housing" in the general sense. Although affordable housing is acknowledged in the Comprehensive Plan as a desirable goal, it remains to be seen whether this upscale community will accept the modest, sometimes Spartan, housing that would serve present or prospective residents of modest economic means.

Note:

On July 24, 2001, Kathleen O'Brien submitted a memo to the Planning Commission on how cottage housing addresses the three "e's" of sustainability. In September 21, 2001 she submitted comments to the City Council Land Use Committee regarding Cottage Housing and Environmental Impacts: protecting natural resources from depletion and pollution. With the latter, there is even more evidence that well planned, higher density developments are a plus in Low Impact Development not a negative. EPA has published several recent documents on this subject.

Political Support

Leadership by our elected officials must drive the achievement of a Cottage Housing ordinance, and its successful implementation. The leaders must be convinced of the cost effectiveness and the demographic value of the program, and they must be dedicated to fostering the diversity which the community has espoused. Careful examination of the consequences of rejecting Cottage Housing ordinance will presumably provide strong impetus to supporting its adoption.

To: City of Bainbridge Island Planning Commission
City Council

From: Kathleen O'Brien
1100 Donald Place NE
Bainbridge Island, WA
206-842-8785

Date: July 24, 2001

Ref: Comprehensive Amendment Creating a New Policy for Cottage Housing

I am submitting this written comment in support of the Comprehensive Amendment creating a new policy for Cottage Housing on Bainbridge Island. I believe the policy will contribute significantly to the sustainability of our community as we grow. By creating such a policy, the City will remove a significant barrier to maintaining the livable, vital community that many of us enjoy.

Sustainability requires us to look at the impacts we are creating through our development in three major areas: economy, environment, and social equity. In addition, it requires us to ensure that future generations' needs are not compromised in these three areas by our decisions today.

In terms of the economy, the Cottage Housing Policy will address a specific housing market that is not adequately being addressed on the Island because of current zoning schemes. This is an innovative and environmentally friendly way to allow construction, purchase, and perhaps rental of homes on the island, diversifying our housing base and our population base as a result. By allowing the densification closer to town (and concentrating it) we reduce infrastructure requirements (and costs) as well. Properly designed, cottage homes can be very popular for singles, seniors, and young couples. The Not So Big House, by Susan Saranka, and Creating the Not So Big House are national best sellers because the value of good design over more square footage is being recognized.

In terms of the environment, the Cottage Housing Policy allows us to absorb growth in a manner that reduces the overall environmental impact of development. Less impervious surface per unit, more concentrated disturbance, and significantly less use of energy, materials, and water to operate these homes (as much as 2 to 3 times less if a "green" approach is taken) once they are built all work to reduce impact and provide a model for sustainability. By allowing densification closer to town, we keep more of the population closer to services, reducing auto dependence and the pollution that goes with it. In addition, by providing more affordable homes, we lessen the traffic impacts of those who drive from the Kitsap Peninsula to work here.

In terms of social equity, the Cottage Housing Policy will address the needs of population segments that are simply disappearing from the island. Our population is growing whiter, older, and wealthier. Our young people (aged 20-34) are radically absent when compared to other Western Washington communities. If you use nature as

a model, you know that diversity is one of the key principles by which we sustain biological life on our planet. Our community is being weakened from within. We are simply turning certain "genes" off. As noted above, the Cottage Housing Policy can help diversify our housing and population base. A major means to creating an affordable housing stock will be through density and smaller homes. By planning it thoughtfully, we will create a livable, sustainable community that is attractive, vital, and easier to maintain, drawing artists (many of whom can no longer afford to Live here), and others who enliven the community with their work and services. We who work here (as I do), should be able to live here.

These comments are in keeping with the more detailed comments I submitted dated June 29, 2001 for the review of the Comprehensive Plan, currently underway. Thank you for your attention to these concerns.

Comments to City Council Land Use Committee Regarding Cottage Housing and Environmental Impacts

Submitted by Kathleen O'Brien
September 18, 2001

Sustainability requires us to look at the impacts we are creating through our development in three major areas: economy, environment, and social equity. In addition, it requires us to ensure that future generations' needs are not compromised in these three areas by our choices today.

There are several fairly general references to sustainability goals in the Island's Comprehensive Plan including three in the Plan's Economic Element. The first cites the GMA's concern that "uncoordinated and unplanned growth can pose a threat to the environment, sustainable economic development, and the health, safety and high quality of life enjoyed by residents. An important part of a healthy economy is the quality of the environment."

The next paragraph states that one of the intents of the Economic Element is to "to steward a sustainable community; to protect the quality of its environment: the water, air and land; and to encourage traditional resource-based activities such as agriculture."

Perhaps the most significant reference is the third, which cites "five overriding principles" guiding the Comprehensive Plan. The fifth principle states that: "Development should be based on the principle that the Island's environmental resources are finite and must be maintained at a sustainable level." This statement implies correctly that sustainability relates to a "level" or threshold. In other words, we need to learn what the limits are and learn how to live quality lives within them.

And, within the Staff Comments for the revisions process currently underway, one finds a couple of other applications of the sustainable concept pertinent to this discussion, the first to forestry, and the second to water resources.

Others here will talk (or have talked) of topics that fall within the other "Es" (equity and economy). My comments this evening relate specifically to the "E" for Environment. However, please keep in mind that what I say should be considered within the larger context of sustainability.

So...we know we will grow. There is no doubt about that. How can we do that and protect the environment? Cottage housing is a way to absorb growth in an environmentally responsible way.

There are environmental benefits to planning and coordinating this type of development. What are these benefits?

There are two basic ways that development negatively impacts the environment. The first is to deplete natural resources; the second is to degrade natural resources by using them as a "sink" for the products of development.

I. Let's look at how cottage housing helps to protect natural resources from depletion:

It should be fairly obvious that larger houses consume more resources than smaller ones. In 1998, the National Association of Home Builders (NAHB)¹ estimated the materials used in building a typical 2,085 square foot single-family home. These materials include roughly:

- 13,000 board-feet of framing lumber;
- 6,200 square feet of sheathing;
- 2,300 square feet of exterior siding;
- 3,100 square feet of roofing;
- 3,000 square feet of insulation;
- 6,100 square feet of drywall;
- 2,000 square feet of flooring (carpet, tile, wood, etc.);
- 120 linear feet of ducting; and
- 14 tons of concrete.

This of course doesn't include things like windows, doors, cabinets, appliances, fixtures, etc. Keep in mind that many homes built in Bainbridge Island are much larger than this average size. Researchers believe larger homes use proportionally even more, because they tend to have taller ceilings and more features. NAHB Research Staff estimated that a 5,000 square-foot house will consume 3 x more materials than the average size house, even though its square footage is only 2.4 x more.²

What about energy consumption? In general, the energy efficiency of a building envelope is a function of how well insulated it is, how airtight it is, exposure of its glazed areas to solar gain, and its area. All else being equal, a house with more surface area will consume more energy for heating and cooling. In a comparison of six homes in two different climates, halving the floor area of a house actually reduced the energy used for heating by more than half, and for cooling by about a third.³ The study showed that even a poorly insulated small home will do better than a very well insulated large home.

Along with the greater surface area increasing heat loss and unwanted heat gain, larger houses also generally require longer runs for ducting and hot water pipes. Losses in conveyance of warm area, chilled air, or hot water can be significant. Longer runs generally mean wasted water as well, as users run the water for longer periods of time to get to temperature.

¹ NAHB, 1998, cited in Environmental Building News (January 1999), "House Size, Resource Use, and the Environment."

² Environmental Building News (January 1999), "House Size, Resource Use, and the Environment"

³ Energy modeling conducted by Andy Shapiro (Montpelier, VT) and cited in Environmental Building News (January 1999), "House Size, Resource Use, and the Environment."

So, with cottage-size homes, in which we have roughly 1/2 the amount of floor area for conventional single-family housing, we dramatically reduce the use of energy, water, and materials used to build homes for roughly the same number of occupants. This doesn't just help our community; it helps reduce our nation's reliance on imported petroleum products for heating and cooling. In addition, it reduces the environmental degradation and associated quality of life problems produced wherever these resources are extracted, manufactured, or transported through.

2. Now lets look at how cottage housing can reduce the second type of impact development—which is to degrade natural resources by using them as a “sink” for pollution.

Earlier, I alluded to pollution created in remote locations due to the extraction, production and transportation of resources used for building materials. What local pollution can be prevented as a result of the cottage-type development being proposed?

First, by allowing densification closer to town, we keep more of the population closer to services, reducing auto dependence and the pollution that goes with it. In addition, by providing more affordable housing, we lessen the auto-related pollution caused by those commuting from the Kitsap Peninsula to work here.

In addition, cottage housing can reduce the impervious surface per unit. Impervious surfaces block rainwater from soaking into the ground and increase the amount of water running off into streams, lakes, and the marine waters of Puget Sound, gathering pollutants such as sediment and oil products along the way. Keeping the rain (stormwater) on the surface instead of letting it soak into the ground depletes ground water supplies. The impact of impervious surfaces on hydrological functions, such as infiltration and evapo-transpiration, can cause significant harm to local habitat. Changes in the amount of water available and the timing of water's availability can wreak havoc on adjacent wetlands and streams.

In a high-density residential development, a 40% impervious surface quotient ends up being about 25% effective at producing runoff. One might expect that the denser development would create more impervious surface. However, Charlie Wentzlau's scenarios developed for this meeting, which compare cottage-type development to conventional development, show modest reductions in overall impervious surface. With some creative subdivision design (using shared drives, for example), even greater efficiencies can be had related to surface coverage that can reduce effective impervious surface even further.

In addition, if you look at how the impervious pavement is allocated in the R-8 zone with 12 cottages as opposed to 8 residences, you see that much of the street and drive surface is now relegated to a parking lot. According to the May 1995 Impervious Surface Reduction Study⁴ conducted by the City of Olympia and the Department of

⁴ “City of Olympia and Department of Ecology, Impervious Surface Reduction Study, Final Report (May, 1995).”

Ecology, the two elements of impervious surface coverage that are most effective at producing polluting runoff are streets and parking. In the conventional model, you could certainly reduce surface coverage by narrowing the roads a bit, utilizing some innovations that allow the safe and timely passage of fire and rescue vehicles. In the cottage-housing model, you could potentially replace the entire surface of the parking lot with pervious pavement.

Finally, current and important efforts to preserve open and working space imply that any development that occurs must be concentrated. Cottage housing helps to concentrate the disturbance development necessarily creates, providing opportunities to preserve wildlife habitat, agricultural land, and the island population's connection to nature.



City of Bainbridge Island
PLANNING AND COMMUNITY DEVELOPMENT

MEMORANDUM

TO: Planning Commission
FROM: Kathy Cook
DATE: April 18, 2002:
RE: Cottage Housing Ordinance: Meeting of April 25, 2002

In 2001, the Planning Commission held several study sessions on amending the Comprehensive Plan and zoning code to allow for higher density, smaller unit "cottage housing" in selected zones. These discussion continued in 2002 with the new Planning Commission, who recommended that the cottage housing ordinances be processed within the context of the on-going review and update of the Comprehensive Plan because of their relevance to the GMA requirement that urban growth areas provide urban densities. If any of the new Planning Commissioners would like further information on the history of the cottage housing ordinances, please give me a call.

The Planning Commission discussed the cottage housing ordinance at their meeting on March 14, 2002, and the attached draft reflects the recommendations made at that meeting. Revisions include:

- Adding language to the Purpose statement regarding pedestrian connectivity (Section 8, page 3 of the ordinance)
- Increasing the maximum size for a dwelling unit from 1,000 to 1,200 square feet, provided that at least 50% of the cottages do not exceed 1,050 square feet. (Section 18.92.040, page 4)
- Previous versions of the ordinance excluded covered porches and steps from lot coverage. This is different from the City's standard method of calculating lot coverage, and current planning staff had asked that the allowable lot coverage be increased, rather than allowing for a new method of calculation. The Planning Commission asked staff to determine what that maximum should be. I developed various scenarios involving different lot sizes and numbers of units, and allowed for the maximum building footprint, a community building and carports. The highest lot coverage I came up with was 37%. Therefore, the ordinance specifies a maximum lot coverage of 40%.
- Open space requirements have been revised to clarify that the main entrances of cottages should be oriented toward the common open space. (Section 18.92.060, page 4)
- Parking requirements have been moved to BIMC Chapter 18.81 (Parking and Access Requirements) at the request of the current planning staff. (Section 7, page 3).
- Language regarding building height has been revised, to allow for cupolas and other architectural features. (18.92.090, page 5).

Other issues for the Planning Commission's consideration include:

- The ordinance currently prohibits attached garages. Julie Kriegh suggested that there be more flexibility to allow for underbuilding garages on sloped sites. I will have sample language at the meeting on April 25th for the Commission's discussion.
- BIMC Chapter 18.90 (Affordable Housing) currently requires that residential developments of eight or more units must provide 10% of the units for affordable housing. In return, the density may be increased by one "bonus" market rate unit for each affordable unit constructed. I would like to explore whether this requirement should apply to cottage housing. As proposed, cottage housing developments are limited to 12 units. Applying the affordable housing requirement would mean that developments of 12 units could not get the bonus market rate unit, because it would result in 13 units. Does the size limitation on the cottages make them inherently more affordable, and therefore warrant exemption from the affordable housing requirement? Or should the maximum number of allowable cottages be increased to allow for the affordable housing requirement? (Note that this may in turn affect the allowable lot coverage.)

Please contact me if you have questions or other issues you would like to discuss.

Version II
Study Session 04/25/02

ORDINANCE 2002-XX

AN ORDINANCE of the City of Bainbridge Island, Washington, implementing policies H 1.6 and H 1.6A of the Housing Element of the Comprehensive Plan relating to cottage housing and amending Chapters 18.06, 18.15, 18.21, 18.24, and 18.27, of the Bainbridge Island Municipal Code, and adding a new Chapter, 18.92, Cottage Housing.

WHEREAS, the City adopted a Comprehensive Plan on September 1, 1994, which contains a Housing Element that establishes goals and policies for the provision of housing for the citizens of the City; and

WHEREAS, Policies H 1.6 and H 1.6A of the Housing Element call for an increase in innovative housing choices, including cottage housing; and

WHEREAS, in accordance with RCW36.70A, the Growth Management Act that requires that development regulations be adopted that implement the Plan. Now, therefore

THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON,
DO ORDAIN, as follows:

Section 1. Section 18.12.020 of the Bainbridge Island Municipal Code is amended as follows:

18.12.020 Permitted uses.

Permitted uses in the R-14 zone are:

- A. Accessory dwelling units;
- B. Accessory uses and buildings;
- C. Community or public park and recreation facilities;
- D. Cottage Housing in accordance with BIMC 18.92;
- D.E. Educational, cultural, governmental, religious, or health care facilities;

- ~~E.F.~~ Family day care homes;
- ~~F.G.~~ Manufactured homes;
- ~~G.H.~~ Minor home occupations;
- ~~H. J.~~ Multifamily dwellings;
- ~~I. K.~~ Single-family dwellings built to UBC standards.

Section 2. Section 18.20.020 of the Bainbridge Island Municipal Code is amended as follows:

18.20.020 Permitted uses.

Permitted uses in the R-5 zone are:

- A. Accessory dwelling units;
- B. Accessory uses and buildings;
- C. Cottage Housing in accordance with BIMC 18.92;
- ~~G. D.~~ Family day care homes;
- ~~D. E.~~ Manufactured homes;
- ~~E. F.~~ Minor home occupations;
- ~~F. G.~~ Multifamily dwellings built to UBC standards;
- ~~G. H.~~ Single-family dwellings built to UBC standards

Section 3. Section 18.15.020 of the Bainbridge Island Municipal Code is amended as follows:

18.15.020 Permitted uses.

Permitted uses in the R-8 zone are:

- A. Accessory dwelling units;
- B. Accessory uses and buildings;
- C. Automobile parking facilities accessory to residential development;
- D. Cottage Housing in accordance with BIMC 18.92;
- ~~DE.~~ Family day care homes;
- ~~EF.~~ Manufactured homes;
- ~~FG.~~ Minor home occupations;
- ~~GH.~~ Multifamily dwellings;
- ~~HI.~~ Public parks and playgrounds;
- ~~IJ.~~ Single-family dwellings built to UBC standards.

Section 4. Section 18.21.020 of the Bainbridge Island Municipal Code is amended as follows:

18.21.020 Permitted uses.

Permitted uses in the R-4.3 zone are:

- A. Accessory dwelling units;
- B. Accessory uses and buildings;
- C. Cottage Housing in accordance with BIMC 18.92;
- ~~CD.~~ Family day care homes;

- ~~DE~~. Manufactured homes;
- ~~EF~~. Minor home occupations;
- ~~FG~~. Single-family dwellings built to UBC standards.

Section 5. Section 18.24.020 of the Bainbridge Island Municipal Code is amended as follows:

18.24.020 Permitted uses.

Permitted uses in the **R-3.5** zone are:

- A. Accessory dwelling units;
- B. Accessory uses and buildings;
- C. Cottage Housing in accordance with BIMC 18.92;
- ~~ED~~. Family day care homes;
- ~~DE~~. Manufactured homes;
- ~~EF~~. Minor home occupations;
- ~~FG~~. Single-family dwellings built to UBC standards.

Section 6. Section 18.27.020 of the Bainbridge Island Municipal Code is amended as follows:

18.27.020 Permitted uses.

Permitted uses in the **R-2.9** zone are:

- A. Accessory dwelling units;
- B. Accessory uses and buildings;
- C. Cottage Housing in accordance with BIMC 18.92;
- ~~ED~~. Family day care homes;
- ~~DE~~. Manufactured homes;
- ~~EF~~. Minor home occupations;
- ~~FG~~. Single-family dwellings built to UBC standards.

Section 7. A new subsection BIMC 18.81.030(R) is added as follows:

R. In cottage housing developments as provided for in Chapter 18.92, one and one-half spaces are required; provided that this requirement may be reduced to one and one-quarter spaces per unit if the development is within one mile of the ferry terminal.

Section 8. New Chapter. There is added to the Bainbridge Island Municipal Code a new Chapter 18.92, Cottage Housing, to read as follows:

18.92.010 Purpose

The purpose of Cottage Housing is to encourage detached, small-unit housing development, in order to expand the variety of housing choices suitable to a range of household types and incomes, while maintaining the character of existing neighborhoods. Cottage housing developments should be characterized by design variations between the units, and should include pedestrian connections that allow residents to walk throughout the development and to any adjacent recreational or commercial areas. The cottage housing provisions are intended to

overlay upon existing zoning districts and include their own regulations and design guidelines. This chapter implements policies H 1.6 and H 1.6A of the Housing Element of the Comprehensive Plan.

18.92.020 Location

The Cottage Housing Overlay shall apply to the R-2.9, R-3.5, R-4.3, R-5, R-8 and R-14 zoning districts.

18.92.030 Density and lot area.

- A. The minimum lot area for a cottage housing development shall not be less than 14,000 square feet.
- B. Each unit shall be allotted no less than 3500 square feet to accommodate the residential unit, common and private open space, parking and circulation, storage, etc.)
- C. The number of units in any cottage housing development shall not be less than four (4) or more than twelve (12).

18.92.040 Unit size

- A. The total floor area of a cottage unit shall not exceed either 1.5 times the area of the main floor or 1,200 square feet, whichever is less.
- C. The maximum main floor area for cottages shall be 800 square feet.
- D. At least fifty percent (50%) of the cottages shall have main floors that do not exceed 700 square feet.
- E. A notice to the title of the property that prevents any increase in the total floor area of any cottage in the development shall be recorded with the Kitsap County Assessor's Office.

18.92.050 Lot Coverage

The maximum lot area covered by buildings shall not exceed forty percent (40%).

18.92.060 Open Space

A. Common open space. Common open space is intended to provide a centrally located area that can be developed and maintained so it is usable for active and passive recreation. Common open space shall be subject to the following requirements.

- 1. There shall be a minimum of 400 square feet of common open space provided for each unit in the R-2.9, R-3.5, and R-4.3 and R-5 zones. There shall be a minimum of 250 square feet of common open space provided for each unit in the R-8 and R-14 zones.
- 2. Common open space shall abut at least 50 percent of the cottages in a cottage housing development.
- 3. Common open space shall have cottages abutting on at least two sides.
- 4. Common open space shall not include portions of private yards, and shall be jointly owned by all residents.
- 5. The common open space shall be outside of wetlands, streams and sensitive area buffers, and shall be on slopes of ten percent (10%) or less.

B. Private Open Space. Private open space is intended to provide private areas around the individual cottages and to enable diversity in landscape design. Private open space shall be subject to the following requirements.

1. A minimum of 300 square feet of contiguous, usable private open space shall be provided adjacent to each cottage, for the exclusive use of the cottage resident.
2. The main entry of the cottages shall be oriented toward the common open space as much as possible.

18.92.070 Building Separation

All units shall maintain 10 feet of separation between vertical exterior walls, except that eaves and architectural projections such as balconies may encroach up to a maximum of 18 inches.

18.92.080 Yards

- A. Front yards shall not be less than 25 feet measured by the distance from the nearest lot line, planned right-of-way or road easement.
- B. Porches and bays may encroach 5 feet into the front yard.
- C. Side yards shall not be less than 10 feet, except that eaves and architectural projections such as balconies may encroach in the yard up to a maximum of 18 inches.
- D. Rear yards shall be 15 feet, except that eaves and architectural projections such as balconies and bays may encroach in the yard up to a maximum of 18 inches.

18.92.090 Building Height

The maximum building height for any cottage housing unit shall not exceed 20 feet, except that chimneys, cupolas and other architectural features shall not extend more than five feet above the roof at their highest point.

18.92.100 Parking

- A. For parking spaces required, refer to BIMC 18.81.030 (R).
- B. All parking shall be located to the side or rear of the site, and shall be screened from adjacent properties by a sight-obscuring fence or vegetation barrier in accordance with Chapter 18.85. Fences shall be at least five but not more than six feet in height.

18.92.110 Community Buildings

A cottage housing development may contain community building(s) that are detached accessory structures, the use and size of which is clearly incidental and related to that of the dwelling unit.

18.92.110 Design Guidelines

- A. Site Design.
 1. The common open space shall be centrally located within the project site.
 2. All front porches of units shall be oriented toward landscaped, common open space.
- B. Building Design.
 1. Roofs of cottages shall be pitched.
 2. Covered porches measuring at least 8 feet by 10 feet shall be incorporated into building design of the cottages.
 3. Shared carports or garages shall be limited to a maximum of four stalls per structure and shall be detached from the dwelling units.
 4. Attached garages shall not be permitted.

Section 9. This ordinance shall take effect and be in force five days from and after its passage, approval and publication as required by law.

PASSED by the City Council this _____ day of _____, 2002

APPROVED by the Mayor this _____ day of _____, 2002

Darlene Kordonowy, Mayor

ATTEST/AUTHENTICATE:

Sue Kasper, City Clerk

APPROVED AS TO FORM:

Rod P. Kaseguma, City Attorney

FILED WITH THE CITY CLERK:

PASSED BY THE HE CITY COUNCIL:

PUBLISHED:

EFFECTIVE DATE:

ORDINANCE NO:



CITY OF
BAINBRIDGE ISLAND

Housing Needs Assessment

April 2016

City of Bainbridge Island

Housing Needs Assessment

Prepared by

Jared Eyer, Management Intern

December 2014

Revised December 2015, April 2016 (Table 33)

Special Acknowledgement to the Following Contributors

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Jennifer Sutton, AICP, Senior Planner, City of Bainbridge Island

April 2016

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Introduction

The purpose of this Housing Needs Assessment is to present the City of Bainbridge Island's current housing goals and policies, along with the City's current housing supply inventory and demographics, and provide some analysis based on these statistics to determine the current and future housing needs on the Island. Development of the Housing Needs Assessment also fulfills Goal 8 of the Housing Element of the City's Comprehensive Plan, which speaks to the importance of staying abreast of the status of housing, in order to assess the effectiveness of the City's housing policies.

The City is currently engaged in the state-mandated update of its Comprehensive Plan, which is scheduled for completion in 2016. The housing data included in this Housing Needs Assessment will inform the review of and revisions to the current Housing Element contained in the Comprehensive Plan.

The previous Housing Needs Assessment was prepared for the City by Karen Monson of Space-Solutions pllc in September of 2003, in anticipation of the 2004 Comprehensive Plan update. The report provided a baseline for the state of housing on Bainbridge Island and what the City should be aware of as it prepared for future population growth. It specifically discussed the growth strategy in the Comprehensive Plan and Winslow Master Plan of accommodating 50% of projected growth in the downtown Winslow area. The report noted that while the Comprehensive Plan establishes this goal, as of 2003 only one-third of new growth had been directed to this area.

This Housing Needs Assessment picks up the question of housing needs on Bainbridge Island where the last report left off. The structure of this assessment is slightly different from the previous report as direction was taken from the Puget Sound Regional Council's recommendations for how a City should approach the assessment.

Goals and Requirements

Growth Management Act

Revised Code of Washington (RCW)

The Growth Management Act requires that all cities' Comprehensive Plans "include a plan, scheme, or design for" a Housing Element.¹ The purpose of the Housing Element is to ensure the "vitality and character of established residential neighborhoods." Jurisdictions will accomplish this by:

- a) Including an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth;

¹ RCW 36.70a.070 – Comprehensive plans – Mandatory elements.

<http://app.leg.wa.gov/rcw/default.aspx?cite=36.70a&full=true#36.70A.070>; 23 OCT 2014

- b) including a statement of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, including single-family residences;
- c) identifying sufficient land for housing, including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group homes and foster care facilities; and
- d) making adequate provisions for existing and projected needs of all economic segments of the community.

The following GMA planning goal guides the development of the City's Housing Element and associated regulations.

- Housing: Encourage the availability of affordable housing to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.²

Washington Administrative Code (WAC)

Furthermore, the WAC recommends the following to meet the requirements of a Housing Element.³

The Housing Element shows how a county or city will accommodate anticipated growth, provide a variety of housing types at a variety of densities, provide opportunities for affordable housing for all economic segments of the community, and ensure the vitality of established residential neighborhoods. The following components should appear in the Housing Element:

- 1) Housing goals and policies.
- 2) Housing inventory
- 3) Housing needs analysis
- 4) Housing targets or capacity
- 5) Affordable housing – RCW [36.70A.070](http://app.leg.wa.gov/rcw/default.aspx?cite=36.70A.070) requires counties and cities, in their Housing Element, to make adequate provisions for existing and projected needs for all economic segments of the community.
- 6) Implementation plan

A detailed list of descriptions and definitions related to the components are included in the appendix.

² RCW 36.70a.020 – Planning Goals – <http://app.leg.wa.gov/rcw/default.aspx?cite=36.70a.020>; 23 OCT 2014

³ WAC 365-196-410 – Housing Element – <http://app.leg.wa.gov/wac/default.aspx?cite=365-196-410>; 23 OCT 2014
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Kitsap County

Kitsap Regional Coordinating Council – Countywide Planning Policies for Kitsap⁴

As required by the Growth Management Act, Kitsap County adopted County-Wide Planning Policies (CPPs) in 1992 that are intended to establish a countywide framework from which the County and cities' comprehensive plans are developed and adopted. The Kitsap Regional Coordinating Council is required to periodically update the Planning Policies through a multi-jurisdictional collaboration that includes Kitsap County, the Cities of Bremerton, Bainbridge Island, Port Orchard and Poulsbo, the Suquamish and Port Gamble S'kallam Tribes, the Navy, and other agencies. The last update was completed in 2013

Element I. *Housing* of the CPPs provide housing policy guidance on:

- **Jobs-Housing Balance**
- **Best Practices in Housing**
- **Affordable Housing**

as well as specific housing policies that describe a coordinated County-wide effort to address housing needs. (See excerpt below.)

1. Coordinated process among County, Cities, and housing agencies for determining and fulfilling housing needs, and the equitable distribution of affordable housing at all income levels in Kitsap County:
 - d. The County and the Cities should each identify specific policies and implementation strategies in their Comprehensive Plans and should enact implementing regulations to provide a mix of housing types and costs to achieve identified goals for housing at all income levels, including easy access to employment centers.
 - e. The County and the Cities shall incorporate a regular review of public health, safety, and development regulations pertaining to housing implementation strategies to assure that:
 - i. protection of the public health and safety remains the primary purpose for housing standards.
 - ii. regulations are streamlined and flexible to minimize additional costs to housing.
2. Recognizing that the market place makes adequate provision for those in the upper economic brackets, each jurisdiction should develop some combination of appropriately zoned land, regulatory incentives, financial subsidies, and/or innovative planning techniques to make adequate provisions for the needs of middle and lower income persons.
3. Recognizing the percentage share of the existing and forecasted countywide population and

⁴ Kitsap County Ordinance 509-2013 - Adopted Kitsap Countywide Planning Policies; 25 NOV 2013;
<http://www.kitsapregionalcouncil.org/library/D%20-%20Countywide%20Policies/CPP%20As%20Adopted%2011%2025%2013.pdf>; 23 OCT 2014

housing stock, as well as the distribution of existing housing for those households below 120% countywide median income, the County and the Cities should develop coordinated strategies to disperse projected housing for those below 120% countywide median income throughout Kitsap County, where they are specifically found to be appropriate, in consideration of existing development patterns and densities. These strategies should promote the development of such housing in a dispersed pattern so as not to concentrate or geographically isolate low-income housing in a specific area or community.

4. Provision of affordable housing for households below 120% countywide median income should include:

- a. Housing options located throughout Kitsap County in Urban Growth Areas and Rural Communities, as defined in Element D (2-a), in a manner to provide easy access to transportation, employment, and other services.
 - i. Designated Centers should include such housing options.
 - ii. Rural self-help housing programs should be encouraged first in UGA's and Rural Communities and then allowed in other appropriate areas as defined by the U.S. Department of Agriculture.
- b. Local comprehensive plan policies and development regulations that encourage and do not exclude such housing.
- c. Housing strategies that include:
 - i. preservation, rehabilitation and redevelopment of existing neighborhoods as appropriate, including programs to rehabilitate and/or energy retro-fit substandard housing;
 - ii. provision for a range of housing types such as multi-family, single family, accessory dwelling units, cooperative housing, and manufactured housing on individual lots and in manufactured housing parks;
 - iii. housing design and siting compatible with surrounding neighborhoods;
 - iv. mechanisms to help people purchase their own housing, such as low interest loan programs, "self-help" housing, and consumer education.
 - v. innovative regulatory strategies that provide incentives for the development of such housing, such as: reducing housing cost by subsidizing utility hook-up fees and rates, impact fees, and permit processing fees; density incentives; smaller lot sizes; zero lot line designs; inclusionary zoning techniques, such as requiring housing for specified income levels in new residential developments; transfers of development rights and/or a priority permit review and approval process and/or other provisions as

appropriate.

- d. Housing policies and programs that address the provision of diverse housing opportunities to accommodate the homeless, the elderly, physically or mentally challenged, and other segments of the population that have special needs.
 - e. Participation with housing authorities to facilitate the production of such housing. The County and the Cities shall also recognize and support other public and private not-for-profit housing agencies. Supporting housing agencies is encouraged through public land donations, guarantees, suitable design standards, tax incentives, fee waivers, providing access to funding sources and support for funding applications, or other provisions as appropriate.
5. The County and the Cities shall collaborate with PSRC to evaluate availability of appropriate housing types to serve future residents and changing demographics.

City of Bainbridge Island

Comprehensive Plan

The City adopted its original Comprehensive Plan in 1994. As required by the GMA, a comprehensive review and update of the Plan was conducted in 2004. In addition, the Plan has also been amended several times in the last twenty years as part of the City's regularly scheduled limited amendment process. The City is currently engaged in another GMA-mandated review and update of its Comprehensive Plan, which is scheduled for completion in 2016.

The current Housing Element incorporates the GMA definition of "affordable housing" and includes goals and policies to:

- Promote and maintain a variety of housing choices to meet the needs of island residents at all economic segments;
- Maintain the stock of existing affordable and rent-assisted housing;
- Increase the supply of affordable multi-family housing;
- Promote and facilitate the provision of diverse affordable housing stock in all geographic areas of the community;
- Promote and facilitate the provision of rental and for-purchase housing that is affordable to households with a variety of income levels;
- Facilitate the siting and development of housing opportunities for special needs populations;
- Utilize the City's bonding capacity to support the creation of affordable housing; and
- Provide a periodic update on the status of housing and the implementation of the Housing Element.

Housing Supply Inventory

The Housing Element should begin with an inventory of the existing housing resources in a community. This information will create a baseline for understanding the current condition of housing on Bainbridge Island and inform how decision makers and the community could proceed with the update of the Housing Element, policies, and programs.

Total Housing Units and Growth

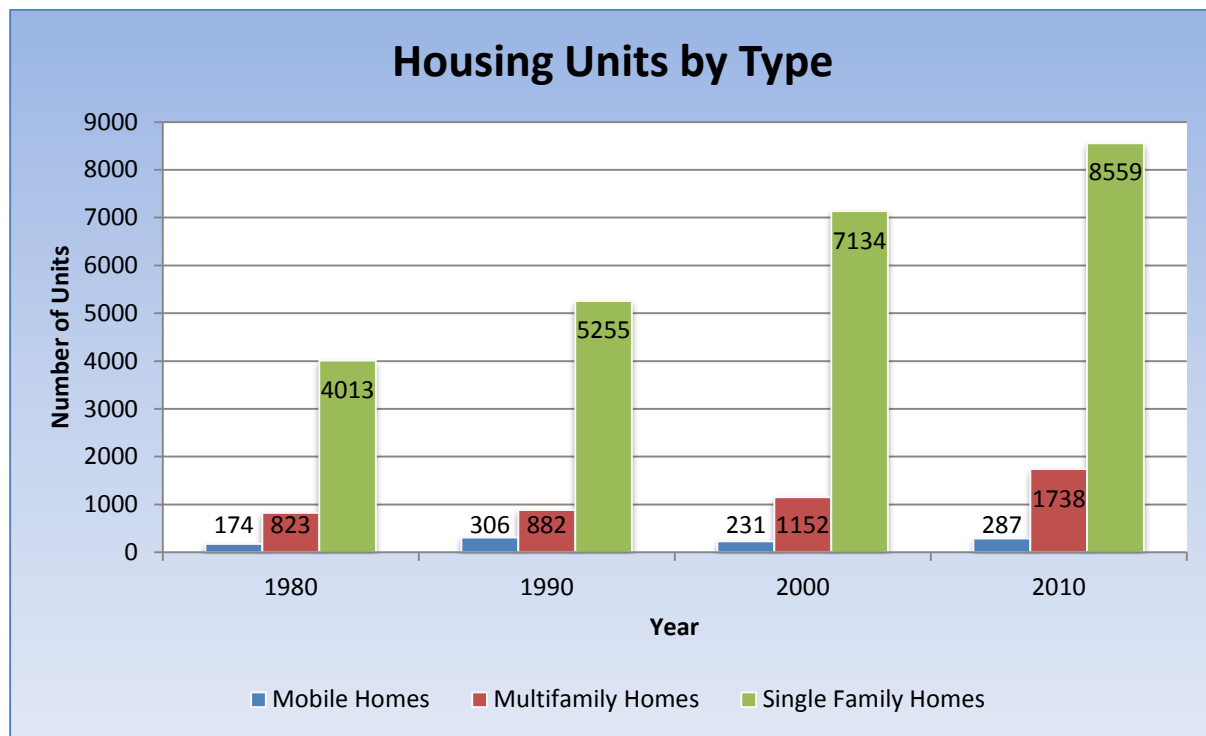
As of 2010 the total housing units on Bainbridge Island reached 10,584, which met the growth requirements set by the Office of Financial Management in the last Comprehensive Plan update. The largest gain in housing unit type in the last thirty years was single-family homes, which saw an overall increase of 113.3%. Multifamily housing kept pace with single-family housing at a total of 111.2%. Mobile homes did increase by 24% between 2000 and 2010, which compensated for the loss of 75 units during the previous decade. (Please see Table 1) Even though every type of housing unit had increases during the last decade, single-family housing makes up 81% of all housing units on Bainbridge Island, far surpassing the number of multifamily and mobile home units. (Please see Chart A)

Table 1 – Housing Units by Type

	Single Family Homes	Percent	Multifamily Homes	Percent	Mobile Homes	Percent	Total
1980	4013	80.1%	823	16.4%	174	3.5%	5010
1990	5255	81.6%	882	13.7%	306	4.7%	6443
Change 1980 - 1990	1242		59		132		1433
Percent Change	30.9%		7.2%		75.9%		28.6%
2000	7134	83.8%	1152	13.5%	231	2.7%	8517
Change 1990 - 2000	1879		270		-75		2074
Percent Change	35.8%		30.6%		-24.5%		32.2%
2010	8559	80.9%	1738	16.4%	287	2.7%	10584
Change 2000 - 2010	1425		586		56		2067
Percent Change	20.0%		50.9%		24.2%		24.3%
Change 1980 - 2010	4546		915		113		5574
Percent Change	113.3%		111.2%		64.9%		111.3%

Source: Decennial United State Census (1980 – 2010)

Chart A – Total Housing Units by Type



Source: Decennial United State Census (1980 – 2010)

New and Demolished Housing Units by Structural Type

Table 2 shows the detailed summaries of new and demolished residential building permits by type on Bainbridge Island from 2002 to 2012. Except for 2005, which saw a net increase of 409 multifamily permits, the number of single-family permits was significantly higher every year. It is also important to note that the Puget Sound Regional Council includes accessory dwellings in their multifamily one and two unit counts. This inflates the number of net multifamily permitted units, which means the difference is even greater between single-family and multifamily permits.

Table 2 – Residential Building Permit Summaries from 2002 – 2012

Year	New Units Total New units permitted	Lost Units Total units lost through demolition	Net Units Lost units subtracted from new units	SF Net Single-Family units	MF Total Net Multifamily units, in any structure	MF1-2 Net Accessory Dwelling & Duplex Units	MF3-4 Net 3- and 4-family units	MF5-9 Net units in 5- to 9-family structure	MF10-19 Net units in 10- to 19-family structure	MF20-49 Net units in 20- to 49-family structure	MF50+ Net units in a 50+ family structure	MH Net Mobile & Modular home units
2012	65	-24	41	32	12	2	0	0	10	0	0	-3
2011	59	-25	34	32	5	5	0	0	0	0	0	-3
2010	34	-10	24	21	5	5	0	0	0	0	0	-2
2009	42	-24	18	14	4	4	0	0	0	0	0	0
2008	70	-18	52	33	23	8	15	0	0	0	0	-4
2007	100	-17	83	67	16	16	0	0	0	0	0	0
2006	120	-15	105	94	9	6	3	0	0	0	0	2
2005	611	-14	597	187	409	2	4	20	23	360	0	1
2004	216	-1	215	127	87	16	3	8	0	0	60	1
2003	223	-5	218	152	63	46	17	0	0	0	0	3
2002	196	-4	192	129	59	13	8	22	16	0	0	4

Source: PSRC Residential Building Permit Summaries (2002 – 2012)

Housing Tenure

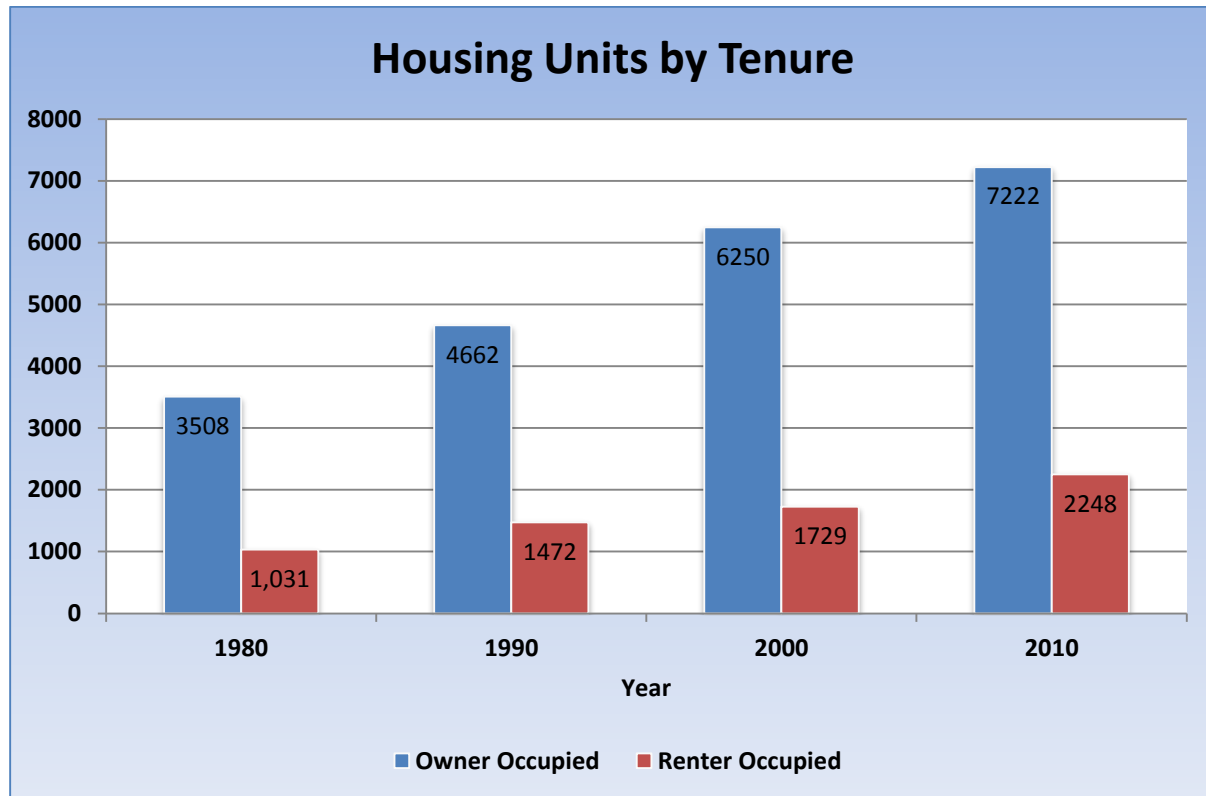
Table 3 tracks the changes in owner and renter-occupied housing units between 1980 and 2010. The ratio of owner-occupied to renter-occupied housing units has remained fairly consistent from 1980 to 2010, with owner-occupied units accounting for just over three-quarters of all housing units in each of these census decades. Owner-occupied units increased slightly from 1990 to 2000, but in 2010, decreased back to the same level as 1990. Chart B provides a graphic comparison of the number of renter-occupied to owner-occupied units for each census decennial from 1980 to 2010.

Table 3 – Housing Units by Tenure

	Owner Occupied Unit	Percent	Renter Occupied Unit	Percent	Total Occupied Housing Units	Change in total units	Percent Change
1980	3508	77.3%	1,031	22.7%	4539		
1990	4662	76.0%	1472	24%	6134	1595	35.1%
2000	6250	78.3%	1729	21.7%	7979	1845	30.1%
Change 1990 - 2000	1588		257		1845	250	
Percent change	34.1%		17.5%		30.1%		
2010	7222	76.3%	2248	23.7%	9470	1491	18.7%
Change 2000 - 2010	972		519		1491	-354	
Percent change	15.6%		30.0%		18.7%	-19.2%	
Change 1990 - 2010	2560		776		3336	-104	
Percent change	54.9%		52.7%		54.4%	-6.5%	

Source: Decennial United State Census (1980 – 2010)

Chart B – Housing Units by Tenure



Source: Decennial United State Census (1980 – 2010)

Housing Cost: Multifamily Rentals

Multifamily rentals are defined by the U.S. Department of Housing and Urban Development as a building or project with five or more units. On October 27, 2014 and October 28, 2014, City staff conducted a phone survey. All multifamily rental units were polled for their number of units, types of units, and rental costs. Rentals in a duplex, triplex, four-plex, and condominiums were not included in the survey. However, the rental townhomes of Camelia on Bainbridge are included because they are part of a project that is managed by one owner. Based on the survey information, each of the following multifamily rental apartment tables were divided into Market Rate Units (Table 4), Market Rate Senior Units (Table 5), and Rent Assisted Units (Table 6).

Table 4 – Market Rate Multifamily Rental Units

	Total Units	Type	Studio	Rent per Month	One BR	Rent per month	Two BR	Rent per month	Three BR	Rent per month	Number Vacant	Vacancy Rate
Eagle's Nest Apts	40	*I&F			25	\$850	15	\$950			2	1%
Island Homestead Apts	75	*I&F					75	\$1,300 - \$1,550			0	0%
Lynwood Commons LLC	30	*I&F	8	\$825	10	\$950	12	\$1300 - \$1450			0	0%
Quay Bainbridge	72	*I&F			38	\$ 895	25	\$ 1,000	9	\$1,200	0	0%
Camelia on Bainbridge	71	*I&F	4	\$1175 - \$1190	13	\$1,105 - \$1,290	36	\$1,310 - \$1,450	18	\$1625 - 1675	0	0%
The Residences at Pleasant Beach	12	*I&F			4	\$1730 - \$2250	3	\$3050 - \$3200	5	\$2570 - \$3550	0	0%
The Cooper - Grow Community	20	*I&F			4	\$975	16	\$1800 - \$1975			0	0%

*I&F – Individuals and Families

Source: Phone Survey Conducted 10/27/2014 – 10/28/2014

Assisted Living Units were by far the most expensive multifamily rentals on Bainbridge Island. Table 5 shows that an independent senior living two bedroom apartment is around the median price for two bedroom apartments. An assisted living two bedroom apartment is three times the price in rent. However, assisted living rental prices cannot be directly compared to the market-rate multifamily rental prices as they provide meals and 24-hour staff with a range of services to the residents. The assisted living apartments were not included in the multifamily summaries other than the following table.

Table 5 - Market Rate Independent Senior and Assisted Living Rental Units

	Total Units	Type	One BR	Rent per month	Two BR	Rent per month	Three BR	Rent per month	Number Vacant	Vacancy Rate
Winslow Manor Apts	39	Independent Senior (adult living - no children)			39	\$1325 - \$1475			3	1%
Madison Ave Retirement Center	53	Assisted Living	50	\$2500 - \$4100	3	\$3950 - \$5800			3	5%
Wyatt House	42	Assisted Living	39	\$2900 - \$4200	3	\$4500 - \$5000			4	9%
Madrona House	81	Assisted Living	79	\$4000-\$4500	2	\$5,000			28	36%

Source: Phone Survey Conducted 10/27/2014 – 10/28/2014

Bainbridge Island contains some rent assisted multifamily units. These units are managed by two private rental management companies, an independent non-profit called the Housing Resources Bainbridge (HRB), and a public housing authority called Housing Kitsap. Since the 1980s, both HRB and Housing Kitsap have made it their mission to provide and facilitate affordable housing on Bainbridge Island and Kitsap County respectively.

Table 6 – Rent Assisted Multifamily Units

	Owner	Total Units	Type	Studios	Rent per Month	One BR	Rent per month	Two BR	Rent per month	Three BR	Rent per month	Vacant
Island Home	HRB	10	*I&F					4	\$951	6	\$1,244	0
Village Home	HRB	11	*I&F			11	\$725					0
Western View Terrace	HRB	8	*I&F					8	\$851			0
Janet West	HRB	9	*I&F			8	\$832	1	\$832			0
Island Terrace	Winslow Terrace LLC	48	*I&F			12	\$697	36	\$818			0
Lynnwood Commons	Lynnwood Commons LLC	4	*I&F	1	\$500	3	two for \$500 and one for \$700					0
Rhododendron	Housing Kitsap	50	*I&F			38	\$745	12	\$820			0
550 Madison	Housing Kitsap	14	*I&F			11	\$631	3	\$820			0
Finch Place Apt	Housing Kitsap	29	Senior/ Disabled			29	\$630					0
Virginia Villa	Blue Heron Park Apts LP	40	Senior/ Disabled			36	\$635	4	\$885			0
Winslow Arms	Winslow Arms Associates LLP	60	Senior/ Disabled	1	30% of income	12	30% of income	47	30% of income			0

*I&F – Individuals and Families

Source: Housing Resources Broad provided Rent Assisted data Oct 29, 2014

Currently, Bainbridge Island has a total number of multifamily rental inventory of 642 units. There are eight market-rate, multifamily rental projects with 359 units, comprising 56% of the multifamily apartment inventory. Since 2003, the number of projects has been reduced by four, due to condominium conversions and a demolition, but the amount of units has increased by 42 from new builds. The Park View Apartments, Sea Breeze Apartments, and Victoria Lane were all converted into condominiums. The eleven rent-assisted projects add 283 units, comprising 44% of the multifamily rental inventory. Both the number of rent assisted projects and the number of units have increased since 2003 by three and 26 respectively. The breakdown of rental units and their monthly average rent for each unit type is shown in the following table. One and two-bedroom units make up 92% of the market. Studios and three-bedroom apartment units continue to be in very short supply. A summary of multifamily units and average rentals are included in Table 7.

Table 7 – Summary of Multifamily Units & Average Rents

Multifamily Projects	Total Units	Percent of Total Units	Studio	Average Monthly Rent	One BR	Average Monthly Rent	Two BR	Average Monthly Rent	Three BR	Average Monthly Rent
Market Rate Units	320	50%	12	\$ 944	94	\$ 980	182	\$ 1,380	32	\$ 1,744
Senior Market Rate Units (Non-assisted Living)	39	6%	0	\$ -	0	\$ -	39	\$ 1,400	0	\$ -
Total Market Rate Units	359	56%	12		94		221		32	
Rent Assisted Units	154	24%	1	\$ 500	83	\$ 722	64	\$ 831	6	\$ 1,244
Senior Rent Assisted Units*	129	20%	1	*	77	\$ 633	51	\$ 885	0	\$ -
Total Rent Assisted Units	283	44%	2		160		115		6	
Total all units	642	100%	14		254		336		38	
Percent of total units	100%		2.18%		39.6%		52.3%		5.92%	

* Winslow Arms was excluded from the Average Monthly Rent calculation as their rent is based on 30% of tenants' income. They are still included in the Total Rent Assisted and Total Units.

Table 8 shows significant increases in the average market rate rental prices over the last ten years. The vast majority of apartments, being one and two bedroom, show an average increase in rent of around \$270.00 for a one bedroom and \$473.00 for a two bedroom. Rent-assisted units also show significant increases over the last ten years, but all units showed a smaller percentage increase than market rate. In addition, a qualified individual or family can rent a two bedroom rent-assisted apartment for \$150.00 less per month than a market rate one bedroom apartment.

Table 8 – Summary of Multifamily Rents 2002 and 2014

	Unit Type	FY 2002	FY 2014	Change 2002 - 2014	Percent change
Market Rate	Studios	\$ 850	\$ 944	\$ 94	11.1%
	1 BR	\$ 713	\$ 981	\$ 268	37.6%
	2 BR	\$ 911	\$ 1,384	\$ 473	51.9%
	3 BR	\$ 1,042	\$ 1,744	\$ 702	67.4%
Rent Assisted	Studios	\$ 528	*	*	*
	1 BR	\$ 563	\$ 685	\$ 122	21.7%
	2 BR	\$ 575	\$ 834	\$ 259	45.1%
	3 BR	\$ 916	\$ 1,244	\$ 328	35.8%

Source: 2003 City of Bainbridge Island Housing Needs Assessment and Phone Survey Conducted 10/27/2014 – 10/28/2014

The net gain in multifamily rental apartments was relatively low. Based on the survey results, the net gain was 68 units, bringing the total to 642. This was due to a combination of new construction, demolition, and some apartments being converted into condominiums. Over the last ten years, there was a 12% increase in rental apartment units on Bainbridge Island. However, rental apartments (market rate and rent assisted) make up less than 7% of the total housing units. Additionally, rent assisted apartments make up 3% of the total housing units in the City. These numbers show that the vast majority of new construction of multifamily housing units was condominiums in the last ten years.

According to previous survey data and the most recent survey conducted on October 27 and 28, 2014, the vacancy rate in established projects was 1% or less. Property managers consistently attested to the low vacancy rates and high demand they have for apartments. These vacancy rates are well below 5%, the percentage generally assumed to indicate a healthy rental market with a balance in supply and demand. This means that the demand for apartments has continually exceeded the supply on Bainbridge Island.

Housing Cost: Single-Family Residences

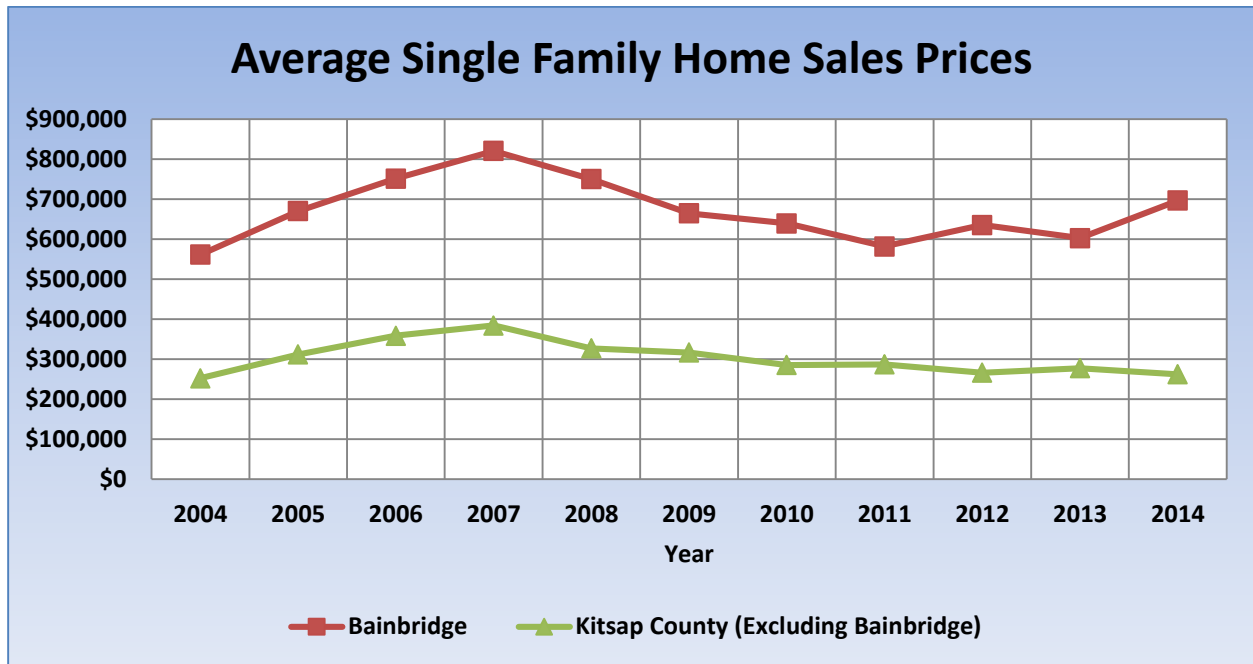
The average single family home sale prices on Bainbridge Island and in the rest of Kitsap County show the same signs of being affected by the national housing bubble and subsequent Great Recession that the rest of the United States experienced during the last decade. Table 9 and Chart C show the average single-family home sale price growing annually to its peak in 2007 of \$820,569.00 in Bainbridge Island and \$384,119.27 in the rest of Kitsap County. After the bubble burst in 2008, housing prices declined until they were able to stabilize between 2011 and 2012 at average price levels seen in 2004. The number of houses sold also reflects the challenges the housing market and the economy endured, with more sales before and after the recession.

Table 9 – Average Single-Family Home Sales and Prices

Bainbridge			Rest of Kitsap County		
Year	Number Sold	Price	Year	Number Sold	Price
2004	469	\$ 561,462.00	2004	2652	\$ 252,513.20
2005	442	\$ 670,004.00	2005	2710	\$ 311,742.00
2006	350	\$ 751,346.00	2006	2418	\$ 358,785.09
2007	333	\$ 820,569.00	2007	1957	\$ 384,119.27
2008	187	\$ 749,862.00	2008	1529	\$ 327,075.27
2009	215	\$ 664,545.00	2009	1615	\$ 316,873.27
2010	256	\$ 639,169.00	2010	1389	\$ 285,491.00
2011	258	\$ 581,855.00	2011	1324	\$ 286,934.73
2012	386	\$ 635,394.00	2012	1540	\$ 266,436.45
2013	415	\$ 602,500.00	2013	1942	\$ 277,468.00
2014 (as of Oct 28)	327	\$ 696,519.80	2014 (as of Oct 28)	2617	\$ 262,381.15

Source: Northwest Multiple Listing Service

Chart C – Average Single-Family Home Sales Prices



Source: Northwest Multiple Listing Service

The following table shows the average price difference between Bainbridge single-family home sales prices and the rest of Kitsap County single-family home sales prices. Since 2004, Bainbridge Island has maintained a price difference of at least \$300,000.00 or higher compared to the rest of homes sold in Kitsap County. This means that homes on Bainbridge Island are consistently worth twice as much as comparable homes throughout the rest of the County. It is interesting to note that after the economic recovery, home sale prices for Bainbridge Island are growing at a faster rate than the rest of Kitsap County, which is holding steady just under an average of \$300,000.

Table 10 – Average Single Family Home Sales Price Comparison

	Bainbridge	Kitsap	Price Difference	Bainbridge Price "premium"	Change in Bainbridge Price	Percent Change	Change in Kitsap Price	Percent Change
2004	\$ 561,462	\$ 252,513	\$ 308,948	222.3%				
2005	\$ 670,004	\$ 311,742	\$ 358,262	214.9%	\$ 108,542	19.3%	\$ 59,228	23.5%
2006	\$ 751,346	\$ 358,785	\$ 392,560	209.4%	\$ 81,342	12.1%	\$ 47,043	15.1%
2007	\$ 820,569	\$ 384,119	\$ 436,449	213.6%	\$ 69,223	9.2%	\$ 25,334	7.1%
2008	\$ 749,862	\$ 327,075	\$ 422,786	229.3%	\$ (70,707)	-8.6%	\$ (57,044)	-14.9%
2009	\$ 664,545	\$ 316,873	\$ 347,671	209.7%	\$ (85,317)	-11.4%	\$ (10,202)	-3.1%
2010	\$ 639,169	\$ 285,491	\$ 353,678	223.9%	\$ (25,376)	-3.8%	\$ (31,382)	-9.9%
2011	\$ 581,855	\$ 286,934	\$ 294,920	202.8%	\$ (57,314)	-9.0%	\$ 1,443	0.5%
2012	\$ 635,394	\$ 266,436	\$ 368,957	238.5%	\$ 53,539	9.2%	\$ (20,498)	-7.1%
2013	\$ 602,500	\$ 277,468	\$ 325,032	217.1%	\$ (32,894)	-5.2%	\$ 11,031	4.1%
2014 (as of Oct 28)	\$ 696,519				\$ 94,019	15.6%		

Source: Northwest Multiple Listing Service

The following table compares single-family home sale prices on Bainbridge Island to other cities and census tract areas in the County as of October 2014. Even with multi-million dollar home sales in other parts of the County, Bainbridge Island has the highest average price of single-family home sales.

Table 11 – Single-Family Home Sales Prices for 2014 (January 1 – October 28)

City	Average Sell Price	Range	Maximum	Minimum
Bainbridge	\$ 696,519.80	327	\$ 3,300,000.00	\$ 180,000.00
Kitsap County (Excluding Bainbridge)	\$ 262,381.15	2617*	\$ 3,490,004.00	\$ 23,000.00
Bremerton	\$ 207,272.70	920	\$ 1,100,000.00	\$ 32,175.00
Hansville	\$ 335,354.08	49	\$ 995,000.00	\$ 137,000.00
Indianola	\$ 416,608.33	12	\$ 875,000.00	\$ 284,900.00
Kingston	\$ 311,569.72	124	\$ 1,225,000.00	\$ 34,000.00
Olalla	\$ 289,974.67	45	\$ 765,000.00	\$ 75,000.00
Port Orchard	\$ 253,289.46	753	\$ 2,649,000.00	\$ 23,000.00
Poulsbo	\$ 354,369.95	414	\$ 3,490,004.00	\$ 24,000.00
Seabeck	\$ 308,326.30	57	\$ 848,000.00	\$ 68,000.00
Silverdale	\$ 288,022.74	199	\$ 648,000.00	\$ 99,900.00
Suquamish	\$ 222,763.16	37	\$ 795,000.00	\$ 43,000.00

*This will not tie with the rest of the Cities and county areas below as Keyport, Manchester, and Southworth did not have enough purchases to provide significant statistics. These seven purchases were included in Countywide Average Sell Price.

Source: Northwest Multiple Listing Service

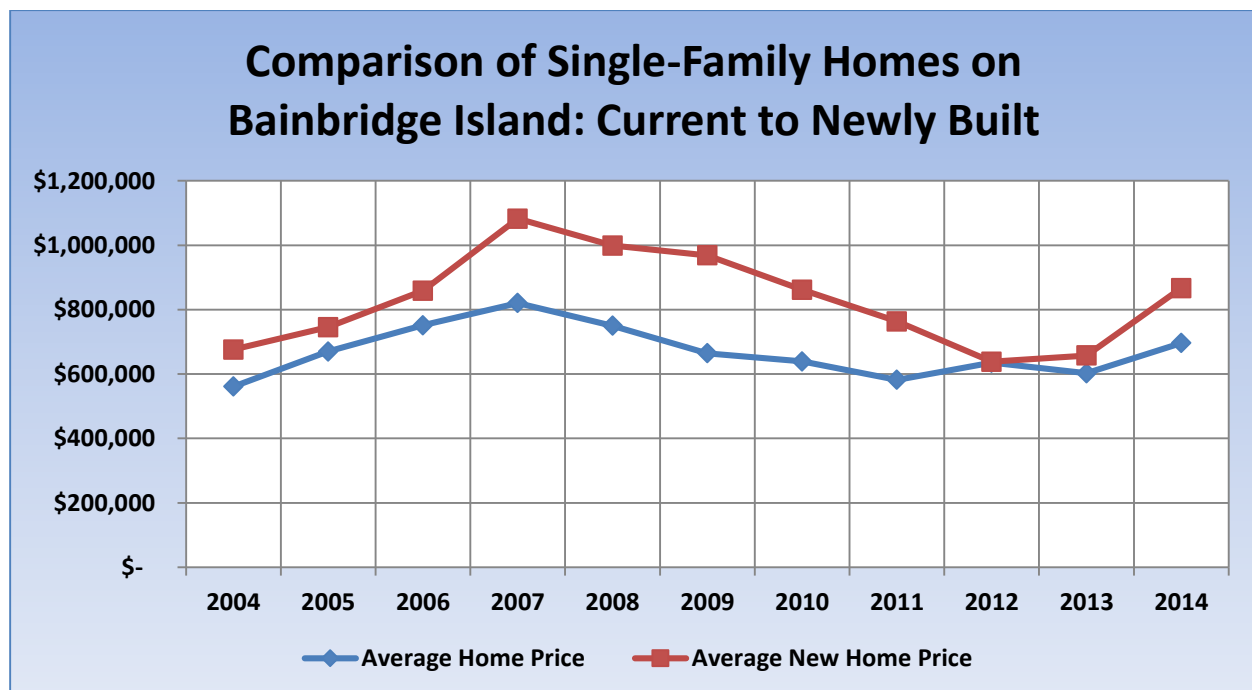
The average new home price on Bainbridge Island followed the same trends as the rest of the U.S. housing market. It continued to increase through 2007 and then decline until 2012. “New” is defined as newly built, either on a new plot of land or after a demolition, with no occupants until after its first sale. Average new single-family home prices sales have consistently stayed above average single-family home prices for the last decade on Bainbridge Island. However, the average sales price of existing homes nearly caught up to the average sales price of a new homes built in 2012. This can be seen in Table 12 and Chart D.

Table 12 – Bainbridge Average Single-Family Home Sales Price: Current Market Vs. New Build

Average Home Price		Average New Home Price	
Year	Price	Year	Price
2004	\$ 561,462	2004	\$ 676,063
2005	\$ 670,004	2005	\$ 745,435
2006	\$ 751,346	2006	\$ 858,720
2007	\$ 820,569	2007	\$ 1,082,562
2008	\$ 749,862	2008	\$ 998,841
2009	\$ 664,545	2009	\$ 968,848
2010	\$ 639,169	2010	\$ 861,939
2011	\$ 581,855	2011	\$ 763,669
2012	\$ 635,394	2012	\$ 638,474
2013	\$ 602,500	2013	\$ 657,640
2014	\$ 696,520	2014	\$ 866,876

Source: Northwest Multiple Listing Service

Chart D - Bainbridge Average Single-Family Home Sales Price: Current Market Vs. New Build



Source: Northwest Multiple Listing Service

Rent Assisted Housing

Bainbridge Island has eleven rent assisted projects that received funds in whole or in part from Federal, State, and/or local agencies. In exchange for favorable financing terms, the property owner commits to providing the housing to a targeted population for a specific term. Commitments can run from 20 to 50 years depending upon the funding source. Federal funding sources include the U.S Department of Housing and Urban Development and the U.S. Department of Agriculture (USDA). Local jurisdictions have priority purchase rights for the USDA projects through the Housing Preservation Section of the Federal Housing Act of 1990 before they are offered on the open market. The USDA projects must provide a one-year notice of intent to pre-pay the loan with notices being sent to the City and to Housing Kitsap. Table 13 shows the date each project's current commitment expires.

Table 13 – Duration of Commitment on Rent Assisted Multifamily Projects

	Owner	Total Units	Type	Number of ADA units	Number of units with subsidy	Required Period of Affordability	subsidy type
Island Home	HRB	10	*I&F		0	12/1/2031	HOME funds used to construct units, no ongoing rental subsidy, rent rates below market based on HOME requirements
Village Home	HRB	11	*I&F	1	0	8/9/2048	HOME funds used to construct units, no ongoing rental subsidy, rent rates below market based on HOME requirements
Western View Terrace	HRB	8	*I&F		0		no subsidy - rent, lower than market, HRB rents to those at 80% or below
Janet West	HRB	9	*I&F		0	1/1/2053	HOME funds used to construct units, no ongoing rental subsidy, rent rates below market based on HOME requirements

	Owner	Total Units	Type	Number of ADA units	Number of units with subsidy	Required Period of Affordability	subsidy type
Island Terrace	Winslow Terrace LLC	48	*I&F	4	19		USDA - Rural Development
Lynnwood Commons	Lynnwood Commons LLC	34	*I&F		4		Follows King County Affordable Housing Incentive Program
Rhododendron	Housing Kitsap	50	*I&F		48	1/1/2016; Renewed annually based on tenant needs	USDA - Rural Development
550 Madison	Housing Kitsap	14	*I&F		0		no subsidy - rent lower than market rate
Finch Place Apt	Housing Kitsap	29	Senior/ Disabled		20	Renewed annually based on tenant needs	USDA - Rural Development
Virginia Villa	Blue Heron Park Apts LP	40	Senior/ Disabled		20	Renewed annually based on tenant needs	USDA - Rural Development
Winslow Arms	Winslow Arms Associates LLP	60	Senior/ Disabled		60	Renewed annually based on tenant needs	Project based Section 8

*I&F – Individuals and Families

Source: HRB provided data

The City's local financing source is the Housing Trust Fund. The Trust Fund was established by ordinance in 1999. Funds were distributed to local non-profits to fund affordable housing projects and programs on the Island. Funding was reduced in response to the financial challenges the City faced during the Great Recession, but the Trust was maintained to fund affordable housing programs on the Island. Recently the Council decided to appropriate \$200,000.00 to the Housing Trust Fund as part of the 2015-16 biennial budget for future housing projects.

Table 14 tallies the number of individuals and families desiring affordable housing on Bainbridge Island. HRB, Housing Kitsap, and other owners of rent assisted multifamily units maintain a waiting list for individuals and families who contact them for affordable rental housing. The current totals of combined waiting lists contain 149 households (individuals and families).

Table 14 – Demand from Waitlists for Existing Rent Assisted Multifamily Units

HRB Projects	Individuals	Households
Total	24	14
Currently Live on BI	10	4
Currently Work on BI	5	5
Disabled	3	3
Female Head of Household	13	13
Other Housing Assisted Projects		
Finch Place Apt		30
Rhododendron		31
550 Madison		6
Virginia Villa		Unknown
Winslow Arms		36
Island Terrace		8
Total of All Projects	24	125

Source: HRB provided data

In addition to the multifamily units mentioned above, HRB also offers three single-family rental housing units on Bainbridge Island to qualifying individuals and families. They are listed in Table 15.

Table 15 – Single-Family Rental Units

Property	Owner	Total Units	Type	Studio	Rent per Month	Three BR	Rent per Month	Vacant	Number of units with subsidy	Subsidy Type
Forest Home (single family home)	HRB	1	*I&F			1	\$1,199	0	0	No subsidy - rent, lower than market, HRB rents to those at 80% or below
Dore Cabin (single family home)	HRB	1	*I&F	1	\$725			0	0	No subsidy - rent, lower than market, HRB rents to those at 80% or below
Sadie Woodman (single family home)	HRB	1	*I&F			1	\$1,199	0	0	No subsidy - rent, lower than market, HRB rents to those at 80% or below

*I&F – Individuals and Families

Source: HRB provided data

Housing Condition

It is difficult to determine the condition of the housing stock of Bainbridge Island as a whole. No surveys have been done to gauge this on a consistent basis. The Kitsap County Assessor's database assesses the value of homes in Kitsap County every six years on a cyclical basis. The database includes a category to assess the condition of a home, but this field is not maintained in a consistent manner. The following Table shows the percentage of houses built during a specific census decennial. As of 2010, 40% of the Island's housing stock was built before 1980. A trend of concern regarding housing condition is the combination of a larger portion of older residents and the increasing cost of housing. An increased percentage of income needed for housing leaves a reduced portion of that income for repairs.

Table 16 – Housing Condition – Year Structure was Built

YEAR STRUCTURE BUILT	2000		2010	
	Number	Percent	Estimate	Percent
Total housing units			10,402	10,402
Built 2010 or later			23	0.20%
Built 2000 to 2009			2,255	21.70%
Built 1990 to 1999	2453	28.8%	2,218	21.30%
Built 1980 to 1989	1463	17.2%	1,759	16.90%
Built 1970 to 1979	1767	20.7%	1,818	17.50%
Built 1960 to 1969	850	10.0%	864	8.30%
Built 1940 to 1959	880	10.3%	744	7.20%
Built 1939 or earlier	1104	13.0%	721	6.90%

Source: American Community Survey (2008-2012)

Vacancy Rates

Vacancy rates for multifamily rental units and housing unit occupancy have been reviewed in earlier sections of this report. The following table reviews occupancy and vacancy rates as of 2010. Based on the survey and the recent recovery of the economy and the housing market, it is fair to assume that occupancies have increased and vacancies have decreased.

Table 17 – 2010 Housing Occupancy

	Bainbridge		Kitsap	
Total housing units	10,584	100%	107,367	100%
Occupied housing units	9,470	89.5%	97,220	90.5%
Vacant housing units	1,114	10.5%	10,147	9.5%
For rent	154	1.5%	2,897	2.7%
Rented, not occupied	27	0.3%	171	0.2%
For sale only	181	1.7%	1,521	1.4%
Sold, not occupied	50	0.5%	336	0.3%
For seasonal, recreational, or occasional use	514	4.9%	2,781	2.6%
All other vacancies	188	1.8%	2,441	2.3%
Homeowner vacancy rate (percent) [8]	2.4	(X)	2.2	(X)
Rental vacancy rate (percent) [9]	6.3	(X)	8.6	(X)

Source: American Community Survey (2008-2012)

Special Housing: Group Homes and Senior Housing

Bainbridge Island has a handful of group homes. The stock of group homes includes nursing homes, assisted living facilities, and a dormitory. The following tables outline the population and vacancy rates, when applicable, of each group home.

Table 18A – Special Housing: Nursing/Assisted Living/Convalescent Homes

Facility Name	Type	2013 Population	2014 Population	Vacancy Rate
Island Health and Rehabilitation	Nursing Home	49	57	N/A
Messenger House Care Center	Nursing Home	75	77	N/A
Madison Ave Retirement Center	Assisted Living	50	50	5%
Wyatt House	Assisted Living	43	38	9%
Madrona House Assisted Living	Assisted Living, number of units have specific focus for residents with dementia and Alzheimer's	0	52	36%
Subtotal		217	274	

Source: Phone Survey Conducted 10/27/2014 – 10/28/2014 and COBI's most recent submission of the annual Housing Unit and Population Estimate Report for the Office of Financial Management

Table 18B – College Dormitory, Fraternity, or Sorority

Facility Name	Type	2013 Population	2014 Population
Island Wood	College Dormitory	20	22
Subtotal		20	22

Source: COBI's most recent submission of the annual 'Housing Unit and Population Estimate Report' for the Office of Financial Management

The following graphic tracks the entire senior group/multifamily unit housing on Bainbridge Island as of 2013. Bainbridge currently has a senior housing stock of 344 units. Multifamily senior housing represents around 3% of housing units of the current stock.

Table 19 – Senior Housing Stock

	Type	Units
Madison Ave Retirement Center	Assisted Living	53
Wyatt House	Assisted Living	42
Madrona House Assisted Living	Assisted Living, number of units have specific focus for residents with dementia and Alzheimer's	81
Winslow Manor Apts	Independent Senior Living	39
Finch Place Apartments	Senior/Disabled	29
Virginia Villa	Senior/Disabled	40
Winslow Arms	Senior/Disabled	60
Total Senior Housing		344

Source: Phone Survey Conducted 10/27/2014 – 10/28/2014

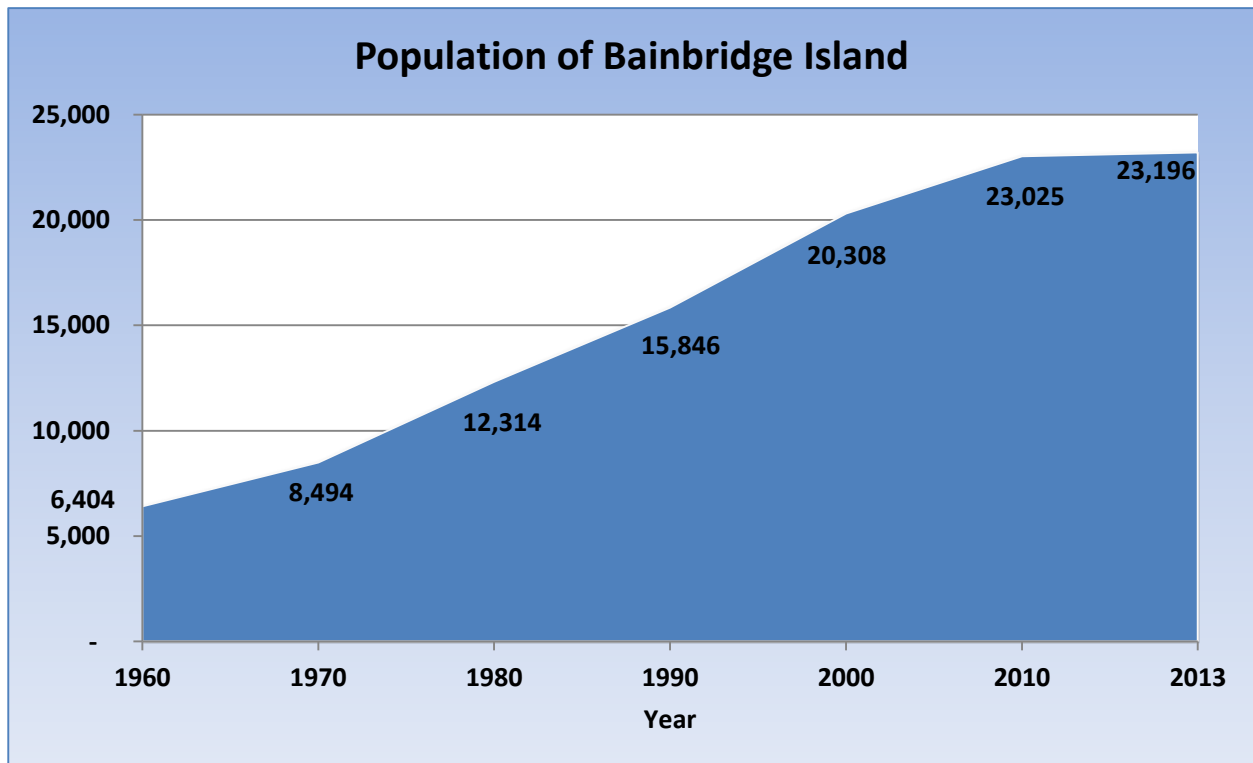
Demographic Profile

The following section provides demographic information about Bainbridge Island over multiple planning periods. The purpose of this information is to provide a cumulative profile of the City's characteristics and to show demographic trends over time. This community profile includes population, race and ethnicity, household size, household type, age, educational attainment, persons in group quarters, household income, wage and employment data, and immigration and migration trends. These characteristics and trends will inform goals and policies during the Comprehensive Plan update process and beyond.

Total Population and Growth

As depicted in Chart E and Table 20, Bainbridge Island saw significant population increases between 1960 and 2000, which then slowed to a relaxed but still positive rate. The Island's population grew rapidly between 1960 and 1980 by 77.6%. The following two decades showed a consistent rate of growth around 28.5% per decade. Between 2000 and 2010, the 3% annual population growth of the previous decades slowed to an approximate 13.5% increase in population for the whole decade. Population growth between 2010 and 2013 has slowed even further to below 1% percent growth (0.72%).

Chart E – Total Population and Growth



Source: Decennial United State Census (1960 – 2010); American Community Survey (2008-2012)

Total Households and Household Size

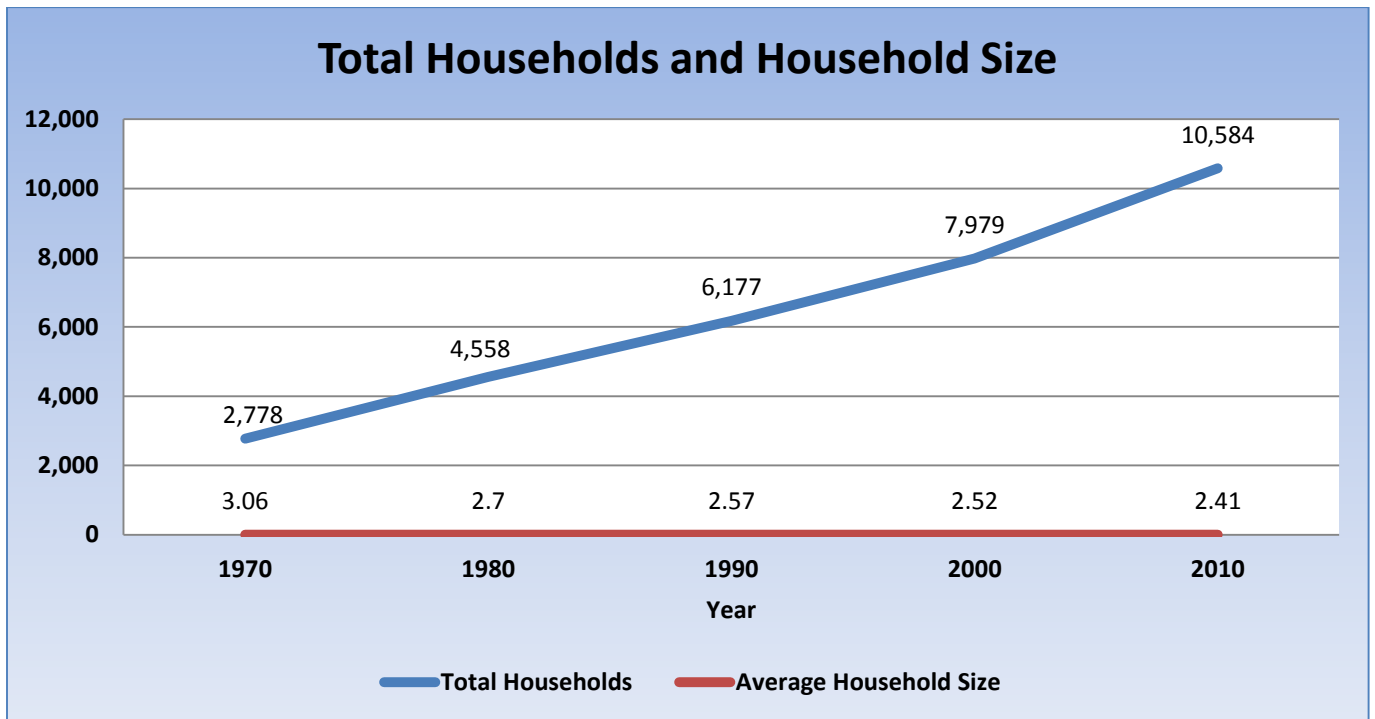
As would be expected, total households increased with population. Table 20 and Chart F show a steady increase in total households on Bainbridge at a rate of around 30% per decade. While the total population and households have increased since 1960, the average household size decreased steadily from 3.06 in 1970 to 2.41 in 2013. Projected household size will likely continue to decrease very slightly based on age demographic movements and current trends. This can be seen in Table 20 and Chart F.

Table 20 – Population, Total Household, and Household Size

Year	1960	1970	1980	1990	2000	2010	2013	Change 1990- 2010	Change 2000 - 2013
Population	6,404	8,494	12,314	15,846	20,308	23,025	23,190		
Change		2,090	3,820	3,532	4,462	2,717	165	7,179	2,882
Percent Change		32.64%	44.97%	28.68%	28.16%	13.38%	0.72%	45.3%	14.2%
Total Households		2,778	4,558	6,177	7,979	10,584			
Change			1,780	1,619	1,802	2,605		4,407	
Percent Change			64.07%	35.52%	29.17%	32.65%		71.3%	
Average Household Size		3.06	2.7	2.57	2.52	2.41			
Change			-0.36	-0.13	-0.05	-0.11		-0.16	
Percent Change			-11.77%	-0.05%	-0.02%	-0.04%		-6.2%	

Source: Decennial United State Census (1960 – 2010); American Community Survey (2008-2012)

Chart F – Total Households and Average Household Size



Source: Decennial United State Census (1970 – 2010)

Household Composition (Type)

The following table (Table 21) shows a breakdown of household types including family and non-family households, whether children under eighteen are present, and single parent households. The number of households on Bainbridge Island doubled between 1980 and 2010. In 1980 the number of married couple households without children under eighteen years of age and those with children under eighteen were the same. Since 1980, the number of households without children under eighteen living at home consistently exceeded those with children. In fact, there was a sharp increase of households without children by 2010. Both male and female headed-households with no spouse have continuously increased since 1980, but it is important to note that there were three times as many female headed households to males. Finally, non-family households, composed of unrelated persons, increased by 160% from 1980 to 2010.

Table 21 – Household Composition (Type)

		Family Households						Non-Family Households
		Married Couples		Male Head – No Spouse		Female Head - No Spouse		(Unrelated Persons)
Children under 18	Total Households	Yes	No	Yes	No	Yes	No	Total
1980	4,558	1,509	1,509	53	49	190	147	1,101
1990	6,134	1,905	2,078	81	45	273	122	1,630
1980 - 1990 change	1,576	396	569	28	-4	83	-25	529
Percent change	34.6%	26.2%	37.7%	52.80%	-8.20%	43.70%	-17.0%	-52.0%
2000	7,979	2,391	2,592	114	75	372	225	2,200
1990 - 2000 change	1,845	486	514	33	30	99	103	570
Percent change	40.50%	32.20%	34.10%	62.30%	61.20%	52.10%	70.10%	-48.20%
2010	9,470	2,343	3,355	146	96	442	229	2,858
2000 - 2010 change	1,491	-48	763	32	21	70	4	658
Percent change	18.7%	-2.0%	29.4%	28.1%	28.0%	18.8%	1.8%	29.9%

		Family Households						Non-Family Households
		Married Couples		Male Head – No Spouse		Female Head - No Spouse		(Unrelated Persons)
Children under 18	Total Households	Yes	No	Yes	No	Yes	No	Total
1980 - 2010 change	4,912	834	1,846	93	47	252	82	1,757
Percent change	107.8%	55.3%	122.3%	175.5%	95.9%	132.6%	55.8%	159.6%

Source: Decennial United State Census (1980 – 2010)

Race Representation

According to the U.S. Census Bureau, the information on race in the 2000 Census and beyond cannot be directly compared to the data in earlier censuses because respondents were and are able to select more than one race category. The question sequence was altered and changes were made to the terminology. The category of “some other race” includes responses to the “two or more races” and all other responses not included in those specified in the first four categories. Persons of Hispanic origin are also included in the other race categories.

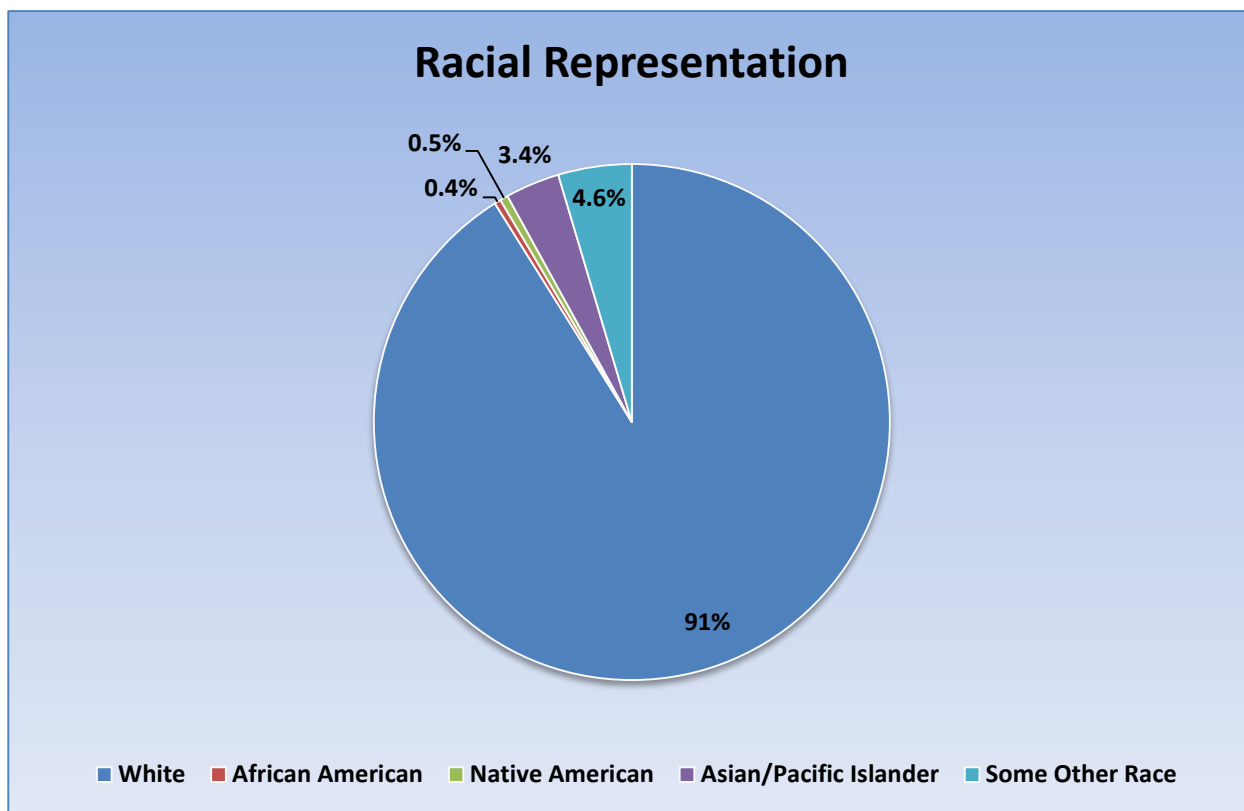
As shown in Table 22, minority racial groups showed some growth in each category between 1980 and 1990. African Americans, Some Other Race, and Hispanic categories showed consistent growth through 2010. The Native American category showed a consistent decline since 1990. The Asian/Pacific Islander category fluctuated slightly, but ultimately showed an increase in the population. As displayed in Table 22, minorities have consistently made up less than 10% of the population of Bainbridge Island since 1980.

Table 22 – Racial Representation

	White	African American	Native American	Asian/Pacific Islander	Some Other Race	Total	Hispanic
1980	11,639	23	70	482	40	12,314	60
Percent of population 1980	95.0%	0.2%	0.6%	3.9%	0.3%	100.0%	0.5%
1990	15,071	43	156	522	54	15,846	237
Percent of population 1990	95.10%	0.30%	1.0%	3.30%	0.30%	100.0%	1.5%
2000	18,863	57	125	509	754	20,308	440
Percent of population 2000	92.9%	0.3%	0.6%	2.5%	3.7%	100.0%	2.2%
2010	20,963	100	111	784	1067	23,025	887
Percent of population 2010	91%	0.4%	0.5%	3.4%	4.6%	100%	3.9%
Change 1980 - 2000	7,224	34	55	27	714	7,994	380
Percent change	62.1%	147.8%	78.8%	5.6%	1785.0%	64.9%	633.3%
Change 2000 - 2010	2,100	43	-14	275	313	2,717	447
Percent change	11.1%	75.4%	-11.2%	54.0%	41.5%	13.4%	101.6%

Source: Decennial United State Census (1980 – 2010)

Chart G – Racial Representation in 2010



Source: Decennial United State Census (2010)

Age Distribution

As can be seen in Table 23 below and Charts H and I that follow, there have been significant changes in age distributions of the Island's population during the thirty-year span from 1980 to 2010. In 1980 Bainbridge Island had a fairly even distribution of age groups. Since that time the population has seen significant increases in the five to seventeen, thirty-five to fifty-nine, and the sixty and over age groups, so much so that these age groups make up 86% of the population. Further analysis of the trend of each age group follows:

- **0 – 4 Age Group:** The population of children ages zero to four declined by 10% between 2000 and 2010. This suggests that fewer births are occurring in Bainbridge Island than in previous decades. This age group represents the smallest in size compared to the rest of the age groups.
- **5 – 17 Age Group:** The population of children ages five to seventeen increased by 45% between 1990 and 2010. In addition, the representation of this age group stayed around 20% of the population.

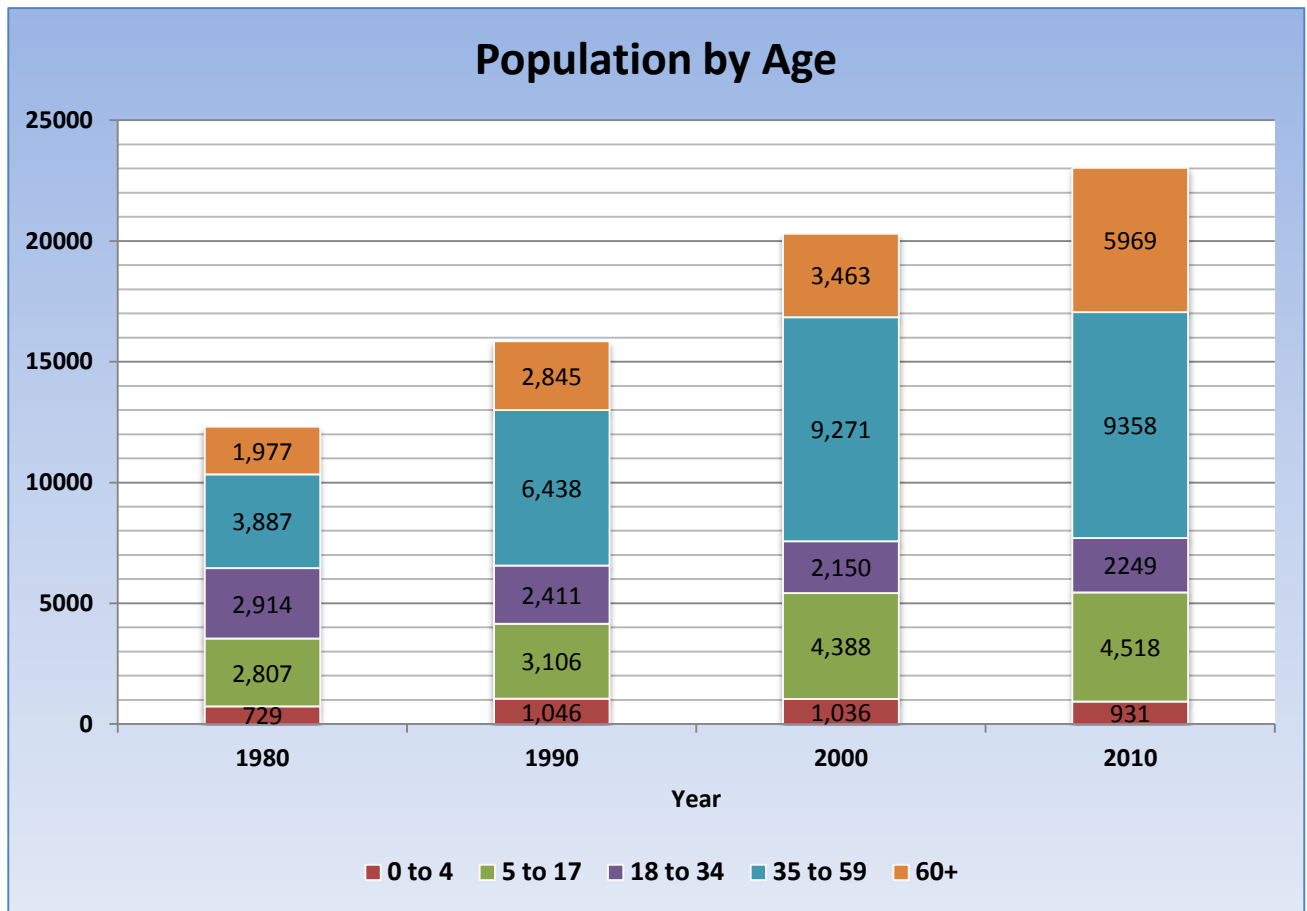
- **18 – 34 Age Group:** The population of adults ages eighteen to thirty-four continuously declined between 1980 and 2000. However, this age group increased by 100 individuals between 2000 and 2010. This age group represents the second smallest in size compared to the rest of the age groups.
- **35 – 59 Age Group:** The population of adults between the ages of thirty-five and fifty-nine has nearly tripled between 1980 and 2010. This age group has consistently represented the largest in size compared to the other age groups.
- **60 and Over Age Group:** The population of adults sixty years and older has increased by 72% between 2000 and 2010. It surpassed the five to seventeen year old age group during this time, making it the second largest age group compared to the other age groups.

Table 23 – Population by Age

Age Group	0 to 4	5 to 17	18 to 34	35 to 59	60+	Total
1980	729	2,807	2,914	3,887	1,977	12,314
Percent of Total	5.90%	22.80%	23.70%	31.60%	16.10%	100%
1990	1,046	3,106	2,411	6,438	2,845	15,846
Percent of Total	6.60%	19.60%	15.20%	40.60%	18.00%	100%
2000	1,036	4,388	2,150	9,271	3,463	20,308
Percent of Total	5.10%	21.60%	10.60%	45.70%	17.10%	100%
2010	931	4,518	2,249	9,358	5,969	23,025
Percent of Total	4.0%	19.6%	9.8%	40.6%	26.0%	100%
Change 1990 - 2010	-115	1,412	-162	2,920	3,124	7,179
Percent Change 1990 - 2010	-11.00%	45.46%	-6.72%	45.36%	109.81%	45.30%
Change 2000 - 2010	-105	130	99	87	2,506	2,717
Percent Change 2000 - 2010	-10.13%	2.96%	4.60%	0.94%	72.37%	13.38%

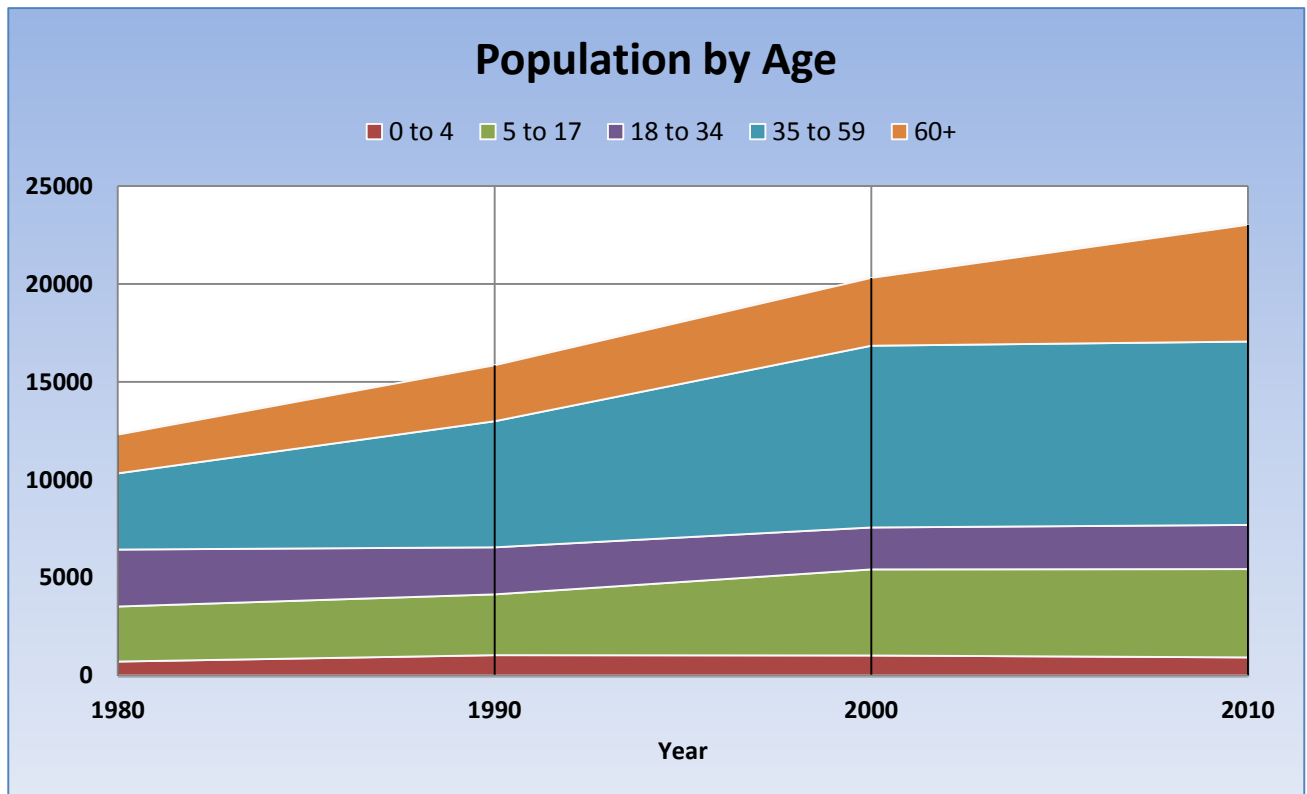
Source: Decennial United State Census (1980 – 2010)

Chart H – Population by Age (Bar Chart)



Source: Decennial United State Census (1980 – 2010)

Chart I – Population by Age (Trend Chart)

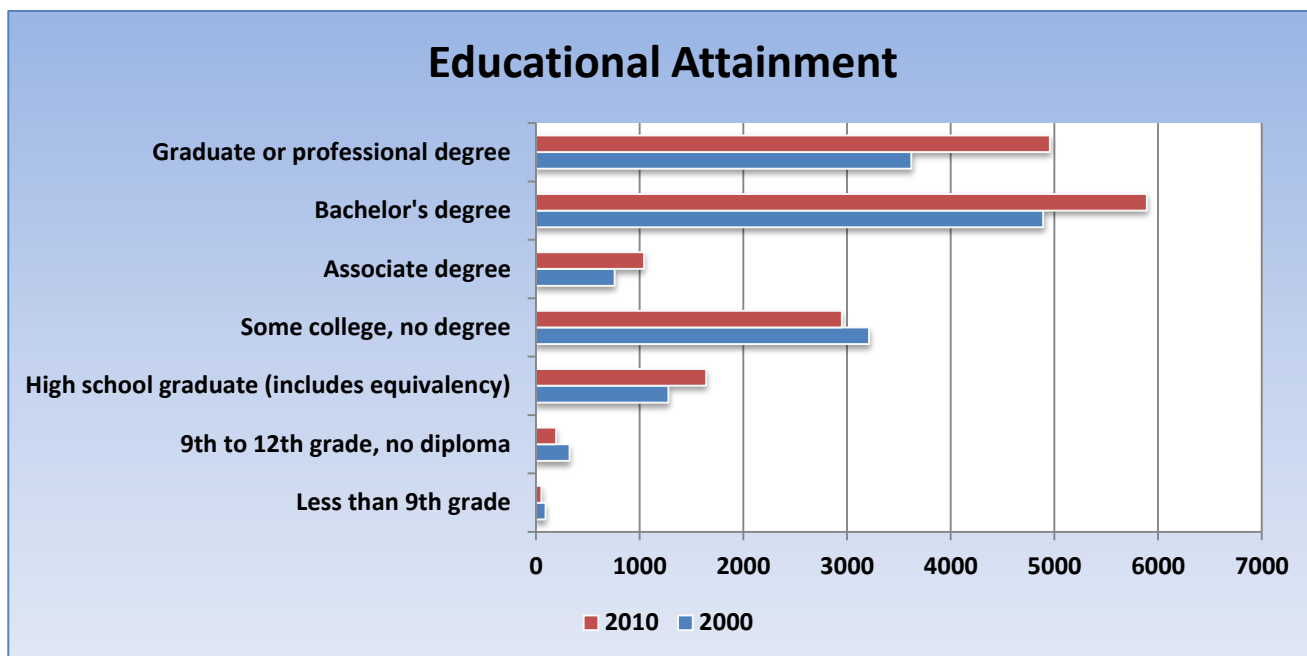


Source: Decennial United State Census (1980 – 2010)

Educational Attainment

Bainbridge Island has a relatively high educational attainment rate. As of 2010, around 98% of the population 25 years old and over had obtained a high school degree or higher and almost 65% of 25 year olds and older obtained a bachelor's degree. In addition, both statistics increased between 2000 and 2010. A detailed breakdown of educational attainment comparing 2000 to 2010 can be seen below in the Chart J.

Chart J – Educational Attainment



Source: Decennial United State Census (1980 – 2010)

Household Income

The Bainbridge Island Median Household Income, according to the 2010 Census, was \$92,558.00 compared to the Kitsap County Median Household Income of \$61,776.00. Between 2000 and 2010, the Bainbridge Median Income jumped \$22,447 compared to Kitsap's increase of \$14,802. However, the percentage increase in Median Income was consistent between Bainbridge Island and the rest of Kitsap County.

Table 24 – Bainbridge Island & Kitsap County Income Figures

	1990	2000	Percent change 1990 and 2000	2010	Percent change 2000 and 2010	Percent change 1990 and 2010
Median Household Income						
Bainbridge	\$ 42,135.00	\$ 70,110.00	66.40%	\$ 92,558.00	32.0%	119.7%
Kitsap	\$ 32,038.00	\$ 46,840.00	46.20%	\$ 61,776.00	31.9%	92.8%
Median Family Household Income						
Bainbridge	\$ 51,971.00	\$ 83,415.00	60.50%	\$ 120,200.00	44.1%	131.3%
Kitsap	\$ 36,942.00	\$ 53,878.00	45.80%	\$ 73,731.00	36.8%	99.6%
Average Household Income						
Bainbridge	\$ 57,751.00	\$ 93,078.00	61.20%	\$ 130,379.00	40.1%	125.8%
Kitsap	\$ 38,095.00	\$ 58,299.00	53.0%	\$ 77,782.00	33.4%	104.2%
Per Capita Income						
Bainbridge	\$ 22,437.00	\$ 37,482.00	67.10%	\$ 53,589.00	43.0%	138.8%
Kitsap	\$ 14,282.00	\$ 22,317.00	56.30%	\$ 31,287.00	40.2%	119.1%

Source: Decennial United State Census (1990 – 2010)

Wage and Employment Data

Employment Status

Table 25 shows the trends of employment status on Bainbridge Island. The combination of an increase in population of 60 years and older age group, who typically are retired or working less, and the Great Recession are likely factors in the increases in the categories “Population Not in the Labor Force” and “Unemployment.”

Table 25 – Employment Status

	2000		2010	
	Number	Percent	Number	Percent
Population 16 years and over	15,626	100%	18,627	100%
In labor force	10,026	64.2%	11,196	60.1%
Civilian labor force	9,929	63.5%	11,125	59.7%
Employed	9,670	61.9%	10,284	55.2%
Unemployed	259	1.7%	841	4.5%
Armed Forces	97	0.6%	71	0.4%
Not in labor force	5,600	35.8%	7,431	39.9%
Own children under 6 years	1,198	100%	1,147	
All parents in family in labor force	513	42.8%	660	57.5%
Own children 6 to 17 years			3,959	3,959
All parents in family in labor force			2,332	58.9%

Source: Decennial United State Census (2000 – 2010)

Table 26 shows the percentages of families and individuals whose incomes in the last year were below the poverty line in the years 2000 and 2010. Almost every category within the Poverty Status Table was higher in the 2010 census verses the 2000 census, but this seems expected at the height of the recession in 2010.

Table 26 – Poverty Status

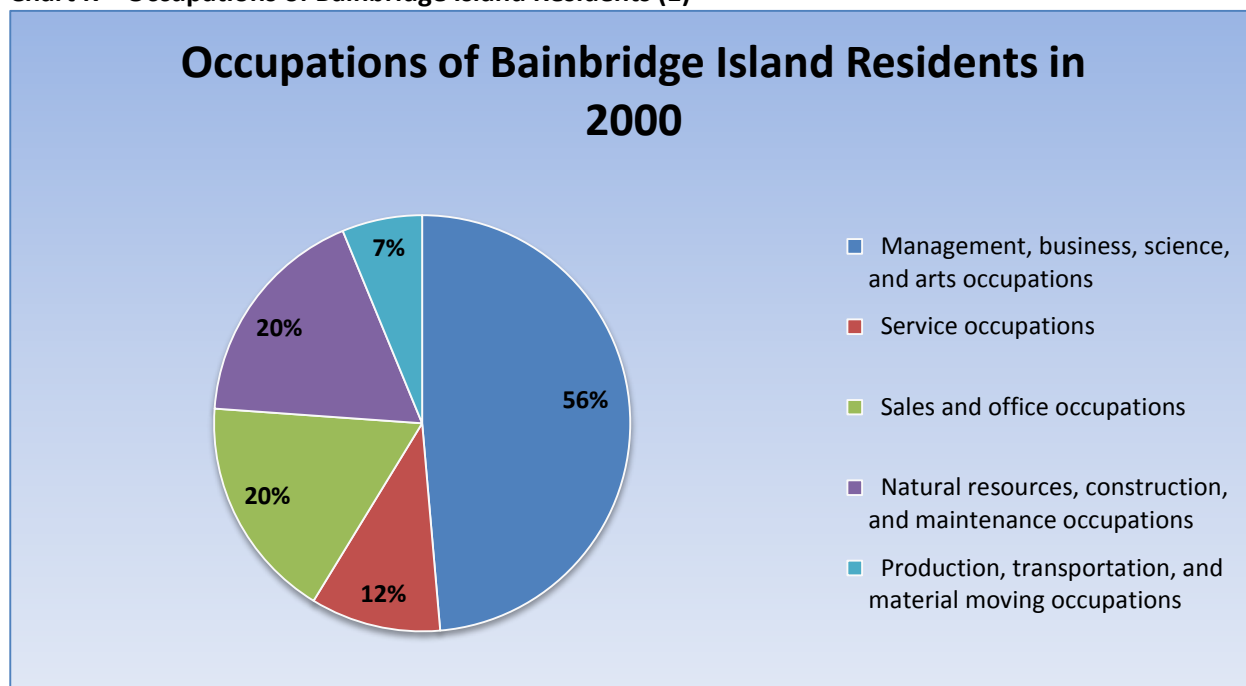
	2000		2010	
	Number	Percent	Number	Percent
All families	171	3%		3.3%
With related children under 18 years	115	3.9%		4.5%
With related children under 5 years only	36	4.1%		10.9%
Married couple families				2.0%
With related children under 18 years				2.6%
With related children under 5 years only				7.5%
Families with female householder, no husband present	72	12.1%		12.9%
With related children under 18 years	55	14%		12.2%
With related children under 5 years only	18	31%		22.9%

	2000		2010	
	Number	Percent	Number	Percent
All people	896	4.4%		5.4%
Under 18 years				5.9%
Related children under 18 years	206	3.8%		5.4%
Related children under 5 years				14.1%
Related children 5 to 17 years	168	3.9%		3.5%
18 years and over	686	4.7%		5.3%
18 to 64 years				6.2%
65 years and over	81	3.3%		2.1%
People in families				3.4%
Unrelated individuals 15 years and over	362	12.8%		16.5%

Source: Decennial United State Census (2000 – 2010)

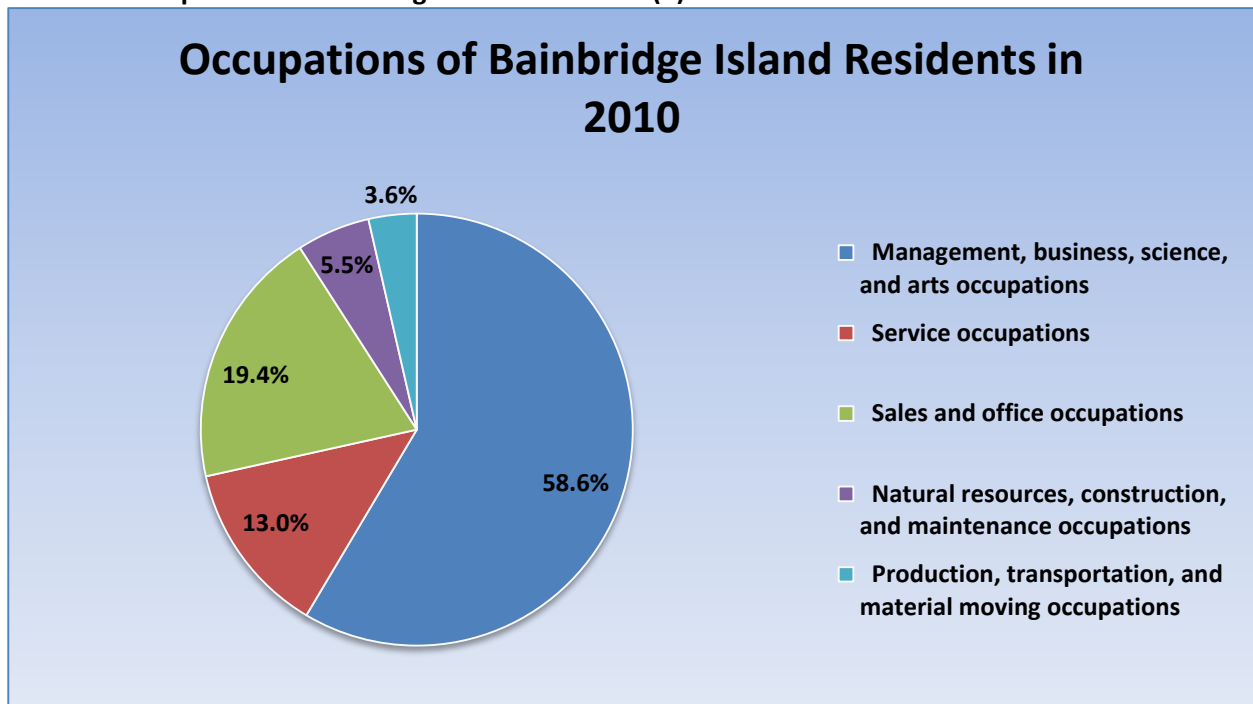
The number of employed residents who are sixteen years and over increased from 9,670 in 2000 to 10,284 in 2010. While the majority of occupational categories were consistent, “Natural Resources, Construction, and Maintenance” occupations decreased by a three-fourths and “Production, Transportation, and Material Moving” occupations decreased by nearly half over the decade. This can be seen in the two occupation charts that follow (Chart K and Chart L).

Chart K – Occupations of Bainbridge Island Residents (1)



Source: Decennial United State Census (2000)

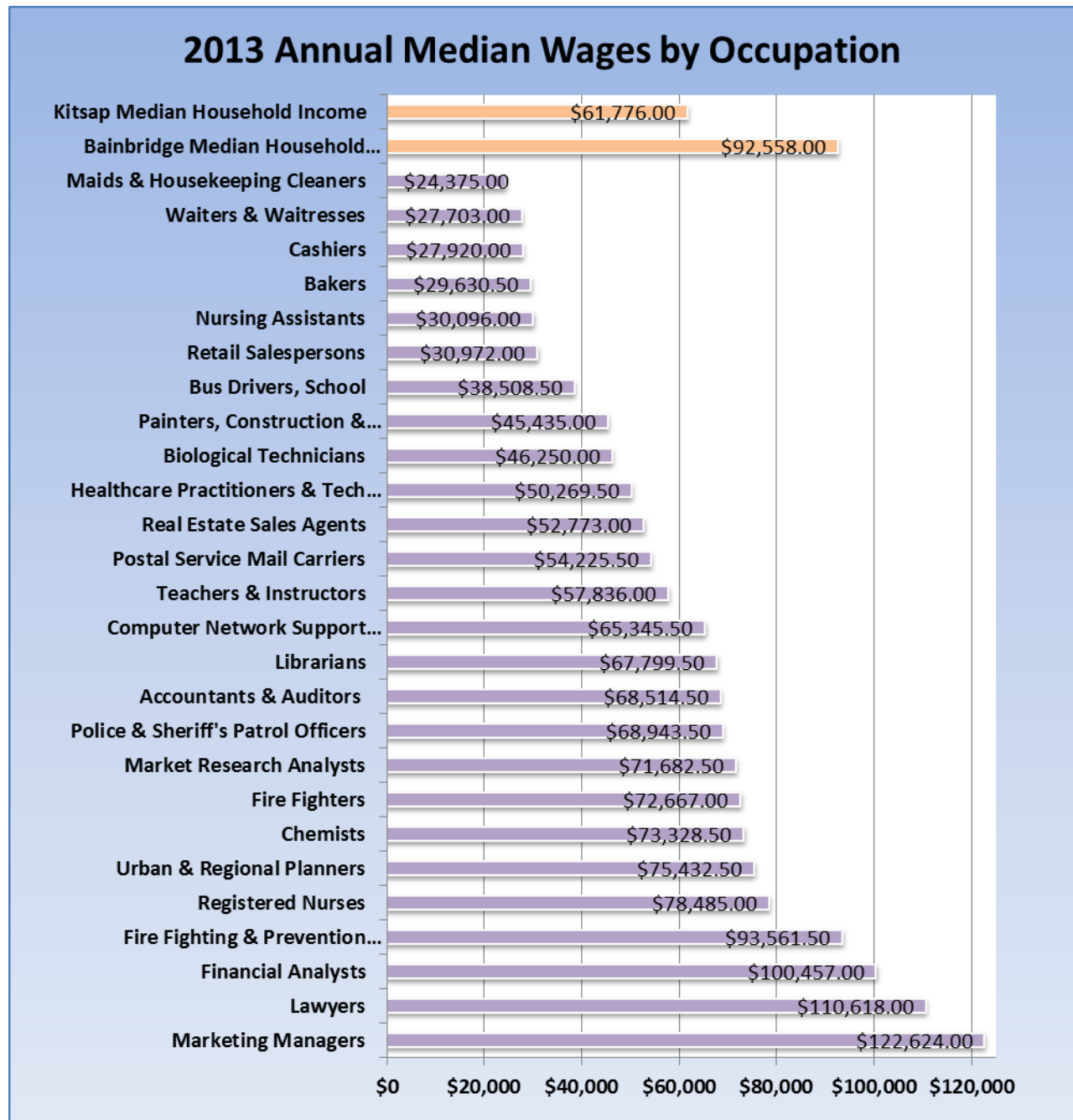
Chart L – Occupations of Bainbridge Island Residents (2)



Source: Decennial United State Census (2010)

Chart M compares the Median Household Income of Bainbridge Island and Kitsap County to the Annual Median Wages for a selected range of occupations found on Bainbridge Island. The occupational wages of the Bremerton-Silverdale area and the Seattle-Bellevue-Everett area were averaged per position to better represent the possible wages of individuals on Bainbridge as surveyed by the Washington State Employment Security Department.

Chart M - Median Income in 2010 versus Median Wages in 2013



Source: 2013 Occupational Employment and Wages Estimates – Labor Market and Economic Analysis, June 2013, Washington State Employment Security Department

Immigration and Migration

As of 2012, almost 90% of householders on Bainbridge Island had moved into their current residence before 2009. Only 38% of Bainbridge Island householders moved into their current residence before 1999. These trends mimic the trends in population growth as well as the economically-charged housing market through the early 2000 before the recession. These numbers are displayed in Chart 27.

Chart 27 – Year Householder Moved into Unit

	Number	Percent
Occupied housing units	9,325	100%
Moved in 2010 or later	964	10.30%
Moved in 2000 to 2009	4,827	51.80%
Moved in 1990 to 1999	2,004	21.50%
Moved in 1980 to 1989	873	9.40%
Moved in 1970 to 1979	376	4.00%
Moved in 1969 or earlier	281	3.00%

Source: American Community Survey 2008-2012

Determining Existing and Future Housing Needs

The Housing Element should include an inventory and analysis of existing and projected housing needs. The element should identify the number of housing units necessary to accommodate projected growth, including government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group homes and foster care facilities.

Determining the existing need for housing at all income levels is an important step for jurisdictions in evaluating current policies and provides the basis for determining future housing needs of projected housing growth.

WAC rules identify topics to consider when looking at housing needs, including:

- Workforce housing
- Jobs-to-housing-balance
- Reasonable measure to address inconsistencies found in the Buildable Lands Report
- Affordable housing

Methods to Assess Housing Needs

Cost Burden Analysis

The US Department of Housing and Urban Development (HUD) defines any household spending more than 30% of household income on housing as “cost burdened.” Extremely cost burdened households are defined as households that pay more than 50 percent of income on housing. Households that pay more than 30 percent of their income for housing may face additional financial challenges for purchasing food, education, transportation, and medical care. Extremely cost-burdened low-income households are at risk of becoming homeless. The percentage of households that are cost burdened, in addition to the percentage that is extremely cost burdened, is an indicator of an existing unmet need for affordable housing.

A cost burden analysis is applied both to renter and owner households. The WAC requires jurisdictions to make adequate housing provisions for all economic segments of the community; a cost burden analysis will help determine the existing and projected housing need. Table 29 displays household income, monthly housing costs, and monthly housing costs as a percent of household income for Bainbridge Island in 2012. Each set is divided into total occupied housing units, owner-occupied housing units, and renter-occupied housing units.

The last set in Table 29 shows the percent of residents whose monthly housing costs make up more than 30% of their income, which is Bainbridge Island’s cost burden analysis. However, there are some important points to make from the other two table sections. As displayed in Table 29A, median household income for owner-occupied housing units (\$110,670) was more than double the median household income of renter-occupied units (\$46,905). The number of owner-occupied housing units (7,329) is over three-and-a-half times the number of renter-occupied units (1,996). The significant difference in income levels between the overall median household income of \$92,558, which is still almost double to the \$46,905 of median income for individuals and families in renter-occupied units, is tied to the types of housing units available.

Table 29A – Cost Burden Analysis: Household Income in 2012

	Total Occupied Housing Units		Owner-Occupied Housing Units		Renter-Occupied Housing Units	
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Occupied Housing Units	9,325	+/-256	7,329	+/-323	1,996	+/-254
Household Income in the Past Twelve Months (in 2012 Inflation-Adjusted Dollars)						
Less than \$5,000	1.6%	+/-0.8	1.5%	+/-0.9	1.7%	+/-1.6
\$5,000 to \$9,999	1.8%	+/-1.0	0.7%	+/-0.6	5.9%	+/-4.1
\$10,000 to \$14,999	1.2%	+/-0.8	1.3%	+/-0.9	0.7%	+/-1.1
\$15,000 to \$19,999	3.2%	+/-1.2	1.7%	+/-0.9	8.7%	+/-4.4
\$20,000 to \$24,999	3.3%	+/-1.3	3.6%	+/-1.4	2.3%	+/-2.1
\$25,000 to \$34,999	6.0%	+/-2.0	3.5%	+/-1.2	15.1%	+/-7.6
\$35,000 to \$49,999	11.1%	+/-2.3	9.6%	+/-2.6	16.4%	+/-6.7
\$50,000 to \$74,999	13.1%	+/-2.4	11.6%	+/-2.3	18.2%	+/-6.8
\$75,000 to \$99,999	12.2%	+/-2.1	11.4%	+/-2.2	15.4%	+/-5.1
\$100,000 to \$149,999	19.1%	+/-2.5	21.5%	+/-2.9	10.4%	+/-5.8
\$150,000 or more	27.4%	+/-2.9	33.5%	+/-3.3	5.2%	+/-2.8
Median Household Income	\$92,558	+/-9,860	\$110,670	+/-7,103	\$46,905	+/-10,469

Source: American Community Survey (2008 – 2012)

Table 29B displays Bainbridge Island’s monthly housing costs in 2012. Over 43% of individuals and families pay more than \$2,000 a month in housing costs. Furthermore, 52% of individuals and families that own their housing unit pay more than \$2,000. The majority (31.5%) of renter-occupied housing units pay between \$1,000 and \$1,499 a month. However, 23% of renters pay \$1,500 or more a month for housing. Monthly housing costs will also be useful in the Workforce Housing Analysis.

Table 29B – Cost Burden Analysis: Monthly Housing Costs in 2012

	Occupied housing units		Owner-Occupied Housing Units		Renter-Occupied Housing Units	
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Less than \$100	0.2%	+/-0.3	0.2%	+/-0.4	0.0%	+/-1.6
\$100 to \$199	0.7%	+/-0.6	0.8%	+/-0.7	0.7%	+/-1.1
\$200 to \$299	1.9%	+/-1.1	0.6%	+/-0.5	6.6%	+/-4.8
\$300 to \$399	0.8%	+/-0.8	1.1%	+/-1.1	0.0%	+/-1.6
\$400 to \$499	1.7%	+/-0.9	1.6%	+/-0.8	2.4%	+/-2.2
\$500 to \$599	3.2%	+/-1.3	3.2%	+/-1.2	3.4%	+/-3.7
\$600 to \$699	2.9%	+/-1.0	2.7%	+/-1.1	3.7%	+/-2.7
\$700 to \$799	5.2%	+/-1.3	4.8%	+/-1.2	6.8%	+/-3.9
\$800 to \$899	5.2%	+/-2.0	2.8%	+/-1.1	14.0%	+/-7.0
\$900 to \$999	3.7%	+/-1.3	3.4%	+/-1.5	4.8%	+/-2.9
\$1,000 to \$1,499	17.1%	+/-2.4	13.2%	+/-2.3	31.5%	+/-6.8
\$1,500 to \$1,999	13.3%	+/-2.2	13.7%	+/-2.5	11.7%	+/-4.6
\$2,000 or more	43.4%	+/-2.9	52.0%	+/-3.0	11.9%	+/-5.7
No cash rent	0.6%	+/-0.5	(X)	(X)	2.7%	+/-2.1
Median (dollars)	1,800	+/-87	2,079	+/-120	1,089	+/-105

Source: American Community Survey (2008 – 2012)

Table 29C shows the calculation of five different income groups' cost burden. Based on 2012 data, over 35% of all residents at all income levels experience housing cost burden on Bainbridge Island. Almost 34% of individuals and families at all income levels who live in owner-occupied housing units are cost burdened. The majority (around 14%) of these residents have an income of \$75,000 or more a year. Almost 40% of individuals and families at all income levels who live in renter-occupied housing units are cost burdened. The majority (around 28%) of these residents have an annual income between zero and \$34,999. This means that as of 2012, 569 renters on the Island that have an income of \$34,999 or less are housing cost burdened. This is concerning as lower income cost burdened households are more likely to have to choose between housing costs and other necessities.

Table 29: C - Monthly Housing Costs as a Percentage of Household Income in 2012

	Occupied housing units		Owner-Occupied Housing Units		Renter-Occupied Housing Units	
Monthly Housing Costs	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Monthly Housing Costs as a Percentage of Household Income in the Past 12 Months						
Less than \$20,000	6.8%	+/-1.8	4.6%	+/-1.6	15.0%	+/-6.0
Less than 20 percent	0.8%	+/-0.6	0.6%	+/-0.6	1.3%	+/-1.1
20 to 29 percent	0.3%	+/-0.3	0.3%	+/-0.4	0.0%	+/-1.6
30 percent or more	5.8%	+/-1.8	3.6%	+/-1.5	13.8%	+/-5.9
\$20,000 to \$34,999	9.3%	+/-2.2	7.1%	+/-1.7	17.4%	+/-7.6
Less than 20 percent	1.1%	+/-0.9	0.8%	+/-0.6	2.3%	+/-3.6
20 to 29 percent	0.7%	+/-0.5	0.8%	+/-0.6	0.5%	+/-0.7
30 percent or more	7.5%	+/-2.0	5.5%	+/-1.7	14.7%	+/-7.1
\$35,000 to \$49,999	10.9%	+/-2.3	9.6%	+/-2.6	15.8%	+/-6.7
Less than 20 percent	2.5%	+/-1.0	2.3%	+/-1.0	3.1%	+/-3.7
20 to 29 percent	2.6%	+/-1.3	1.2%	+/-1.1	7.5%	+/-4.8
30 percent or more	5.9%	+/-1.7	6.1%	+/-2.0	5.2%	+/-2.9
\$50,000 to \$74,999	12.9%	+/-2.4	11.6%	+/-2.3	17.6%	+/-6.9
Less than 20 percent	4.2%	+/-1.3	3.9%	+/-1.4	5.5%	+/-3.6
20 to 29 percent	4.1%	+/-1.3	2.9%	+/-1.1	8.5%	+/-5.4
30 percent or more	4.6%	+/-1.3	4.9%	+/-1.5	3.6%	+/-2.2
\$75,000 or more	58.8%	+/-3.2	66.3%	+/-3.2	31.0%	+/-8.1
Less than 20 percent	31.5%	+/-3.0	35.1%	+/-3.5	18.3%	+/-6.2
20 to 29 percent	16.0%	+/-2.3	17.5%	+/-2.5	10.7%	+/-5.8
30 percent or more	11.3%	+/-2.2	13.8%	+/-2.6	2.1%	+/-2.0
Zero or negative income	0.7%	+/-0.5	0.7%	+/-0.5	0.5%	+/-0.8
No cash rent	0.6%	+/-0.5	(X)	(X)	2.7%	+/-2.1

Source: American Community Survey (2008 – 2012)

Housing cost burden is one important measure of how well the existing housing market is meeting actual needs of residents. Policy implications could include measures to stimulate housing production and a variety of housing types. Previous indicators and this analysis suggest that an increased production in apartments, both market-rate and rent-assisted, would benefit the City of Bainbridge. However, there are limits to meeting affordability needs through new housing production alone and a full range of other tools targeted specifically to affordable, below market rate housing preservation and production are necessary as well.

Affordability by Income Level Analysis

Affordability of housing is considered in relation to the amount of income available to households. PSRC suggests Area Median Income (AMI) as a benchmark of the median income assessed by HUD at the

Metropolitan Statistical Area or the Fair Market Rent Area, which is used to determine eligibility for subsidized housing. To determine the AMI associated with our jurisdiction, household incomes were divided into the categories below representing different levels of affordability based on the Median Family Income of Bainbridge Island in 2012.

This method of analysis complements and builds upon the employment and household growth targets set by each county and meets GMA and VISION 2040 requirements to plan for a range of housing options and affordability at all income levels. When applied to the existing housing stock, this analysis provides a measure of existing need. With a few simple assumptions, future need can be described based on the percent of households in each income category.

Table 30 – Area Median Income Categories (Comparing Regional and Jurisdictional Shares)

Income Category	Percent Area Median Income (AMI)	Regional Share	Jurisdictional Share	Household Income Ranges
Upper-income households	Earning more than 120% of AMI	35% of households	46% of households	\$111,070 and Above
Middle-income households	Earning 80% to 120% of AMI	22% of households	13% of households	\$74,047 - \$111,070
Moderate-income households	Earning 50% to 80% of AMI	18% of households	13% of households	\$74,047 - \$46,279
Low-income households	Earning 30% to 50% of AMI	12% of households	17% of households	\$46,279 - \$27,767
Very low-income households	Earning less than 30% of AMI	13% of households	11% of households	\$27,767 - \$0.00

Source: PSRC Housing Element Guide 2014 and American Community Survey (2008-2012)

The above table shows that Bainbridge Island's jurisdictional share deviates from the proscribed regional share. The number of upper-income households is 10% higher than suggested, while the middle-income and moderate-income are 9% and 5% lower respectively. This first step in the affordability by income analysis suggests that Bainbridge Island could increase its stock of middle- and moderate-income households.

Table 31 gives the number of housing units per price range on Bainbridge Island based on 2013 data from Kitsap County's Assessor's Office. The data removed all assessed land that did not have any

additional value added and rolled up housing number values into set price ranges to see how many housing units were in a specific price range. This can be an indicator of how many units are in each income price range and how many units at specific price ranges the City could encourage to promote affordable housing at all income levels.

The data gives some insight to the current housing stock on Bainbridge Island. Based on the number of assessed value units, over half of the housing units on the Island are condominiums, mobile homes, or homes between the \$100,000 to \$299,999 price ranges. The number of condominiums on the Island has increased over the last decade with a number of developments in the Winslow area including Harbor Square and some of the Grow properties. Condominiums are an effective approach to housing an aging population, which is consistent with the demographic information on Bainbridge. However, this housing does not support young families who want to raise a family in a house on the Island. As shared earlier, the average single family home value is nearly \$700,000 this year. The number of housing units in the market value ranges compared to the number of income households is another indicator that more affordable housing is needed in the middle, moderate and lower income ranges.

Table 31 – Number of Housing Units per Price Range

Market Value Range	Count in Range	Percentage
\$0.00 - \$49,999	37	0.66%
\$50,000 - \$99,999	244	4.36%
\$100,000 - \$199,999	1350	24.15%
\$200,000 - \$299,999	1588	28.41%
\$300,000 - \$399,999	909	16.26%
\$400,000 - \$499,999	479	8.57%
\$500,000 - \$599,999	301	5.38%
\$600,000 - \$699,999	168	3.01%
\$700,000 - \$799,999	107	1.91%
\$800,000 - \$899,999	64	1.14%
\$900,000 - \$999,999	77	1.38%
\$1,000,000 - \$1,999,999	186	3.33%
\$2,000,000 - \$2,999,999	41	0.73%
\$3,000,000 - \$3,999,999	10	0.18%
\$4,000,000 - \$4,999,999	8	0.14%
\$5,000,000 - \$5,999,999	7	0.13%
\$6,000,000 - \$6,999,999	3	0.05%
\$7,000,000 - \$7,999,999	3	0.05%
\$8,000,000 - \$8,999,999	1	0.02%
\$9,000,000 - \$9,999,999	7	0.13%
Total	5590	100.00%

Source: Kitsap County Assessor's Office – 2013 Assessed Value Data

Table 32 compares rent limits based on 2013 Income Limits for Seattle-Bellevue HUD Metro Fair Market Rent Area to current market rental prices on Bainbridge Island. The purpose of this analysis is to show the range of rental amounts that would be affordable for different sizes of housing units and households. Based on the AMI categories above, the average rental prices are affordable at the top of the income ranges while 43% of households in the community are cost burdened and qualify for assistance or more opportunities for affordable housing. It is important to reiterate that 28% of residents on the Island are very-low or low income and only around 6% of housing units are dedicated to affordable housing on Bainbridge Island (including rental and Ferncliff Village houses).

Table 32 – Affordable Rents by Bedroom Size

Unit Type	2014 Average Rental Price	Very low-income households (< 30% MFI)	Low-income households (30% - 50% AMI)	Moderate-income households (50% - 80% AMI)
Studios	\$ 944.00	\$ 455.00	\$ 758.00	\$ 1,127.00
1 BR	\$ 981.00	\$ 487.00	\$ 813.00	\$ 1,208.00
2 BR	\$ 1,384.00	\$ 585.00	\$ 976.00	\$ 1,450.00
3 BR	\$ 1,744.00	\$ 676.00	\$ 1,127.00	\$ 1,675.00

Source: 2013 Income Limits for Seattle-Bellevue HMFA and Phone Survey Conducted 10/27/2014 – 10/28/2014

Ideally, the existing stock of housing will be affordable to meet the needs of households at all income levels. A shortfall of housing affordable at any income level, particularly levels below 80% of AMI, indicates an existing need that should be addressed through new policies in the Housing Element. Based on the above data, there are shortfalls for middle- and moderate-income households in general and the number of rental units for very low- and low-income households. As a related issue, vacancy rates across segments or the entirety of the housing market are also a major factor in housing availability and price. Low vacancy rates can exert upward pressure on rents and low vacancy rates themselves mean that relatively few units are available to meet households that need housing at any one time. As displayed earlier in this report and previous reports, Bainbridge Island has had and continues to have historically low vacancy rates.

Workforce Housing

Workforce housing refers to housing that is affordable to individuals employed in the community, especially housing at affordability levels that are not provided for adequately by the private market. The WAC requires jurisdictions to address the housing needs of the local workforce in Comprehensive Planning. If there is no housing that is affordable to employees at local public and private employers, workers may have longer commutes, undermining goals for transportation and the environment.

Table 33 displays selected professions common to citizens of Bainbridge Island and whether they work on the Island or in Seattle. Each position can be compared to the top two measures at the top of the table ('Household Income Needed to Purchase Average Priced Home in 2013: \$602,500' and 'Median Income') to see if the income the profession provides meets median affordability.

It is important to point out that the calculation for 'Affordable Home Prices' is actually lower because this calculation does not include the costs of a mortgage, insurance, or repairs and upkeep. The assumptions needed for this calculation vary too much in reality to the fluctuations of the housing market in the last decade. Assessed value has increased with the housing bubble, significantly decreased with the housing market crash, and increased with the recovery over this period of time. Those fluctuations in assessed value have a significant impact on taxes, interest rates, and ultimately house insurance. In addition, a home owner may increase the value of their home through renovation or decrease the value of their home by not keeping up with maintenance and repairs. All of these factors influence affordability.

Table 33 – Workforce Housing Affordability

	Affordable Home Price (30 yr fixed mortgage)	Interest Rate	Max. Monthly Mortgage Payment (Principal & Interest)	Estimate of Monthly Real Estate Taxes/ Insurance	Other Fees (e.g. Ground Lease, HOA)	Available for Annual Mortgage Payment below cost burdened benchmark (30% Monthly Income)	Annual Income
Average Bainbridge Island Single-Family Home Sales Price in 2013: \$602,500							
Median Income	\$320,357	5.50%	\$1,818.95	\$375.00	\$120.00	\$2,314	\$92,558
Marketing Managers	\$430,723	5.50%	\$2,445.60	\$500.00	\$120.00	\$3,066	\$122,624
Lawyers	\$386,667	5.50%	\$2,195.45	\$450.00	\$120.00	\$2,765	\$110,618
Financial Analysts	\$350,733	5.50%	\$1,991.43	\$400.00	\$120.00	\$2,511	\$100,457
Fire Fighting & Prevention Supervisors	\$324,777	5.50%	\$1,844.05	\$375.00	\$120.00	\$2,339	\$93,562
Registered Nurses	\$262,796	5.50%	\$1,492.13	\$350.00	\$120.00	\$1,962	\$78,485
Urban & Regional Planners	\$249,358	5.50%	\$1,415.83	\$350.00	\$120.00	\$1,886	\$75,433
Chemists	\$240,094	5.50%	\$1,363.23	\$350.00	\$120.00	\$1,833	\$73,329
Fire Fighters	\$245,985	5.50%	\$1,396.68	\$300.00	\$120.00	\$1,817	\$72,667
Market Research Analysts	\$241,652	5.50%	\$1,372.08	\$300.00	\$120.00	\$1,792	\$71,683
Police & Sheriff's Patrol Officers	\$229,592	5.50%	\$1,303.60	\$300.00	\$120.00	\$1,724	\$68,944
Accountants & Auditors	\$227,703	5.50%	\$1,292.88	\$300.00	\$120.00	\$1,713	\$68,515

	Affordable Home Price (30 yr fixed mortgage)	Interest Rate	Max. Monthly Mortgage Payment (Principal & Interest)	Estimate of Monthly Real Estate Taxes/ Insurance	Other Fees (e.g. Ground Lease, HOA)	Available for Annual Mortgage Payment below cost burdened benchmark (30% Monthly Income)	Annual Income
Librarians	\$224,555	5.50%	\$1,275.00	\$300.00	\$120.00	\$1,695	\$67,800
Computer Network Support Specialists	\$213,750	5.50%	\$1,213.65	\$300.00	\$120.00	\$1,634	\$65,346
Teachers & Instructors	\$189,489	5.50%	\$1,075.90	\$250.00	\$120.00	\$1,446	\$57,836
Postal Service Mail Carriers	\$173,594	5.50%	\$985.65	\$250.00	\$120.00	\$1,356	\$54,226
Real Estate Sales Agents	\$167,197	5.50%	\$949.33	\$250.00	\$120.00	\$1,319	\$52,773
Healthcare Practitioner & Tech Workers	\$156,176	5.50%	\$886.75	\$250.00	\$120.00	\$1,257	\$50,270
Biological Technicians	\$147,282	5.50%	\$836.25	\$200.00	\$120.00	\$1,156	\$46,250
Painters, Construction & Maintenance	\$143,693	5.50%	\$815.88	\$200.00	\$120.00	\$1,136	\$45,435
Bus Drivers, School	\$122,004	5.50%	\$692.73	\$150.00	\$120.00	\$963	\$38,509
Retail Salesperson	\$88,818	5.50%	\$504.30	\$150.00	\$120.00	\$774	\$30,972
Nursing Assistants	\$84,961	5.50%	\$482.40	\$150.00	\$120.00	\$752	\$30,096
Bakers	\$82,914	5.50%	\$470.78	\$150.00	\$120.00	\$741	\$29,631

	Affordable Home Price (30 yr fixed mortgage)	Interest Rate	Max. Monthly Mortgage Payment (Principal & Interest)	Estimate of Monthly Real Estate Taxes/ Insurance	Other Fees (e.g. Ground Lease, HOA)	Available for Annual Mortgage Payment below cost burdened benchmark (30% Monthly Income)	Annual Income
Cashiers	\$75,380	5.50%	\$428.00	\$150.00	\$120.00	\$698	\$27,920
Waiters & Waitresses	\$74,425	5.50%	\$422.58	\$150.00	\$120.00	\$693	\$27,703
Maids & House Cleaners	\$59,771	5.50%	\$339.38	\$150.00	\$120.00	\$609	\$24,375

Source: 2013 Occupational Employment and Wage Estimates Washington State Employment Security Department Labor Market and Economic Analysis, June 2013

An analysis of housing needs for the local workforce will strengthen planning efforts to ensure housing affordability for the individuals who work within the jurisdiction. Based on the above numbers, a gap in housing affordable for the workforce has been identified. Workers in service professions may be challenged to find affordable housing near their employment. This can cause workers to have to travel longer distances to work. This increase in transportation costs increases their cost burden as well as adding demands to the transportation system and the environment. Programs and regulations may be needed to create opportunities for more affordable ownership or rental housing. Development incentives tied to affordability have proven successful for providing housing that meets the needs of the workforce.

Jobs/Housing Balance

Jobs/housing balance is a measure that compares the amount of employment vs. the amount of housing in a specific geographic area. Typically, a jobs/housing balance is calculated by dividing jobs within in geography by the number of housing units in that geography. There are approximately 1.15 jobs for every housing unit in the 4-county central Puget Sound region as a whole. This is a ratio that is close to representing jobs/housing balance across the entire regional commute-shed. The range included in the average includes jurisdictions with jobs centers with jobs/housing balance as high as 3 jobs per housing unit to more residential communities with less than .5 jobs per housing units. A low jobs/housing ratio indicates a housing-rich “bedroom community,” while a high jobs/housing ratio indicates an employment center.

Providing an appropriate balance between jobs and housing ensures that workers have access to housing near their work. Measuring jobs/housing balance around major employment centers and within individual communities provides jurisdictions an opportunity to work with neighboring cities and towns to reconcile the geographic distribution of housing and employment opportunities. It is important to note that a jobs/ housing balance is already reflected in each jurisdiction’s housing targets developed at the countywide level. Jurisdictions should not modify their housing target based on a jobs/housing analysis, but may use this analysis at a neighborhood level to plan effectively for projected household and employment growth.

Bainbridge Islands jobs/housing balance is .59 jobs for every housing unit in the City, making it a “bedroom community.” PSRC suggests that housing-rich neighborhoods can add employment to provide more access for current residents to economic opportunities. Planning to move toward a more balanced distribution of housing and jobs within a jurisdiction can help to achieve a number of transportation and environmental goals as the need to commute long distances by private auto declines.

Housing + Transportation Costs Index

A Housing + Transportation Costs Index represents the percentage of household income spent on housing and transportation. This tool expands on the cost burden analysis to account for transportation costs. Housing costs may be lower in more suburban areas for modest and low-income households, but

the Housing + Transportation analysis incorporates the resulting increase in transportation for a more comprehensive definition of affordability.

This approach addresses the location of housing within a community and the provision of transportation infrastructure and services as components of the total affordability picture. Increasingly, affordability is defined by the confluence of housing and transportation costs. After the cost of housing, the largest expense for most households is transportation. The location cost of transportation is largely determined by the range of transportation options available in a given location in addition to the average length of the trips for work, education, and other daily needs. Locations with better access to transit and other alternative transportation modes generally result in lower transportation costs. Bainbridge Island residents show a significant increase in their housing + transportation cost burden as a number of residents commute to Seattle, other sections of King County and Kitsap County. Transportation costs can range from the costs of bus passes, ferry passes, and gasoline/maintenance for cars.

The Housing +Transportation analysis may be used to develop affordable housing policies that focus the development of housing, and specifically affordable housing, in areas with lower transportation costs. A Housing +Transportation analysis provides the basis for developing policies and investing financial resources to support equitable transit oriented development (TOD). A recent Sustainable Communities Grant, awarded by HUD to the PSRC, funded the Growing Transit Communities Partnership and Strategy, which outlines strategies to leverage transit investment through equitable TOD. Strategies outlined through the Growing Transit Communities Partnership aim to mitigate and reverse the negative community, environmental, and economic impacts of a high housing and transportation costs by developing policies that facilitate the concentration of affordable housing, employment, and services near transit.

Special Needs Housing

Special needs housing refers broadly to housing accommodations for individuals with physical and mental disabilities, seniors, veterans, individuals with mental illness, individuals with chronic and acute medical conditions, individuals with chemical dependency, survivors of domestic violence, and adult, youth, and families who are homeless. Planning for special needs populations is integral to the success of an economically and socially vibrant Puget Sound Region. Both GMA and the WAC specifically require jurisdictions to “address how the county or city will provide for group homes, foster care facilities, and facilities for other populations with special needs” (WAC 365-196-410)

As displayed above in the Special Needs Housing on page 32, there was an increase in units for assisted living in the last decade. However, with the significant increase in seniors and an aging population, more planning for senior housing could be important to a successful plan for future housing on Bainbridge Island.

Appendix

Washington Administrative Code (WAC)

Furthermore, the WAC recommends the following to meet the requirements of the Housing Element.⁵

The Housing Element shows how a county or city will accommodate anticipated growth, provide a variety of housing types at a variety of densities, provide opportunities for affordable housing for all economic segments of the community, and ensure the vitality of established residential neighborhoods. The following components should appear in the housing element:

- 7) Housing goals and policies.
 - a) The goals and policies serve as a guide to the creation and adoption of development regulations and may also guide the exercise of discretion in the permitting process.
 - b) The housing goals and policies of counties and cities should be consistent with county-wide planning policies and, where applicable, multicounty planning policies.
 - c) Housing goals and policies should address at least the following:
 - i) Affordable housing;
 - ii) Preservation of neighborhood character; and
 - iii) Provision of a variety of housing types along with a variety of densities.
 - d) Housing goals and policies should be written to allow the evaluation of progress toward achieving the housing element's goals and policies.
- 8) Housing inventory
 - a) The purpose of the required inventory is to gauge the availability of existing housing for all economic segments of the community.
 - b) The inventory should identify the amount of various types of housing that exist in a community. The act does not require that a housing inventory be in a specific form. Counties and cities should consider WAC [365-196-050](#) (3) and (4) when determining how to meet the housing inventory requirement and may rely on existing data.
 - c) The housing inventory may show the affordability of different types of housing. It may provide data about the median sales prices of homes and average rental prices.
 - d) The housing inventory may include information about other types of housing available within the jurisdiction such as:
 - i) The number of beds available in group homes, nursing homes and/or assisted living facilities;
 - ii) The number of dwelling units available specifically for senior citizens;
 - iii) The number of government-assisted housing units for lower-income households.
- 9) Housing needs analysis
 - a) The purpose of the needs analysis is to estimate the type and densities of future housing needed to serve all economic segments of the community. The housing needs analysis should

⁵ WAC 365-196-410 – Housing Element – <http://app.leg.wa.gov/wac/default.aspx?cite=365-196-410>; 23 OCT 2014
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compare the number of housing units identified in the housing inventory to the projected growth or other locally identified housing needs.

- b) The definition of housing needs should be addressed in a regional context and may use existing data.
- c) The analysis should be based on the most recent twenty-year population allocation.
- d) The analysis should analyze consistency with county-wide planning policies, and where applicable, multicounty planning policies, related to housing for all economic segments of the population.

10) Housing targets or capacity

- a) The housing needs analysis should identify the number and types of new housing units needed to serve the projected growth and the income ranges within it. This should be used to designate sufficient land capacity suitable for development in the land use element.
- b) Counties and cities may also use other considerations to identify housing needs, which may include:
 - i) Workforce housing which is often defined as housing affordable to households earning between eighty to one hundred twenty percent of the median household income.
 - ii) Jobs-to-housing balance, which is the number of jobs in a city or county relative to the number of housing units.
 - iii) Reasonable measures to address inconsistencies found in buildable lands reports prepared under RCW [36.70A.215](#).
 - iv) Housing needed to address an observed pattern of a larger quantity of second homes in destination communities.
- c) The targets established in the housing element will serve as benchmarks to evaluate progress and guide decisions regarding development regulations.

11) Affordable housing – RCW [36.70A.070](#) requires counties and cities, in their housing element, to make adequate provisions for existing and projected needs for all economic segments of the community.

- a) Determining what housing units are affordable.
 - i) In the case of dwelling units for sale, affordable housing has mortgages, amortization, taxes, insurance and condominium or association fees, if any, that consume no more than thirty percent of the owner's gross annual household income.
 - ii) In the case of dwelling units for rent, affordable housing has rent and utility costs, as defined by the county or city that cost no more than thirty percent of the tenant's gross annual household income.
 - iii) Income ranges used when considering affordability. When planning for affordable housing, counties or cities should use income ranges consistent with the applicable county-wide or multicounty planning policies. If no such terms exist, counties or cities should consider using the United States Department of Housing and Urban Development (HUD) definitions found in 24 C.F.R. 91.5, which are used to draft consolidated planning documents required by HUD. The following definitions are from 24 C.F.R. 91.5:
 - (1) Median income refers to median household income.

- (2) Extremely low-income refers to a household whose income is at or below thirty percent of the median income, adjusted for household size, for the county where the housing unit is located.
 - (3) Low-income refers to a household whose income is between thirty percent and fifty percent of the median income, adjusted for household size, for the county where the housing unit is located.
 - (4) Moderate-income refers to a household whose income is between fifty percent and eighty percent of the median income where the housing unit is located.
 - (5) Middle-income refers to a household whose income is between eighty percent and ninety-five percent of the median income for the area where the housing unit is located.
 - b) Affordable housing requires planning from a regional perspective. County-wide planning policies must address affordable housing and its distribution among counties and cities. A county's or city's obligation to plan for affordable housing within a regional context is determined by the applicable county-wide planning policies. Counties and cities should review county-wide affordable housing policies when developing the housing element to maintain consistency.
 - c) Counties and cities should consider the ability of the market to address housing needs for all economic segments of the population. Counties and cities may help to address affordable housing by identifying and removing any regulatory barriers limiting the availability of affordable housing.
 - d) Counties and cities may help to address affordable housing needs by increasing development capacity. In such an event, a county or city affordable housing section should:
 - i) Identify certain land use designations within a geographic area where increased residential development may help achieve affordable housing policies and targets;
 - ii) As needed, identify policies and subsequent development regulations that may increase residential development capacity;
 - iii) Determine the number of additional housing units these policies and development regulations may generate; and
 - iv) Establish a target that represents the minimum amount of affordable housing units that it seeks to generate.
- 12) Implementation plan
- a) The housing element should identify strategies designed to help meet the needs identified for all economic segments of the population within the planning area. It should include, but not be limited to, the following:
 - i) Consideration of the range of housing choices to be encouraged including, but not limited to, multifamily housing, mixed uses, manufactured houses, accessory dwelling units, and detached houses;
 - ii) Consideration of various lot sizes and densities, and of clustering and other design configurations;
 - iii) Identification of a sufficient amount of appropriately zoned land to accommodate the identified housing needs over the planning period; and

- iv) Evaluation of the capacity of local public and private entities and the availability of financing to produce housing to meet the identified need.
- b) The housing element should also address how the county or city will provide for group homes, foster care facilities, and facilities for other populations with special needs. The housing element should provide for an equitable distribution of these facilities among neighborhoods within the county or city.
- c) The housing element should identify strategies designed to ensure the vitality and character of existing neighborhoods. It should show how growth and change will preserve or improve existing residential qualities. The housing element may not focus on one requirement (e.g., preserving existing housing) to the exclusion of the other requirements (e.g., affordable housing) in RCW [36.70A.070](#)(2). It should explain how various needs are reconciled.
- d) The housing element should include provisions to monitor the performance of its housing strategy. A monitoring program may include the following:
 - i) The collection and analysis of information about the housing market;
 - ii) Data about the supply of developable residential building lots at various land-use densities and the supply of rental and for-sale housing at various price levels;
 - iii) A comparison of actual housing development to the targets, policies and goals contained in the housing element;
 - iv) Identification of thresholds at which steps should be taken to adjust and revise goals and policies; and
 - v) A description of the types of adjustments and revisions that the county or city may consider.

Kitsap County

Kitsap Regional Coordinating Council – Countywide Planning Policies for Kitsap⁶

Jobs-Housing Balance:

Jobs-housing balance refers to relationship of housing supply and the job base. There are transportation implications in terms of improving accessibility between where jobs are located and where people live, as well as access to goods, services and other amenities.

Best Practices in Housing:

The County and the Cities recognize the value of housing practices that preserve existing neighborhoods and communities, use land more efficiently, make services more economical, and meet the diverse needs of our county's changing demographics. The Community Design and Development Policies in

⁶ Kitsap County Ordinance 509-2013 - Adopted Kitsap Countywide Planning Policies; 25 NOV 2013;
<http://www.kitsapregionalcouncil.org/library/D%20-%20Countywide%20Policies/CPP%20As%20Adopted%2011%2025%2013.pdf>; 23 OCT 2014

Element F: Contiguous, Compatible and Orderly Development address key innovative practices and design principles for development and housing.

Affordable Housing:

Housing affordability refers to the balance (or imbalance) between household income and housing costs. Affordable housing is a major challenge in Kitsap County.

The following definitions relate to the Countywide Planning Policies: Housing shall mean housing intended for a full range of household incomes. These income levels are defined as follows (WAC 365.196.410 [2]-e-i-C):

- Extremely low-income shall mean those households that have incomes that are at or below 30% of the countywide median.
- Very low-income shall mean those households that have incomes that are within the range of 31 - 50% of the countywide median.
- Low-income shall mean those households that have incomes that are within the range of 51 - 80% of the countywide median.
- Moderate-income shall mean those households that have incomes that are within the range 81- 95% of the countywide median.
- Middle-income shall mean those households that have incomes that are within the range of 96- 120% of the countywide median.
- Upper-income shall mean those households that have incomes above 120% of the countywide median.

Policies for Affordable Housing (AH):

- a) Coordinated process among County, Cities, and housing agencies for determining and fulfilling housing needs, and the equitable distribution of affordable housing at all income levels in Kitsap County:
 - i) The County and the Cities should inventory the existing housing stock consistent with the Growth Management Act synchronized with County and Cities' respective Comprehensive Plan updates, and correlate with current population and economic conditions, past trends, and ten year population and employment forecasts, to determine short and long range housing needs, including rental and home ownership. Navy personnel housing policy should also be considered.
 - ii) Local housing inventories, projections, and equitable distribution strategies should be compiled, updated, and monitored under the coordination of the Kitsap Regional Coordinating Council to identify countywide conditions and projected needs.
 - iii) Sufficient land supply for housing including various housing types shall be identified and monitored through regular updates to the countywide Buildable Lands Analysis [see Element B-1 Land Utilization and Monitoring Programs].

- iv) The County and the Cities should each identify specific policies and implementation strategies in their Comprehensive Plans and should enact implementing regulations to provide a mix of housing types and costs to achieve identified goals for housing at all income levels, including easy access to employment centers.
- v) The County and the Cities shall incorporate a regular review of public health, safety, and development regulations pertaining to housing implementation strategies to assure that:
 - (1) protection of the public health and safety remains the primary purpose for housing standards
 - (2) regulations are streamlined and flexible to minimize additional costs to housing.
- b) Recognizing that the market place makes adequate provision for those in the upper economic brackets, each jurisdiction should develop some combination of appropriately zoned land, regulatory incentives, financial subsidies, and/or innovative planning techniques to make adequate provisions for the needs of middle and lower income persons.
- c) Recognizing the percentage share of the existing and forecasted countywide population and housing stock, as well as the distribution of existing housing for those households below 120% countywide median income, the County and the Cities should develop coordinated strategies to disperse projected housing for those below 120% countywide median income throughout Kitsap County, where they are specifically found to be appropriate, in consideration of existing development patterns and densities. These strategies should promote the development of such housing in a dispersed pattern so as not to concentrate or geographically isolate low-income housing in a specific area or community.
- d) Provision of affordable housing for households below 120% countywide median income should include:
 - i) Housing options located throughout Kitsap County in Urban Growth Areas and Rural Communities, as defined in Element D (2-a), in a manner to provide easy access to transportation, employment, and other services.
 - (1) Designated Centers should include such housing options.
 - (2) Rural self- help housing programs should be encouraged first in UGA's and Rural Communities and then allowed in other appropriate areas as defined by the U.S. Department of Agriculture.
 - ii) Local Comprehensive Plan policies and development regulations that encourage and do not exclude such housing.
 - iii) Housing strategies that include:
 - (1) preservation, rehabilitation and redevelopment of existing neighborhoods as appropriate, including programs to rehabilitate and/or energy retro-fit substandard housing;
 - (2) provision for a range of housing types such as multi-family, single family, accessory dwelling units, cooperative housing, and manufactured housing on individual lots and in manufactured housing parks;
 - (3) housing design and siting compatible with surrounding neighborhoods;

- (4) mechanisms to help people purchase their own housing, such as low interest loan programs, "self-help" housing, and consumer education.
- (5) innovative regulatory strategies that provide incentives for the development of such housing, such as: reducing housing cost by subsidizing utility hook-up fees and rates, impact fees, and permit processing fees; density incentives; smaller lot sizes; zero lot line designs; inclusionary zoning techniques, such as requiring housing for specified income levels in new residential developments; transfers of development rights and/or a priority permit review and approval process and/or other provisions as appropriate.
- iv) Housing policies and programs that address the provision of diverse housing opportunities to accommodate the homeless, the elderly, physically or mentally challenged, and other segments of the population that have special needs.
- v) Participation with housing authorities to facilitate the production of such housing. The County and the Cities shall also recognize and support other public and private not-for-profit housing agencies. Supporting housing agencies is encouraged through public land donations, guarantees, suitable design standards, tax incentives, fee waivers, providing access to funding sources and support for funding applications, or other provisions as appropriate.

The County and the Cities shall collaborate with PSRC to evaluate availability of appropriate housing types to serve future residents and changing demographics.