CITY OF
BAINBRIDGE ISLAND

PLANNING COMMISSION SPECIAL MEETING
THURSDAY, NOVEMBER 6, 2025

BAINBRIDGE ISLAND CITY HALL
COUNCIL CHAMBERS
280 MADISON AVENUE N.
BAINBRIDGE ISLAND, WASHINGTON

AND

ZOOM WEBINAR
HTTPS://BAINBRIDGEWA.ZOOM.US/J/85387328629
OR TELEPHONE: US: +1 253 205 0468
WEBINAR ID: 853 8732 8629

AGENDA

1. CALL TO ORDER/LAND ACKNOWLEDGMENT - 6:00 PM

We would like to begin by acknowledging that the land on which we gather is within the ancestral territory of the Suquamish, "People of Clear Salt Water." Expert fishermen, canoe builders and basket weavers, the Suquamish live in harmony with the lands and waterways along Washington's Central Salish Sea as they have for thousands of years. Here, the Suquamish live and protect the land and waters of their ancestors for future generations as promised by the Point Elliot Treaty of 1855.

2. AGENDA REVIEW / CONFLICTS DISCLOSURE - 6:05 PM

3. PUBLIC COMMENT INSTRUCTIONS - 6:10 PM

Members of the public are encouraged to submit written public comment to the Planning Commission at any time by emailing pcd@bainbridgewa.gov. Members of the public who wish to provide public comment in-person at a Planning Commission meeting should sign up to speak on the sign-in sheet by the Chamber doors. The Planning Commission Chair will call the people signed up on the sign-in sheet, and speakers will have up to three minutes to speak from the podium. Please speak directly into the microphone, which is adjustable. A timer on the screen will indicate when 3 minutes (or such other time set by the Chair) has elapsed. Orderly behavior and civility in remarks is expected with no clapping or booing, and no yielding of one person's time to another person.

Guidelines for public comment are provided. Remote public comment is allowed with advance notice to the Planning & Community Development Department by noon on the date of the meeting at pcd@bainbridgewa.gov, provided that all remote commenters shall be required to display their true name and to keep their camera turned on to show their true uncovered face while delivering their comments.

Public comment is not accepted during the balance of the Planning Commission meeting, unless a public hearing or public participation meeting is on the agenda.

3.a **Public Comment Instructions - 6:10 PM** 10 Minutes
Instructions_for_Providing_Public_Comment_for all PC agendas 20250103.pdf

4. UNFINISHED BUSINESS - 6:20 PM

4.a **Continued Discussion on Updates to the Winslow Subarea Plan** 90 Minutes
251017_PC Meeting Packet_Oct 24 Meeting.pdf
Incentives-Subcommittee-Garcia-Presentation-Draft-2025.10.24.pdf
Tovar 10.24.25 Memo re Regulatory Barriers.pdf

4.b **2025 Remaining Work Plan and Schedule for the Updates to the Winslow Subarea.** 30 Minutes

5. ADJOURNMENT - 8:20 PM

GUIDING PRINCIPLES

Guiding Principle #1 - Preserve the special character of the Island, which includes downtown Winslow's small town atmosphere and function, historic buildings, extensive forested areas, meadows, farms, marine views and access, and scenic and winding roads supporting all forms of transportation.

Guiding Principle #2 - Manage the water resources of the Island to protect, restore and maintain their ecological and hydrological functions and to ensure clean and sufficient groundwater for future generations.

Guiding Principle #3 - Foster diversity with a holistic approach to meeting the needs of the Island and the human needs of its residents consistent with the stewardship of our finite environmental resources.

Guiding Principle #4 - Consider the costs and benefits to Island residents and property owners in making land use decisions.

Guiding Principle #5 - The use of land on the Island should be based on the principle that the Island's environmental resources are finite and must be maintained at a sustainable level.

Guiding Principle #6 - Nurture Bainbridge Island as a sustainable community by meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Guiding Principle #7 - Reduce greenhouse gas emissions and increase the Island's climate resilience.

Guiding Principle #8 - Support the Island's Guiding Principles and Policies through the City's organizational and operating budget decisions.

Planning Commission meetings are wheelchair accessible. Assist listening devices are available in Council Chambers. If you require additional ADA accomodations, please contact the Planning & Community Development Department at (206) 780-3750 or pcd@bainbridgewa.gov by noon on the day preceeding the meeting.

Public Comment may be limited to allow time for the Commissioners to deliberate. To provide additional public comment, email your comment to pcd@bainbridgewa.gov or mail it to Planning and Community Development, 208 Madison Avenue North, Bainbridge Island, WA 98110.

Planning Commission Special Meeting Agenda Bill

CITY OF BAINBRIDGE ISLAND

MEETING DATE: November 6, 2025 **ESTIMATED TIME:** 10 Minutes

AGENDA ITEM: Public Comment Instructions - 6:10 PM

AGENDA CATEGORY: Discussion

PROPOSED BY: Planning & Community Development

PREVIOUS PLANNING COMMISSION REVIEW DATE(S):

PREVIOUS COUNCIL REVIEW DATE(S):

RECOMMENDED MOTION:
Discussion Only

ATTACHMENTS:
Instructions_for_Providing_Public_Comment_for all PC agendas 20250103.pdf

CITY OF
BAINBRIDGE ISLAND

Planning & Community Development Department

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1. Sign up to speak on the sign-in sheet by the Chamber doors. The Planning Commission Chair will call the people signed up on the sign-in sheet
2. Speakers will have up to three minutes to speak from the podium. Please speak directly into the microphone, which is adjustable. A timer on the screen will indicate when 3 minutes (or such other time set by the Chair) has elapsed, and there is no yielding of one person's time to another person.
3. Orderly behavior and civility in remarks is expected with no clapping or booing, Guidelines for public comment are provided.
4. Remote public comment is allowed with advance notice to the Planning & Community Development Department by noon on the date of the meeting at pcd@bainbridgewa.gov, provided that all remote commenters shall be required to display their true name on Zoom.
5. Public comment is not accepted during the balance of the Planning Commission meeting, unless a public hearing or public participation meeting is on the agenda.

Instructions for Providing Public Comment Remotely

1. Contact the Planning & Community Development Department at pcd@bainbridgewa.gov no later than Noon on the day of the meeting. State which meeting you would like to make a public comment and provide your true name.

   IMPORTANT: No remote public comment will be accepted without first registering at the email address above.
2. Join the Zoom webinar by following the link posted on the agenda and on the City's website calendar. Sign into Zoom. You will need to enter and display your true name on Zoom.
3. The Chair will indicate when it is time for you to make a public comment.

Excerpts from the Governance Manual regarding public comment (although "City Council" is mentioned below, this information applies equally to Planning Commission):

5.6 Respect and Decorum

It is the duty of the Presiding Officer and Councilmembers to maintain dignity and respect for their offices, City staff, and the public. While the Council is in session, the Councilmembers shall preserve civility, order and decorum. No member of the public shall, by conversation or otherwise, delay, disrupt, or interrupt the proceedings of the Council, nor engage in any of the prohibited behavior described below. Councilmembers and the public shall obey the proper orders of the Presiding Officer of the meeting.

5.6.1 Orderly Behavior and Civility in Remarks

Any person disrupting the business of the Council, either while addressing the Council or attending the proceedings, shall be asked to leave, or be removed from the meeting. Continued disruptions may result in a point of order by the Presiding Officer or a Councilmember pursuant to the Council's parliamentary rules, or a recess, forced removal, or adjournment as described elsewhere in this manual. Disruptive behavior includes, but is not limited to, the following:

(a) Speaking without being recognized by the Presiding Officer.

(b) Continuing to speak after the allotted time has expired.

(c) Speaking on an item at a time not designated for discussion by the public of that item, such as speaking on a quasi-judicial item at a time other than during a public hearing or closed record proceeding on the matter.

(d) Throwing objects.

(e) Speaking on an issue that is not a public topic, in violation of Section 9.12.2.

(f) Speaking in favor of or in opposition to a ballot proposition or a candidate for public office, provided, that public comment is allowed when the City Council is considering taking a collective position in favor of or in opposition to a ballot proposition as authorized in RCW 42.17A.555.

(g) Impersonating a City Councilmember or a member of the City staff.

(h) Shouting or otherwise engaging in loud or boisterous behavior.

(i) Continuing to make repetitive remarks after being requested not to do so by the Presiding Officer or a majority of the City Council.

(j) Attempting to engage the audience rather than the Council, e.g., asking audience members to stand, clap, boo or otherwise express collective support or opposition to any matter.

(k) Booing, hissing, or otherwise disrupting the comments of another speaker.

(l) Using racial slurs or other slurs directed at the color, creed, religion, ancestry, gender, sexual orientation, gender expression or identity, national origin, citizenship or immigration status, or mental, physical, or sensory disability of any individual or group, under circumstances where such words constitute "fighting words" under constitutional law.

(m) Refusing to modify conduct after being advised by the Presiding Officer that the conduct is disrupting the meeting or disobeying any other lawful order of the Presiding Officer or a majority of the City Council.

5.6.2 Permission Required to Address the Council

Persons other than Councilmembers and Administration shall be permitted to address the Council only upon recognition and introduction by the Presiding Officer of the meeting.

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9.12.2 Subjects – Whether or Not on the Current Agenda

Public comments received during the public comment period may be on any public topic, whether or not on the agenda, but a comment on the subject that is covered by a public hearing at that meeting must be made during the period of the public hearing. All public comment shall be made consistent with Section 5.6.

9.12.3 Use of Microphones

Comments shall be made directly into the microphone, as it is necessary for the public record and for the audience to hear all proceedings. No comments shall be made from any other location.

CITY OF BAINBRIDGE ISLAND

Planning Commission Special Meeting Agenda Bill

MEETING DATE: November 6, 2025 **ESTIMATED TIME:** 90 Minutes

AGENDA ITEM: Continued Discussion on Updates to the Winslow Subarea Plan

AGENDA CATEGORY: Review and Recommendation

PROPOSED BY: Planning & Community Development

PREVIOUS PLANNING COMMISSION REVIEW DATE(S):
January 9, 13, 30; February 13, 27; March 5, 13, 27; April 2, 10, 24; May 1, 8, and 22; June 5, 12, 26; July 10, 24; August 7 and 28, 2025, September 3, 4 and 25, and October 2, 23, and 30 2025

PREVIOUS COUNCIL REVIEW DATE(S):
Monthly updates to City Council, including September 16 and October 28, 2025.

RECOMMENDED MOTION:
Continue presentation from the Planning Commission *Standards* subcommittee and additional presentation from *Incentives* subcommittee for discussion, and for possible motions on outstanding zoning boundary and development standards issues.

For example: I move to establish 45 feet as the maximum building height within the Winslow Way Overlay District and 55 feet as the maximum building height for the rest of the Central Core zone.

SUMMARY:
During the September 3rd Special Meeting, the Planning Commission approved the following motions establishing subcommittees to work on specific topics in between Planning Commission meetings, and bring back recommendations or options for the full Planning Commission to consider.

I move to establish a Winslow District Standards Subcommittee that will refine into a final recommendation boundaries, max FAR, max height, desired housing types, and other applicable standards for the core district first, with subsequent work addressing other districts within the Winslow subarea. **Commissioners Deines, Schaab, and Preudhomme volunteered for this subcommittee.**

I move to establish a subcommittee that will evaluate affordable housing incentives across Winslow, considering increases to height, FAR, TDR as it relates to AMI and percent of *affordable housing, and including other tools as the community committee feels are related or relevant.* **Commission Chair Blossom, Vice Chair Garcia, and Commissioner Birtley volunteered for this subcommittee.**

The *Standards* and *Incentives* subcommittees have been meeting, and on October 2, the *Incentives* subcommittee presented their work to the full Planning Commission and the *Standards* subcommittee provided brief remarks presented its work on October 23, 2025. Together the commission discussed options for regulating setbacks and stepbacks along Winslow Way, and options for a zoning or overlays for the commercial center along Winslow Way. They also agreed on a new "Ferncliff" zone on the east side of State Route 305. On October 30, the Planning Commission continued to discuss options from the standards subcommittee, and approved two motions unanimously:

1. I move that staff bring back a policy and an outline of a what a proposed code language could look like for a Winslow Way overlay district, that begins at the west edge of the Winslow Green Development (parcel number 8061-000-000-0009), and goes east to Hwy 305, and is 100 feet north and south of the right-of-way of Winslow Way.

2. I move to define for the Winslow Way Overlay - a 2–5-foot setback and a 5–15-foot stepback, measured from the right-of-way.

On November 6, the Planning Commission will continue to discuss recommendations and options from each subcommittee, beginning with the standards subcommittee work, including making motions on zoning boundaries and standards, and any incentive programs the Planning Commission would recommend.

BACKGROUND: The Planning Commission is reviewing and making recommendations on a preferred land use alternative for the Winslow Subarea Plan. A working outer boundary for the Winslow Subarea was recommended by the Planning Commission at their February 27, 2025, meeting. Throughout March, April, May, June, and September 4, 2025 the Planning Commission has been discussing zoning district boundaries, working from more-dense to less-dense, in addition to discussing a variety of related land use issues.

At their June 5, 2025, Special Meeting, the Planning Commission continued its discussion of downtown Winslow geographies and development standards with a focus on the boundaries of the Central Core zone and the areas to the north and west of the Central Core zone, currently identified as the "Madison" zone. The Planning Commission then discussed properties/areas previously noted as TBD, and approved motions regarding the zoning for those TBD areas.

Additional information about the Winslow Subarea Plan can be found on the project website: https://cityofbainbridgeisland.civilspace.io/en/projects/winslow-subarea-plan-update

Some sections of an updated Winslow Subarea Plan have been drafted and can be found on the project website unde "Supporting Documents".

ATTACHMENTS:
251017_PC Meeting Packet_Oct 24 Meeting.pdf
Incentives-Subcommittee-Garcia-Presentation-Draft-2025.10.24.pdf
Tovar 10.24.25 Memo re Regulatory Barriers.pdf

Overview of Work

PC Subcommittee on Design Standards

*Four main areas of study:

1. Zoning Districts
    - 1a. Core
        - -Winslow overlay
        - -Civic and Cultural overlay
    - 1b. Madison Zone
        - -Madison and Erickson overlay
    - 1c. Ferncliff Zone
        - -Study options
    - 1d. Ferry and High School Zones
    - 1e. Moderate and low intensity zones
2. Middle housing types
3. Parking
4. Other key policies
    - - Large lot standards
    - - Height measurement definition
    - -pocket neighborhoods and 'mews'

*Subcommittee is working on a list of 'Phase 2' items (i.e. open space requirements) and may include some of the list above.

Today's Agenda:

1. Review Winslow Way Overlay
    - 1a. Should it become a district instead of an overlay?
    - 1b. Review boundary
    - 1c. Review Stepback Diagrams
2. Review Ferncliff District
    - -Compare 3 options for moving forward
3. Review building Types diagram
    - -Adjust allowed building types by zone.

Agenda Items for Future Meeting(s):

1. Review remaining 'red' spots on zoning map
2. Review each zone in greater detail (including FAR/lot coverage, building heights and incentives, setbacks, etc.)
3. Review middle housing code
4. Review parking requirements

<u>Today's Agenda:</u>

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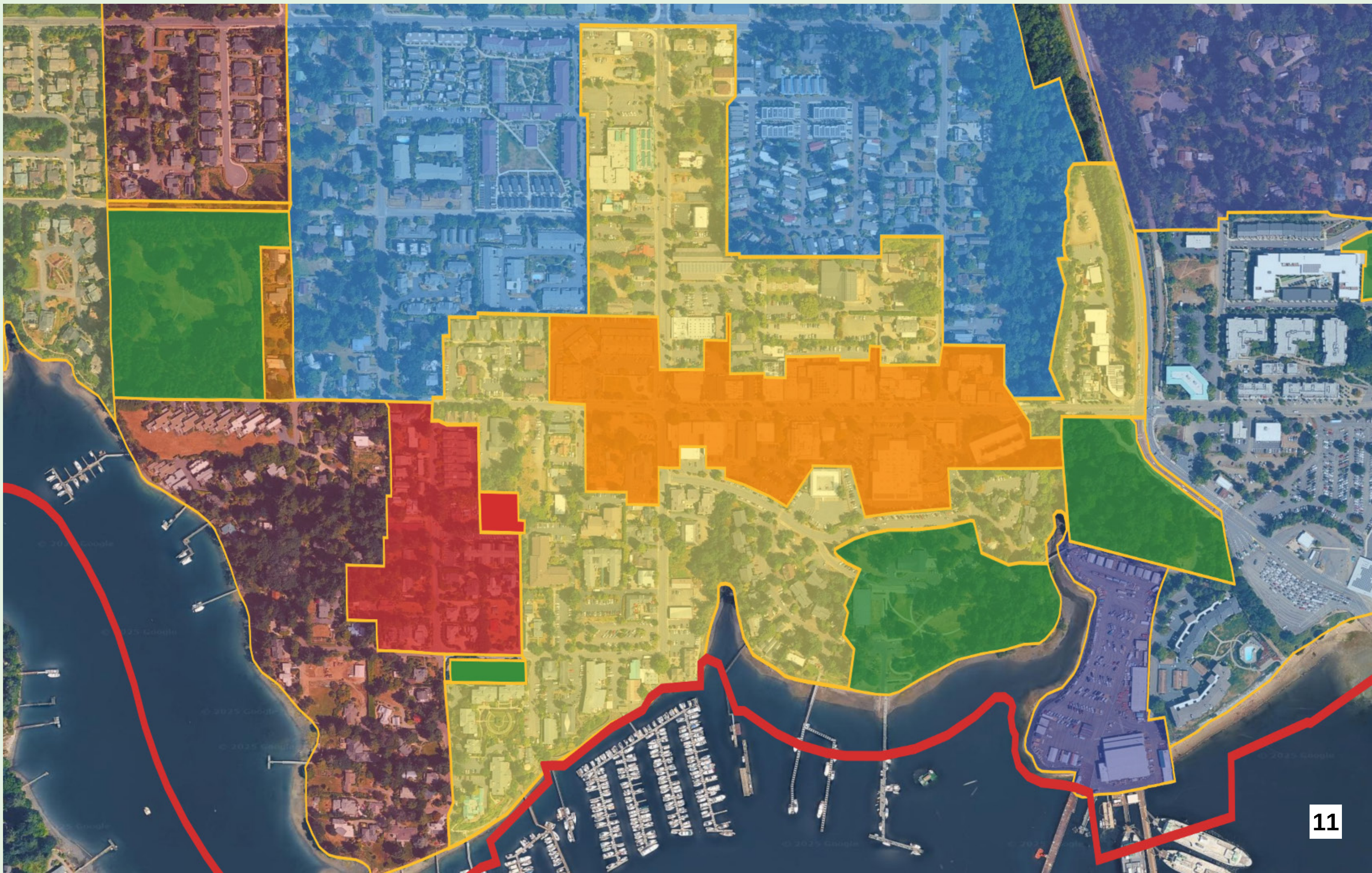
    - 1a. Should it become a district instead of an overlay?
    - 1b. Review boundary
    - 1.c Review Stepback Diagrams



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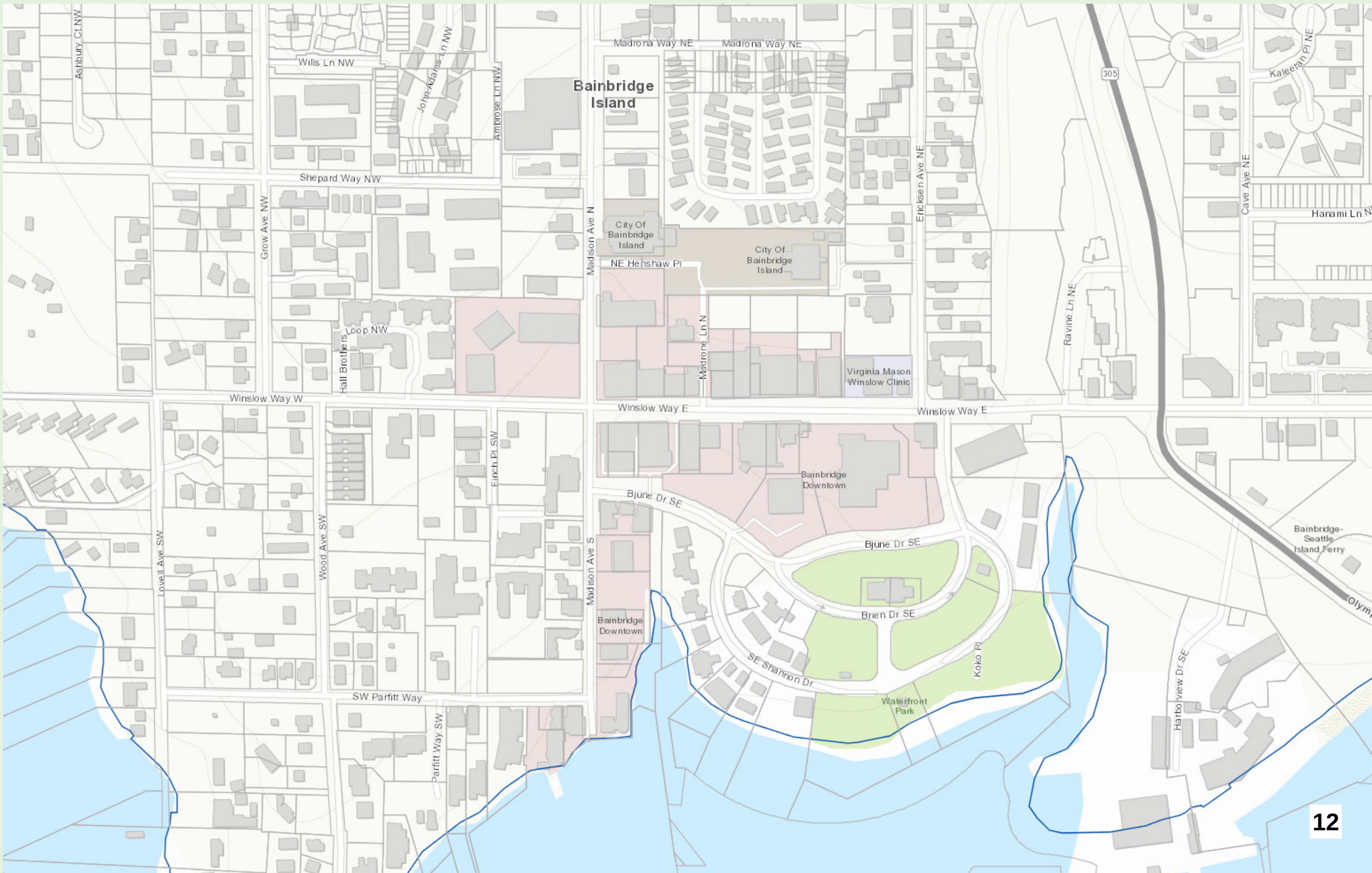
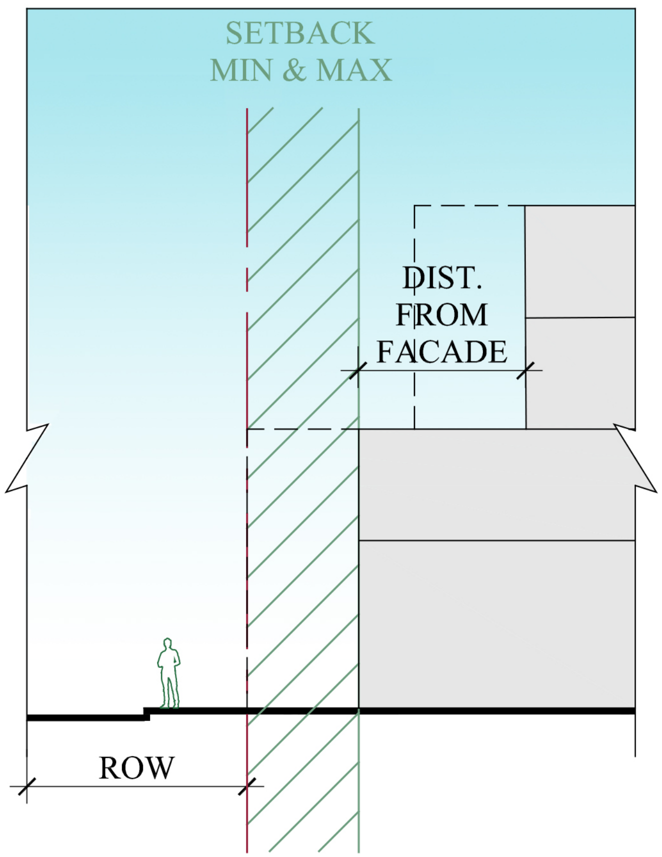
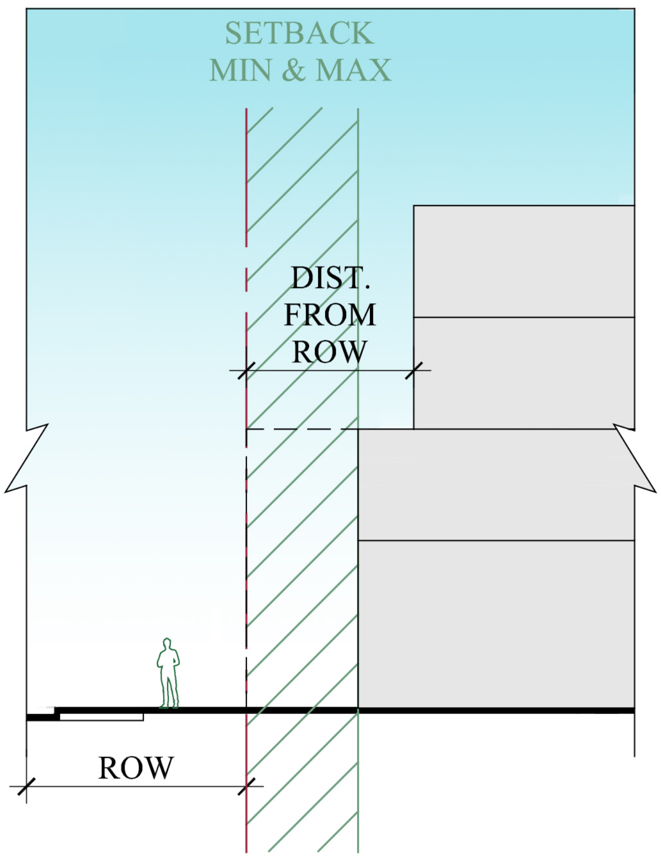


Measuring the Stepback

WINSLOW WAY STEPBACK DIAGRAM



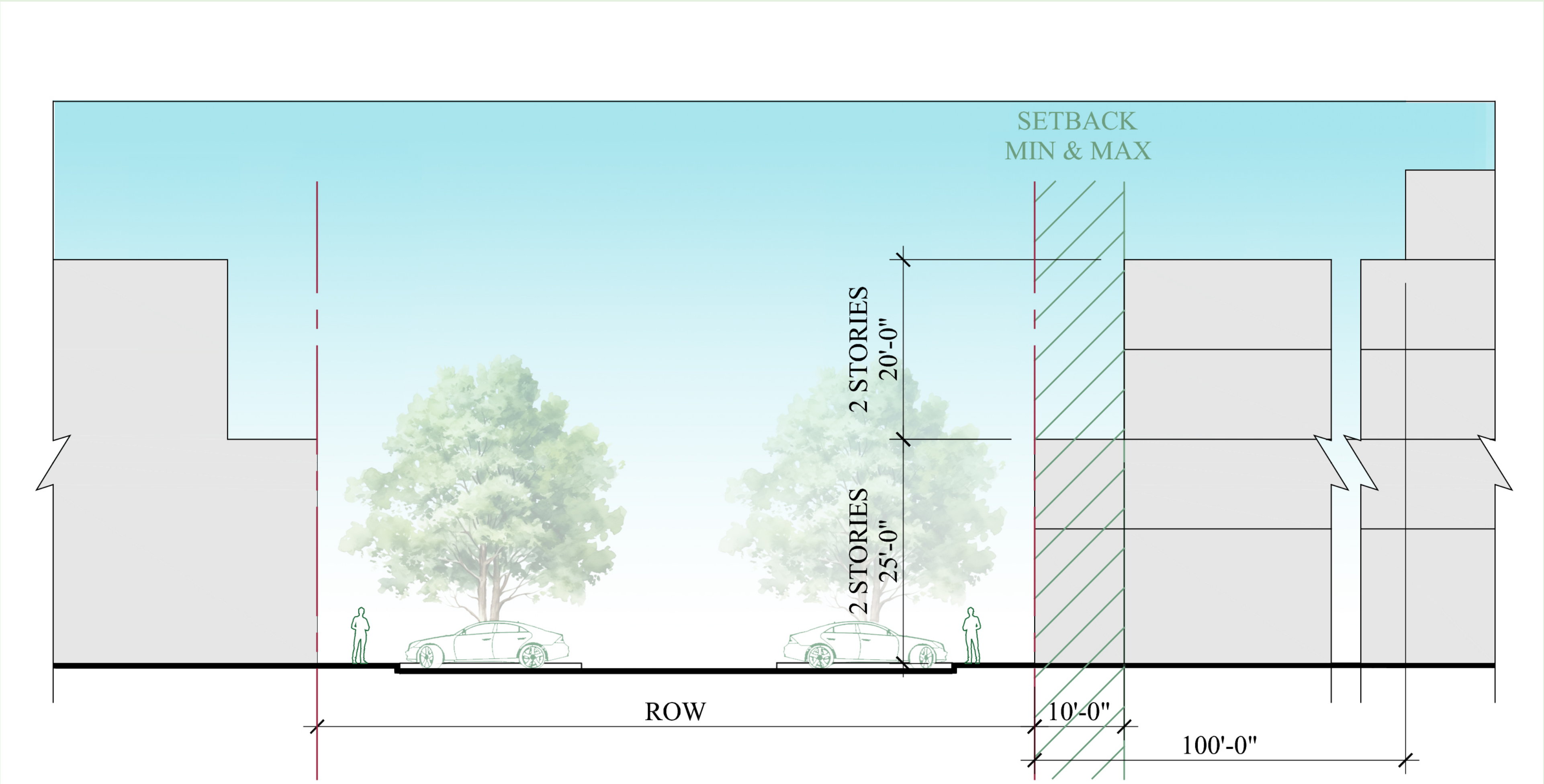
1. Measuring Stepback from Building Facade



2. Measuring Stepback from R.O.W.

OPTION 1: 10ft Stepback

WINSLOW WAY STEPBACK DIAGRAM

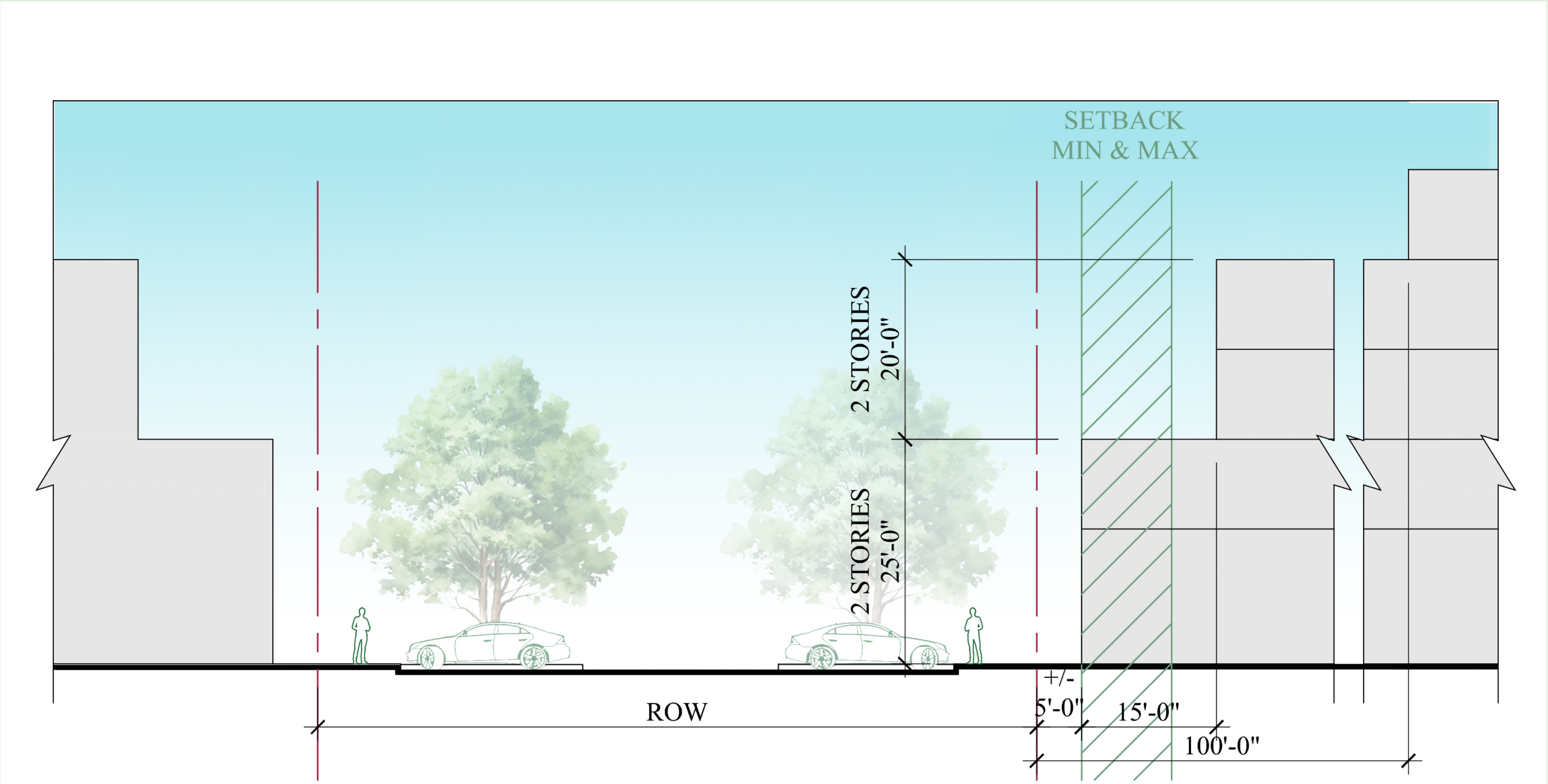


OPTION 2: 15ft Stepback

WINSLOW WAY STEPBACK DIAGRAM

OPTION 3: 15ft Stepback + 5ft Setback

WINSLOW WAY STEPBACK DIAGRAM

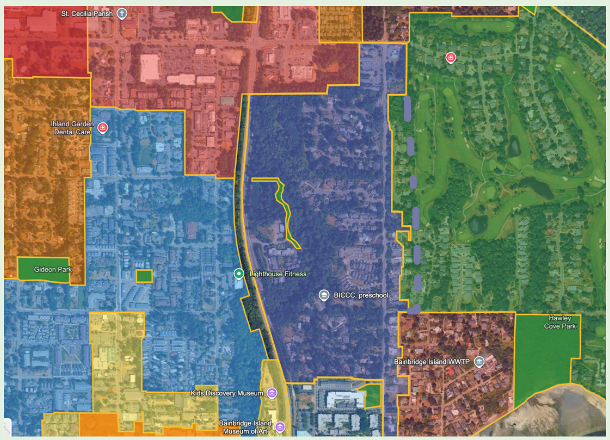


Today's Agenda:

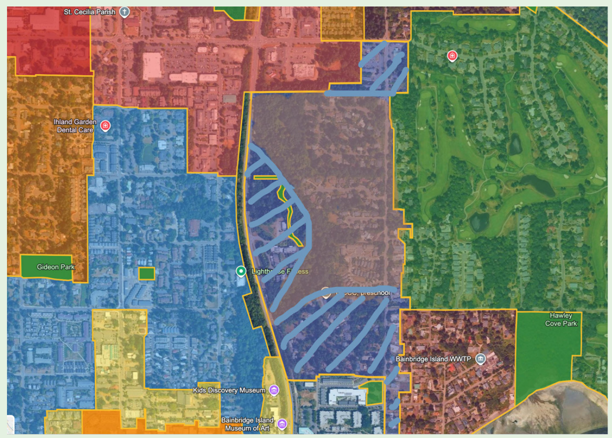
2. Review Ferncliff District

-Compare 3 options for moving forward

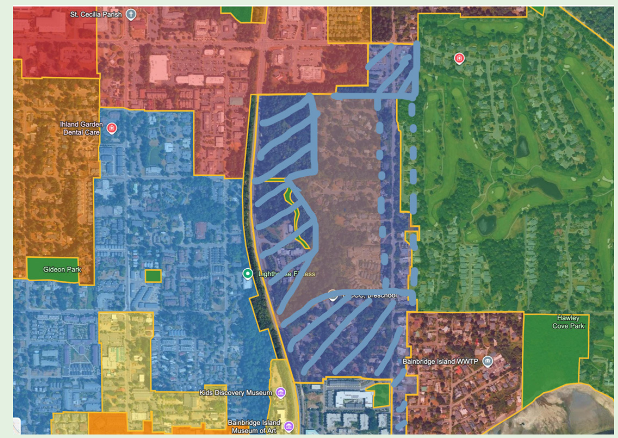
OPTION 1



OPTION 2A



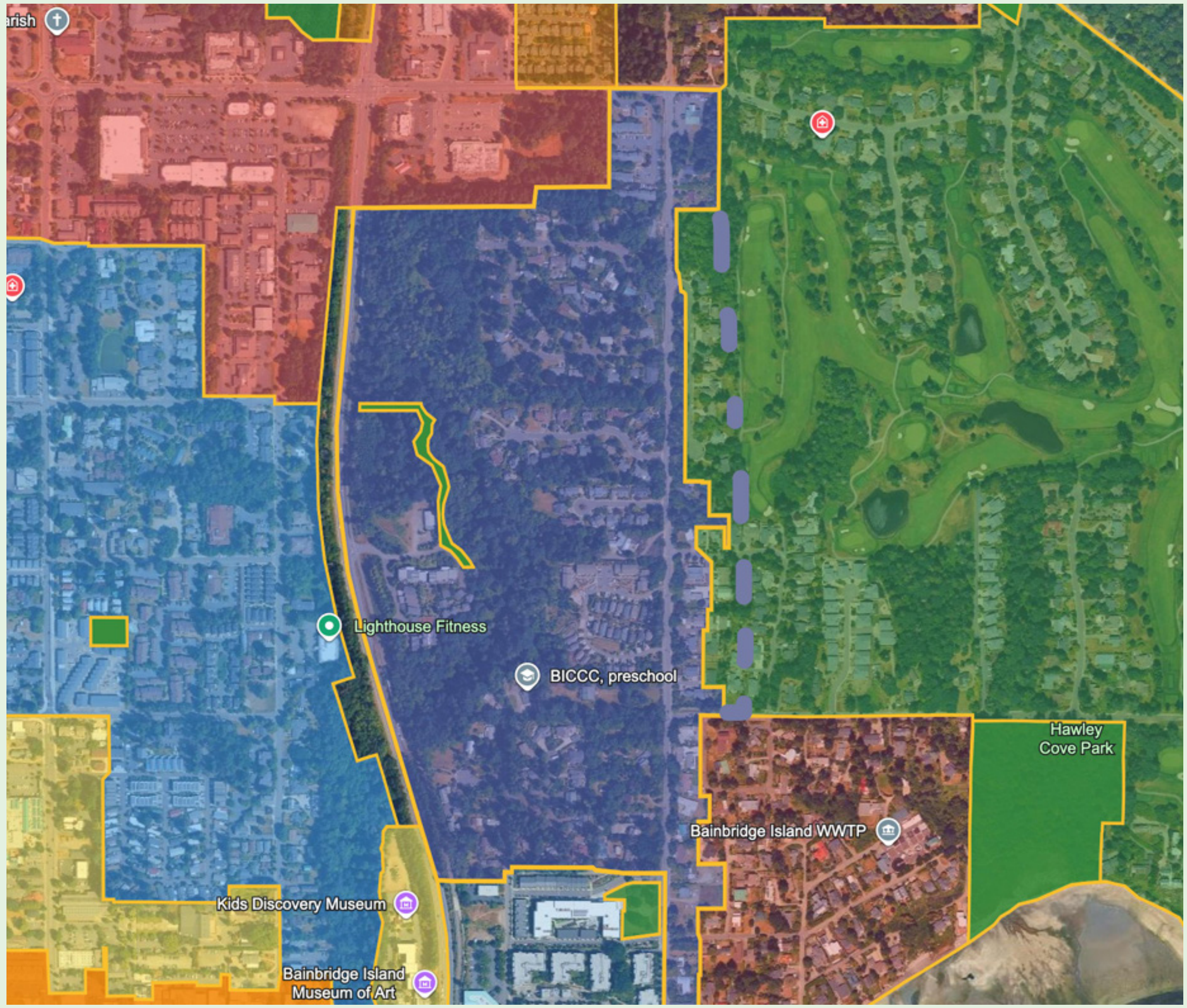
OPTION 2B



OPTION 1: New Ferncliff Zone

Review of Options for Ferncliff District

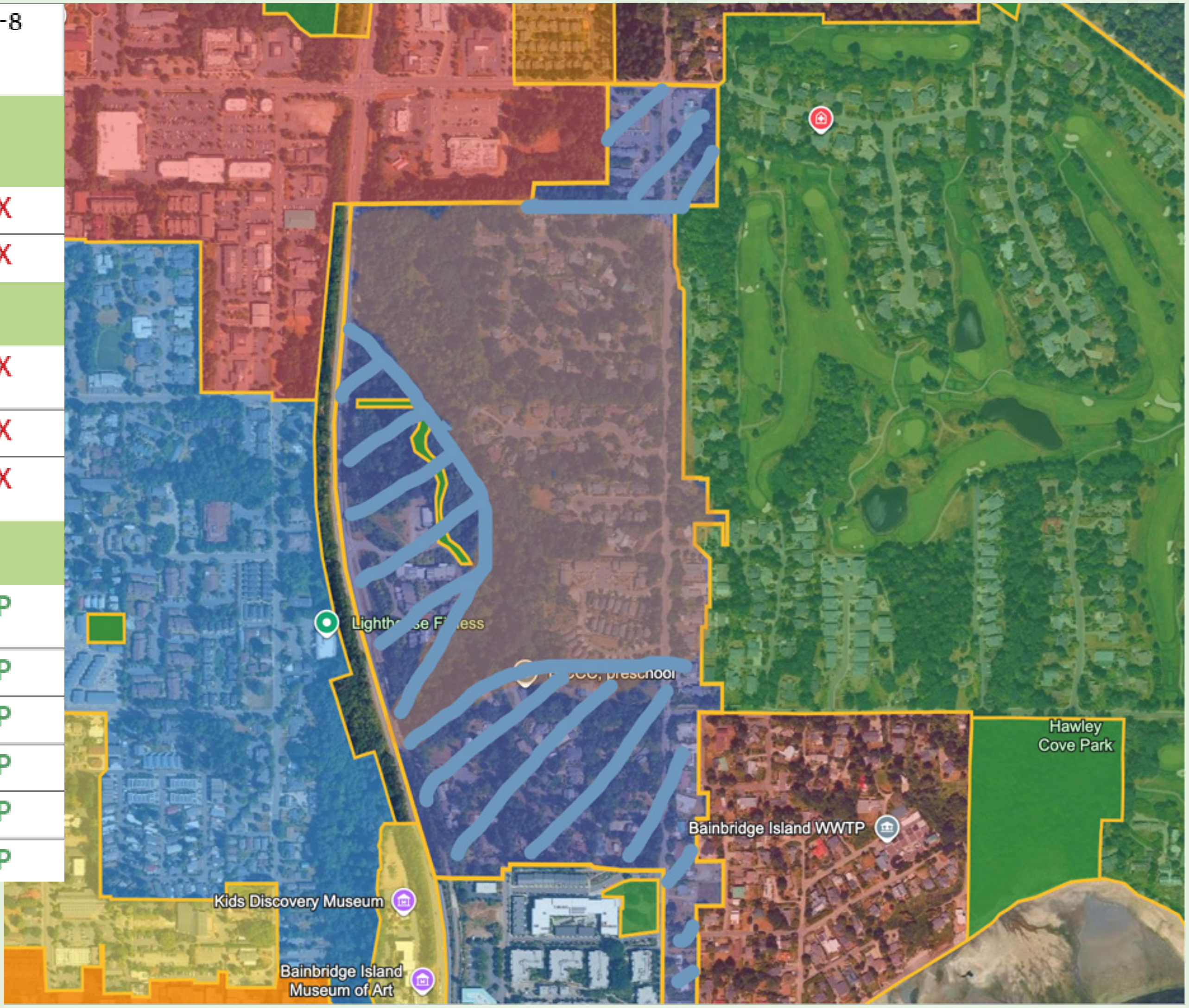
Allowed Building Types Overview	Ferncliff Zone (TBD)
Block-Scale *(Regulated by Building Envelope only)*	
Mid-Rise Building	X
Mid-Rise Building (Mixed Use)	X
Block-Scale *(Regulated by Building Form)*	
Multiplex: Large (9-18 Units)	X
Courtyard Building	X
Townhouses (1-3 Units, includes Triplex Stacked)	P
House-Scale *(Regulated by Building Form)*	
Multiplex: Small (5-8 Units)	X
Fourplex	P
Cottage Court	P
Duplex	P
Single-Family Home	P
ADU	P



OPTION 2A: Connection + R Zone

Review of Options for Ferncliff District

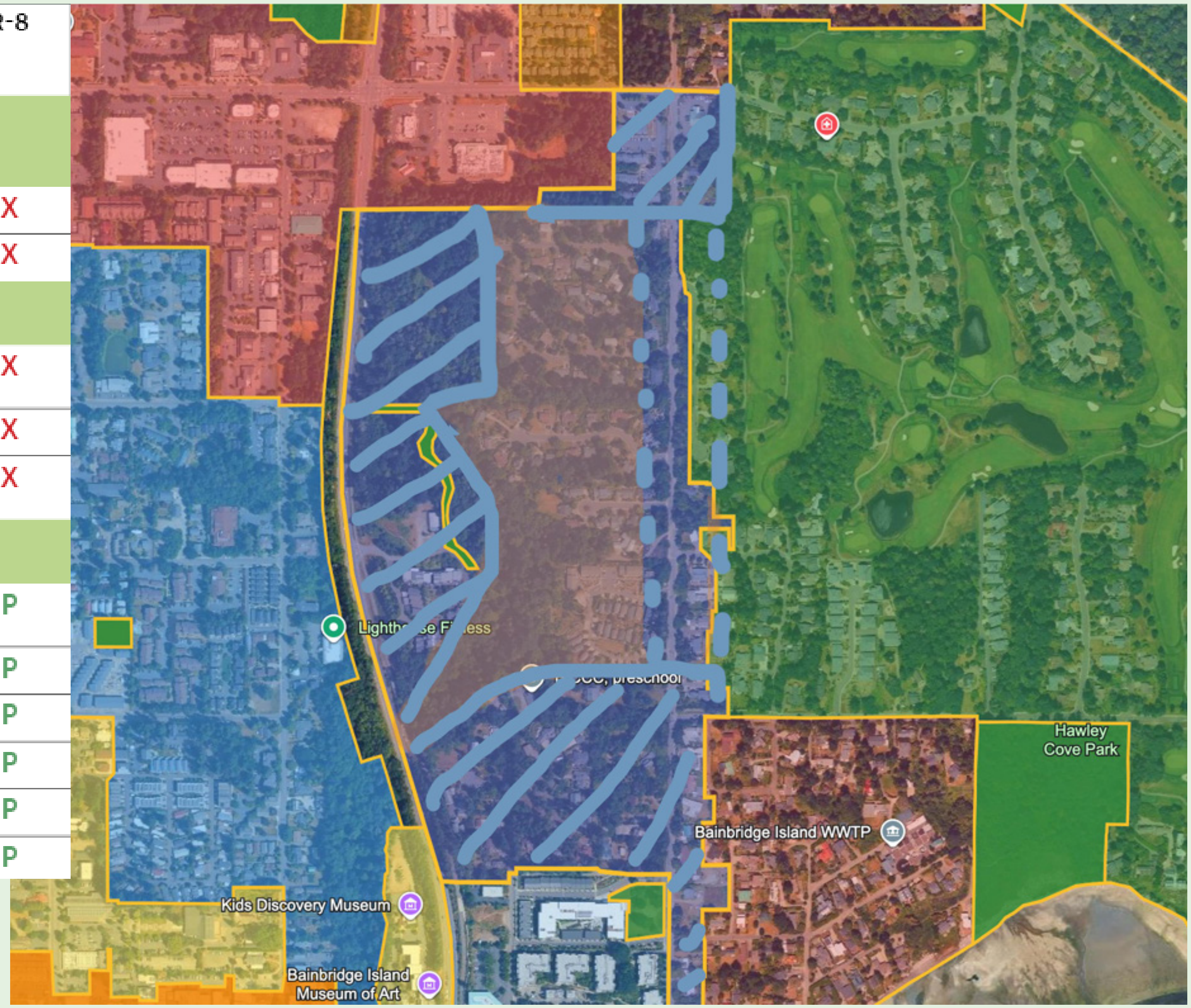
Allowed Building Types Overview	Connection District (Madison)	R-8
Block-Scale *(Regulated by Building Envelope only)*		
Mid-Rise Building	X	X
Mid-Rise Building (Mixed Use)	X	X
Block-Scale *(Regulated by Building Form)*		
Multiplex: Large (9-18 Units)	P	X
Courtyard Building	P	X
Townhouses (1-3 Units, includes Triplex Stacked)	P	X
House-Scale *(Regulated by Building Form)*		
Multiplex: Small (5-8 Units)	P	P
Fourplex	P	P
Cottage Court	P	P
Duplex	C	P
Single-Family Home	C	P
ADU	C	P



OPTION 2B: Connection + R Zone

Review of Options for Ferncliff District

Allowed Building Types Overview	Connection District (Madison)	R-8
Block-Scale *(Regulated by Building Envelope only)*		
Mid-Rise Building	X	X
Mid-Rise Building (Mixed Use)	X	X
Block-Scale *(Regulated by Building Form)*		
Multiplex: Large (9-18 Units)	P	X
Courtyard Building	P	X
Townhouses (1-3 Units, includes Triplex Stacked)	P	X
House-Scale *(Regulated by Building Form)*		
Multiplex: Small (5-8 Units)	P	P
Fourplex	P	P
Cottage Court	P	P
Duplex	C	P
Single-Family Home	C	P
ADU	C	P



Today's Agenda:

3. Review building Types diagram

-Adjust allowed building types by zone.

Where we left off:

Zone					"Missing Middle" Types (4 stories or less)										
	Mid-Rise Multifamily (4-5 stories)	Mid-Rise Mixed Use (4-5 stories)	Low-Rise Multifamily (4 stories or less)	Low-Rise Mixed Use (4 stories or less)	Multiplex: Large Scale (9-18 units)	Triplex: Stacked (live/work possible)	Multiplex: Medium (5-8 units; live/work possible)	Courtyard Building (live/work possible)	Townhouse (live/work possible)	Cottage Court	Fourplex: Stacked	Duplex: Stacked	Duplex: Side-By-Side	Accessory Dwelling Unit (ADU)	Detached Single-Family House
Ferry Urban Center T-5.5	✅	✅	❌	❌	✅	✅	✅	✅	✅	❌	❌	❌	❌	❌	❌
High School Urban Center T-5.5	✅	✅	✅	✅	✅	✅	✅	✅	✅	❌	❌	❌	❌	❌	❌
Core Urban Center T-5.0	✅	✅	✅	✅	✅	✅	✅	✅	✅	❌	❌	❌	❌	❌	❌
Winslow Way Overlay	❌	✅	❌	✅	❌	❌	❌	❌	❌	❌	❌	❌	❌	❌	❌
Madison / Connection Urban Transition T-4.5	❌	❌	TBD	TBD	✅	✅	✅	✅	✅	✅	✅	❌ (conversion of existing SFR permitted)	❌ (conversion of existing SFR permitted)	✅ ~~(conversion of existing SFR permitted)~~	❌
Ferncliff *OPTION 1* Suburban Transitic T-4.0	❌	❌	❌	❌	❌	❌	❌	❌	✅	✅	✅	✅	✅	✅	✅
Ferncliff *OPTION 2* Suburban Transitic T-4.0	❌	❌	❌	❌	✅	✅	✅	✅	✅	✅	✅	✅	✅	✅	✅

Subcommittee Review of Types

Zone	Proposals	Framework	Max FAR	Max Height	Max Lot Coverage	Frontage (% of lot frontage with building facade within facade zone)	Facade (% of building facade within facade zone) *facade can include publicly accessible open space; based on WA state FBC examples	Setback Front/Corner Resi	Setback Front/Corner Comm	Setback Side Resi	Setback Side Comm	Stepbacks	Minimum Public Open Space *only for lots larger than 1/4 acre	Minimum Parking Requirements (directional; needs deeper dive)
Ferry Urban Center T-5.5	Current Standards	Base	0.5	35 ft	75%									
		Bonus	1.4	45 ft	75%									
	Jan'25 Preferred Alternative	Base	3.0	65 ft	Not Provided									
	SubComm Meetings	**Base**	**n/a**	**35 ft**	**80%**									**1**
		Parking Bonus												**0.75**
		AffHou Tier 1				**75%**	**n/a**					**After 2 stories, back 10 ft**		**0.5**
		AffHou Tier 2												**0**
		Max w/ Bonus	**n/a**	**55 ft**	**85%**								**5%**	**0**
High School Urban Center T-5.5	Current Standards	Base	0.3	35 ft	50%									
		Bonus	0.9	45 ft	50%									
	Jan'25 Preferred Alternative	Base	2.5	65 ft	Not Provided									
	SubComm Meetings	**Base**	**n/a**	**35 ft**	**65%**									
		Parking Bonus												
		AffHou Tier 1				**70%**	**n/a**					**n/a**		
		AffHou Tier 2												
		Max w/ Bonus	**n/a**	**55 ft**	**75%**								**10%**	
Core Urban Center T-5.0	Current Standards (based on Core District)	Base	1.0	35 ft	100% (35% in Ericksen)									
		Bonus	1.5	45 ft	100% (35% in Ericksen)									
	Jan'25 Preferred Alternative	Base	2.0	55 ft	Not Provided									
	SubComm Meetings	**Base**	**n/a**	**35 ft**	**45%**									**1**
		Parking Bonus	**n/a**	**+10 ft**	**+0%**									**1**
		AffHouTier 1	**n/a**	**+0ft**	**+10%**	**n/a**	**75%**	**10-20 ft**	**5-15 ft**	**0 ft**	**0 ft**	**n/a**	**10%**	**0.75**
		AffHou Tier 2	**n/a**	**+10ft**	**+20%**									**0.5**
		Max w/ Bonus		**55 ft**	**65%**									**0.5**
Winslow Way Urban Center	**SubComm Meetings**	**Base**	**n/a**	**35 ft**										
		Parking Bonus	**n/a**	**+10 ft**										
		AffHouTier 1	**n/a**	**+0ft**	**80%**	**85%**	**n/a**	**n/a**	**0-10 ft**	**0 ft**	**0 ft**	**After 2 stories, back 15 ft** After 2 stories, back 15 ft After 100 ft from ROW, 5 stories allowed	**10%**	
		AffHou Tier 2	**n/a**	**+10ft**										
		Max w/ Bonus	**n/a**	**55 ft**										
Madison / Connection Urban Transition T-4.5	Current Standards (based on Madison Overlay District)	Base	0.5	25 ft	35%									
		Bonus	1.0	35 ft	35%									
	Jan'25 Preferred Alternative	Base	1.2	45 ft	Not Provided									
	SubComm Meetings	**Base**												
		Single Bonus												
		Double Bonus												
Ferncliff ***OPTION 1*** Suburban Transitic T-4.0	Current Standards (based on Gateway Overlay District -- R-3.5?	Base	0.16	25 ft	25%									
		Bonus	n/a	30 ft	n/a									
	Jan'25 Preferred Alternative	Base	1.2	45 ft	Not Provided									
	SubComm Meetings	**Base**												
		Single Bonus												
		Double Bonus												
Ferncliff ***OPTION 2*** Suburban Transitic T-4.0	Current Standards (based on Gateway Overlay District -- R-3.5?	Base	0.16	25 ft	25%									
		Bonus	n/a	30 ft	n/a									
	Jan'25 Preferred Alternative	Base	1.2	45 ft	Not Provided									
	SubComm Meetings	**Base**												
		Single Bonus												
		Double Bonus												
R-14 Suburban Residential T-3.5														
R-8 Suburban Residential T-3.5														
R-6 Suburban Residential T-3.0														
R-5 Suburban Residential T-3.0														
R-4.3 Suburban Residential T-3.0														
R-3.5 Suburban Residential T-3.0														
R-2.9 Rural Town T-2.5														
R-2 Rural Town T-2.5														
R-1 Rural T-2.0														
R-0.4 Rural T-2.0														

Zone	*Defined by Building Envelope*				*Defined by Form>>>*		*"Missing Middle" Types*								
	Mid-Rise Multifamily (4-5 stories)	Mid-Rise Mixed Use (4-5 stories)	~~Low-Rise Multifamily (4 stories or less)~~	~~Low-Rise Mixed Use (4 stories or less)~~	Multiplex: Large Scale (9-18 units)	~~Triplex: Stacked (live/work possible)~~	Multiplex: ~~Medium~~ Small (5-8 units; live/work possible)	Courtyard Building (live/work possible)	Townhouse (1-3 units; live/work possible)	Cottage Court	Fourplex: Stacked	Duplex: Stacked	Duplex: Side-By-Side	Accessory Dwelling Unit (ADU)	Detached Single-Family House
Ferry Urban Center T-5.5	✅	✅	❌	❌	✅	✅	✅	✅	✅	❌	❌	❌	❌	❌	❌
High School Urban Center T-5.5	✅	✅	✅	✅	✅	✅	✅	✅	✅	❌	❌	❌	❌	❌	❌
Core Urban Center T-5.0	✅	✅	✅	✅	✅	✅	✅	✅	✅	❌	❌	❌	❌	❌	❌
Winslow Way Urban Center	❌	✅	❌	✅	❌	❌	❌	❌	❌	❌	❌	❌	❌	❌	❌
Madison / Connection Urban Transition T-4.5	❌	❌	TBD	TBD	✅	✅	✅	✅	✅	✅	✅	❌ (conversion of existing SFR permitted)	❌ (conversion of existing SFR permitted)	✅ ~~(conversion of existing SFR permitted)~~	❌
Ferncliff ***OPTION 1*** Suburban Transitic T-4.0	❌	❌	❌	❌	❌	❌	❌	❌	✅	✅	✅	✅	✅	✅	✅
Ferncliff ***OPTION 2*** Suburban Transitic T-4.0	❌	❌	❌	❌	✅	✅	✅	✅	✅	✅	✅	✅	✅	✅	✅
R-14 Suburban Residential T-3.5	❌	❌	❌		❌	❌	❌	✅	✅	✅	✅	✅	✅	✅	✅
R-8 Suburban Residential T-3.5	❌	❌	❌		❌	❌	❌	❌	❌	✅	✅	✅	✅	✅	✅
R-6 Suburban Residential T-3.0	❌	❌	❌		❌	❌	❌	❌	❌	✅	✅	✅	✅	✅	✅
R-5 Suburban Residential T-3.0	❌	❌	❌		❌	❌	❌	❌	❌	✅	✅	✅	✅	✅	✅
R-4.3 Suburban Residential T-3.0	❌	❌	❌		❌	❌	❌	❌	❌	✅	✅	✅	✅	✅	✅
R-3.5 Suburban Residential T-3.0	❌	❌	❌		❌	❌	❌	❌	❌	✅	✅	✅	✅	✅	✅
R-2.9 Rural Town T-2.5	❌	❌	❌		❌	❌	❌	❌	❌	❌	❌	✅	✅	✅	✅
R-2 Rural Town T-2.5	❌	❌	❌		❌	❌	❌	❌	❌	❌	❌	✅	✅	✅	✅
R-1 Rural T-2.0	❌	❌	❌		❌	❌	❌	❌	❌	❌	❌	✅ (only on lots w/o ADU; limited to 1400 sq ft)	✅ (only on lots w/o ADU; limited to 1400 sq ft)	✅	✅
R-0.4 Rural T-2.0	❌	❌	❌		❌	❌	❌	❌	❌	❌	❌	✅ (only on lots w/o ADU; limited to 1400 sq ft)	✅ (only on lots w/o ADU; limited to 1400 sq ft)	✅	✅

Subcommittee Review of Types

	Defined by Building Envelope				*Defined by Form>>>*					*"Missing Middle" Types (4 stories or less)*					
Zone	Mid-Rise Multifamily (4-5 stories)	Mid-Rise Mixed Use (4-5 stories)	~~Low-Rise Multifamily (4 stories or less)~~	~~Low-Rise Mixed Use (4 stories or less)~~	Multiplex: Large Scale (9-18 units)	~~Triplex: Stacked (live/work possible)~~	Multiplex: ~~Medium~~ Small (5-8 units; live/work possible)	Courtyard Building (live/work possible)	Townhouse (1-3 units; live/work possible)	Cottage Court	Fourplex: Stacked	Duplex: Stacked	Duplex: Side-By-Side	Accessory Dwelling Unit (ADU)	Detached Single-Family House
Ferry Urban Center T-5.5	✅	✅	❌	❌	✅	✅	✅	✅	✅	❌	❌	❌	❌	❌	❌
High School Urban Center T-5.5	✅	✅	✅	✅	✅	✅	✅	✅	✅	❌	❌	❌	❌	❌	❌
Core Urban Center T-5.0	✅	✅	✅	✅	✅	✅	✅	✅	✅	❌	❌	❌	❌	❌	❌
Winslow Way Urban Center	❌	✅	❌	✅	❌	❌	❌	❌	❌	❌	❌	❌	❌	❌	❌
Madison / Connection Urban Transition T-4.5	❌	❌	TBD	TBD	✅	✅	✅	✅	✅	✅	✅	❌ (conversion of existing SFR permitted)	❌ (conversion of existing SFR permitted)	✅ ~~(conversion of existing SFR permitted)~~	❌
Ferncliff ***OPTION 1*** Suburban Transiti T-4.0	❌	❌	❌	❌	❌	❌	❌	❌	✅	✅	✅	✅	✅	✅	✅
Ferncliff ***OPTION 2*** Suburban Transiti T-4.0	❌	❌	❌	❌	✅	✅	✅	✅	✅	✅	✅	✅	✅	✅	✅

Allowed Building Types Overview

Allowed Building Types Overview	High Intensity Zones				Moderate Intensity Zones					Low Intensity Zones				
	Ferry District	High School District	Winslow Way District	Core District	Connection District (Madison)	Madison Overlay	Ferncliff Zone (TBD)	R-14	R-8	R-4.3	R-2.9	R-2	R-1	R-0.4
Block-Scale *(Regulated by Building Envelope only)*														
Mid-Rise Building	P	P	X	P	X	X	X	X	X	X	X	X	X	X
Mid-Rise Building (Mixed Use)	P	P	P	P	X	X	X	X	X	X	X	X	X	X
Block-Scale *(Regulated by Building Form)*														
Multiplex: Large (9-18 Units)	-	-	-	-	P			X	X	X	X	X	X	X
Courtyard Building	-	-	-	-	P			P	X	X	X	X	X	X
Townhouses (1-3 Units, includes Triplex Stacked)	-	-	-	-	P			P	X	X	X	X	X	X
House-Scale *(Regulated by Building Form)*														
Multiplex: Small (5-8 Units)	-	-	-	-	P			P	P	X	X	X	X	X
Fourplex	-	-	-	-	P			P	P	P	X	X	X	X
Cottage Court	-	-	-	-	P			P	P	P	X	X	X	X
Duplex	-	-	-	-	C			P	P	P	P	P	P*	P*
Single-Family Home	-	-	-	-	C			P	P	P	P	P	P	P
ADU	-	-	-	-	C			P	P	P	P	P	P	P

Key: P = Allowed, X = Not Allowed, C = Conditional.
*Only on lots without an ADU. Max unit size limited to 1,400 sf
Notes in Red are PC Subcommittee Recommendations

Bainbridge Island Planning Commission Incentives Subcommittee

Draft Considerations – 9/26/2025

For feedback and discussion purposes only!

Fair housing and anti-displacement strategies

- HB 1220 also requires jurisdictions to address historical and systemic inequities in their housing policies:
- **Equity analysis:** Local governments must identify regulations and policies that have led to racially disparate impacts or displacement. One Seattle Comprehensive Plan, includes a robust anti-displacement strategy with historic investments in community-driven development and strong renter protections.
- **Anti-displacement policies:** Planning must include policies to mitigate the risk of displacement in neighborhoods undergoing change.
- **Targeted funding for at-risk populations:** The state's Apple Health and Homes initiative pairs highly vulnerable Medicaid-eligible individuals with housing and support services to prevent homelessness. Many cities are using sales tax revenue and local housing funds to address the needs of specific vulnerable populations, such as veterans, people with disabilities, and seniors.
- **Housing Action Plans (HAPs):** Bainbridge Islands HAP can help specifically plan for needed housing and identify anti-displacement measures.
- **Combine new affordable housing with cultural and economic centers** to help preserve community identity and prevent displacement through collaboration between a community non-profit, the COBI, and a development organization.

Zoning and land-use strategies

Adjust development regulations to create more capacity for affordable housing. Key strategies include:

- **Missing Middle housing:** Many cities are exploring ways to promote housing types that fall between single-family homes and large apartment buildings, like duplexes, triplexes, and townhomes. State law now provides financial incentives for cities that adopt policies to allow this housing.
- **Allowing emergency and supportive housing:** Zoning codes must be updated to allow for emergency shelters, transitional housing, and permanent supportive housing in more areas, such as multifamily, commercial, and mixed-use zones where short-term rentals are allowed.
- **Encouraging Accessory Dwelling Units (ADUs):** Many jurisdictions encourage the construction of ADUs and duplexing (e.g., basement apartments, carriage houses) through relaxed regulations and **free or low cost pre-approved architectural plans** seeing them as a tool to expand affordable housing stock.
- **Reducing or eliminating parking requirements:** Many communities are eliminating or reducing minimum parking requirements for new developments, which can significantly lower construction costs and encourage higher-density housing.

Table 2-2

KITSAP COUNTY GROWTH ALLOCATIONS - HOUSING (2020-2044)

			Permanent Housing Needs by Income Level (% of Area Median Income)								
			0 – 30%							Emergency Housing** Needs (Temporary)
		Total	Non-PSH*	PSH	>30-50%	>50-80%	>80-100%	>100-120%	>120%	
Unincorporated Kitsap County	Estimated Housing Supply (2020)	69,987	1,802	8	7,335	21,046	13,531	7,815	18,450	153
	Allocation (2020-2044)	14,498	2,768	1,214	2,376	1,996	1,028	1,012	4,103	612
Bainbridge Island city	Estimated Housing Supply (2020)	11,251	331	0	331	788	1,150	2,073	6,578	0
Target	Allocation (2020-2044)	1,977	377	166	324	272	140	138	560	83

By The Numbers - Bainbridge

	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Middle Income	Above Middle	Total
Bainbride Island HB 1220 Allocation	543	324	272	140	138	560	1,977

Middle Income and Above Middle – 560 + 138 = 698

- **Provided for in Winslow and Outside Winslow**
- **592 in Winslow & 1902 outside Winslow**

Total Extremely and Very Low-Income Housing Required- Affordable Housing Overlay/FAR and Height Increase

- **Extremely Low Income – 543 –** City Owned Property - AHOZ
- **Very Low Income – 324 -** Partnership with local non profits and City. – AHOZ
- **Total 867**

Total Low Income and Moderate

- **Low Income – 272 -** AHOZ
- **Moderate Income – 140 – Market Rate**
- **Total : 412**

Kitsap County
MTSP-Income and Rent Limits
Effective 4/1/24
Median Income: $ 119,700

Set-aside Percentage	1-person	2-person	3-person	4-person	5-person	6-person	7-person	8-person
20%	16760	19160	21560	23940	25860	27780	29700	31620
30%	25140	28740	32340	35910	38790	41670	44550	47430
35%	29330	33530	37730	41895	45255	48615	51975	55335
40%	33520	38320	43120	47880	51720	55560	59400	63240
45%	37710	43110	48510	53865	58185	62505	66825	71145
50%	41900	47900	53900	59850	64650	69450	74250	79050
60%	50280	57480	64680	71820	77580	83340	89100	94860
70%	58660	67060	75460	83790	90510	97230	103950	110670
80%	67040	76640	86240	95760	103440	111120	118800	126480

Set-aside Percentage	Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom	5-Bedroom
20%	419	449	539	622	694	766
30%	628	673	808	933	1041	1149
35%	733	785	943	1089	1215	1341
40%	838	898	1078	1245	1389	1533
45%	942	1010	1212	1400	1562	1724
50%	1047	1122	1347	1556	1736	1916
60%	1257	1347	1617	1867	2083	2299
70%	1466	1571	1886	2178	2430	2682
80%	1676	1796	2156	2490	2778	3066

Our Partners

Federal

WA State

Partners

Kitsap County

Employers

Non Profits

Developers

COBI

Volunteers

Bainbridge Community Foundation

Housing Resource Bainbridge

Low Income Housing Inc.

Helpline House

RCW Religious Organizations

Citizens

Potential Funding Sources

The most likely sources for affordable housing projects on Bainbridge Island combine local, regional, and state-level foundations, as well as community development financial institutions (CDFIs). Key players include the Bainbridge Community Foundation, Seattle-based foundations with a regional focus, and local non-profit partnerships.

Federal			Washington State		City of Bainbridge Island				
Community Development Block Grants (CDBG)	HOME Investment Partnerships Program	The Low-Income Housing Tax Credit (LIHTC)	Washington State Housing Trust Fund (HTF)	Connecting Housing to Infrastructure Program (CHIP)	Real Estate Excise Tax	Sales Tax	Property Tax Levy	Lodging Tax	In-lieu Fees

Potential Funding Sources

Source	Program	Now	Near	Far
Federal	Community Development Block Grants (CDBG)			
	HOME Investment Partnerships Program			
	Low Income Housing Tax Credit (LIHTC)			
Washington State	WA State Housing Trust Fund (HTF)			
	Connecting Housing to Infrastructure Program (CHIP)			
COBI	Housing Trust Fund (HTF)			
	Real Estate Excise Tax			
	Sales Tax			
	Property Tax – Housing Levy			
	Lodging Tax			
	In-lieu Fees			
	Transfer Development Rights			
Other	Private/Public Grants			

State and federal programs

- Cities and counties can apply for funding and partner with entities that use state and federal resources:
- **Federal Funding:** Jurisdictions can access federal funds administered by the state Department of Commerce or directly through block grants. Examples include:
- **Community Development Block Grants (CDBG):** Grants for a variety of community needs, including decent housing.
- **HOME Investment Partnerships Program:** Federal block grants used exclusively for affordable housing initiatives.
- **The Low-Income Housing Tax Credit (LIHTC)**, a federal program administered by the Washington State Housing Finance Commission, provides private owners with incentives to construct and maintain affordable rental housing.
- **Washington State Housing Trust Fund (HTF):** The Washington State Department of Commerce offers competitive loans and grants for affordable housing projects that can be used by local governments and housing authorities.
- **Connecting Housing to Infrastructure Program (CHIP):** This state program provides grants to local governments to reduce the cost of infrastructure for new affordable housing development.

Local Funding and tax incentives

- Local governments can use various financial tools to fund and incentivize affordable housing development:
- **Housing and Related Services Sales Tax:** Cities and counties can impose an optional 0.1% sales and use tax, with at least 60% of the revenue dedicated to affordable housing and related services for people with incomes up to 60% of the county median.
- **Affordable Housing Sales Tax Credit (HB 1406):** Jurisdictions that opted in by the 2020 deadline receive a share of the state sales tax revenue for 20 years to fund affordable housing for low- to moderate-income households.
- **Multi-Family Tax Exemption (MFTE):** This program allows cities to provide property tax exemptions, typically for 8 or 12 years, for new or rehabilitated multifamily housing projects in designated areas. To qualify for a 12-year exemption, a portion of the units must be designated for low- and moderate-income households.
- **Real Estate Excise Taxes (REET):** Some jurisdictions use a portion of their real estate excise taxes to finance affordable housing projects.
- **Housing Trust Funds:** Cities and counties can create their own housing trust funds, financed through methods like voter-approved property tax levies, to finance affordable housing projects.

Local Partners & Workforce Housing

For Bainbridge Island, innovative workforce housing programs could utilize employer-provided housing, religious organization partnerships, and public-private models that are being explored in Washington State and beyond.

These strategies would leverage local resources to create more affordable options for "missing middle" workers who do not qualify for traditional low-income housing but cannot afford market rates.

Local Partners & Workforce Housing

Employer-provided housing models: Employers have a strong incentive to support housing to improve employee recruitment and retention, reduce turnover, and strengthen the local workforce.

In Bainbridge Island, potential models include:

- **Direct investment and partnerships:** Large employers, or a consortium of smaller businesses, could partner with affordable housing developers like the Low Income Housing Institute (LIHI), which is already involved with the city's 625 Winslow Way project. This could involve direct funding, land contributions, or rent subsidies.
- **Rental subsidies and guaranteed leases:** Employers can offer rent subsidies directly to employees or property owners to reduce housing costs. They can also offer to guarantee a lease, which helps workers with limited rental history or those relocating to the island secure housing.
- **Housing resource programs:** Employers could sponsor homebuyer education and credit counseling for employees, either in-house or through local non-profits like Housing Resources Bainbridge (HRB).

Local Partners & Workforce Housing

Religious organization partnerships: Faith-based organizations (FBOs) are valuable partners due to their community ties and land holdings, which can be redeveloped for affordable housing. Bainbridge Island already has a pilot program allowing a religious organization to develop affordable housing on its property.

Innovative approaches include:

- **Density bonuses:** Under state law (HB 1377) and local policies, FBOs that dedicate their land for affordable housing (for households below 80% AMI) can receive a density bonus, allowing them to build more units than is typically zoned for.
- **Collaborative development:** A religious organization could partner with a non-profit housing provider, like HRB or LIHI, to develop underutilized church properties or parking lots into affordable rental housing. Examples in other cities show FBOs converting former convents or other buildings into affordable units.
- **Community Land Trust (CLT) integration:** FBOs could donate or sell their land at a reduced price to a CLT like HRB. The CLT model ensures that the housing remains permanently affordable for future generations of residents.

Local Partners & Workforce Housing

Public-private partnerships (PPPs): The City of Bainbridge Island is already actively pursuing PPPs for affordable housing, as seen with the 625 Winslow Way project and the Multifamily Property Tax Exemption (MFTE) program.

Additional innovative PPP strategies include:

- **Revolving loan funds:** The city or Kitsap County could participate in or establish a revolving loan fund, potentially with a private-sector partner, to provide low-cost financing for the development of workforce housing. The state of Washington has been exploring a revolving loan program for this purpose.
- **Corporate impact funds:** The city could seek investment from regional companies with housing equity funds, like Amazon or Microsoft, which invest in affordable housing projects in the Puget Sound area. These funds often partner with public agencies and developers.
- **Leveraging underutilized public land:** Similar to the 625 Winslow Way project, the city can continue identifying and developing other publicly owned land for workforce housing through partnerships with non-profit developers.
- **Modular and rapid-build solutions:** For specific workforce needs, such as seasonal workers or short-term employees, a city-employer partnership could utilize rapid-build modular housing from local companies like **Pallet**, based in Everett.

Local Partners & Workforce Housing

Integrating partnerships in Bainbridge Island: A multi-faceted approach, tailored to Bainbridge Island's specific needs, would have the greatest impact.

- **Winslow Area Focus:** Concentrated development in designated centers like Winslow, utilizing existing and expanded MFTEs, can help create dense, walkable, mixed-use communities that benefit the local economy and reduce traffic.
- **Prioritized workforce housing:** LIHI has already engaged with employers and unions representing Bainbridge workers to explore pre-leasing apartments to ensure that new housing serves the local workforce, a strategy that could be formalized and expanded.
- **Local fund creation:** The city could work with local businesses, philanthropic donors, and HRB to create a Bainbridge-specific housing trust fund to finance the acquisition of land or existing properties for affordable workforce housing.

Private Funding

The most likely sources of private grants for affordable housing projects on Bainbridge Island combine local, regional, and state-level foundations, as well as community development financial institutions (CDFIs).

Local Resources

- **Bainbridge Community Foundation (BCF):** This is the most direct and crucial source of local private funding. The foundation has an explicit Housing Action Fund to address the need for affordable housing on Bainbridge Island. BCF provides grants for acquisition and "bricks-and-mortar" housing programs. It also conducts community needs assessments and allocates grants to local non-profits, including Housing Resources Bainbridge (HRB).
- **One Call for All:** This annual community fundraising campaign on Bainbridge Island can direct donations to local non-profits addressing housing insecurity. Housing Resources Bainbridge has been a recipient of One Call for All funding.
- **Private donations** to Housing Resources Bainbridge (HRB): As the primary local non-profit building affordable housing on the island, HRB is a direct recipient of private donations and fundraising campaigns. These funds are used for land acquisition, construction, and maintaining permanently affordable units through its community land trust model.

Regional Resources

- **Community Development Financial Institutions (CDFIs):** These are non-profit financial institutions that provide financing and technical assistance for development projects in underserved communities. Key players in the Puget Sound area that Bainbridge Island-based non-profits could partner with include:
- **LISC Puget Sound:** A local branch of a national CDFI that offers loans and technical assistance to non-profit developers.
- **Impact Capital:** Another CDFI that provides various loans for affordable housing projects.
- **Building Changes:** This organization administers the Washington Youth & Families Fund (WYFF), which combines private and public funding to provide grants for innovative housing strategies for youth and families experiencing homelessness. These grants are distributed statewide.
- **Regional Equitable Development Initiative (REDI)** Fund: Administered by Enterprise Community Partners, this revolving loan fund supports the acquisition of property in transit-rich corridors to ensure long-term affordability.

Community Block Grants

Federal Community Development Block Grants (CDBG) offer local governments significant flexibility and funding for community projects but have also been criticized for inefficient targeting and long-term funding instability. This program, administered by the U.S. Department of Housing and Urban Development (HUD), was created to provide a steady source of federal funding for local development efforts.

Pros:

- **Flexibility and local control**: CDBG funds can be used for a wide range of eligible activities, including housing rehabilitation, economic development, and improvements to public facilities like water and sewer systems. This allows local governments to design and implement strategies that address their specific, on-the-ground needs, rather than being restricted by rigid, federally-defined projects.
- **Encourages strategic planning**: To receive CDBG funds, local governments must create a consolidated plan that involves partnerships with other government agencies and the private sector. This process strengthens collaboration and promotes long-term, comprehensive community development planning.
- **Reliable and stable funding source**: For many jurisdictions, CDBG is a consistent source of funding that can support multi-year projects. This stability is vital for communities with limited local revenue and helps them to focus on project implementation rather than constant fundraising.
- **Leverages other investment:** CDBG grants are often used to attract additional private and public funding. By addressing core infrastructure needs, for example, CDBG projects can enable more significant private investment in economic development initiatives.
- **Responsiveness to disasters**: The CDBG program can be quickly expanded for disaster recovery, as it was during the COVID-19 pandemic. The existing CDBG framework allows federal resources to be rapidly deployed to communities in need, supporting housing, small businesses, and other critical services.

Cons

- **Inefficient targeting of funds:** Critics argue that the program's flexibility has led to funds being used for projects that do not effectively target low-income populations. The CDBG formula, which includes factors like population and housing stock age, has been critiqued for not accurately reflecting a community's need. In some cases, higher-income neighborhoods have received more funding per capita than genuinely distressed areas.
- **Declining real-dollar funding:** The core CDBG program has seen a significant decrease in funding over its lifetime. As federal funding levels erode and the number of entitlement communities grows, some communities may face cuts, eligibility restrictions, or project waiting lists.
- **Risk of displacement:** While CDBG is intended to revitalize neighborhoods, some projects, such as those focused on "slum and blight" elimination, have been used in ways that displace lower-income residents. This can occur when revitalization efforts lead to gentrification, which raises housing costs and forces out long-time residents.
- **Risk of funding for non-essential projects:** The broad eligibility of CDBG funds has, in some cases, enabled local governments to fund non-critical projects like breweries or festivals, instead of focusing on core housing and anti-poverty initiatives.
- **Inadequate long-term impact measurement**: The program has been criticized for a lack of clear and consistent outcome measurements. Claims of success often rely on intermediate metrics like the number of jobs created, rather than providing robust evidence of meaningful, long-term improvements in the lives of low-income people.
- **Potential for weak enforcement**: Some jurisdictions that receive CDBG funding have been accused of maintaining exclusionary zoning and land-use practices that inhibit affordable housing development. The program has been criticized for not having stronger mechanisms to penalize or incentivize better practices.

HOME Investment Partnerships Program

The HOME Investment Partnerships Program is a federal block grant that provides states and localities with flexible funding for a wide range of affordable housing activities. While it gives communities significant control, the program also has limitations stemming from federal requirements and inconsistent funding.

Pros:

- **Flexibility for local needs**: As a block grant, HOME allows states and localities—called Participating Jurisdictions (PJs)—to decide which affordable housing initiatives to fund. This lets them tailor strategies to their specific community needs, focusing on areas like new construction, homebuyer assistance, or rental rehabilitation.
- **Encourages partnerships:** The program requires PJs to partner with Community Housing Development Organizations (CHDOs), a specific type of non-profit. This requirement builds the capacity of local non-profits and fosters collaboration in developing affordable housing.
- **Mobilizes matching funds:** PJs must provide a 25% match for every dollar of HOME funds they receive. This leveraging requirement mobilizes additional public and private resources for affordable housing projects, stretching federal dollars further.
- **Serves low-income households:** HOME funds are specifically targeted to households at or below 80% of the Area Median Income (AMI), with at least 90% of funds for rental projects going to those at or below 60% of the AMI. This ensures the program directly benefits those with the greatest housing needs.
- **Expands housing options:** HOME funds can be used for a wide variety of activities, including:
    - New construction and rehabilitation of rental housing
    - New construction and rehabilitation of owner-occupied housing
    - Direct financial assistance for homebuyers
    - Tenant-based rental assistance (TBRA)

Cons

- **Inconsistent funding levels:** The program has been plagued by inconsistent and declining funding over time, especially following the 2008 financial crisis. Cuts have reduced the number of affordable homes built or preserved, limiting the program's overall impact.
- **Administrative challenges for PJs:** PJs face administrative burdens, including a five-year deadline to spend allocated funds and detailed project-specific requirements, which can slow down the development process.
- **Matching fund hurdles:** The 25% matching requirement can be a challenge for cash-strapped PJs, especially for smaller or rural communities with limited revenue streams.
- **Can indirectly increase housing costs:** Studies have shown that some investments, particularly in conjunction with other block grants like CDBG, have been associated with neighborhood housing price increases. While this can indicate successful revitalization, it also raises concerns about potential displacement of low-income residents.
- **Program complexity and oversight:** While flexibility is a strength, it can also lead to challenges in program oversight. HUD must balance giving PJs discretion with ensuring funds are used prudently and for their intended purpose, which can be difficult to monitor effectively.

Low Income Housing Tax Credit program (LIHTC)

The Low-Income Housing Tax Credit (LIHTC) program is the largest source of new affordable housing in the U.S. and is crucial for creating and rehabilitating rental units for lower-income households. However, it has been criticized for its complexity, inefficiency, and limitations in addressing the full scope of housing needs.

Pros:

- **Encourages private investment.** The LIHTC program effectively leverages private capital to address a public need. By offering investors a dollar-for-dollar reduction in their federal tax liability, the program incentivizes participation in affordable housing development, which might not otherwise be profitable.
- **Expands affordable housing stock**. Since its inception in 1986, LIHTC has funded the construction or rehabilitation of millions of affordable rental units across the country. In some years, LIHTC-supported developments have accounted for a significant portion of all newly built multifamily housing.
- **Supports diverse project types.** The program can be used to fund the construction of new buildings, the rehabilitation of existing ones, and even the conversion of non-residential properties like motels or schools into multifamily housing.
- **Long-term affordability.** Properties funded through LIHTC are required to maintain affordability for a minimum of 30 years, often longer, ensuring the long-term availability of low-cost housing.
- **Combines with other funding.** LIHTC can be used alongside other financing sources, such as grants and loans, to cover project costs. For example, some developers use LIHTC in conjunction with tax-exempt bonds to fund projects.

Cons

- **Complexity and high costs.** The LIHTC program is notoriously complex and difficult to navigate, creating significant "soft costs" for developers and investors. The lengthy and bureaucratic process, often dictated by state-level Qualified Allocation Plans (QAPs), can lead to project delays and higher per-unit construction costs compared to market-rate projects.
- **Inefficient subsidy.** A substantial portion of the federal subsidy can be absorbed by the transaction costs of the program rather than benefiting the tenants. Studies have indicated that much of the financial benefit is captured by developers and investors rather than low-income households.
- **Vulnerability to market changes.** The program's reliance on corporate tax liabilities makes it susceptible to fluctuations in the market. When corporate taxes are cut, as they were in 2017, the value of tax credits can decrease, which can lower investment and affordable housing production.
- **Risk of losing affordability.** After the 30-year compliance period ends, property owners can seek to convert their units to market-rate rents. This creates a risk that thousands of affordable units could be lost from the housing stock over time, though some states enforce longer affordability requirements.
- **Potential for segregation and uneven distribution.** State housing agencies, which allocate the credits, have been criticized for sometimes approving LIHTC projects in ways that concentrate affordable housing in areas that are already segregated and lack access to economic opportunity. This can reinforce existing patterns of poverty.
- **Doesn't serve the lowest incomes.** While LIHTC projects provide affordable housing, the rents are not always affordable enough for the lowest-income households. Many residents require additional subsidies, such as housing vouchers, to afford the capped rents, limiting the program's effectiveness for the most vulnerable populations.

WA State Housing Trust Fund (HTF)

The Washington State Housing Trust Fund (HTF) is a critical source of financing for affordable housing projects, but like other government funding programs, it has both significant strengths and notable drawbacks.

Pros:

- **Flexible and versatile funding.** The HTF is used for a variety of affordable housing needs, including new construction and preservation of multifamily rental housing, emergency repairs, supportive housing, and homeownership assistance. This flexibility allows the state to address diverse housing challenges across urban and rural areas.
- **Serves the most vulnerable.** A key benefit is its focus on serving the lowest-income households, including those with special needs, individuals experiencing homelessness, seniors, and people with disabilities. HTF funding is often crucial for projects that are not financially viable through other funding streams, such as the Low-Income Housing Tax Credit (LIHTC).
- **Leverages additional investment.** The HTF is highly effective at attracting other public and private financing. For every dollar of HTF money invested, it leverages significant additional funding, maximizing the state's investment and allowing for more units to be built.
- **Prioritizes rural areas.** By statute, a certain percentage of the HTF's funds must be directed to rural areas, ensuring that less-populated communities also receive investments in affordable housing.
- **Supports non-profits and local governments.** HTF funding is administered through state grants and loans to local governments, housing authorities, and non-profit organizations. This strengthens the capacity of local partners to develop and manage affordable housing projects.

Cons:

- **Funding is insufficient to meet demand.** Despite recent record-level investments, the need for affordable housing in Washington State far outpaces the available HTF funding. In a recent funding cycle, less than half of the applicants received money, indicating that many viable projects miss out on necessary financing.
- **Subject to biennial budget battles.** As an appropriated fund, the level of HTF funding can fluctuate, depending on the state's political and economic climate during each two-year budget cycle. This creates a degree of unpredictability compared to dedicated funding sources.
- **Administrative challenges.** The fund's competitive application process and strict guidelines, while necessary for oversight, can be challenging for applicants to navigate. This may favor more experienced developers and potentially disadvantage smaller or newer community-based organizations.
- **Reliance on leveraging can be a weakness.** While leveraging other funds is a strength, it also means that the overall success of HTF-funded projects depends on the availability of other financing sources. If economic conditions change, and those additional funds dry up, some projects may be stalled or abandoned.
- **Competition for funds.** Because the HTF is often the primary source of state funding for low-income projects, the competition for funds is intense. This can cause delays for projects and limit the ability of the state to scale up affordable housing production rapidly enough to meet the growing need.

Connecting Housing to Infrastructure Program (CHIP)

The Washington State Connecting Housing to Infrastructure Program (CHIP) provides grants to local governments to cover the expensive infrastructure costs associated with new affordable housing projects. While the program helps to reduce a major financial barrier to development, it is hampered by limited funding and a competitive, project-by-project funding model.

Pros:

- **Reduces development costs.** The primary benefit of CHIP is that it removes a significant financial barrier to building affordable housing by funding the infrastructure needed to support it. This can include on-site and off-site water, sewer, and stormwater improvements, as well as waived system development charges.
- **Leverages additional funding.** By paying for infrastructure, CHIP makes projects more viable and ready for other funding sources, such as the Washington State Housing Trust Fund (HTF) or federal Low-Income Housing Tax Credits (LIHTC). In essence, it helps get projects "off the ground" so they can attract other investment.
- **Partnership-driven**. To receive CHIP funds, cities, counties, or public utility districts must partner with affordable housing developers. This encourages collaboration and aligns the goals of municipalities with those of housing providers.
- **Addresses a specific need.** The program directly targets a pain point for affordable housing development, especially in rural areas, where infrastructure improvements can be prohibitively expensive. It allows projects that might otherwise be abandoned to move forward.
- **Benefits local taxpayers.** When a local government uses CHIP funds to waive system development charges (SDCs) for affordable projects, the cost of that waiver is covered by the state grant, rather than by local taxpayers.

Cons:

- **Insufficient and competitive funding.** Demand for CHIP grants consistently outstrips available funding. For example, in 2024, the Department of Commerce received applications for over $48 million in infrastructure funding, but had only $12.7 million to award. This means many viable projects miss out on the financial assistance they need.
- **Focuses on symptoms, not root causes.** As one commentator noted, CHIP funding is provided on a "project-by-project basis" instead of helping jurisdictions proactively plan and invest in large-scale infrastructure projects that could support multiple affordable housing developments. While helpful, this model does not systematically address the high cost of infrastructure statewide.
- **Complicated and bureaucratic.** While the CHIP program has clear goals, the application process and requirements can be complex for applicants. For example, projects must meet specific criteria, such as being in a jurisdiction with a qualifying affordable housing tax and starting construction within 24 months of the award.
- **Uneven distribution of funds.** While the program prioritizes applicants outside of Seattle and King County, there is still intense competition, and smaller or less experienced local jurisdictions may face challenges competing with larger, more established applicants.
- **Contingent on state budgets.** The program's funding is determined by appropriations in the biennial State Capital Budget. This means that funding is not guaranteed and can fluctuate, making long-term planning difficult.

Bainbridge Island Housing Trust Fund (BIHTF)

The Bainbridge Island Housing Trust Fund (BIHTF) is a local funding source intended to support affordable housing development on Bainbridge Island. Like other local trusts, it offers flexibility to address specific local needs but is limited by a small funding base and competition with other regional initiatives.

Pros:

- **Flexible and versatile funding**: According to the Bainbridge Island Municipal Code, the fund can be used for a wide range of affordable housing activities, including:
    - Repair and rehabilitation for seniors and disabled residents.
    - Financial and technical assistance for qualified housing projects.
    - Assistance for non-profit and private organizations developing housing.
    - Financial aid for utility connections.
- **Addresses diverse local needs:** A 1998 Mayor's study noted that the fund targets moderate- and lower-income residents, such as "clerks, teachers, public employees, wait staff, artists, crafts people, skilled workers". This focus helps serve the local workforce, which is crucial for the island's economic health.
- **Encourages private investment:** The fund uses a public-private partnership model. A 2008 policy plan indicates that private donations are matched dollar-for-dollar by city general funds, which helps to leverage private giving for public good.
- **Supports non-profit partners:** The BIHTF provides assistance directly to non-profits, such as Housing Resources Bainbridge (HRB), and other developers to fund projects like the Wintergreen Townhomes.
- **Funds multiple housing types:** The fund's policy plan guides assistance for a range of housing types, including rental housing, homeownership opportunities, and transitional housing.
- **Supports community land trusts:** The BIHTF and city policies work in tandem with non-profits like Housing Resources Bainbridge, which operates as a community land trust. This model creates permanently affordable housing by retaining ownership of the land and controlling the resale price of homes.

Cons:

- **Limited funding sources:** The primary funding sources are private donations and city matches, as well as optional "fee-in-lieu" payments from developers. This model is more vulnerable to economic shifts and donor interest compared to dedicated, revenue-based funds. In 2019, for example, the fund had approximately $250,000 in unprogrammed funding, a relatively small amount given the island's high housing costs.
- **Competition for funds:** The fund's limited resources mean it cannot support every housing project on the island. The city's 2018 Affordable Housing Task Force Final Report noted that the island's affordable housing units accounted for only 3% of the total, a strong indicator that current programs are not meeting demand.
- **Vulnerability to high land values:** With Bainbridge Island's high property values, the BIHTF has a limited ability to purchase land outright or finance large-scale projects without relying on additional state or federal funding and other creative financing.
- **Program complexity and oversight:** The fund's management, including a citizen Executive Committee and oversight by the City Council, adds layers of bureaucracy and potential delays for projects. In 2018, an Affordable Housing Task Force noted issues with the "income criteria" of the existing program, indicating a need for review.
- **Inadequate to address the scale of the problem:** Bainbridge Island faces a significant affordability crisis, with a 2022 survey finding that the city was in the bottom 3% nationally for affordable housing availability. The BIHTF, while useful, is not large enough to single-handedly solve this problem and must be used in conjunction with other state and federal funding programs, such as the Washington State Housing Trust Fund.

Real Estate Excise Tax

Using revenue from a local Real Estate Excise Tax (REET) is a strategy Bainbridge Island, Washington, could potentially use to address its significant affordable housing crisis. Washington State law governs the uses of REET funds, primarily for capital projects, but recent legislative changes have expanded the ability for some jurisdictions to use it for affordable housing.

Pros:

- **Dedicated funding source**: REET provides a steady, dedicated revenue stream specifically tied to real estate transactions. This offers a more consistent and potentially larger funding source for affordable housing compared to relying solely on private donations or competitive state and federal grants.
- **Protects current vulnerable residents.** REET funding comes when ownership changes. Unlike property tax, REET minimizing displacement effects on current residents who bought their homes at a lower value and have experienced appreciation.
- **Funds critical needs:** REET funds can be used for the acquisition, construction, and rehabilitation of affordable housing units. New legislation also allows greater flexibility for using REET 1 funds for maintenance and operational support for existing affordable housing capital projects. This provides support throughout the housing life cycle.
- **Ties funding to development impact**: Since the tax is levied on real estate transactions, it can be argued that those benefiting from the real estate market contribute to mitigating its affordability challenges.
- **Potential to address the housing crisis:** Bainbridge Island faces a severe affordability crisis, with housing prices continuing to rise and limited housing inventory. A significant and dedicated funding source like REET could help make a measurable impact on the problem, potentially creating more units than smaller, existing programs alone.

Cons:

- **Volatility of revenue:** REET revenue is tied directly to the real estate market. During economic downturns or periods of slow market activity, the revenue stream could decrease significantly, impacting the stability and predictability of funding for affordable housing projects.
- **Tax burden on property transactions:** While usually paid by the seller, the REET is a tax on property transactions. In a less active market, it could potentially be seen as a disincentive to selling or as an added cost that could indirectly affect buyers through higher prices.
- **Legal restrictions and eligibility:** The use of REET for affordable housing is subject to specific state laws and limitations. While HB 1791 expanded allowable uses for REET 1 and 2, not all jurisdictions may be eligible for the 0.5% affordable housing REET option, and there are still rules about how much of REET 1 and 2 can be allocated for operations and maintenance. Bainbridge Island, as a city, can impose the local affordable housing REET only if Kitsap County has declared it will not impose it, or if the county hasn't imposed it by January 1, 2027.
- **Potential for political opposition:** Implementing or increasing a REET, even for a purpose like affordable housing, can face opposition from some residents or real estate interests who may view it as an additional tax burden.
- **May not be enough on its own:** While REET can provide a substantial amount of funding, the scale of Bainbridge Island's affordable housing crisis is significant. Even with REET revenue, the city would likely still need to leverage other state, federal, and local funding sources, and implement zoning changes, to meet the full demand for affordable housing. The median home price on Bainbridge Island reached $1,281,500 in August 2025

Sales Tax Increase

In Washington State, cities like Bainbridge Island can utilize the Housing & Related Services Sales Tax, an optional 0.1% sales and use tax, to fund affordable housing initiatives. If Kitsap County has not already imposed this tax, Bainbridge Island could implement it through a simple majority vote by the city council, though voter approval is also an option. Poulsbo, another city in Kitsap County, approved a 0.1% sales tax increase in 2024, expecting to raise $425,000 annually. This revenue would be used for projects like building cottages to house women and children.

Pros:

- **Dedicated Funding:** The tax provides a consistent source of revenue specifically for affordable housing and related services.
- **Supports Vulnerable Groups:** At least 60% of the funds must be used for creating or acquiring housing or behavioral health facilities for low-income populations (at or below 60% of the county median income), including people with disabilities, veterans, seniors, the homeless, youth, and domestic violence survivors.
- **Operational Costs:** The revenue can also cover the operation and maintenance expenses of new affordable housing units and facilities.
- **Behavioral Health and Services:** Remaining funds can be allocated to behavioral health treatment programs or housing-related services.
- **Access to State Funding:** Implementing the local sales tax can qualify jurisdictions for a larger share of the state's HB 1406 Affordable Housing Sales Tax Credit.
- **Councilmanic Option:** Since 2020, the city council can implement the tax with a simple majority vote, without requiring voter approval.

Cons:

- **Economic Sensitivity:** Sales tax revenue can be unpredictable due to fluctuations in the economy and consumer spending.
- **Regressive Nature:** Sales taxes can disproportionately affect lower-income households compared to higher-income households.
- **County Implementation:** If Kitsap County has already implemented the 0.1% tax, Bainbridge Island cannot but would receive its portion of the revenue.
- **Limited Impact:** A 0.1% sales tax might not generate enough revenue to fully address Bainbridge Island's significant affordable housing needs.
- **Competition:** Other cities in the county may also implement the tax, potentially creating competition for eligible projects and for residents seeking assistance.
- **Funding Restrictions:** The specific requirements for fund usage, such as income limits for beneficiaries and percentages for operations, could limit flexibility for certain projects.

Property Tax Increase – Housing Levy

Property tax is a potential funding source for affordable housing on Bainbridge Island, either through a voter-approved levy or through tax incentive programs. While it can provide substantial and consistent revenue, it also comes with notable drawbacks, including voter approval hurdles and potential burdens on residents.

Pros:

- **Significant and reliable revenue stream:** A property tax levy, like the ones used in Seattle, can generate substantial and predictable revenue over a fixed period (often seven to ten years). This consistency allows for long-term planning and investment in affordable housing projects.
- **Consistent tax base:** Property tax revenue is based on the value of a property and tends to be more stable than sales tax, which is dependent on consumer spending and can fluctuate with the economy.
- **Direct control:** A voter-approved levy gives the community direct control over how tax dollars are allocated and requires a clear plan for expenditures. In Bainbridge's case, this would require detailing how funds would address the affordable housing emergency on the island.
- **Can serve the lowest income households:** Unlike some programs with stricter income requirements, an affordable housing levy can be designed to create and preserve housing for very low-income households, including those experiencing homelessness.
- **Multi-use funding:** According to state law (RCW 84.52.105), levy funds can be used for programs that promote affordable homeownership, assist with owner-occupied home repair, or prevent foreclosure for low-income households.

Cons:

- **Requires voter approval:** A voter-approved levy is not guaranteed. A property tax increase can be a tough sell, especially in a community like Bainbridge Island with many retirees and families on limited and/or fixed incomes.
- **Regressive burden**: While property taxes are sometimes seen as a progressive tax, they can be regressive for vulnerable lower-income homeowners or those on fixed incomes. Landlords may also pass tax increases onto their renters. In Washington, senior citizens, people with disabilities, and veterans who meet certain income requirements may be exempt from levy increases.
- **Competition for tax dollars:** A property tax increase for affordable housing would compete with other potential tax requests for schools, parks, or other public services.
- **Can increase housing costs indirectly:** Incentivizing affordable development through property tax exemptions, like Bainbridge's Multifamily Property Tax Exemption (MFTE) program, shifts the tax burden to other property owners in the city and may accelerate housing unaffordability.
- **Limited scope for MFTE program:** Bainbridge Island already uses a partial property Multi-Family Tax Exemption program (MFTE) to incentivize affordable housing. However, this program is limited to specific areas and only for multifamily projects. It incentivizes, rather than directly funds, affordable housing.

Lodging Tax Increase

On Bainbridge Island, the lodging tax is primarily used to fund tourism promotion. However, Washington state law provides a path for lodging tax revenue to support affordable workforce housing under specific circumstances. The city could also choose to implement a new lodging tax specifically on short-term rentals (STRs) under recent legislation (ESSB 5576), with the explicit purpose of funding affordable housing.

Pros:

- **Dedicated revenue source**: The tax provides a consistent stream of revenue specifically from visitors, rather than placing a tax burden on local residents.
- **Links funding to tourism impact**: In communities with robust tourism, such as Bainbridge Island, the lodging tax helps connect the economic impact of tourism, which often leads to a rise in STRs and a reduction in long-term rental stock with a funding source to mitigate that impact.
- **Funds multiple affordable housing activities:** Depending on the specific tax authority used, lodging tax revenues can support various initiatives, including:
    - Acquisition and construction of affordable housing
    - Repaying bonds issued for affordable workforce housing
    - Operating costs for affordable or supportive housing
    - Supportive housing programs, temporary shelters, and housing infrastructure
- **Recent state legislation provides clear authority:** The passage of ESSB 5576, which allows a new lodging tax on STRs, removes ambiguity about how to use that specific revenue for affordable housing.
- **Targets a specific market segment:** A tax on STRs specifically addresses the conversion of permanent housing to transient lodging, a problem identified in many tourist-heavy communities.

Cons:

- **Limited funding scope for traditional lodging taxes:** Bainbridge Island's current 4% lodging tax is restricted to funding tourism-related facilities and promotion. Using it for affordable housing is only allowed for repaying bonds for "workforce housing within a half-mile of a transit station," which significantly limits its potential impact.
- **Vulnerability to economic shifts:** Lodging tax revenue is directly tied to tourism and travel trends. A decline in tourism, as seen during the COVID-19 pandemic, can result in a significant drop in revenue.
- **Potential for political opposition:** While proponents argue the tax is fair because tourists pay it, STR owners and operators may argue that it places an additional, unfair burden on their businesses, especially on smaller, owner-operated rentals.
- **Potential for weak enforcement**: Effectively taxing STRs requires robust enforcement, especially if exemptions are included. Some opponents argue that a new STR tax could be difficult to enforce and may not generate significant revenue.
- **Insufficient funding for the scale of the problem**: Bainbridge Island's affordable housing crisis is severe. Even with a new, dedicated lodging tax, the funds generated may not be sufficient to significantly address the scale of the need. For example, the city's annual lodging tax revenue in previous years has been around $214,000 to $345,000

In-Lieu Development Fees

On Bainbridge Island, in-lieu fees allow developers to pay a fee to the city's housing trust fund instead of providing the required number of affordable units within their projects. This approach has both benefits and drawbacks compared to mandatory on-site affordable housing.

Pros:

- **Flexible funding for targeted needs:** Funds from in-lieu fees can be collected into a housing trust fund and used more strategically than scattered on-site units. On Bainbridge Island, these funds can be allocated to projects that address specific needs, such as supportive housing for individuals with disabilities, or to assist with critical repairs for existing low-income homeowners.
- **Greater number of affordable units:** In-lieu fees, if properly calculated and deployed, can sometimes produce more affordable units off-site than on-site. A non-profit affordable housing developer can leverage the funding with other sources, like tax credits, to build a larger number of units in a less costly location.
- **Maintains financial feasibility for developers:** In expensive real estate markets like Bainbridge Island, the cost of building on-site affordable units can be prohibitive for developers and may jeopardize the financial viability of a project. The in-lieu fee provides a more predictable and manageable cost for the developer.
- **Prevents "poor doors" and promotes integration:** When affordable units are built on-site, they are sometimes physically segregated from market-rate units, creating a "poor door" phenomenon. Off-site units, funded by in-lieu fees, can avoid this issue, although community integration is not guaranteed.

Cons:

- **Potential for reduced affordable housing development:** If the in-lieu fee is set too low, developers may choose to pay the fee rather than build affordable units, resulting in a net decrease of affordable housing units overall. On Bainbridge, the city has faced challenges with its voluntary affordable housing program, which includes an optional fee-in-lieu for certain lots.
- **Loss of on-site integration:** Critics of in-lieu fees argue that they can lead to the concentration of affordable housing in lower-income areas and reduce the economic diversity of market-rate developments. This can exacerbate existing patterns of segregation rather than promoting mixed-income communities.
- **Dependence on external factors:** For in-lieu fees to be effective, a city needs a strong system in place, including:
    - Sufficient staff capacity to manage the fund and projects
    - Partner organizations, like non-profit housing developers, to build the units
    - The availability of other financing sources to leverage the fees
- **High land costs can limit effectiveness:** On Bainbridge Island, the high cost of land poses a challenge for any affordable housing strategy, including those funded by in-lieu fees. The fund must accumulate enough revenue to overcome the high acquisition and construction costs.
- **Can be difficult to set the fee correctly:** Determining the appropriate fee requires a careful economic analysis. If it is too low, developers will always choose the fee. If it is too high, it could make development of any kind unfeasible.

Transfer Development Rights (TDRs)

Transfer of Development Rights (TDR) is a market-based tool that can be used to promote affordable housing on Bainbridge Island. The mechanism relocates development potential from designated “sending areas,” where a community wants to preserve existing land uses, to “receiving areas,” where higher density is desired. This program was previously developed but recently suspended by COBI.

Pros:

- **Preserves existing affordable housing:** A TDR program can be designed to allow property owners of existing affordable housing, such as mobile home parks, to sell their unused development rights. This provides revenue for the current owner and helps preserve the housing, protecting it from redevelopment.
- **Funds affordable housing preservation and rehabilitation**: As seen in Seattle's TDR program, the funds generated from selling TDRs can be used to preserve and rehabilitate affordable housing, extending its lifespan.
- **Encourages density in appropriate areas:** TDR programs, when structured effectively, can channel growth toward designated receiving areas, such as the Winslow area on Bainbridge Island. This focuses density in areas with existing infrastructure and supports a more walkable, compact community.
- **Leverages private investment for public good:** The program uses private market transactions to achieve a public goal without relying solely on tax revenue. It compensates owners who forgo development in sending areas and provides incentives for developers to build in receiving areas.
- **Supports multiple community goals:** TDR is a flexible tool that can also be used to achieve other community goals, such as preserving rural and open spaces, protecting historic landmarks, and reducing sprawl.
- **Preserves water and minimizes environmental impacts,** groundwater recharge capability protection.

Cons:

- **Difficulty in creating an effective market:** The success of TDR depends on a healthy and active market for development rights. This requires strong demand for increased density in the receiving areas. However, opposition from residents in receiving areas can limit the demand for TDRs and stifle the program.
- **Program complexity:** TDR programs can be complex and difficult to design and administer. They require significant upfront planning, ongoing management, and careful balancing of incentives.
- **Potential for limited impact:** In Washington State, some TDR programs, including those in Seattle and King County, have been criticized for being ineffective in practice due to restrictions and high costs. This suggests that a TDR program on Bainbridge Island might yield limited results if not designed carefully.
- **Can be difficult to balance competing incentives:** Bainbridge Island would need to ensure that the TDR program doesn't undermine other affordable housing incentives, such as density bonuses. The two systems must be carefully calibrated to avoid creating conflicts.
- **Vulnerability to market fluctuations:** The TDR market is reliant on developer interest and a healthy real estate market. During economic downturns, demand for TDRs can decrease, undermining the program.
- **High land costs:** Bainbridge Island’s high property values pose a challenge for any affordable housing strategy. A TDR program might need to generate significant financial value to be competitive in a high-cost market.

USDA Homeownership Direct Loan Program (Section 502)

The USDA 502 Direct Loan Program is an option for affordable housing programs on Bainbridge Island. The program is designed for very low- and low-income buyers in specific rural areas.

Pros:

- **Low-interest financing:** Direct loans offer subsidized, fixed interest rates as low as 1% based on household income, making homeownership significantly more affordable.
- **No down payment:** Borrowers are not required to make a down payment, removing a major barrier for low-income buyers.
- **No mortgage insurance:** Direct loans do not require private mortgage insurance (PMI), reducing monthly payments.
- **Flexible credit standards:** The program has more lenient credit requirements than conventional loans, enabling people with less-than-perfect credit to qualify.
- **Extended repayment terms:** Longer repayment terms, up to 38 years for very-low-income borrowers, can reduce monthly mortgage payments.
- **Renovation costs can be financed**: Funds can be used to purchase, repair, renovate, or relocate a home, helping to create or improve affordable housing stock.

Cons:

- **Limited availability**: The USDA 502 Direct Loan Program is for individuals, not developers or affordable housing organizations. It is the individual, very low-income homebuyer who applies for the direct loan, which must be their primary residence. Other USDA programs exist for developers, but Section 502 is not for building large-scale affordable housing units.
- **Low-income limits**: The direct loan program has strict income limits, capping eligibility at very low or low income. This is a much lower threshold than for the USDA guaranteed loan program.
- **Longer processing times**: Because the loans are handled directly by the USDA rather than through a private lender, the underwriting and closing processes can take longer than conventional loans.
- **Upfront and annual fees**: While lacking mortgage insurance, the USDA program charges both an upfront guaranteed fee (1%) and an annual fee (0.35%).
- **No investment properties**: The loans are only for primary residences

Mandatory Inclusionary Zoning

A mandatory inclusionary zoning (IZ) policy for Bainbridge Island has strong arguments both for and against it. It would likely increase the number of affordable units and create mixed-income neighborhoods, but it also carries the risk of deterring some new development and increasing market-rate housing costs.

Pros:

- **Increases affordable housing supply**: In a strong market like Bainbridge Island, mandatory IZ is a reliable tool to generate new affordable units. Evidence from cities nationwide and in the Puget Sound region shows that mandatory programs produce more affordable housing than voluntary ones. Washington state law requires these units to be affordable for at least 50 years, securing long-term benefits.
- **Creates economically diverse communities:** IZ integrates affordable units directly into market-rate developments, promoting mixed-income neighborhoods across the island. This can help counter the effects of exclusionary zoning and reduce income segregation. Local nonprofit Housing Resources Bainbridge (HRB) supports this integrated approach.
- **Leverages private investment**: The policy uses the value created by new market-rate development to finance affordable housing, reducing the need for direct public subsidies. Developers absorb the cost, often in exchange for incentives like density bonuses.
- **Places affordable units in high-opportunity areas**: By tying affordable units to new development, IZ ensures that lower-income households can live in areas with better access to jobs, schools, amenities, and transit.
- **Offers developer flexibility:** A well-designed mandatory program can give developers options to meet the requirement, such as building affordable units on-site, paying an in-lieu fee, or constructing units off-site. This flexibility, combined with density bonuses and other incentives, can make projects viable.
- **Helps meet housing targets:** State legislation (HB 1220) requires Bainbridge Island to plan for housing across all income levels. Mandatory IZ helps satisfy this requirement by ensuring that new development contributes to affordable housing goals.

Cons:

- **Risk of reduced housing production:** If the required affordability percentage is too high and incentives (like density bonuses) do not adequately offset the costs, developers may find new projects financially unfeasible. This could slow down overall housing construction, including market-rate units.
- **Potential increase in market-rate prices:** To compensate for the cost of providing affordable units, developers may increase the price of the market-rate homes in the development. This could place a greater burden on other market-rate buyers and renters.
- **Dependence on market conditions:** The effectiveness of IZ is tied to a strong housing market with active new construction. While Bainbridge Island has a robust market, a significant economic downturn could stall development and, in turn, the production of new affordable units.
- **Administrative complexity**: Implementing and managing a mandatory IZ program is complex. The city would need dedicated staff and resources to administer the policy, monitor compliance, and ensure units remain affordable long-term through covenants.
- **Potential for legal challenges:** Critics sometimes argue that IZ is an unconstitutional "taking" of private property. To defend against these claims, cities must conduct "nexus studies" to demonstrate the need for affordable housing generated by new development and ensure requirements are proportional.
- **Limited scope and depth:** IZ is not a complete solution to a housing crisis. The number of units produced is typically modest relative to overall need. While it helps moderate-income households, it may not produce a significant number of units affordable to the lowest-income residents without additional subsidies.
- **Potential for unintended consequences**: In some areas, IZ can incentivize the demolition of older, less expensive buildings to make way for new developments that contain fewer, overall higher-priced units. However, this risk is mitigated when IZ is used alongside upzoning and careful planning.

Creating a Local Housing Authority

Creating a Local Housing Authority (LHA) on Bainbridge Island could offer significant advantages in addressing the well-documented housing affordability crisis, but it also carries potential challenges. The decision to establish one would involve weighing the potential for a more focused and powerful affordable housing strategy against the risks of increased bureaucracy and implementation issues.

Pros:

- **Dedicated and expert management:** An LHA is an independent public corporation with staff solely dedicated to developing, managing, and advocating for affordable housing. This would provide Bainbridge with a focused, professional body that can bypass the administrative constraints faced by city government departments.
- **Enhanced access to funding:** Housing authorities can access federal funding streams, such as HUD grants and Low-Income Housing Tax Credits (LIHTC), that are not available to local city governments. This could significantly expand the financial resources for affordable housing projects beyond what is currently possible through the city budget or local fundraising.
- **Long-term control of assets:** An LHA can own and manage properties, ensuring that affordable housing assets remain under local control for the long term. This prevents properties from being converted to market-rate units and ensures a permanent supply of affordable homes. State law in Washington allows housing authorities to acquire properties at low or no cost.
- **Potential for economic vitality:** By creating stable, affordable housing for the local workforce, an LHA can support local businesses that struggle to attract and retain employees. Increased housing stability for low- and moderate-income residents also puts more disposable income back into the local economy.
- **Coordination with regional efforts:** A Bainbridge LHA could coordinate with Kitsap County and other regional entities to align strategies for financing and building affordable housing, as outlined in the city's Housing Action Plan. This leverages larger-scale planning to achieve local goals more effectively.

Cons:

- **Potential for creating a new bureaucracy:** Establishing an LHA means creating a new, independent public agency with its own governing board and administration. This could introduce a new layer of bureaucracy and governance complexity to the island's existing structure.
- **Implementation and reputation risks:** If not managed effectively, a new LHA could face bureaucratic delays and potentially develop a poor reputation with developers and the community. In other places, housing agencies have faced difficulties, which can cause local landlords to be hesitant to participate in rental assistance programs.
- **Siting and community pushback:** Even with an LHA, new affordable housing projects can face significant opposition from residents concerned about changes to neighborhood character, traffic, and property values. The current conversation around specific affordable housing projects on the island demonstrates that community concerns exist regardless of the development entity.
- **Cost and complexity of new construction:** Building new affordable housing is expensive and complex, particularly on an island with high land costs. The financing for subsidized housing is often more complex than for market-rate housing, which can lead to longer development timelines.
- **Not a guaranteed quick fix:** An LHA is not a panacea for all housing problems. As the Bainbridge Island Housing Action Plan notes, there is no single strategy to resolve all complex housing affordability challenges. The

References

Federal programs

U.S. Department of Housing and Urban Development (HUD): The ultimate source for information on federal housing programs like CDBG and HOME. HUD publishes program rules, funding announcements, and statistics on program outcomes. [4, 5]

HUD User: A website managed by HUD that provides data, research, and technical assistance related to housing programs. This resource is valuable for understanding the specifics of CDBG and HOME, including eligibility and spending requirements. [4, 5]

Washington State Housing Finance Commission (WSHFC):g The WSHFC is the primary state entity that administers federal tax credit programs, including LIHTC, in Washington. The commission’s website provides program details, application information, and Qualified Allocation Plans. [6, 7]

HUD User: A website managed by HUD that provides data, research, and technical assistance related to housing programs. This resource is valuable for understanding the specifics of CDBG and HOME, including eligibility and spending requirements. [24, 25]

WSHFC: The primary state entity that administers federal tax credit programs, including LIHTC, in Washington. The commission’s website provides program details, application information, and Qualified Allocation Plans. [26, 27]

State of Washington programs and legislation

Washington State Department of Commerce: The Department of Commerce is the state agency responsible for implementing and overseeing many of Washington's affordable housing initiatives. Its website provides guidance on programs like:

- HB 1220: Provides guidance and requirements for jurisdictions to meet their housing planning goals. [1]
- Connecting Housing to Infrastructure Program (CHIP): Outlines program rules and funding opportunities for infrastructure grants. [9, 10]
- Washington State Housing Trust Fund (HTF): Provides details on funding cycles, priorities, and requirements for HTF-funded projects. [8]

Affordable Housing Action: A non-profit organization that advocates for affordable housing policies in Washington State. It provides analysis and information on legislative changes, such as the expansion of REET flexibility via HB 1791. [15]

Bainbridge Island, WA resources

City of Bainbridge Island: The city's website and municipal code contain official information on local affordable housing policies and programs, including:

- Bainbridge Island Municipal Code: Outlines the legal framework for the city's housing trust fund and other related regulations. [11]
- Affordable Housing Task Force Final Report (2018): Provides a comprehensive overview of the city's affordable housing challenges and recommendations for addressing them. [14]
- Housing Resources Bainbridge: Information about the city's long-standing non-profit partner in affordable housing, including specific projects like Wintergreen Townhomes. [11]
- Comprehensive Plan: Chapter 15 of the city's plan details the TDR program and its goals. [17]
- Bainbridge Island Housing Trust Fund: Information on the purpose, funding sources, and uses of the trust fund. [11, 12]

REET (Real Estate Excise Tax) examples

City of Seattle Office of Housing: Seattle's Office of Housing has advocated for using REET as a dedicated funding source and has published analyses on its potential revenue generation for affordable housing. [15]

Kirkland, WA: The City of Kirkland's website provides documentation demonstrating its use of local REET 2 funds for affordable housing projects in partnership with ARCH. [15]

San Juan County, WA: Provides details on a special 0.5% REET for affordable housing authorized by prior state legislation. [15]

Sales tax examples

Kitsap Sun: The Kitsap Sun news site reported on the successful implementation of a 0.1% sales tax increase for affordable housing in the city of Poulsbo in 2024. [13]

TDR (Transfer of Development Rights) examples

City of Bainbridge Island: The Bainbridge Island Comprehensive Plan (Chapter 15) outlines the city's TDR program and its application for affordable housing and land preservation. [17]

General resources

Washington State Association of Cities (WSAC): An organization that represents cities and towns across Washington. Its website provides legislative updates and guidance on programs like the short-term rental tax (ESSB 5576). [13, 16]

References

- **Puget Sound Regional Council (PSRC):** The PSRC provides information on its "Housing Innovations Program," detailing how inclusionary zoning (IZ) works in Washington, including long-term affordability requirements (RCW 36.70A.540), incentives like density bonuses, and the potential for mandatory programs based on local market conditions.
- **Municipal Research and Services Center (MRSC):** MRSC, a Washington-focused resource for local governments, offers insights on inclusionary zoning pros and cons and provides context on the history of IZ in the state, referencing examples like Redmond.
- **Urban Institute:** The Urban Institute provided research on the effectiveness and challenges of IZ, including how it functions alongside broader housing policies.
- **National Housing Conference (NHC):** The NHC offered perspectives on the legal and political challenges of implementing IZ, noting arguments made by critics and strategies for successful implementation.
- **MasterClass:** This source presented a balanced overview of the pros and cons of IZ, discussing community integration benefits and the potential for discouraging multifamily housing.
- **Mercatus Center**
- **:** This source provided a critical analysis of IZ, arguing that it may hurt more than it helps by potentially restricting housing supply and increasing market-rate prices, even though it can benefit a small number of households.
- **InclusionaryHousing.org:** This website provided background information on IZ policies, including their prevalence and impact nationwide.

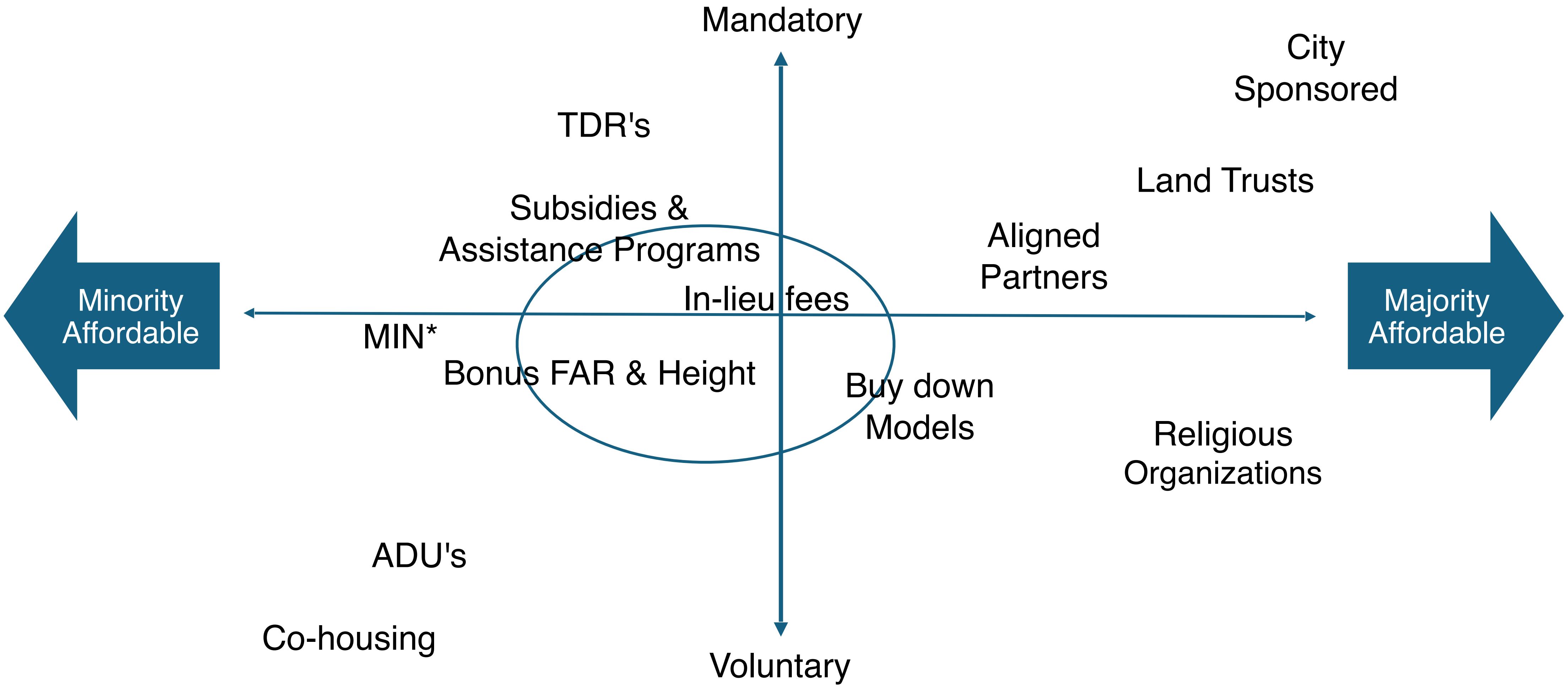
Policies to Review

- **Affordable Housing Overlay Zone**
- Affordable_Housing_Overlay_Zones_Oakley.pdf
- **Housing Trust Fund**
- Everett Affordable Housing Trust Fund 2060 Funds
- Kirkland 112.30.4.c - The payment obligation shall be established prior to issuance of any building permits for the project and shall be due prior to issuance of any certificate of occupancy for the project. Collected payments shall be deposited in the City's Housing Trust Fund account.
- **In – Lieu Fee For Developers**
  Issaquah Ch. 18.514
- Kirkland 112.15.4
- Redmond Section 21.20.050
- Seattle Chapter 23.58C
- **Inclusionary Zoning Policies:**
- Issaquah
- Kirkland
- Mount Vernon
- Seattle
- Portland Oregon - https://www.portland.gov/phb/inclusionary-housing/affordability-requirements
- Marin County - https://www.marincounty.gov/departments/cda/housing-and-grants/creating-housing/affordable-housing-policies-and-fees/inclusionary-policy-and-lieu-fee

Housing Typology Code Samples to Review

- **Middle Housing Model Ordinance – OFM Guide**
  - https://deptofcommerce.app.box.com/s/iik8a7qrb7wkh76obfxpbgs9hzv8ctzy
- **Accessory Dwelling Unit – OFM Guide**
  - https://deptofcommerce.app.box.com/s/cnuqx6zm0zvkuzmu2a4lbox2iwdielg6
- **Co Housing Ordinance**
- Bellingham 10.10.048
  - College Place:
    - CHAPTER 14.50
    - CHAPTER 14.60
- Olympia:
  - Chapter 18.04 – See 18.04.060.F
  - Chapter 18.56 – See 18.56.160

Tools & Programs



My Island Neighbor (proposed)

AHA Program Details - In Lieu Fee

The AHA In Lieu Fee option is designed to provide flexibility for developers subject to the new mandatory 10% inclusionary zoning requirement within Winslow mixed-use districts. Its primary goal is to provide an additional source of income for the Affordable Housing Trust Fund in the event a developer chooses not to build a minimum of 10% affordable units.

How close loopholes for LEED, etc.?
REET options?

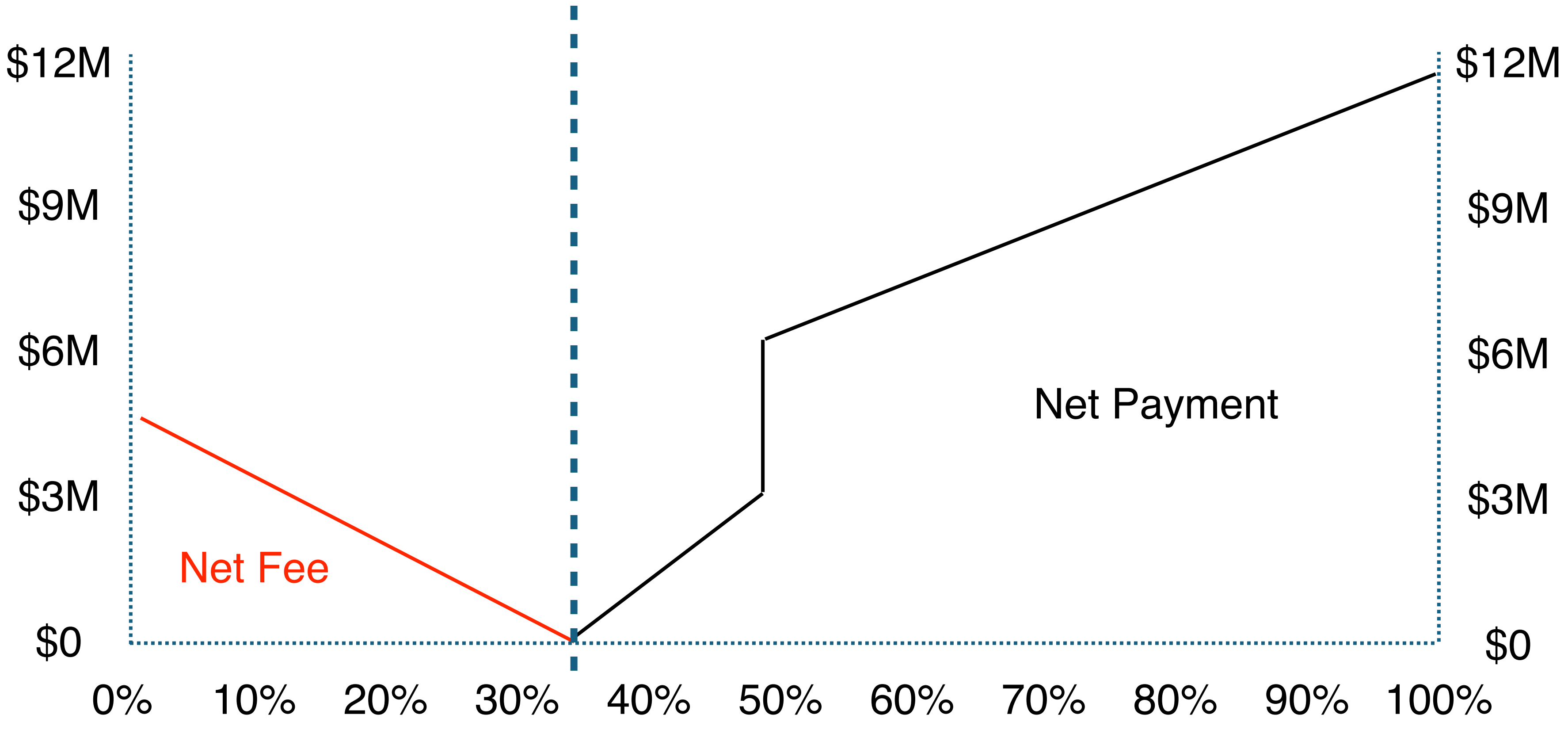
Assumptions for calculations *(illustrative only; not based on Bainbridge-specific conditions)*

- The maximum housing expense affordable to a household making the area median income is $1,500 per month.
- The project is a 100-unit rental development with an average unit size of 1,000 square feet.
- The jurisdiction policy is that 10 percent of rental units must be affordable to those making 50 percent of AMI.
- The capitalization rate is 5 percent. **More like 7%**
- The cost to construct one unit of housing is $250,000. **More like $500K**
- Monthly operating expenses (e.g., owner-paid utilities, fire insurance, and trash removal) are $5,000 per unit per year.

In Lieu Fee calculation methods *(example only)*

Affordability Gap Method "Difference between fair market price of unit and what renters/owners in each AMI range can afford"	**Production Cost Method** "Difference between cost of developing affordable unit and what renters/owners in each AMI range can afford"	**Indexed Based on Project Characteristics** "Product of a square foot charge and the gross floor area; per-project framework"
• Rent loss per unit per month: $1,500 – $750 = $750 • Rent loss per year: $750 x 12 = $9,000 • Rent loss divided by capitalization rate: $9,000 / 0.05 = $180,000 • **In-lieu fee per unit = $180,000** $128,571	• Maximum housing expense per month: $750 • Operating, administrative, and maintenance expenses: $5,000 (annually); $417 (monthly) • Net operating income per month: $750 – $417 = $333 • Net operating income per year: $333 x 12 = $3,996 • Capitalized value: $3,996 / 0.05 = $79,920 • **In-lieu fee per unit: $250,000 – $79,920 = $170,080**	• Total square footage: 100 units x 1,000 sq. ft. = 100,000 sq. ft. • Square footage x fee rate: 100,000 x $10.82 = $1,082,000 • **In-lieu fee per unit: $1,082,000 / 10 = $108,200**

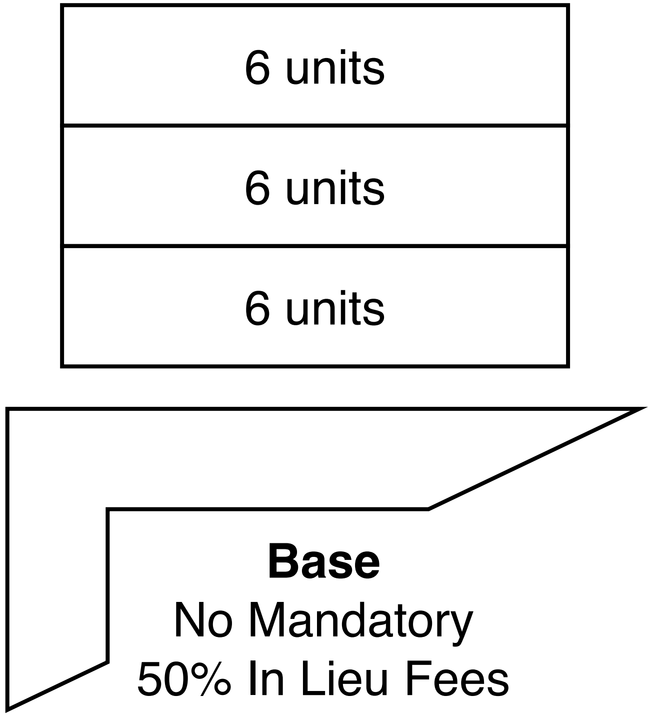
BI Appropriate In Lieu Fees



< 50% = 18,000 Sq. Ft.

≥ 50% = 24,000 Sq. Ft. (Bonus Applied)

BI Appropriate In Lieu Fees



$500 / sq. ft. for 50% total

18 units * 1000 Sq. Ft. = 18,000 Sq. Ft.
18,000 Sq. Ft. * $500/Sq. Ft. * 0.5 = $4.5M

In Lieu Fees = $4.5M

BI Appropriate In Lieu Fees

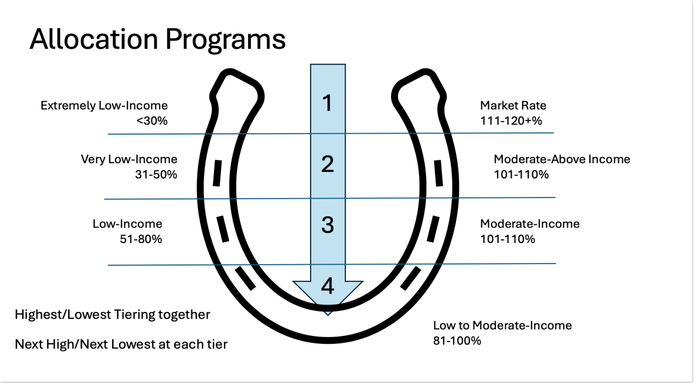
Unit Blend: Tiers 1, 2, 3, 4
12 units * 1000 Sq. Ft. = 12,000 Sq. Ft.
12,000 Sq. Ft. * $500/Sq. Ft. = $6.0M
Buyout to Developer = $6.0M

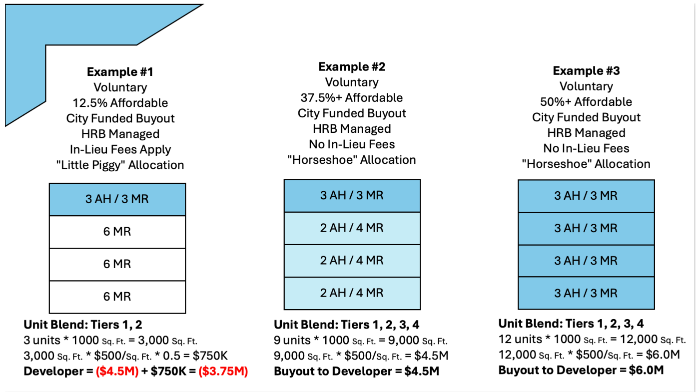
3 AH / 3 MR
3 AH / 3 MR
3 AH / 3 MR
3 AH / 3 MR

Bonus
Voluntary
50%+ Affordable
City Funded Buyout
HRB Managed
Permanent Housing
No In-Lieu Fees
"Horseshoe" Allocation

Base
No Mandatory
50% In Lieu Fees

$500 / sq ft for 50% total



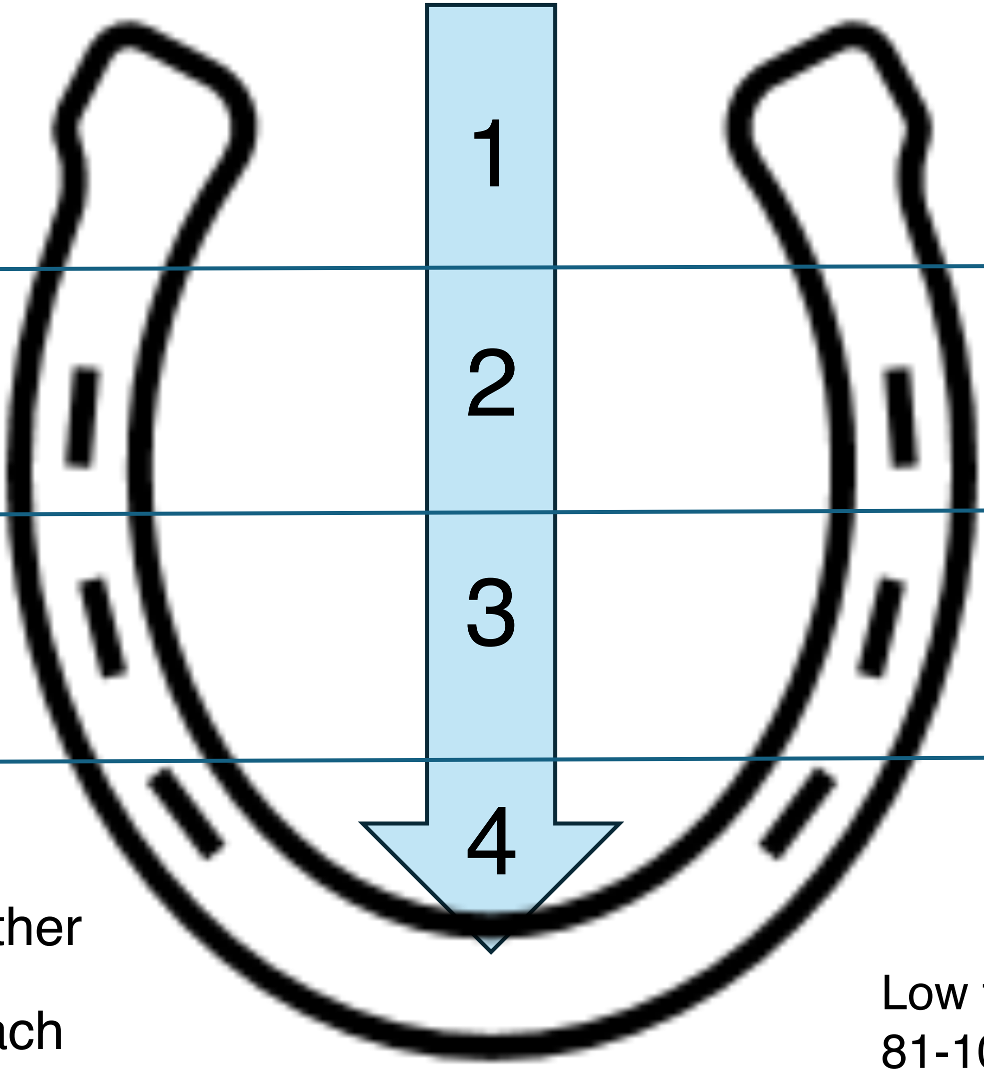


Allocation Programs

Extremely Low-Income
<30%

Very Low-Income
31-50%

Low-Income
51-80%



Market Rate
111-120+%

Moderate-Above Income
101-110%

Moderate-Income
101-110%

Low to Moderate-Income
81-100%

Highest/Lowest Tiering together

Next High/Next Lowest at each tier

BI Appropriate In Lieu Fees – Continued

Example #1
Voluntary
12.5% Affordable
City Funded Buyout
HRB Managed
In-Lieu Fees Apply
"Little Piggy" Allocation

3 AH / 3 MR
6 MR
6 MR
6 MR

Unit Blend: Tiers 1, 2
3 units * 1000 Sq. Ft. = 3,000 Sq. Ft.
3,000 Sq. Ft. * $500/Sq. Ft. * 0.5 = $750K
Developer = ($4.5M) + $750K = ($3.75M)

Example #2
Voluntary
37.5%+ Affordable
City Funded Buyout
HRB Managed
No In-Lieu Fees
"Horseshoe" Allocation

3 AH / 3 MR
2 AH / 4 MR
2 AH / 4 MR
2 AH / 4 MR

Unit Blend: Tiers 1, 2, 3, 4
9 units * 1000 Sq. Ft. = 9,000 Sq. Ft.
9,000 Sq. Ft. * $500/Sq. Ft. = $4.5M
Buyout to Developer = $4.5M

Example #3
Voluntary
50%+ Affordable
City Funded Buyout
HRB Managed
No In-Lieu Fees
"Horseshoe" Allocation

3 AH / 3 MR
3 AH / 3 MR
3 AH / 3 MR
3 AH / 3 MR

Unit Blend: Tiers 1, 2, 3, 4
12 units * 1000 Sq. Ft. = 12,000 Sq. Ft.
12,000 Sq. Ft. * $500/Sq. Ft. = $6.0M
Buyout to Developer = $6.0M

BI Appropriate In Lieu Fees – Continued

Example #1
Voluntary
16.67% Affordable
City Funded Buyout
HRB Managed
In-Lieu Fees Apply
"Little Piggy" Allocation

3 AH / 3 MR
6 MR
6 MR

Unit Blend: Tiers 1, 2
3 units * 1000 Sq. Ft. = 3,000 Sq. Ft.
3,000 Sq. Ft. * $500/Sq. Ft. = $1.5M
15,000 Sq. Ft. * $500/Sq. Ft. * 0.5 = $3.75M
Developer = ($3.75M) + $1.5M = ($2.25M)

Example #2
Voluntary
33.3%+ Affordable
City Funded Buyout
HRB Managed
No In-Lieu Fees
"Horseshoe" Allocation

2 AH / 4 MR
2 AH / 4 MR
2 AH / 4 MR

Unit Blend: Tiers 1, 2, 3, 4
6 units * 1000 Sq. Ft. = 6,000 Sq. Ft.
6,000 Sq. Ft. * $500/Sq. Ft. = $3M
12,000 Sq. Ft. * $500/Sq. Ft. * 0.5 = $3M
Developer = ($3M) + $3M = $0

Example #3
Voluntary
50%+ Affordable
City Funded Buyout
HRB Managed
No In-Lieu Fees
"Horseshoe" Allocation

3 AH / 3 MR
3 AH / 3 MR
3 AH / 3 MR
3 AH / 3 MR

Unit Blend: Tiers 1, 2, 3, 4
12 units * 1000 Sq. Ft. = 12,000 Sq. Ft.
12,000 Sq. Ft. * $500/Sq. Ft. = $6.0M
Buyout to Developer = $6.0M

Appropriate In Lieu Fees

Base
No Mandatory
50% In Lieu Fees
$500 / sq ft for 50% total

Bonus
Voluntary
50%+ Affordable
City Reimbursed
HRB Managed

No In-Lieu Fees
"Horseshoe" Allocation

Backfill
Add New from Existing Capacity
ADU's
Conversion/Remodel/Redevelop

"My Island Neighbor" Program

ADU Program for Bainbridge Island

This program is designed to incentivize homeowners on Bainbridge Island to create new affordable housing units by leveraging their private property. By providing a mix of financial and technical support, the program lowers the barriers to ADU construction and ensures new rental units remain affordable for income-qualified individuals and families. The program is built on a strong partnership between the City of Bainbridge Island, the Bainbridge Island Housing Trust Fund, and local non-profits like Housing Resources Bainbridge (HRB).

Program overview

Homeowners can apply to be part of the "My Island Neighbor" program, committing to build and rent an Accessory Dwelling Unit (ADU) to a tenant earning at or below 80% of the Area Median Income (AMI). In exchange, they receive a package of financial and technical incentives to offset construction and maintenance costs. The program would be managed by the City, with tenant qualification and support provided by HRB.

Sample Program:

For concept demonstration purposes only!

"My Island Neighbor" Program

Homeowner Eligibility and requirements

- Must be the primary resident of the property on which the ADU is built.
- Must enter into a minimum 15-year rental agreement with the City, committing to long-term affordability.
- Must maintain the ADU in good condition, passing regular inspections.
- Must provide documentation proving the ADU is rented to an income-qualified individual or family, verified annually by HRB.
- Must complete a "Landlord Education" course to understand best practices for renting to low-income tenants.

Tenant Eligibility and Requirements:

- Must earn at or below 80% of the AMI, verified by HRB.
- Rents would be capped at the HUD fair market rent for the unit size.

Sample Program:

For concept demonstration purposes only!

"My Island Neighbor" Program

Incentives for homeowners

- Construction cost reimbursement: Participating homeowners can receive a grant or forgivable loan of up to $50,000 to be used for ADU construction, tied to the affordability agreement. This reduces the upfront financial burden for homeowners.
- Property tax credits: Through a potential state-level legislative change or local property tax program, homeowners who participate in "My Island Neighbor" could receive an annual property tax credit for the portion of their property with the ADU. The state Department of Revenue already offers property tax assistance programs that could serve as a model for this incentive.
- Waived fees: The City of Bainbridge Island could waive system development charges (SDCs), building permit fees, and utility hookup fees for program participants. This is an existing incentive allowed under state law.
- Optional rental income subsidy: For homeowners renting to extremely low-income individuals (at or below 30% AMI), the City could provide an additional rental income payment to ensure rent affordability while providing a sustainable income stream for the homeowner.
- Access to pre-approved plans: Homeowners can use the free, pre-approved ADU building plans available through the Kitsap Regional Coordinating Council, which the city is already participating in.

Sample Program:

For concept demonstration purposes only!

"My Island Neighbor" Program

Program administration

- City of Bainbridge Island: Would oversee the program, providing funding through a dedicated portion of the Bainbridge Island Housing Trust Fund. The City would manage the application process, grant dispersal, and track the long-term affordability covenants.
- Housing Resources Bainbridge (HRB): Would manage the tenant qualification process, certify income eligibility, and assist homeowners with tenant matching. HRB would also provide a vital support system for both the homeowner and the tenant, ensuring a successful rental experience.
- Oversight committee: An oversight committee would be established, consisting of city staff, HRB representatives, and potentially a private lender or CDFI, to manage the program and ensure compliance.

Sample Program:

For concept demonstration purposes only!

"My Island Neighbor" Program

Implementation steps:

1. Ordinance creation and funding: The City Council would pass an ordinance to create the program, authorize the use of Housing Trust Funds, and approve any local fee waivers.
2. Marketing and outreach: The City and HRB would launch a targeted outreach campaign to educate homeowners on the program's benefits and requirements, especially in areas with potential for ADU development.
3. Application and review: Homeowners would submit an application to the City, including their property information and commitment to the program.
4. Project development: Once approved, homeowners would utilize the pre-approved plans, secure additional financing if needed, and begin the permitting and construction process.
5. Tenant placement and oversight: Upon completion, HRB would facilitate tenant placement and begin annual income verification and unit inspections to ensure ongoing compliance.

Sample Program:

For concept demonstration purposes only!

"My Island Neighbor" Program

Potential funding sources

- **Housing Trust Fund:** A primary funding source for the grant and forgivable loan component of the program.
- **Local sales tax:** If implemented, the 0.1% local sales tax could be a consistent source of funding for the program's incentives.
- **State grants**: Apply for state grants, like the Connecting Housing to Infrastructure Program (CHIP), to further support infrastructure costs.
- **Partner with Community Development Financial Institutions** for financing options that homeowners can access to bridge funding gaps.

Sample Program:

For concept demonstration purposes only!

MEMORANDUM

DATE: October 24, 2025

TO: Bainbridge Island Planning Commission

FROM: Joseph W. Tovar, FAICP

SUBJECT: Regulatory Barriers

As I mentioned at last evening's meeting, one of the City's duties under the GMA is to identify potential regulatory barriers to housing availability. The GMA provides that the housing element is to make adequate provisions for existing and projected needs of all economic segments of the community, including:

(ii) Documenting programs and actions needed to achieve housing availability including gaps in local funding, barriers such as development regulations, and other limitations; . . . RCW 36.70A.070(2) (d)(ii)

The Washington State Department of Commerce has issued a checklist to assist local governments in assessing if specific regulatory barriers to housing affordability exist and what could or should be done to remove or lessen those barriers. Attached is an excerpt from the Commerce checklist. At previous Planning Commission and subcommittee meetings we have discussed a number of the items I have highlighted on this list, including parking, permit processes, and building height. I suggest that as the Commission continues its work on the Winslow Development Regulations, you consider if and how the city's regulations create barriers and how to respond.

Several of these items also came up at the meeting that Jennifer Sutton, Peter Best and I had with the Kitsap Builders Association (KBA) earlier this month. I would expect that you will be hearing from KBA on these issues in writing, via public comment, or both. Commissioners are not obliged to agree with everything builders may say, just as you are not obliged to agree with everything other interests or individual citizens may have to say. However, declining to engage in any meaningful way with the people who actually build housing would be a major failing in the City's process.

Attachment – Excerpt of Commerce Checklist of Regulatory Barriers

Barrier review: **Low-Rise or Mid-Rise housing barrier review checklist**

Barrier	Is this barrier likely to affect housing production? (yes or no)	Why or why not? Provide evidence.	Actions needed to address barrier.
High minimum lot sizes			
Low maximum densities or low maximum FAR			
Low maximum building heights			
Large setback requirements			
High off-street parking requirements			
High impervious coverage limits			
Lack of alignment between building and development codes			
PROCESS OBSTACLES			
Conditional use permit process			
Design review			
SEPA process			

Planning Commission Special Meeting Agenda Bill

CITY OF BAINBRIDGE ISLAND

MEETING DATE: November 6, 2025 **ESTIMATED TIME:** 30 Minutes

AGENDA ITEM: 2025 Remaining Work Plan and Schedule for the Updates to the Winslow Subarea.

AGENDA CATEGORY: Discussion

PROPOSED BY: Planning & Community Development

PREVIOUS PLANNING COMMISSION REVIEW DATE(S):
January 9, 13, 30; February 13, 27; March 5, 13, 27; April 2, 10, 24; May 1, 8, and 22; June 5, 12, 26; July 10, 24; August 7 and 28, 2025, September 3, 4 and 25, and October 2, 23, and 30, 2025

PREVIOUS COUNCIL REVIEW DATE(S):
Monthly updates to City Council, including September 16 and October 28, 2025.

RECOMMENDED MOTION:
Discussion. The Planning Commission could make motions regarding work plan.

SUMMARY:
The City is now ten months late in completing the periodic update of its comprehensive plan and development regulations. Of the 86 jurisdictions that were required to adopt their updates by December of 2024, Bainbridge is one of the few that remains overdue. City planning consultant Joe Tovar gave presentations to the City Council and Planning Commission on October 28 and 30, respectively, regarding establishing a deadline of June 30, 2026 for adoption.

City staff present the following tasks and deliverables for Planning Commission action to be completed by the end of 2025:

- Complete recommendation on zoning district boundaries in the Winslow Subarea. The Planning Commission has completed or nearly completed several zones- e.g., Ferry and High School zones are done. The Central Core zone is done, except for a small area on the west side. The Madison district is mostly done. Options for the Ferncliff area was assigned to the standards committee, and they have produced options in their materials. In the spring, the Planning Commission made preliminary zoning recommendations for some properties along New Brooklyn Road (between Madison Ave. and Sportsman Club Rd.), but other residential zoning boundaries remain incomplete and in need of Planning Commission final boundary recommendations.
- Recommend a basic levels of intensity (building height, form, or density if possible) by zone.
- Decide whether to recommend mandatory or voluntary inclusionary zoning for affordable

housing in mixed use and multifamily zones, and if voluntary, identify what the recommended incentives (extra height/stories, FAR, etc.) would be.