



Planning & Economic Development Committee

City Hall – 200 NE Moe Street

The meeting will be held in a hybrid format. The public is welcome to call in or attend in the 3rd floor conference room at city hall.



Subject	Meeting Agenda	Date	July 27, 2022
Recorder	Tiffany Simmons	Start Time	3:30 PM
Committee Chair	Britt Livdahl	End Time	5:00 PM
Committee Members	David Musgrove, Britt Livdahl, Ed Stern		
Staff Present	Heather Wright, PED Director, Amanda Negi, Community Planner, Tiffany Simmons, PED Administrative Assistant		
Phone / Meeting ID:	1 (253) 215 8782	896 4109 8741	
Zoom Link:	https://us06web.zoom.us/j/89641098741		

Agenda		
No.	Topic	Action/Recommendation/Discussion
1.	Administrative:	
	Questions & Concerns of the Committee	
	Agenda and Extended Agenda Review	
	Approval of Meeting Minutes 5/25/2022	
	Next Meeting: 8/24/2022	
<p>Poulsbo is committed to being a welcoming, diverse, and equitable community where all people can access tools and opportunities to improve their quality of life, allowing them to reach their full potential. During its meetings, the Poulsbo City Council will use this lens to inclusively view its discussions and actions.</p>		
2.	Comments From Citizens	
3.	Agenda Items	
	A. Visit Kitsap Presentation (Beth Javens)	
	B. Affordable Housing options (HW & AN)	
	C. Stormwater Vault Ordinance update (HW)	
	D. Economic Development Interview Results (HW)	
4.	Committee Reports	
	General Business Update (Mayor)	
	Long-Term Strategic COVID-19 Recovery Efforts (Mayor)	
	Poulsbo Chamber of Commerce (BL)	
	Port of Poulsbo (DM)	
	Historic Downtown Poulsbo Assoc. (BL)	
	Suquamish Tribe (ES)	
	KEDA/PSRC/EDD (ES)	
	OC/WWU/Collages (ES)	

Future Agenda Items			
No.	Item(s)	Responsibility	Meeting Date
1	Historic Preservation Ordinance	Planning	August 24
2	Land Use Scenarios	Planning	August 24

Future Agenda Items			
No.	Item(s)	Responsibility	Meeting Date
3	Religious properties research	Planning	August 24
4	Biennial Budget	Planning	August 24 or September 28
5	Economic Development – Continued discussion – DM	Planning	
6	Marijuana - BL	Planning	

The committee may add and discuss other items not listed on the agenda.

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Planning & Economic Development Committee

City Hall – 200 NE Moe Street

Subject	Meeting Minutes	Date	May 25, 2022
Recorder	Tiffany Simmons	Start Time	3:30 PM
Committee Chair	Britt Livdahl	End Time	5:00 PM
Committee Members	David Musgrove, Britt Livdahl, Ed Stern		
Staff Present	Heather Wright, PED Director; Tiffany Simmons, PED Administrative Assistant		

Agenda		
No.	Topic	Action/Recommendation/Discussion
1.	Administrative:	
	Questions & Concerns of the Committee	Duration of PEDC meetings – DM proposed meeting more frequently and going live next month. BL shared that there should be at least a staff member present. DM shared some thoughts. Mayor BE shared some OPMA regulations. DM asked for clarification on if the Committee members need to attend in person or not. The Committee settled on a Hybrid with in-person attendance for committee members. DM shared the dislike for having only one meeting a month. BL shared some thoughts and clarification. The discussion was left open.
	Agenda and Extended Agenda Review	DM asked if we could continue the Committee purpose and goals conversation.
	Approval of Meeting Minutes 4/27/2022	Approved by ES, Seconded by DM. All Ayes. DM asked about linked files access.
	Next Meeting: 6/22/2022	
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2.	Agenda Items	
	A. Comp Plan Update, Economic Development - Work Plan	HW presented. DM suggested to speak with some groups/business outside of just downtown (Viking, 305, etc.). ES added the Rotary Club/Lyons Club (Meredith Green) for some resources. BE shared the desire to interview Mike Burns and Central Market for input on supporting them. DM reiterated that there are a variety of additional business types to interview with. BL added Vibe co-works to the list of potential interviews. DM mentioned that if there were some standardized questions, we could create a survey. HW gave some feedback.
	B. Inclusionary Zoning and In-Lieu Fees	BL shared some background. HW gave some basic information on what Inclusionary Zoning is, options on how we could proceed and

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Agenda		
No.	Topic	Action/Recommendation/Discussion
		<p>shared some experience. HW shared some Pro's and Con's. BL added that the affordably built units may not be permanent, HW added the clarification that Council can help determine the length of time. BL shared that the regulations that are set are going to affect the viability of usage by developers, HW responded. BE shared that it could be compared to an impact fee. BE shared that she isn't sure what the time frame looks like on the city to build the affordable units (With the In-Lieu Fee option) and asked if it needs to be done in a specific location, HW responded and added that to additional research. BL added that this would then require the city to potentially obtain land. BE then asked if these funds could be used in other cities or contributed to the Housing Authority, for example. DM reiterated how complex the situation is and shared that it may be good to ask developers. DM shared some potential options for affordable housing. ES asked for HW to speak to a concern on retention/preservation of trailer parks or similar communities, HW responded. BL shared the concern that there are really no regulations on the cities side to help with affordable housing, BE responded. BL shared that it would be helpful for surrounding jurisdictions to also have regulations on affordability (to help offset developer deterrence). Guest Joe Morrison shared the potential for a ferry line from Bremerton to Bainbridge and told HW she would be sending some links and responses to the previous conversation. DM asked if there were other options for the funding stream, BE responded. DM spoke to the definition of "Affordable". HHHS Kim Hendrickson asked HW to speak on Bainbridge's "Housing Trust fund", HW shared her thoughts. KH shared the desire to do research on why a Trust fund would be better than the other paths described. DM asked if there was a way to create a list for options and reasonings why we choose to or not to proceed with each program.</p>
3.	Comments From Citizens	
		<p>Guest Pam Keeley asked about developments getting settled in other cities/jurisdictions help achieve diversity in housing, BL gave feedback. ES asked Guest Joe Morrison to speak on the county wide meeting being held in June to include a portion on including this conversation</p>

Agenda		
No.	Topic	Action/Recommendation/Discussion
		<p>on housing affordability, JM responded. BE also gave some feedback on Pam Keeley's question, sharing that we are doing our best to have land to work on affordable housing but there is still a large limit on space and the demand is high thus helping surrounding communities achieve this can help us in the end. DM reiterated the benefit of having housing options, even nearby. Pam Keeley asked about a moratorium on affordable housing, BE responded that it is illegal by state law. DM added that logistically that could drive the cost of housing up or move development elsewhere. BL added that we still would have county allocations on housing and jobs as well. ES asked BE and Guest Joe Morrison to share the word on the conundrum. Pam Keeley asked if developers went elsewhere then the land would be free for the city to develop, BL shared that we would then need a fund to build the housing and a moratorium can be damaging to the economy. HW shared some upcoming allocations that will be placed on the city by the end of year to early January. BE also brought up Nordic Cottages as an example of ways the city is pushing forward. BE also mentioned Public/County/City owned land that is underutilized as well, BL commented on this. JM shared those solutions tend to take a long time and the market is in flux, these also affect the situation.</p>
4.	Committee Reports	
	General Business Update (Mayor)	BE shared that there are a lots of new business coming into town, there are some ribbon cuttings coming up with local businesses, Liberty Bay Bank and Johnson Parkway (Approx. September) and connected trails in the area.
	Long-Term Strategic COVID-19 Recovery Efforts (Mayor)	
	Poulsbo Chamber of Commerce (BL)	BL shared the Gala is changing dates to July and that the chamber is getting good traffic, being used for lots of meetings.
	Port of Poulsbo (DM)	DM shared that there are some Barges coming in during June to refurbish the floats (no in water work) and that the sea-discovery center has a space being rented for admin (for the Port of Poulsbo).
	Historic Downtown Poulsbo Assoc. (BL)	BL shared that they are looking at the parking issues and the girl's night out event went well this year as well.

Agenda		
No.	Topic	Action/Recommendation/Discussion
	Suquamish Tribe (ES)	ES will be with the tribe council at a meeting in June.
	KEDA/PSRC/EDD (ES)	
	OC/WWU/Collages (ES)	
	Misc. Comments	<p>ES asked to add something to the agenda on the group working with Bainbridge. ES added that we will be visited by veterans on Friday to have lunch at the Brass Kracken.</p> <p>BL requested a new look into the moratorium on cannabis sales in the city as a future agenda item.</p> <p>BE shared that the service will be held at the American Legion Park/Plaza at 10am.</p>

Future Agenda Items			
No.	Item(s)	Responsibility	Meeting Date
1	Visit Kitsap annual report presentation and input on marketing	Beth Javens, Director	June 22
2	Re-visiting Cannabis Sales in Poulsbo	Britt Livdahl, Council Member	TBD

City of Poulsbo

Planning & Economic Development



To: Planning and Economic Development Committee
From: Heather Wright, AICP, Planning and Economic Development Director and
Amanda Negi, Community Planner
Date: July 22, 2022
RE: Affordable Housing List

A. Background

During the May 25th, 2022 Planning and Economic Development Committee meeting, it was requested that the Planning and Economic Development Department provide a comprehensive list of all that is being done in Poulsbo related to affordable housing. As requested, staff assembled the attached Affordable Housing Master List, outlined below:

- A. **Affordable Housing Units:** Current Inventory
- B. **Affordable Housing Units:** Projects in Progress
- C. **Adopted Strategies:** Individual
- D. **Adopted Strategies:** Housing Action Plan (HAP)
- E. **Strategies Under Current Review:** Housing Action Plan (HAP) and Housing Action Plan and Implementation (HAPI) Grants
- F. **Affordable Housing Task Force Recommendations:** Resolution 2020-03
- G. **Additional Potential Strategies to Consider**

B. Next Steps

This list is intended to serve as a clearing house for all things affordable in the City of Poulsbo. This is intended to be a living document that can serve as a launching point for future discussions about affordable housing initiatives. We look forward to your review of these items and to discussing them with you during our next scheduled meeting on July 27th, 2022.

Affordable Housing Master List

Table of Contents

- A. **Affordable Housing Units:** Current Inventory
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- C. **Adopted Strategies:** Individual
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- E. **Strategies Under Current Review:** Housing Action Plan (HAP) and Housing Action Plan and Implementation (HAPI) Grants
- F. **Affordable Housing Task Force Recommendations:** Resolution 2020-03
- G. **Potential Strategies to Consider**

A. AFFORDABLE HOUSING UNITS: CURRENT INVENTORY

Total of approximately 349 units managed either by Housing Kitsap or are federally subsidized (e.g. vouchers, HUD, tax credits)

- Austerbruin
 - 32, 1 – 4-bedroom units (final unit count to be determined by Housing Kitsap)
 - All utilities included
 - Part of a collection of single-family homes and apartments funded through Public housing Program
 - Managed by Housing Kitsap
- Fjord Manor Apartments
 - 38, 1 – 2-bedroom units; some are wheelchair adapted
 - For residents at or below 50% AMI and 62+ or disabled,
 - All utilities included
 - Amenities: central laundry, parking, and community room
 - Downtown Poulsbo, adjacent to the Poulsbo Community Center (19581 1st Ave)
 - Managed by Housing Kitsap
- Fjord Vista II
 - 16, 2 – 3-bedroom units
 - For residents at or below 50% AMI
 - All utilities included
 - Amenities: central laundry, parking, and playground area
 - Near downtown Poulsbo, adjacent to the Poulsbo Community Center (19581 1st Ave)
 - Managed by Housing Kitsap
- Hostmark of Village Cove Apartments
 - 120, 1 – 2-bedroom units
 - For residents 62+ or disabled
 - Amenities: central laundry, business center, fitness center, community room and garden area
 - Minutes from 305 and across from Gateway Fellowship Church (703 NE Hostmark St.)
 - Managed by Allied Residential

- Kitsap Homes of Compassion
 - Leased units of affordable long-term housing for seniors, homeless or soon to be homeless with no pets or addiction issues; participants must have a steady income
 - 99% of gross revenue goes to actual program costs; program is 100% fully funded by the rent the participants pay once the house is fully occupied
 - Staffordshire House
 - 6 units for low-income mothers and children
 - Residents receive rent subsidies on a temporary basis
 - Liberty Ridge Apartments for Men and Liberty Ridge Apartments for Women (Kitsap Homes of Compassion)
 - Total of 6 units of shared housing
- Morrow Manor
 - 8 units for long-term supportive housing for domestic violence survivors
 - Support services provided by YWCA Kitsap County
- Nelson House
 - 5 beds for women, ages 18-25
 - Rent in exchange for park maintenance
 - Located at Nelson Park
 - Managed by Coffee Oasis
- Windsong Apartments
 - 36, 1 – 2-bedroom units
 - For residents at or below 50% AMI
 - All utilities included
 - Amenities: central laundry and parking
 - Adjacent to Nelson Park, (19880 3rd Ave. NW)
 - Managed by Housing Kitsap
- Winton Woods Apartments
 - 82, 1 – 3-bedroom units
 - Amenities: basketball court, parking, playground
 - Adjacent to Regal Poulsbo Movie Theater (243 Winton Lane NW)
 - Managed by TAM Residential

B. AFFORDABLE HOUSING UNITS: PROJECTS IN PROGRESS

- Nordic Cottages
 - 6, 1-bedroom units (final count to be determined in future review)
 - 609 NE Lincoln Rd., The Triangle Property; adjacent to Gateway Fellowship
 - Housing Kitsap will aid in design and managing the property
 - Utility Connection Fees Waived: Resolution No. 2022-14
- Klinge Natural Area
 - Adjacent to Betty Iverson Kiwanis Park
 - Acquired in 2020
 - May provide an indeterminate amount of units while maintaining wetlands

C. ADOPTED STRATEGIES: INDIVIDUAL

- 0.0073% Sales Tax Sharing Program
 - *RCW 82.14.540 / SHB 1406 (2019); Poulsbo Ordinance 2019-15; PMC 3.22.010*
 - Sales tax sharing program that allows cities to impose a sales tax and access part of that sales tax revenue to invest into affordable housing by acquiring, rehabilitating, or constructing affordable housing, including building or rehabilitating units within existing structures or building facilities that provide supportive housing services
 - Tax rate is 0.0073%. The consumer does not pay, and the sales tax rate remains the same. The tax is credited against the 6.5% state sales tax.
 - The tax expires 20 years from the date it was imposed (9/25/19)
 - May also be used to provide rental assistance for individuals at or below 60% AMI
 - Poulsbo receives approximately \$30,000 – \$35,000 annually
- 0.1% Sales Tax Increase
 - *RCW 82.14.530, ESHB 1070; Poulsbo Ordinance 2021-07; PMC 3.23*
 - 0.1% sales tax increase (starting 01/01/2022) for affordable housing and services for most vulnerable individuals whose income is at or below 60% AMI (e.g. mentally ill, elderly, veterans, domestic violence survivors, foster and homeless youth)
 - Anticipated annual revenue from Poulsbo will be \$425,000
- ADU's
 - *PMC 18.70.070.A*
 - Maximum of 800 sq. ft
 - Primary residence must be occupied by an owner
 - ADU must be consistent in design and appearance with primary structure
- Affordable Low Income Housing Density Bonus Incentives
 - *PMC 18.70.070.B*
 - For any development that includes at least 10% as affordable for low-income ownership or rental housing; Project must have 5+ units
 - Density bonus of 20% will be awarded for 10% units designated as affordable
 - Density bonus of 25% will be awarded for 15% units designated as affordable
 - All units regardless of affordability should be similar size and scale
 - Units must be affordable for 20 years
- Allocation of City Property for Affordable Housing
 - *Resolution No. 2020-20*
 - Resolution to allocate city-owned property at 609 NE Lincoln (future site of Nordic Cottages) and in the Klinge Natural Area for affordable housing
- Cottage Housing
 - *PMC 18.70.070.I*
 - Cottage clusters should have 3-13 units per cluster; more than 1 cluster is permitted
 - Parking, open space, and private space requirements
 - Is considered a planned residential development in RL zoning
 - Is considered a subdivision, short plat, PRD or condominium community in RM and RH zoning

- Emergency Rental Assistance (10/2021)
 - Up to \$7,000 of city funds for emergency rental assistance
 - For people at or below 60% of AMI who receive a fixed income and are significantly impacted by recent rent increases
 - Fishline Comprehensive Services processes the applications, determines eligibility and distributes funds
- Exceptions for Housing Authorities
 - *PMC 18.310.050*
 - City can “establish such exceptions to building, housing and development codes as the city council deems appropriate...for the development of low-income housing”
 - Created to “provide clear criteria for the review of such applications and to provide for adequate public input.”
 - Type 3 permit process
- Municipal Contributions to Affordable Housing Programs
 - Nelson House
 - Use of property and free rent is provided in exchange for maintenance of Nelson Park
 - Managed by Coffee Oasis
 - Coffee Oasis
 - Below market rent is provided
 - Kitsap Homes of Compassion
 - \$6,000 annual financial support to be used for Poulsbo properties: Staffordshire House and Liberty Ridge
 - Evenly split between \$3,000 for operations costs and \$3,000 for rental assistance

D. ADOPTED STRATEGIES: HOUSING ACTION PLAN (HAP) (DECEMBER 2021)

In 2019, the Planning and Economic Development Department received a \$40,000 Housing Action Plan grant from the Washington State Department of Commerce to complete a Housing Needs Assessment (HNA) and Housing Action Plan (HAP). These funds supported the creation of Poulsbo’s HAP; Poulsbo City Council adopted the subsequent [Housing Action Plan \(HAP\)](#) December 2021.

1. Advocate removing barriers at the state level in order to increase housing stock

Recommended Actions:

1.1 Advocate for state legislation to amend condominium laws

- Washington State Condominium Act is generally interpreted to imply that developers have implied warranty for construction, which has discouraged condo production

1.2 Advocate for state legislation to streamline and simplify annexation processes

- Fiscal impacts, community opposition, cumbersome and costly annexation methods, uncertainty, and lack of incentives are key barriers to annexation

2 Identify City code and process barriers for permit efficiencies

Recommended Actions:

2.1 Identify strategic amendments to development standards

- Increase SEPA Threshold Exemptions to increase number of dwelling units that would be exempt from SEPA review; PMC code amendment needed
- Raise Short Subdivisions from 4-9 lots in order to rise to the state's allowable maximum, which would increase permit efficiencies; PMC code amendment needed
- Review dimensional standards for additional incentives/flexibility

2.2 Evaluate permit processes and identify opportunities to streamline and provide permit efficiencies

3 Identify opportunities to provide financial incentives and/or fee waivers to support affordable housing

Recommended Actions:

3.1 Evaluate fee waivers for affordable housing projects

- Reduce up front construction costs; incentive to create income-restricted units

3.2 Increase funding for affordable housing through local option taxes, fees, and levies

- Affordable housing Sales Tax Levy:
 - up to \$0.50 per \$1,000 of property tax can be given toward affordable housing fund for projects serving very low-income households (less than 50% AMI)
 - Must be approved by majority of voters in tax district
 - Can be used for matching funds for nonprofit housing developments, affordable homeownership, home repair and foreclosure prevention for households up to 80% AMI
- Real Estate Excise Tax (REET 2)
 - Additional 0.25% real estate excise tax to finance capital projects in Capital Facilities Plan of Comp Plan
 - Up to \$100K of 25% (up to \$1M) of funds to rehab/repair and/or purchase affordable housing

3.3 Provide density bonuses for projects that set aside income-restricted units

- Voluntary incentive to encourage multifamily and income-restricted housing

4 Partner with faith-based, non-profit and gov. housing programs that produce affordable housing stock

Recommended Actions:

4.1 Continue to partner and collaborate with non-profit and faith-based organizations, Housing Kitsap, and social services community to support and create affordable housing

- Although Poulsbo's Department of Health, Housing and Human Services partners with local non-profits and faith-based organizations to support affordable and transitional housing, it acknowledges that it cannot provide and manage housing services

4.2 Continue implementing the Poulsbo Affordable Housing Task Force's recommendations as identified in Resolution 2020-03

4.3 Explore the creation of a Poulsbo Housing Authority

- Such an organization would be a non-profit public corporation that works in conjunction with local governments and agencies to develop long-term housing strategies
- Would receive a subsidy from the U.S. Department of Housing and Urban Development (HUD) but would not receive funds from state or local governments

5 Increase diversity in housing choice through expanding “missing middle” development opportunities

Recommended Actions:

5.1 Develop a Missing Middle Housing Design Toolkit

- Identifying and regulating design standards minimizes the impact on neighborhood character and ensures compatibility

5.2 Develop Unit Lot Subdivision Standards

- Provides opportunities for dividing fee-simple ownership of land into fee-owned dwelling units (e.g. townhouses, rowhouses) as an alternative to condominiums or single-family subdivisions

5.3 Revise ADU standards to allow increased flexibility

- Ways to increase the construction and use of ADU’s as additional housing units would be to eliminate the owner-occupancy requirement, create pre-approved ADU designs, expand homeowner knowledge, and permit two units per lot instead of the current one unit per lot requirement so long as neighborhood compatibility exists

5.4 Review Street standards to identify barriers

- Fire and pedestrian safety, as well as parking supply, are issues that must be address with new development; however, there are a variety of ways to address these elements while providing for maximum units to be built and maximum open space to be preserved

5.5 Allow more housing diversity in some single-family areas

- Transit and commercial centers are ripe areas for the construction of diverse housing types, such as townhomes, duplexes, cottage housing or small-lot single-family units

6 Evaluate MFTE Program

The MFTE Program was evaluated in 2022 by the Planning and Economic Development Committee, the Planning Commission, and City Council. The Planning Commission ultimately recommended to not adopt an 8, 12, or 20-year program, a decision which the City Council upheld.

7 Protect tenants and support pathways to homeownership

Recommended Actions:

7.1 Partner to distribute fair housing information

- The city should increase education about and distribution of information regarding tenant rights and property manager responsibilities

7.2 Consider the creation of property management incentive program

- Need-based rehabilitation assistance through grants, adjusted financing terms, or time-limited tax abatements. Commonly, assistance is provided in the form of federal funds (e.g. Community Development Block Grant (CDBG) funds, HOME Investment

Partnership grant funds and HUD/FHA lending programs). Poulsbo could choose to directly provide the grants or loans or choose to partner with non-profit organizations

7.3 Partner to provide first time homebuyer education program

- Work with the Housing, Health and Human Services department for education and referrals for first time homebuyers

7.4 Partner to provide tenant financial assistance

- Consider continuing and/or expanding emergency rental assistance through Fishline Comprehensive Services

7.5 Support third-party purchases of existing affordable housing to keep units affordable

- RCW 35.61.685 allows for cities to use public resources to construct, acquire, or rehabilitate housing for households at or below 80% AMI. Partnering for potential acquisitions or management services will be crucial to the success of this idea

7.6 Provide support for the preservation of mobile/manufactured home parks.

- As mobile home parks provide a significant source of non-subsidized affordable housing in Poulsbo (554 total units), the city should take steps to ensure they continue to remain despite increased redevelopment pressures
- Options include
 - Rezone properties to a manufactured home park zone
 - Facilitate process for non-profit providers to acquire and manage the manufactured home parks
 - Explore collaborative partnerships with government and non-profit partners to fund the repair, maintenance, and rehabilitation of units, including the private utility infrastructure

7.7 Monitor the impacts of short-term rentals on long-term housing availability

- Short-term rentals can be beneficial to the economy through increased tourism but can also keep needed affordable housing units off the market for local, full-time residents. The city should monitor whether short term rentals are significantly impacting the availability and price of local housing stock

8 Support needs of aging population

Recommended Actions:

8.1 Pursue partnerships to support aging in place

- Partnership with elder care community organizations can help elderly residents to age in place through home modification, shared housing, transportation, recreation and socialization, yard care, or care management and counseling

8.2 Examine property tax relief and utility rate/tax relief programs

- Displacement can often occur when property tax or utility charges increase. Though Kitsap County has a property tax exemption and deferral program for senior and disabled people and a property tax deferral program for limited income homeowners, increasing outreach and education about these programs would expand participation and reduce risk of displacement

8.3 Examine development regulations if there are barriers to senior housing

- Certain code requirements may exist that currently require amenities that are less applicable for senior housing, such as required parking per unit; code amendments may help reduce barriers to production and maintenance of such housing

8.4 Promote design that ensures accessibility for ages and abilities (e.g. universal design)

- Residents that live in homes built for all ages and abilities are more likely to age in place, which has numerous social, health and financial benefits for residents

9 Encourage development of multifamily housing

Recommended Actions:

9.1 Support transit-oriented development (TOD) along current transit corridors

- Rezoning and code amendments can be used to support neighborhood character and design that is anchored by mixed-use development, multi-modal transportation options and parking management
- SR-305 has been chosen as a potential TOD corridor
- Coordination with Kitsap Transit for a development plan and PSRC for a transit center designation

9.2 Allow greater flexibility in multifamily zones

- City should identify areas where increased building heights or density levels would be appropriate and supported by local infrastructure and services. This process will increase housing supply, as well as the likelihood for redevelopment of older housing as projects with increased heights and density are often more economically feasible

9.3 Consider flexible use on first floors in C zones

- City currently requires retail/commercial/office use for ground floors of new mixed-use buildings (except in C-1 zone outside of shopfront overlay), which may reduce financial feasibility and production of such developments
- SR-305 corridor is a target location for flexible ground floor use in mixed-use buildings

9.4 Explore “micro-housing” style developments

- “Micro-housing” refers to buildings with multiple very small efficiency units (usually less than 200 sq ft) or congregate housing with private rooms but shared common facilities
- Modifications of zoning and code requirements should be explored to determine feasibility of micro-housing, especially along transit corridors

10 Participate in strategies to reduce homelessness

Recommended Actions:

10.1 Explore partnerships with the County and nonprofit service providers

- Identify opportunities to acquire and/or operate facilities that provide transitional housing and social services

10.2 Support and reduce barriers to the development of permanent supportive housing

- Partner to develop permanent supportive housing for stability and holistic services that provide food and shelter without preconditions, such as sobriety, treatment, or service participation

10.3 Continue to support winter shelter programs

- Partner to support organizations providing emergency overnight shelter programs during winter months, which is also an opportunity to connect individuals in need with further resources and services

10.4 Evaluate if there are barriers to single room occupancy housing

- Research potential municipal code barriers to shared co-housing with individual rooms and shared amenities (e.g. kitchen or bathroom)

E. STRATEGIES UNDER CURRENT REVIEW: HAP and HAP and IMPLEMENTATION (HAPI) GRANT (2022-2023)

In 2022, the Planning and Economic Development Department received a \$75,000 Housing Action Plan Implementation grant from the Washington State Department of Commerce to begin implementation of HAP objectives and strategies. Work will be completed by June 2023. Listed below are Strategy and Recommended Actions approved within the HAP and their correlating Actions within the HAPI grant.

Strategy and Recommended Actions (HAP)	Actions (HAPI)
<p><u>Strategy 2.1: SEPA</u> Identify strategic amendments to development standards: Increase SEPA threshold exemptions</p>	<p><u>Action 1</u> Raise SEPA exemption levels for minor new construction to reduce barriers to missing middle housing</p>
<p><u>Strategy 2.1: 4-9 Lots</u> Identify strategic amendments to development standards: Raise short subdivisions from 4 to 9 lots</p>	<p><u>Action 3</u> Amend the PMC to raise short subdivision threshold from 4 to 9 lots to encourage infill development</p>
<p><u>Strategy 4: Faith-based/Community Partnerships *</u> Partner with faith-based, non-profit and government housing programs that produce affordable housing stock</p>	<p><u>Actions 6, 7, 8 *</u> 6: Research RCW 36.70A.545 and coordinate meeting with religious organizations 7: Adopt ordinance implementing RCW 36.70A.545 8: Develop informational materials for religious organizations seeking to develop affordable housing</p>
<p><u>Strategy 5.2: Unit Lot</u> Develop unit lot subdivision standards</p>	<p><u>Action 2</u> Adopt a unit lot subdivision ordinance to encourage the construction of missing middle housing types</p>
<p><u>Strategies 5.3 and 5.5: ADU</u> 5.3: Revise ADU standards to allow increased flexibility 5.5: Allow more housing diversity in some single-family areas</p>	<p><u>Actions 4.1 and 4.2</u> 4.1: Research development standards for other cities in regard to missing middle housing types (ADUs, duplex, townhomes, etc.) 4.2: Identify potential amendments to the PMC to remove barriers to the development of missing middle housing types</p>

<u>Strategy 9.1: Mixed-Use and Transit</u>	<u>Action 5.1</u>
Support transit-oriented development along current transit corridors	Research mixed-use transit-oriented development standards for other cities

*** Religious Properties Density Bonus (RCW 36.70A.545)**

The Planning and Economic Development department is currently strategizing a proactive municipal response to RCW 36.70A.545, which mandates that cities provide density bonuses to affordable housing projects located on property owned or controlled by religious organizations provided that

- developments adhere to local land use, environmental standards, and regulations, and serve local needs
- affordable housing developments (comprised of either or both single family and multifamily residential dwelling units) must be exclusively for low-income households (at or below 80% AMI) for at least 50 years
- sales price and/or rental amounts may not exceed 30% of the income limit for the unit.
- religious organizations must pay all fees, mitigation costs, and any other charges related to the development

F. AFFORDABLE HOUSING TASK FORCE RECOMMENDATIONS: RESOLUTION 2020-03

The Affordable Housing Task Force was created in September 2019 by Poulsbo City Council with the overarching goals of addressing local affordable housing needs and determining distribution and use of funds from SHB1406, a sales tax revenue sharing program (refer to Section C- Adopted Strategies: Individual for a brief overview). Task force members included Mayor Becky Erickson, Health, Housing and Human Services Director Kim Hendrickson, Poulsbo City Council members, and representatives of local nonprofits, local faith-based organizations, and local housing providers, such as Housing Kitsap. In February 2020, as part of Resolution 2020-03, the Affordable Housing Task Force presented the City Council with a list of recommendations, which are listed below.

1. Support the creation of a temporary shelter
 - a. Zero temporary shelters available in North Kitsap, outside of the extreme weather shelters
 - b. For 1-30 days
2. Provide temporary rental assistance for individuals experiencing crisis and displacement
 - a. North Kitsap Fishline data shows many people come to the center due to short-term crisis that threatens or eventually leads to loss of housing
 - b. Less expensive to keep people in their housing than help them rehome when they become homeless
 - c. Securing ongoing case management services for clients would be helpful for holistic service care
 - d. Rental Housing Scholarship Program
 - i. If put into place, would be managed by Fishline
 - ii. 3-6 months' timeframe
 - iii. \$3,000 per client for a 3-month period (1/3 to 1/2 of rent for 3 months)
 - iv. End goal is client having a plan to be able to pay their own rent

- v. Holistic case management by Case Manager to provide more support and increase success
- 3. Preserve existing affordable housing, including workforce housing
 - a. Initiatives to “protect and preserve land use” for workforce housing, especially from housing units that become market rate after deeded time is finished. It is often significantly less expensive to keep housing affordable as compared to constructing affordable housing
 - b. Workforce housing is for people who are overqualified for affordable housing but cannot afford market-rate housing (at or below 80% AMI to at or below 120% AMI)
 - c. Mobile Home Units
 - i. Make up approximately 10% of Poulsbo’s affordable housing stock
 - ii. Exist as standalone units and within Poulsbo’s three mobile home parks
 - 1. Two parks cater to individuals 55+, while the other is available to people of any age.
 - 2. Are not deed restricted and are thus increasingly vulnerable to being bought and redeveloped into non-affordable housing stock
- 4. Support the creation of temporary affordable housing for low and very low-income individuals
 - a. For short, term transitional periods of 1-6 months
- 5. Support the creation of long-term affordable housing for chronically vulnerable individuals
 - a. For chronically vulnerable community members for whom independent living will always be a challenge (e.g. disability, injury, trauma, substance abuse history, mental illness)

G. ADDITIONAL POTENTIAL STRATEGIES TO CONSIDER

- Affordable Senior-Only Housing Bonus
 - City of Redmond Example
 - Used in any zone that allows retirement residences or multifamily housing
 - 80% of units must be occupied by at least one person 55+ years or handicapped persons as defined by federal law
 - Up to 50% density bonus, provided that 50% of bonus units are low-cost affordable housing units
- Inclusionary Zoning
 - The city has a voluntary program and could adopt a mandatory program and/or amend the existing voluntary program to increase participation.
 - This strategy “uses local regulation of land use to require or incentivize production of affordable housing, tying affordable housing creation to the production of market-rate housing.”
 - Majority of programs adopted nationwide are mandatory “meaning developers are required to include affordable units as part of their developments.”
 - Majority of programs target households between 51-80% AMI; “only 2% of IZ programs in database target households with incomes below 50% of AMI”

- 40% of programs require 10% or less units to be affordable; 80% of programs require less than 20%

Information sourced from: “Study: Why Do Communities Adopt Inclusionary Zoning?” APA, planning.org

- Mobile Home Park Preservation Tools

- Right to Organize Ordinance – Allow tenants to perform outreach and to organize residents.
- Mobile Home Park Zoning District – provide zoning protections for existing parks.
- Notice and Relocation Assistance: Require noticing of change of change and for the developer to provide a plan to attempt to relocate and/or provide financial assistance.
- Provide mobile home park repair assistance
- Create a local fund to support tenant acquisition (grants, general obligation funds, community development block grants)
- Create a transfer of development rights program with a bonus density option to ensure permanent preservation of a mobile home park.

City of Poulsbo

Planning & Economic Development



To: Planning and Economic Development Committee
From: Heather Wright, AICP, Planning and Economic Development Director
Date: July 22, 2022
RE: Economic Development Interviews

A. Background

The Economic Development chapter will be updated as part of the 2024 Comprehensive Plan. To inform the update, a list of selected stakeholders for interviews was shared with the Planning and Economic Development Committee on May 25, 2022. As a result of that feedback, additional names were added. Outreach with stakeholders began in April with an article in the Mayor's monthly newsletter soliciting input. Interviews with stakeholders began in May and are close to completion. A total of 14 interviews have been conducted.

The attached document provides each of the current Economic Development Chapter Goals (2016) with a list of the stakeholders interviewed and their feedback. Each stakeholder's feedback will be used to provide insight into potential policy and goals updates.

B. Next Steps

The findings and repeated themes from the interviews will be shared with the planning commission on August 9, 2022. In preparation of any proposed amendments, staff will attend the Puget Sound Regional Council Economic Development webinar in September 2022. Staff will also be reviewing other comprehensive plans from similar communities and connecting with other Economic Development directors in the coming months. Staff will determine if a broad survey to inform the update is necessary before bringing any draft changes to the planning commission in early 2023.

2022 Economic Development Interviews Aligned with 2016 Comprehensive Plan Goals

ED-1, Positive Business Climate

Nurture an economic climate that will attract and retain businesses, and assist in their development, expansion and success.

Kathy Cocus, Business Development Director KEDA

While Poulsbo's share of national brands is much lower than Silverdale, Bremerton or Port Orchard it is not a totally local economy with Wal-Mart, Safeway, Home Depot, Petco, etc.

May also want to consider long-term impact of gig workers and remote workers and if that is something Poulsbo wishes to support.

Poulsbo's economy is:

Some primary (products/services sold OUTSIDE Poulsbo) dollars

- Note: Tourism is considered a primary dollar – this is important not only for downtown for Poulsbo's heritage and overall amenities

My guess is that a good percentage of healthcare is also primary and those that are tech based, such as [Symphony Azima AI](#), [Velosys](#), [Alphaledger](#) (sister biz to Velosys),

Breweries that are in the distribution and tourism areas

It would also be interesting to determine how many homebased as well as brick and mortar retailers are selling online.

Upcoming businesses;

Maker Space – collaborative workspace in schools, library, public/private facilities for learning, exploring and sharing.

Pierce County Business Accelerator Program, 2021, – funded by ARPA, designed to serve entrepreneurs and business owners with a focus on BIPOC, veteran and women owned businesses to foster innovation and create wealth-building opportunities.

Washington State Tax Incentives be aware of (most likely to be used in Kitsap):

- Hiring unemployed veterans
- Customized training – note: OC is hiring person for this service in their workforce and economic development department
 - Dean is Amy Hatfield
- General manufacturing
- Motion picture/video production

Industrial Revenue Bond

- Industrial Development Corporation of Kitsap County

PSIC-B (Puget Sound Industrial Center- Bremerton) Sustainability incentives
Junction City Food Truck Court – call Beer Station -
Kari Rinn, Pierce County – focusing on innovation in creative sector

Joni Kimmel, Bridget Young, Sheenah Hellmers, Real Estate Agents, Windermere Poulsbo

People moving here from BI, we are known as West Bainbridge and Climate Refugees from Colorado, California and Arizona. People looking for alternate commutes, walking trails, biking opportunities, electric charge stations. Those that have already raised a family and looking to downsize to 2,500 to 3,000 sq ft. Main floor, master bedroom with 3 car garage. ADU's all day long for adult children and parents. Fear is that we don't have entry level and retirement homes.

Alanna Imbach, Founder and CEO Vibe Coworks

Owner of Vibe Coworks, opened in 2019. Pre-pandemic attracted start ups, small businesses, remote workers; post pandemic is attracting global positions such as Amazon, Facebook, Apple, Safeco, Starbucks

Poulsbo is at the crossroads of Kingston, Port Ludlow, Port Orchard and Bremerton.

Poulsbo needs to leverage our walkability score, showcase our wellness space by building our identity around outdoor activities & healthy eating.

CJ Seitz, Director, Small Business Development Center WWU (emailed response to questions)

Western Washington University Small Business Development Center (SBDC) brings national, regional and state-wide resources, delivered locally, confidentially and at no cost to the business.

The Western SBDC brings a consortium of business development resources to your community. These assets are delivered to through one-on-one counseling with our certified business advisors, our popular and proven training events and our best-in-class small business market and strategy research.

In Kitsap County, we partner closely with Kitsap Economic Development Alliance (KEDA). Where KEDA focuses on attracting new businesses and economic development in the County, the SBDC is working directly with local business owners on their specific needs. Both KEDA and lenders regularly refer clients to the SBDC for specialized assistance.

Business owners face complex challenges every day. Company resources may be stretched thin. Competition may be tough and new challenges await at every turn. Working with an SBDC Certified Business Advisor offers the opportunity to focus on what is most important to achieve personal and business goals. SBDC advisors will help guide Local businesses through the tough, strategic decisions that will drive businesses forward.

The service focus of the SBDC is to work with existing small businesses in the community to help business owners to first achieve stability and resilience and then to explore opportunities to better serve markets and then to grow in sustainable ways.

We do this with one-on-one business advising that includes goal setting, financial analysis, and feasibility assessment. We guide business owners to robust market information sources and assist with interpretation. When the situation warrants, we assist local business owners in preparing for and applying for funding

As part of the Western University system, the SBDC can be your guide in accessing a wide array of data sources from our national SBDCnet research service to our WSU partner and the SBDC domestic and international research teams to highly specialized and custom reports from WWU's own Center for Economic and Business Research

The SBDC delivers a wide variety of presentations, workshops, training and on demand courses to help new and creative businesses start, grow and mature. Certified Business Advisors can work with local government and business organizations to tailor workshops and trainings to specific needs.

The WWU SBDC provides extensive support for business startups, mergers, acquisitions, and successions to help the community create and retain dynamic local businesses

Your WWU SBDC Certified Business Advisors can provide insight to City officials on the potential impact of new policies or programs and can work closely with local businesses to adapt to new changes as appropriate. Your SBDC is available to participate in work and information sessions to assist with policy transitions at any stage.

Include SBDC contact information in business license information and on the City website. Inform staff and elected officials of SBDC referral opportunities

ED-2, Education and Workforce Development

Commit to academics, affordable educational options, career training and lifelong learning

Holly Hill, Senior Director Western Location WWU & Robert Squires, Vice Provost for Outreach and Continuing Education, Western Washington University

Poulsbo campus is being primarily used for faculty and office space. More needs to be done to bring to light that Poulsbo has a college. Signage at college marketplace. Local businesses could support WW & OC with stickers in their windows. City promotes OC/WW on our webpage (education header). City could partner with college to offer internships. Fairfield Inn is a good fit. Visioning exercise in October.

Tom Eckmann, Vice Chair, Olympic College

ED-3, Planning and Infrastructure

Provide a sufficient amount of land for commercial and business uses, the infrastructure and public facilities necessary to support economic growth, and an efficient and timely permit process.

Tanner Tennyson, Owner, Integrity Roofing

Ian Laughlin, Vice President, Laughlin Development LLC

Welcome business packets explaining rules and resources, Liaison to the business community, have a certified contractor program that allows contractors to pull permits and do self-inspection. Interested in providing more options for children; bowling, movie theatre, food truck.

Mike Burns, Developer (Sophie, 4th Avenue Apartments)

Parking is huge but more spaces is not the solution. Too valuable real estate for cars. Worthy to open the parking study because a lot has changed. Shared Mobility and grants are available. Biggest demand for apartments is 1 BR. Bank of America property opportunity for redevelopment.

Mike Brown, President FPH Construction (Vanaheimr, Nelson Building, Liberty Building, Nordic House and Olympic Hotel)

Opportunity Zone, uses an Economist to determine investment, recommended the 8 year MFTE program. Reduce parking to 1/space per unit at the lowest.

Mark Danielsen, Managing Broker Windermere, Former Housing Director

We are missing entry level housing, industrial land and must maintain a can do attitude. Spoke to mobile home park and tiny homes. Financing and cost of tenant improvements can be a hindrance to maintaining mobile units.

ED-4, Economic Implementation

Ensure that Poulsbo's economic development strategy is flexible and nimble to respond quickly to market changes and climate.

Becky Erickson, Mayor

Dave Musgrove, Position No. 6, City Council

Ed Stern, Position No. 5, City Council

Britt Livdahl, Position No. 3, City Council

ED-5, Partnerships

Foster Partnerships with local businesses, civic clubs and government agencies to build upon and expand Poulsbo's economic base

Judy Driscoll, Curator, Historic Museum

Purchased Maritime Museum in 2015, Heritage Museum in 2020 and opened in 2021. Offer walking tours, History Mystery for any age group, once a month childrens activity, History Trunks. Received grant from Kitsap Bank for a display for the environment to celebrate the return of the Olympia Oyster. Have 70 person volunteer base between the Martinson cabin and museums. Always need more volunteers. Provides walking tours for the American Cruise Line. Has been visiting Poulsbo for 7 years, every Friday in the summer (April – May to September). Dock at 8 am, in at 9 am. Have 3 hours. Age range: 60-80 years old. Many proclaim this is the best stop, want more time. 15-25 people take the tour. Second cruise ship, Constellation – goes to AK, hold 175

people. Comes in April – May and September – October. Get 45/people in May. 10 day cruise that started coming to Poulsbo prior to COVID.

Visitor Numbers:

Martinson Cabin – 500/year

Maritime Museum: 23, 000/year

Heritage Museum, City Hall: 1,500/year

Heritage Museum, Downtown: 1,399/July 2021

Kathi Forsee, Executive Director, Poulsbo Chamber of Commerce

Housing is our biggest issue, downtown parking is second. King Olaf needs to be rented out so we can apply for grants. Great idea to build a tasteful parking garage or use the B of A parking lot. We need more office space, large meeting space. Road congestion not a problem. Slow season is Jan-April. Octoberfest, JuleFest and Christmas shopping sustain October – January. Street map brochure is very popular.

Anita Albala, Board Member, Historic Downtown Poulsbo Association

They were to be under the Chamber, meet at the Chamber for monthly meetings. They don't offer events, put together marketing materials such as the walking maps. They also do beautification – hanging and planted pots. All volunteers and need more volunteers. No empty storefronts downtown. Rents are being raised. Most renters live here or BI. Parking and the loss of parking is an issue.

Gwynn, Volunteer, Maritime Museum

Average of 60 visitors day in the summer. Moved the Visitor Center from the Chamber to the Museum. People often come for the walking brochure.

James Swalwell, Market Manager & Heather Joy Helbach-Old, Community Programs Manager, Town and Country Markets Inc.

During COVID, people came less frequently and bought more. Now, they are increasing their visits with less transactions. On-line ordering launched during COVID. Curbside and greater community can have groceries delivered. People come here from Port Townsend and Port Orchard.

Connection to the Community: Give to Fish Line by donating food and allowing our cutomers to give and we match. We give to the rotary, Historical Society (\$25,000/year) and Coffee Oasis (pizzas twice/month) Received an award from Rotary for furthering recycling in the city of Poulsbo. We accept plastic and paper from customers, compost, recycling.

Employees: Most of the employees that work here also live here. New contract passed in May with pay equity across the board. Housing is a challenge for younger, not established staff. Hard to keep people. We offer good benefits but that is not valued as much by younger people.

Jobs: We are at a maintain jobs phase. We have some big capital investments, look at efficiency as good stewards of our staff and the consumer.

Future: Restaurant expansion and remodel in Q1-Q2 2023. Rebrand to Town and Country Markets. Last of the 6 stores to be rebranded. Will include a restaurant.

Challenges: We are missing visible commercial recycling and composting. Change in policing laws. Shoplifting a problem. Slow response from police. Some homeless in the parking lot.