



CITY OF POULSBO

Planning for Housing



Planning and Economic Development Department

Fall 2023



Housing for people is the foundation of any community. Most people identify strongly with the community in which they live. Cities that grow in number of people and jobs are the most vibrant—and the most in need of housing. To serve a variety of household sizes, ages, incomes, and preferences, a variety of housing choices are critical.

Poulsbo is a city with many assets that make it a desirable community of over 12,000 residents. While the city has benefited in years past from relatively lower costs compared to King, Pierce, and Snohomish Counties, rapid population growth coupled with a lack of housing supply has resulted in an increased demand for housing and rising costs. The limited supply of certain housing types and resulting cost pressure is contributing to a displacement of long-term Poulsbo residents, while also presenting a barrier for middle to low-income households to find housing.

Local governments mainly do not provide housing directly. Typically, private developers produce most housing units in a jurisdiction. Local governments set the conditions in place to encourage the market to develop housing affordable to all members of the community. Housing planning and policymaking are integral functions of cities, and essential for supporting inclusive, diverse, and economically vibrant communities. Reviewing, evaluating, and updating housing plans, policies, and associated development regulations can help jurisdictions meet evolving community needs for housing variety and affordability, as well as achieve other planning goals for land use, economic development, transportation, and the environment.



Growth Management Act

The Growth Management Act (GMA), adopted in 1990, provides the statewide framework for Washington state to manage its growth, including planning for future housing needs. In 2021, House Bill 1220 (HB 1220) changed the requirements for those jurisdictions required to fully plan under the GMA.^{6,7} Under this framework, counties and cities in Washington state must review and revise their comprehensive plans and development regulations every ten years (see RCW 36.70A.130)

The Growth Management Act (GMA) requires that each county and its cities plan for and accommodate housing affordable to all economic segments of the population of this state, promote a variety of residential densities and housing types and encourage preservation of existing housing stock. In Kitsap County, the county and its cities collaboratively decide how to allocate its 20-year housing allocation. For Poulsbo, the 2044 housing allocation that it must plan for and accommodate is 1,997 new housing units.



Categories of Housing

Cities need to provide a wide range of housing options to people. Most people either rent or own their home, but cities also need to provide more supportive housing options for people who are experiencing homelessness or in crisis. A renter might be able to afford something at the market rates or need financial support or rent through a non-profit or social housing program. People looking to buy a home might also be able to purchase something at market rates or participate in a program that helps them with a down payment or mortgage.

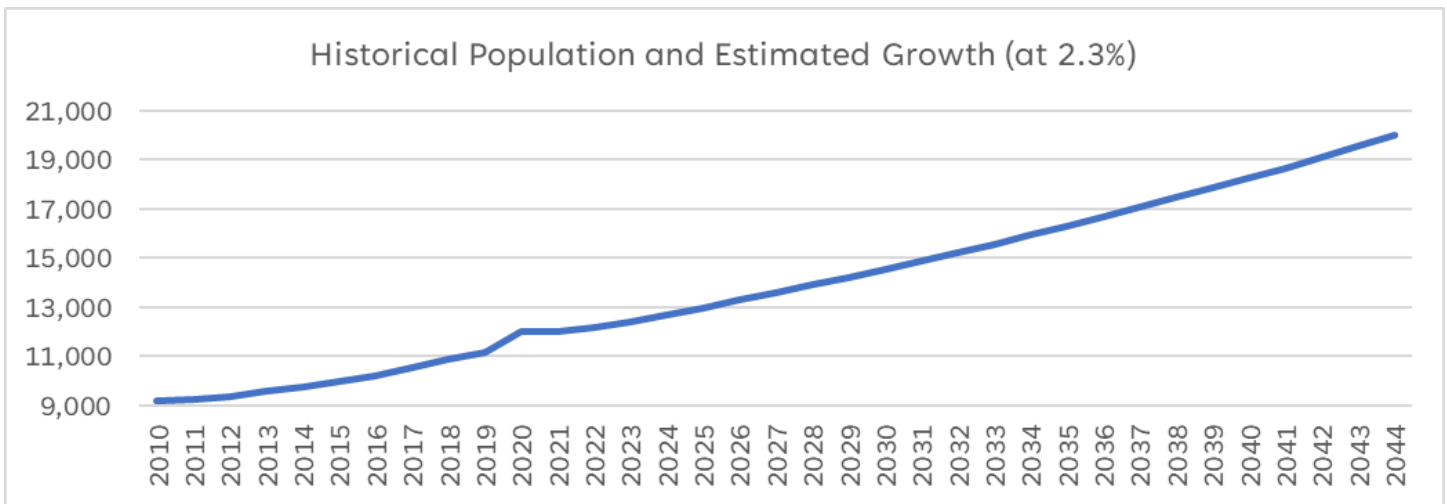
<u>Type of Housing</u>	<u>Housing Category</u>	<u>Type of Structure</u>	<u>Who It Serves</u>	<u>General Income Levels</u>
Non Market Housing	Emergency Shelters	Nightly shelters, extreme weather/warming shelters	People in crisis, people with insufficient housing resources	0 to 30% AMI
Non Market Housing	Transitional Housing	Temporary Housing (under a year) with supportive services	People moving from homelessness	0 to 30% AMI
Non Market Housing	Supportive Housing	Group homes, assisted living, long term housing with supportive services	People needing assistance to live independently	0 to 80% AMI
Non Market Housing	Non-Market Rental Housing	Non-profit and public rental housing	People who can't afford market rate rents	30 to 80% AMI
Market Housing	Rental Housing	Apartment buildings, rented condos, houses, ADU, etc	People who prefer renting or can't afford home ownership	80 to 120% AMI
Market Housing	Home Ownership	Condos, single family homes, duplexes, etc.	People who can afford home ownership	120% AMI and over



Our Community

People are at the heart of planning. The Comprehensive Plan helps guide future growth and development and ensures the city meets the needs of people for things like housing, transportation options, economic opportunity, access to parks, human services, and more. So, let's take a moment to better understand the people who make up Poulsbo.

Since 2010, the City of Poulsbo has grown at an average annual rate of 2.3%, which is well above the countywide average annual growth rate of 0.81%. Assuming an average growth rate of 2.3%, the population in Poulsbo is projected to reach 19,990 by 2044.

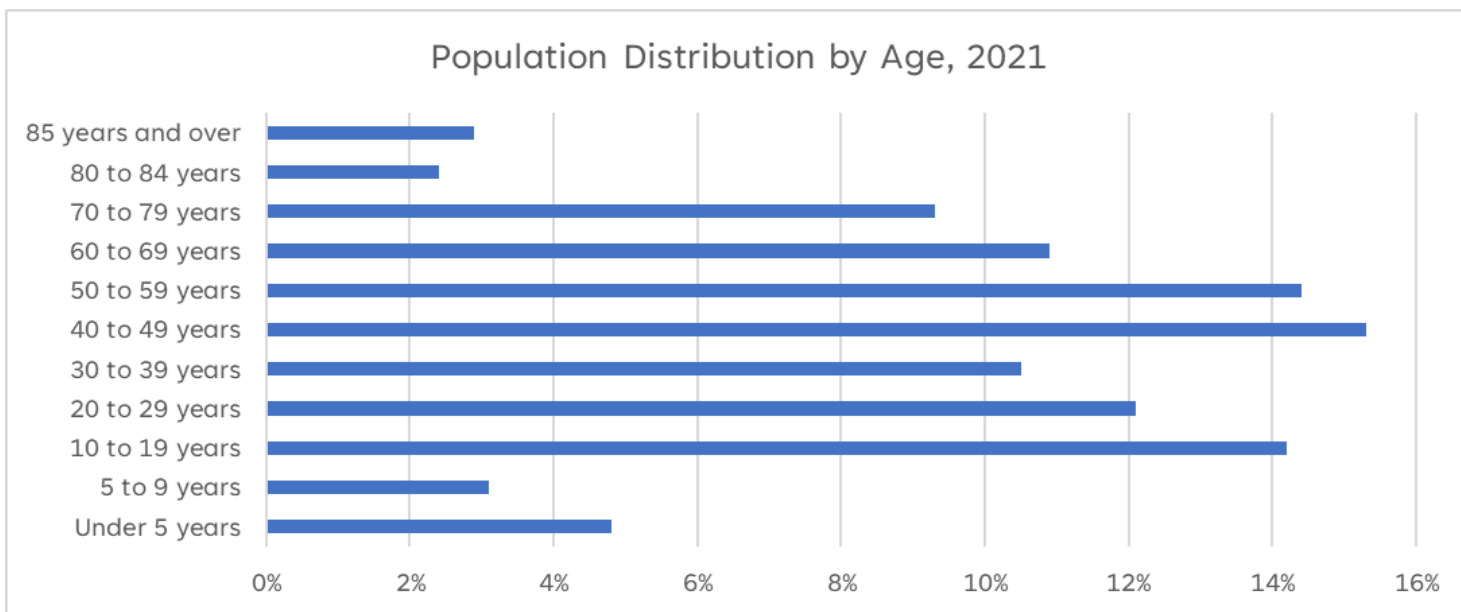


Poulsbo experienced a 35% increase in population from 2010-2023

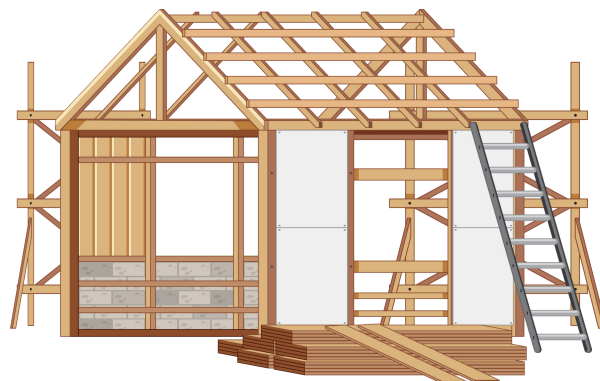


Nearly 27% of Poulsbo's population is over age 60 and an additional 14% of the population will reach age 60 within the next 10 years. Many of these residents will have specific and changing housing needs as they age. A diversity of housing types can be an important asset to support independent adults that are aging in place. Single-family homes may work for some aging adults, but others may require or desire maintenance-free housing or need accommodations for limited mobility or sensory impairments. Services, health care, social opportunities, shopping, transportation, and other needs may be more accessible to older adults who live in denser neighborhoods with those opportunities nearby. While many of the older households in Poulsbo have the financial means to afford adequate housing and services, many others will not.

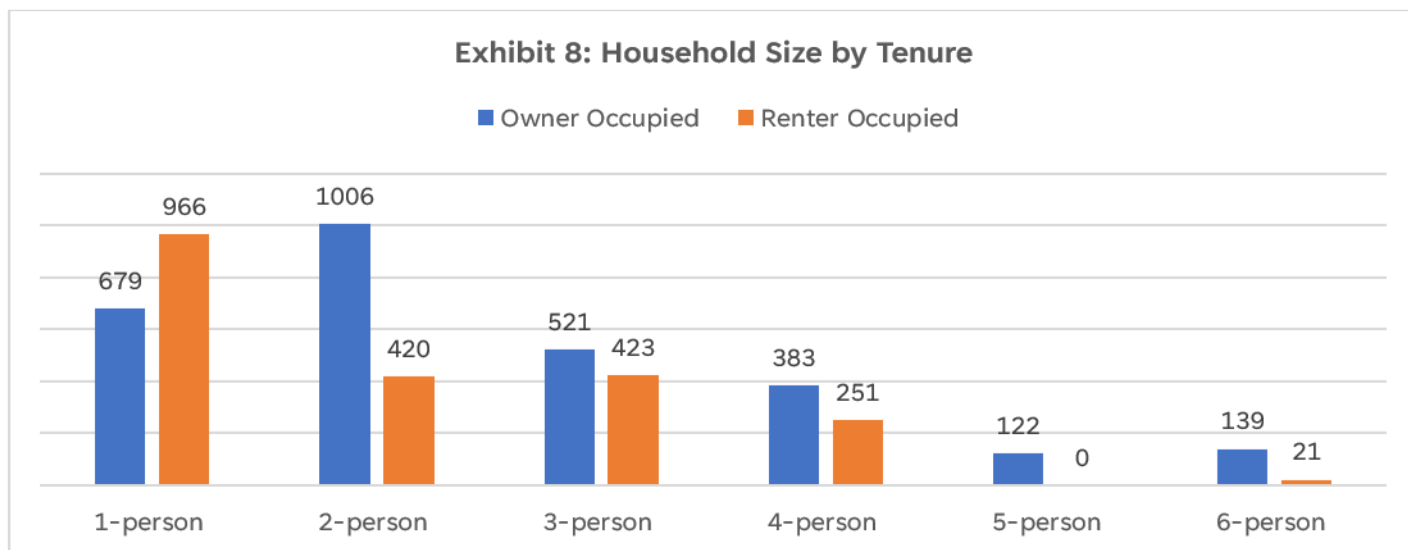
Median Age in Poulsbo is 43.8



As of 2023, there were an estimated 5,345 housing units in the City of Poulsbo. This represents an increase of nearly 30% since 2010, when the estimated total was 4,115.



The term "household" refers to a group of people living together in a single housing unit. One- and two-person households are the most common household size overall in Poulsbo. Among owner-occupied households, two-person households are the most common size and among renter households, one-person households are the most common size. While smaller households are more common, there are still a significant number of larger households in Poulsbo. More than 1,800 or 38% of households have three or more members.



Average household size is 2.31 individuals

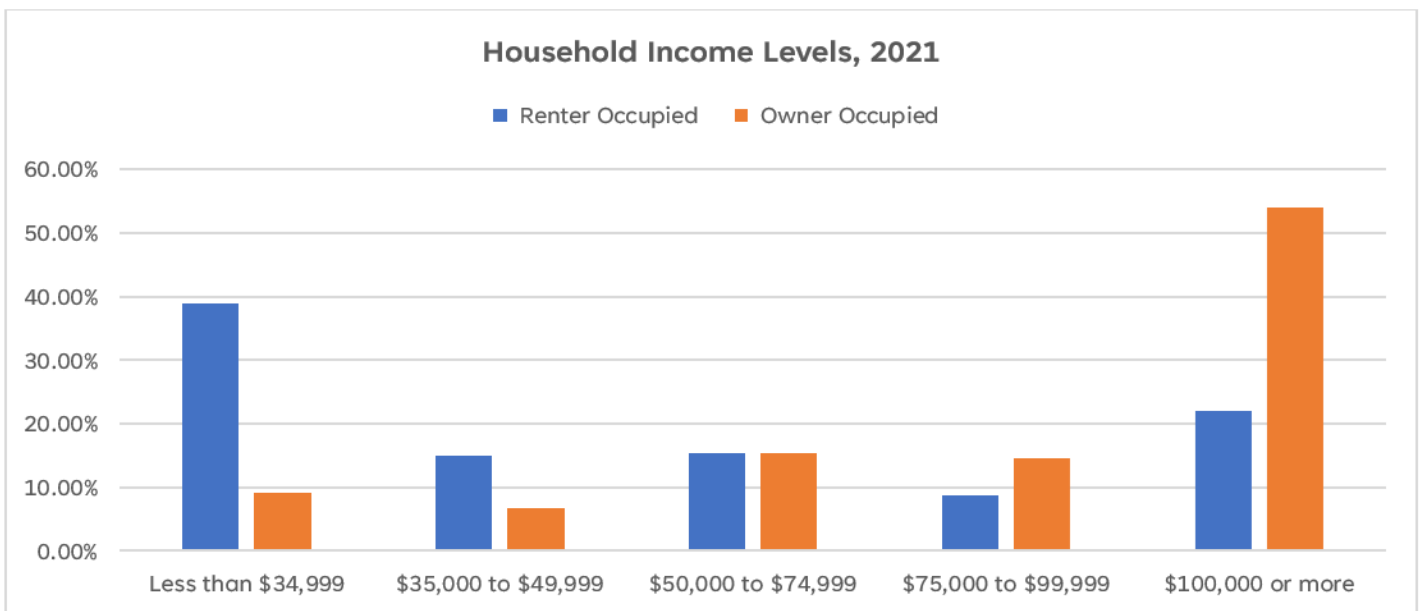




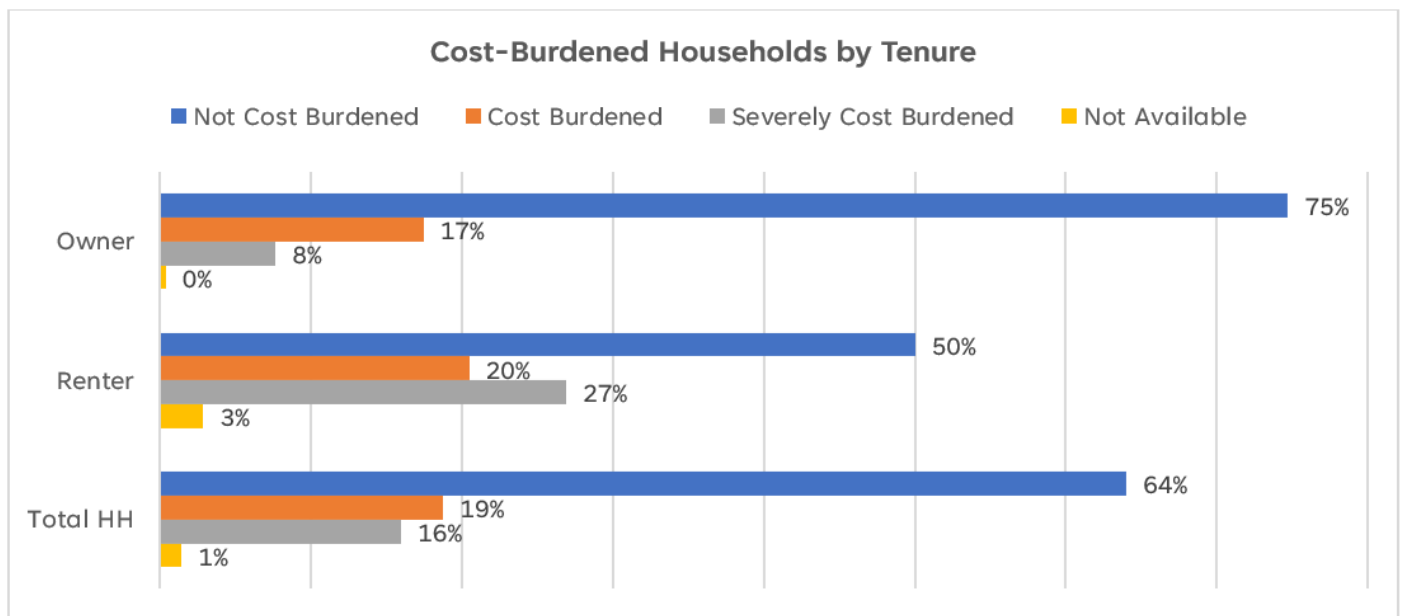
In 2021, the median household income (MHI) in the City of Poulsbo was \$108,574 for homeowners, \$41,592 for renters, and \$79,248 across all households.

Households that own their homes are more likely to have higher incomes. Relative to Kitsap County, Poulsbo has a higher proportion of residents with annual incomes less than \$35,000 and a higher proportion of residents with annual incomes above \$100,000. In addition, Poulsbo has a lower proportion of residents making between \$35,000 to \$99,999 per year than the county.

42% of renters in Poulsbo make less than \$35,000 per year, while nearly 45% of owners in Poulsbo make more than \$100,000 per year.



Cost-burdened households are those that spend more than 30% of their monthly income toward housing costs while severely cost-burdened households spend more than 50% or half of their incomes on housing costs. When households face high rates of cost burden, they often must make difficult choices in prioritizing purchases for other necessities such as food, healthcare, and childcare.



It is important to understand that cost burden is a housing supply issue. Most communities have a spectrum of households with low, medium, and high incomes. Without an adequate supply of housing that is affordable to households in each income category, households will experience cost burden. Households at the lower end of the income scale have the fewest resources to balance cost burden because there simply is not enough money to meet basic family needs after housing costs.



As of 2021, there were 6,250 jobs based in Poulsbo, which is an 4% increase from 2010. The largest numbers of jobs in Poulsbo are available in the sectors of retail (1,294), health care and social assistance (1,223), and educational services (944).

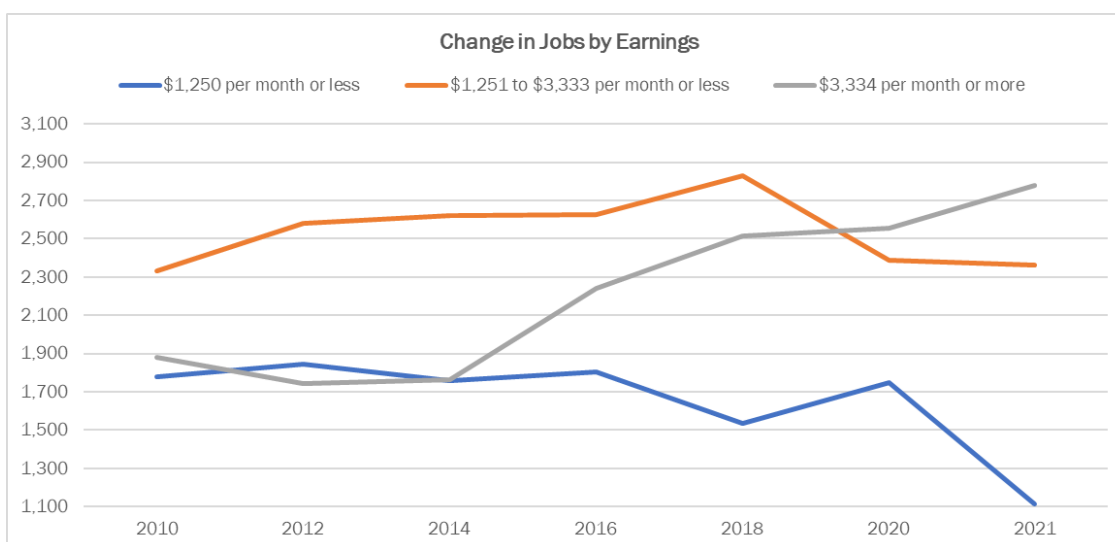


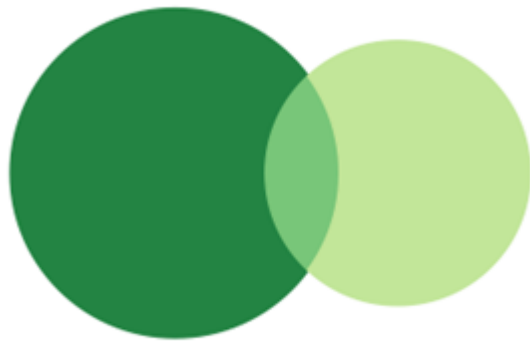
On average, people who work in Poulsbo (but do not live there) earn less than residents of Poulsbo, with 62% of Poulsbo workers earning less than \$40,000 a year, compared to 49% of residents (see below). Many people who work in Poulsbo may face difficulties obtaining affordable nearby housing.



Job Counts by Earnings				
	Poulsbo Residents		Poulsbo Workers	
	Count	Share	Count	Share
\$1,250 per month or less	1,003	23.2%	1,747	26.1%
\$1,251 - \$3,333	1,108	25.7%	2,388	35.7%
More than \$3,333	2,203	51.1%	2,556	38.2%

The number of jobs in the city that pay \$1,250 per month or less (roughly \$15,000 per year) has declined by 2% since 2010. In contrast, the number of jobs paying more than \$3,333 per month has grown by 36%.

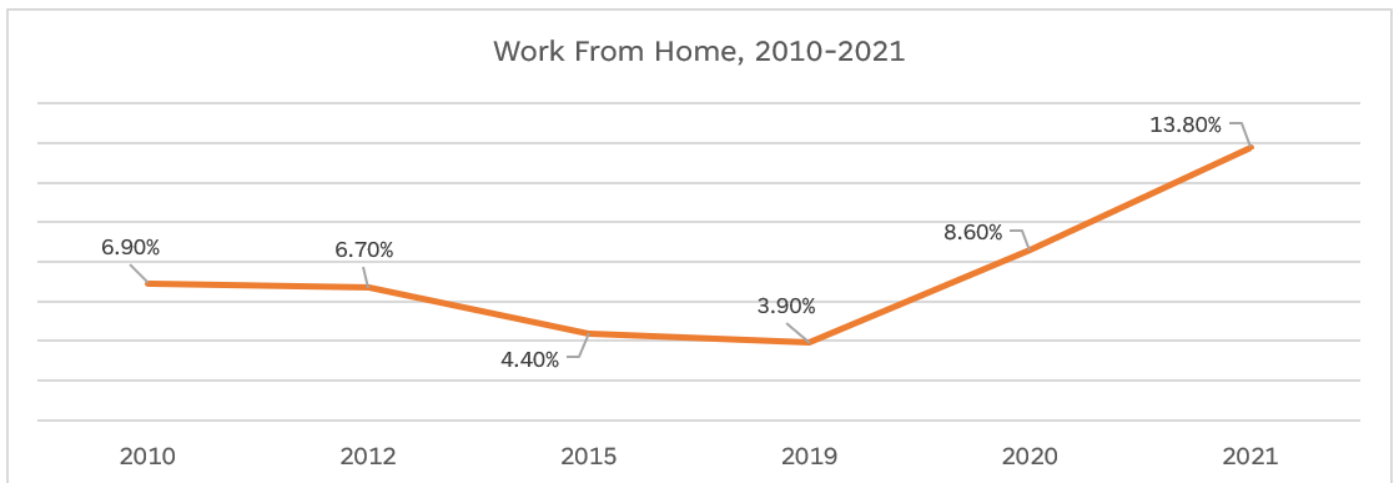




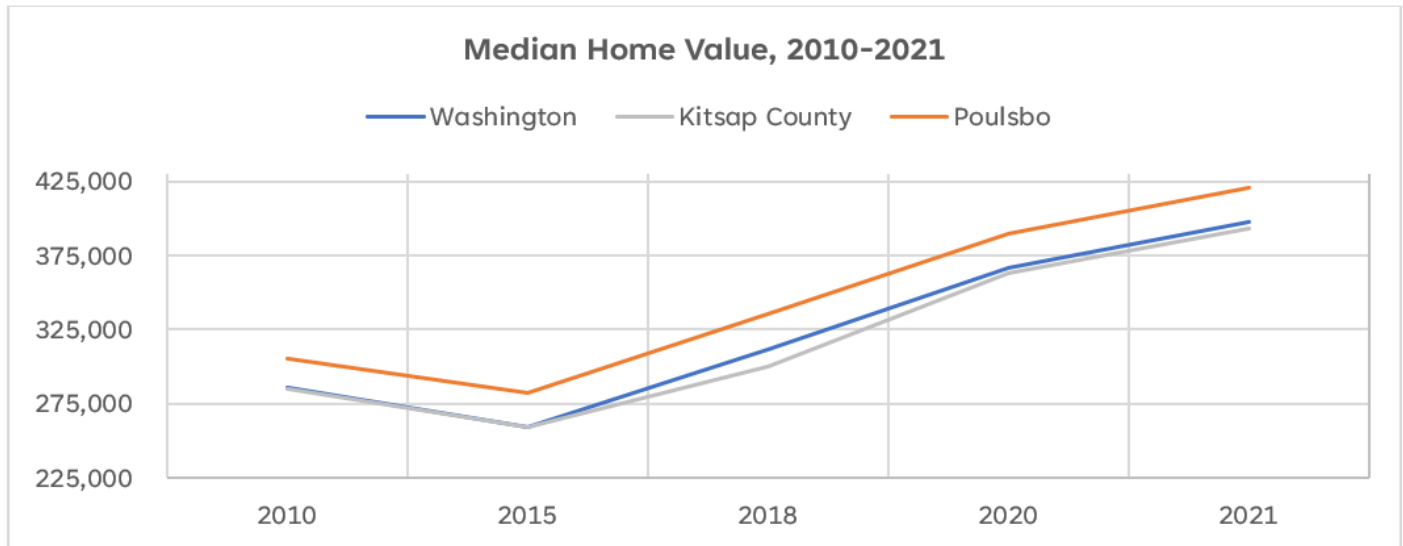
■ 5,967 - Employed in Selection Area, Live Outside
■ 3,590 - Live in Selection Area, Employed Outside
■ 724 - Employed and Live in Selection Area

Of the 6,250 jobs located in Poulsbo, only 698 workers live in Poulsbo, or just 16.6%. Instead, nearly 90% of people working in Poulsbo commute in from home locations outside the city. And 84% of working residents of Poulsbo commute to jobs outside of the city.

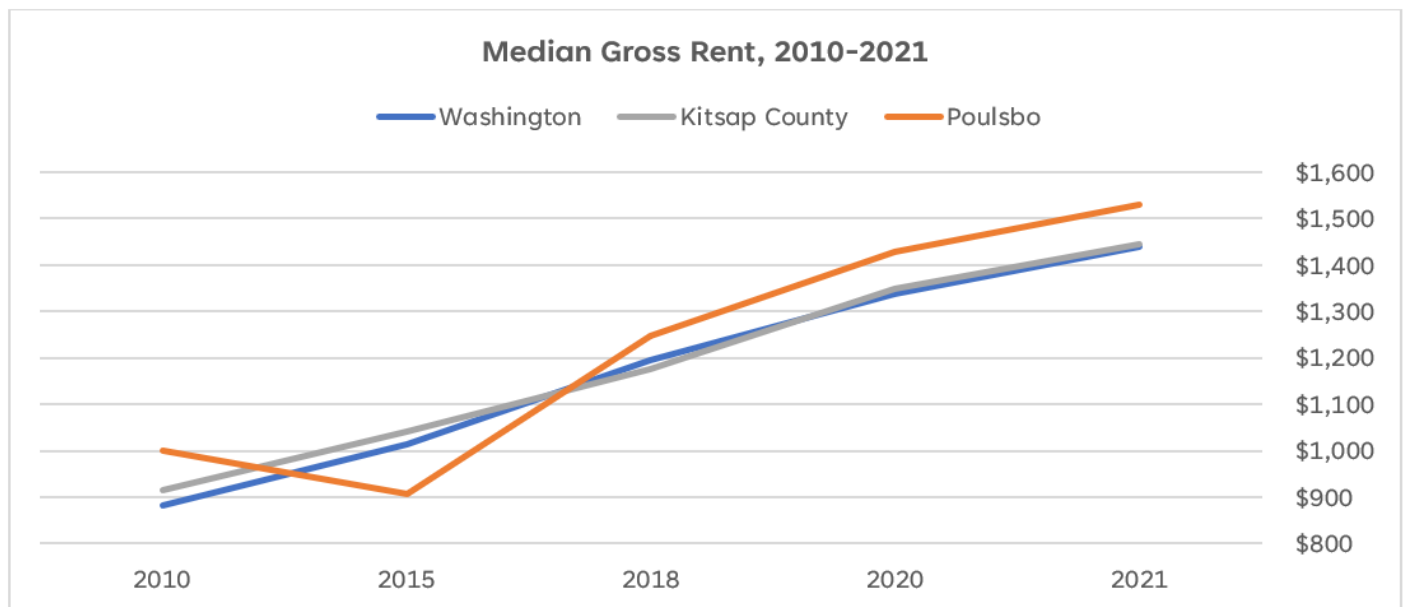
The 2019 COVID-19 pandemic dramatically accelerated the adoption of remote work, and many companies and employees discovered the benefits of flexible work arrangements. As of 2021, 13.8% of Poulsbo residents were working from home. It is still unclear if the work from home trend will continue beyond the pandemic. The long-term prevalence of remote work will depend on several factors, such as company policies, type of industry, technology, and employee preference. It's challenging to provide a specific percentage as it will vary widely across different regions and industries.



Homeownership is increasingly out of reach for many residents in Poulsbo. Between 2010 and 2021, the median home value of occupied housing units in Poulsbo went from \$282,500 to \$420,800, which was a 49% increase.



From 2010 to 2021, median rent increased by about 69%.



Median rent in Poulsbo in 2021 was \$1,530 which means that a household earning the median household income for a renter of \$41,595 per year and living in an average priced apartment has a little over \$1,935 per month to cover food, healthcare, transportation, education, childcare, and any discretionary spending.



What We've Heard

One of the goals of the planning process is to encourage the participation of community members. Supporting public participation in planning is part of the city's core values and leads to more transparent, accessible, and responsive government. Through a survey, online platforms, and multiple in-person events, community members have had opportunities to provide input on the future of housing in Poulsbo.



The Comprehensive Plan Update survey launched on January 23, 2023 and closed on February 21, 2023. Over 400 responses were submitted. The following housing related questions were asked:

Do you think there are enough housing choices (e.g., the type of housing that is built) in our community?

62% responded no

General approach to accomodating additional growth that you would prefer the city take.

60% of respondents wanted to see a combinations of approaches - higher density within 1/4 mile of SR 305 AND moderate density increases in single family neighborhoods.

If higher density were focused with a 1/4 mile of SR-305, what type (scale) of buildings would you prefer to see?

38% want to see a mix of all - mixed use building and site, apartments, townhomes

If moderate density were spread out over existing residential zones, what type (scale) of buildings would you prefer to see?

52% want to see a mix of single-family residences, accessory dwelling units, duplex on corner lots, and townhouses.

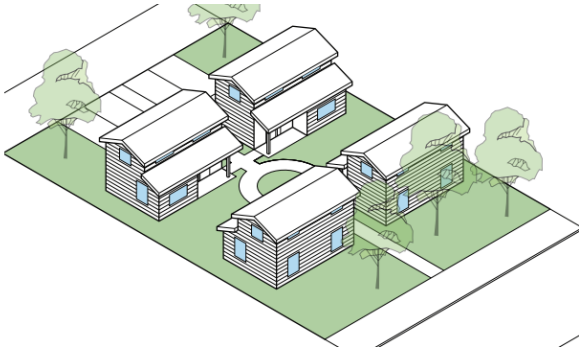
What measures can the city take to make growth more welcome?

*56% responded greater pedestrian connectivity.
50% responded maintaining the tree canopy.
45% responded more amenities to serve new development.*

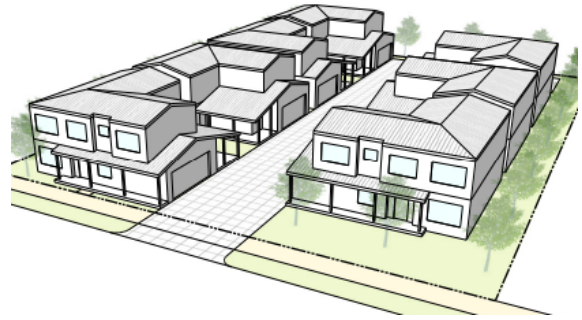


The Planning and Economic Development spent summer 2023 setting up booths at various community events (Farmers Market, Summer Nights at the Bay) in an effort to gather community input on preferred residential housing types.

46% of respondents preferred courtyard/cottage housing type



20% preferred a detached cluster housing type



Staff also asked What Should be Prioritized in the Design of New Planned Residential Developments (PRDs)? PRDs permit greater flexibility in building siting, lot size, setbacks, mixture of housing types, usable open space and preservation of significant natural features than otherwise allowed or required in the underlying zone and are the most common type of residential development in Poulsbo.

22% of respondents said Off-Street Pathways AND Neighborhood Commercial, 20% said Tree Retention and Open Space.



Planning for Growth

According to the Poulsbo Buildable Lands Report (BLR), between 2013 and 2023, Poulsbo permitted a total of 1,424 new housing units. Roughly one-third (35%) of these units were in multifamily buildings, compared to one multifamily permit in the evaluation period of 2006-2012. The new units represented an average of 142 units per year and at an average household size of 2.31, 1,424 units equal 3,289 new residents during the 10-year period.

Buildable land capacity refers to the maximum amount of development or construction that can occur on a particular piece of land while adhering to local zoning regulations, land use policies, and environmental constraints. It represents the allowable density and intensity of development on a given parcel of land within the confines of applicable laws and regulations.



The Comprehensive Plan periodic update must plan to accommodate a portion of the overall growth (population, employment, and housing) that is forecast for the Central Puget Sound region (i.e. Kitsap, Pierce, King, and Snohomish Counties). Growth allocations are determined through a regional process coordinated through the Puget Sound Regional Council (PSRC) and the Kitsap Regional Coordinating Council (KRCC). Poulsbo actively participates in both coordination organizations. Within the context of this regional allocation process, Kitsap County and its jurisdictions adopted 2044 growth targets that will be used as the basis for the 2024 Comprehensive Plan Update, as shown below, along with capacity after updating the 2021 BLR for future Land Capacity.

2044 Growth Targets and Capacity			
	Current	Allocation for 2044 ³	Capacity ⁴
Population	12,000 ¹	5,646	7,961
Housing Units	5,116 ²	1,977	3,491
Jobs	6,691 ²	4,000	4,099

¹ Washington State OFM 2023 Projections | ² Source: Census (2020)
³ Per Kitsap County Countywide Planning Policies | ⁴ Poulsbo BLR Land Capacity Analysis (2023 Update)



In 2021, the Washington Legislature changed the way communities are required to plan for housing. House Bill 1220 amended the Growth Management Act instruct local governments to “plan for and accommodate housing affordable to all economic segments of the population of the state.” These requirements include an inventory and analysis of existing and projected housing needs, including “units for moderate, low, very low and extremely low-income households” as well as “emergency housing, emergency shelters and permanent supportive housing (PSH).

The Washington State Department of Commerce provided countywide projections of housing needs for all counties in Washington State. Kitsap County, working in collaboration with the cities, allocated these projected countywide housing needs down to local jurisdictions.

The purpose of these housing allocations is for jurisdictions to provide capacity for housing and to remove barriers to developing housing.

The table to the right lists the housing units needed for each income level, as defined by the percentage of Area Median Income (\$113,500 for Poulsbo).



Income Level	Housing Unit Allocation
0-30% AMI Non PSH	377
0-30% AMI PSH	166
>30-50% AMI	324
>50-80% AMI	272
>80-100% AMI	140
>100-120% AMI	138
>120% AMI	560
Total	1,977
Emergency Housing	83



Growth Strategies

Since the adoption of Poulsbo's first Comprehensive Plan in 1994, the continued welfare of current and future residents has been the paramount goal of the City of Poulsbo leaders. In the face of continued growth, the city seeks to shape its future in ways that will maintain the quality of life that makes Poulsbo a special place to live, work, shop, and recreate. Adopting a forward-thinking growth strategy is how Poulsbo has approached growth management since 1994.

Four growth strategies were developed and each alternative builds on the previous. The four alternatives are outlined on the next page.

Poulsbo is required to plan for 5,646 new residents and 1,997 new housing units between 2024 and 2044

Why is Poulsbo Planning for More Capacity Than Our Required Targets?

Having more capacity gives home builders (both non-profit and for-profit) more flexibility to respond to the needs of future residents. This means home builders can build a greater variety of housing types and provide more choice in more neighborhoods. Poulsbo is also being forward thinking by planning for the gap between our growth targets and the growth rate we have seen over the last 10 years.



Alternative 1:

No Action, Current Adopted Plans: This alternative assumes no changes to the future land use designations currently shown on the City's Comprehensive Plan Land Use Map, and there will be no policy, zoning or regulation changes associated with alternative. This alternative is required under SEPA.

Capacity = 6,020 Additional Population and 2,600 Housing Units

Alternative 2:

Adopted Plans + Missing Middle Emphasis: This strategy will be focused on adding policies and development regulation amendments that would promote missing middle housing (townhomes, duplex, triplex) within the residential zoning districts.

Capacity = 6,199 Additional Population and 2,600 Housing Units

Alternative 3:

Missing Middle Housing and Growth focused within SR 305 Corridor Center: This alternative would carry through the Missing Middle Housing and evaluate the SR 305/C-3 Commercial zone for opportunities to increase residential development along an existing transit corridor, while also maintaining a vital employment area. There are opportunities for development within this area and future code amendments may include increased building height, reduced parking requirements, flexible use on the first floor, and incentives.

Capacity = 7,268 Additional Population and 3,100 Housing Units

Alternative 4:

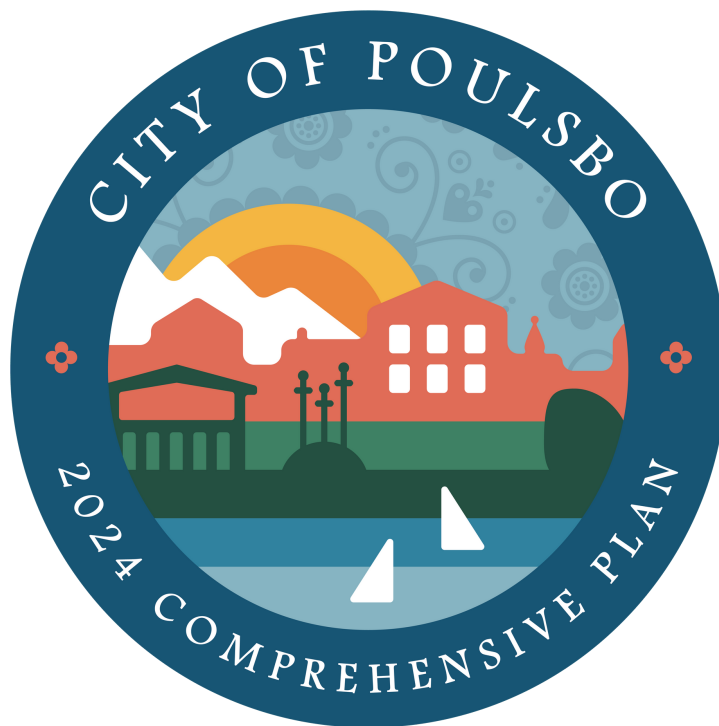
Missing Middle Housing, Growth focused within SR 305 Corridor Center and Increase to Density in Residential Medium and Residential High zoning districts: This alternative would carry through the Missing Middle Housing, SR 305 Corridor Center evaluation, and add increased densities to the City's Residential Medium (RM) and Residential High (RH) zoning districts. RM density would increase from 6-10 units/acre to 6-14 units/acre; and RH would increase from 11-14 units/acre to 15-21 units/acre. Residential Low (4-5 unit/acre) would remain the same as currently adopted.

Capacity = 7,959 Additional Population and 2,600 Housing Units



CONSIDERING THE APPROACHES

At this point in the planning process, we are not asking people to choose a "favorite" approach. There is still work to be done before the city's growth strategy is determined. The city will complete an Environmental Impact Statement (EIS), that provides further analysis on the potential environmental impacts of the different alternatives. The Planning Commission and City Council will review the alternatives and may ultimately recommend a growth strategy that combines different parts of each of the approaches.



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