

## Chapter 7. Housing

### 7.1—Community Key Goals—Housing

- Achieve a mix of housing types to meet the needs of owners and renters at various income levels and ages.
- Achieve a mix of housing types and densities while maintaining healthy neighborhoods and guide new housing development into appropriate areas. *(Key goals are integrated into the goals and policies of this chapter)*

### 7.12 Plan Context

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 some long-term Poulsbo residents being unable to remain in Poulsbo, 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.

The Housing element chapter addresses the major housing issues facing the City over the next 20 years. These issues include protecting and maintaining the quality of existing neighborhoods, encouraging the availability of affordable housing for all economic segments, and encouraging creative solutions to housing issues through flexible development standards and quality design.

Poulsbo has experienced a steady growth in population over the past 25 years largely because of its geographic proximity to the state's largest population and employment center. This increase in population has created a corresponding demand for housing in Poulsbo.

Poulsbo's housing stock remains predominately single-family detached. While the 2010 U.S. Census data continues to show most of Poulsbo residents are homeowners, increases in real estate prices impose a strain on affordable housing and home ownership opportunities.

Poulsbo faces a number of challenges in continuing to achieve the community's desired land use vision, while accommodating the growth that is expected over the next twenty years. These include:

- The median income of city residents has not been keeping up with the rising costs of housing.
- The increase in small-lot single-family subdivisions as a way to provide more affordable housing, balancing the community's desire for attractive, well-designed developments with generous amenities.
- New and creative methods for providing affordable housing, and who will be responsible for developing such housing.
- Encouraging and allowing mixed-use development in the city, while ensuring compatibility and appropriate scale.

Red ~~Strikethrough~~ and Underline = Initial Staff and Planning Commission Amendments  
 Purple ~~Strikethrough~~ and Underline = New Staff Recommended Amendments  
 Blue ~~Strikethrough~~ and Underline = New Planning Commission Recommended Amendments  
 Orange = Notes

## Future Housing Projections

In 2021, the Washington Legislature changed the way communities are required to plan for housing. House Bill 1220 amended the Growth Management Act to 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. The Growth Management Act requires that each county and its cities plan to accommodate the growth that is projected over a 20-year horizon. In Kitsap County, the county and its cities collaboratively decide how to allocate its 20-year population projection housing allocation. For Poulsbo, the 2036 2044 housing allocation total population (city limits + urban growth area) that it must plan for and accommodate is 14,808-1,997 new housing units. The Housing Needs Assessment (Appendix A-1) outlines Table HS-1 lists the housing units needed for each income level, as defined by the percentage of Area Median Income. Table HS-1 below provides a summary. The purpose of these housing allocations is for jurisdictions to provide capacity for housing and to remove barriers to developing housing. Additionally, the city is required to accommodate 83 beds of emergency housing by 2044.

When current year (2016) population (from city limits and unincorporated urban growth area) is subtracted from the 14,808, a net growth of 4,182 persons is identified. This number will decrease by the amount the City’s population grows in a year. The new persons growth of 4,182 can be translated into housing units by dividing the new growth by an average household size. Table HS-1 illustrates that the City of Poulsbo and its urban growth area must be able to have capacity to accommodate 1,818 additional housing units.

<b>Table HS-1 Permanent Housing Needs by Income Level</b>				
	<u>Total</u>	<u>0-80% AMI</u>	<u>&gt;80-120% AMI</u>	<u>&gt;120% AMI</u>
<u>Projected Housing Needs<sup>1</sup></u>	<u>1,977</u>	<u>1,139</u>	<u>278</u>	<u>560</u>
<u>Existing Capacity<sup>2</sup></u>	<u>2,578</u>	<u>476</u>	<u>590</u>	<u>1512</u>
<u>Projected Capacity<sup>3</sup></u>	<u>3,491</u>	<u>1,142</u>	<u>766</u>	<u>1583</u>

<sup>1</sup> Kitsap County Countywide Planning Policies, <sup>2</sup> Revised 2023 Land Use Capacity (Section 3), <sup>3</sup> Projected Land Use Capacity (Section 3)

This analysis finds there is a deficiency (-743) in projected permanent housing needs at 0-80% AMI under existing capacity and zoning and development regulations. However, implementation of policies in 7.2 below provides additional housing capacity and a greatly reduced deficiency (-3) in the 0-80% AMI category. All other AMI categories show a surplus of housing for existing and projected.

<b>Population Distribution</b>	<b>2036 New Growth</b>	<b>New housing units needed by 2036</b>
Poulsbo City	-342	149
Poulsbo UGA	-3,840	-1,670
<b>TOTAL</b>	<b>-4,182</b>	<b>1,818</b>

2036 Net Growth/2.3 hhs\* = New housing units  
 \*Average household size used is 2.3, as set forth in the 2014 Kitsap County Buildable Lands Report (BLR), Appendix A. See Comprehensive Plan Section 3 for further discussion on BLR.

Under the provisions of the GMA, an inventory of existing and projected housing needs should inform the housing element of a city's comprehensive plan. The Housing Needs Assessment (HNA), Appendix A-1, serves as a foundation for policy recommendations designed to provide housing units that meet the city’s housing needs across the income spectrum. It also contains data on Poulsbo’s current housing stock, and demographic and economic characteristics of people and families that live and work in Poulsbo.

The Comprehensive Plan’s Section 3 provides a detailed summary of the Poulsbo city and urban growth area residential land capacity analysis, and its ability to accommodate new housing units and projected population growth.

## 7.23 Goals and Policies

### Housing Choice ACCOMMODATING NEED

Perhaps the most pressing and complex challenge facing Poulsbo is housing affordability for all economic segments of the community. The quality of any city is defined, in large part, by whether families and individuals are able to find the type and size of housing that fits their household needs at a price they can afford. Communities that offer a range of housing types and affordability provide more opportunity for families and individuals to live where they choose. This allows workers to live near their jobs, older family members to continue to live in the communities where they raised their families, and younger adults to establish new households. The Housing Choice Goals and Policies encourage improved availability of diverse housing types, price points, sizes, and preferences.

Poulsbo provides a full range of housing opportunities to meet the needs of the people who would call Poulsbo “home.” Strong neighborhoods in which residents care about and invest in their community and participate in community affairs are an important component of Poulsbo’s livability. Stable and healthy neighborhoods are built on friendships, a sense of community, and freedom from encroachment by incompatible land uses.

Housing in Poulsbo is primarily single-family residential on separate lots, but has experienced a growth in the last decade a variety of housing options, including cottage or bungalow housing, condominium ownership, and townhouses.

To accomplish the GMA mandates and meet Poulsbo’s housing needs, Poulsbo must protect the existing housing stock while pursuing opportunities to increase the supply and diversity of housing. Poulsbo is committed to protecting and enhancing all of its neighborhoods. However, Poulsbo’s metamorphosis from a small town to a small city with urban centers, requires that it seek innovative and creative ways to develop additional housing that is compatible with existing neighborhoods.

Innovative housing types include planned residential developments that allow for a mix of housing unit types; mixed use; infill incentives on existing lots bypassed by development; and accessory dwelling units.

———— *Planned Residential Developments:* The Planned Residential Development (PRD) process allows for variations in-site design and density from the strict requirements of the zoning code. Clustering is encouraged to protect critical areas. Specific design and development guidelines, as well as early public review, can assure compatibility with the setting. Compatibility may be achieved with attention to intensity of use, design quality and character, building bulk and scale, and provision of open space and neighborhood amenities.

———— *Mixed Use:* Mixed use housing is the marriage of housing and commercial uses on the same site. Providing housing opportunities in commercial areas will be helpful in accommodating the City’s housing demand.

———— *Infill housing:* Incentives, such as decreased minimum lot size, can be utilized to encourage subdivision of existing parcels that have been bypassed by residential development, to increase the number of units the parcel can support.

———— *Accessory dwelling units:* New housing opportunities may also be found in well-established neighborhoods. A single-family lot may be designed to accommodate an independent residence within the existing home or in a separate structure known as a “mother-in-law apartment” or “accessory dwelling unit.” Accessory dwelling units are subject to strict guidelines to protect the character of the neighborhood. These units often provide affordable housing opportunities to help those with limited incomes to keep their homes.

## **GOAL HS-1**

**Plan for sufficient housing and housing types to meet the needs of the existing and projected population at ~~of~~ all income levels. while also meeting the changing demographic needs and preferences. Provide enough housing to meet the needs of the existing and projected population.** {combined with Goal HS-2 and to address PSRC Vision 2050 and Commerce consistency checklists}

### **Policy HS-1.1**

Provide sufficiently zoned land for the city's projected population and housing growth targets through a variety of housing types, such as single family and multi-family attached and detached housing (both owner and renter occupied), mixed use, manufactured housing, group homes, government-assisted housing, and housing for low-income households.

### **Policy HS-1.2**

Safeguard that the local housing market provides housing opportunities for citizens regardless of race, color, religion, gender, national origin, handicap disability, economic status, familial status, or age.

### **Policy HS-1.3**

Plan for a range of housing choices near job centers that are attainable for workers at all income levels. {to address PSRC Vision 2050 and Commerce consistency checklists}

### **Policy HS-1.4**

Encourage and expand opportunities for a variety of ~~Promote~~ infill housing options within development in existing residential neighborhoods so vacant or underutilized land can be converted to residential uses. This includes developing land that may have been passed over for any number of reasons – low demand for land, low density site, leap-frog development, or site constraints.

### **Policy HS-1.5**

Encourage the use of planned residential developments to promote flexibility in development standards and affordability in new housing construction. {repetitive with new HS-1.12}

### **Policy HS-1.6**

Encourage development of accessory dwelling units (ADUs) through streamlined permitting, education and resources, and regular monitoring of the ADU regulations. {to address PSRC Vision 2050 and Commerce consistency checklists}

### **Policy HS-1.7**

Encourage new multi-family housing in a variety of types and sizes in areas designated for such use in the Land Use Chapter and Map. {moved from old HS-3.5}

### **Policy HS-1.8**

Encourage additional housing units through the provisions of mixed-use development in commercially zoned areas and consider allowing, in certain circumstances, residential uses to develop independent of or through flexible space provisions. {moved from old HS-3.6 and amended}

### **Policy HS-1.9**

Consider innovative techniques, development standards, and incentives to accommodate higher-density housing along the SR305 Corridor, where transit, employment and other services are present. {to address PSRC Vision 2050 and Commerce consistency checklists}

**Policy HS-1.9**

Review and streamline development standards and regulations to improve their public benefit, provide flexibility, and minimize additional costs to housing. {to address PSRC Vision 2050 and Commerce consistency checklists}

**Policy HS-1.10**

Continue to implement the recommendations of the 2019 Housing Action Plan, as amended and as resources allow.

**Policy HS-1.11**

Expand housing capacity for moderate density housing to bridge the gap between single-family and more intensive multifamily development and provide opportunities for more affordable ownership and rental housing that allows more people to live in neighborhoods across the city. {to address PSRC Vision 2050 and Commerce consistency checklists}

**Policy HS-1.12**

Promote socioeconomic integration by allowing for a variety of housing types and sizes together in new residential and redevelopment projects. In the RL zoning district, continue promote the use of the planned residential developments to promote a variety of housing types, sizes, and site planning techniques that can achieve the maximum housing potential of the site while being designed in consideration of surrounding properties and the natural environment provision for attached housing units clustered with the traditional single-family detached units.{moved from old HS-3.1 and amended}

**Policy HS-1.13**

Encourage and support accessible design and housing strategies that provide seniors the opportunity to remain in their own neighborhood as their housing needs change. {to address the growing senior population in Poulsbo}

**Policy HS-1.14**

~~The City shall s~~Support agency and nonprofit organizations in the creation of housing opportunities to accommodate the homeless, elderly, physically or mentally challenged, and other segments of the population who have special needs. {moved from old HS-4.7 and amended}

**Policy HS-1.15**

Encourage and support the development of emergency, transitional and permanent supportive housing with appropriate on-site services for persons with special needs. {required per HB1220}

**Existing Neighborhoods**

The policy intent is to preserve and enhance the value and character of neighborhoods by improving and extending the life of existing housing stock. Preserving existing housing allows residents to stay in their homes, fostering a sense of community continuity. This social cohesion can be vital for the well-being of residents and neighborhood stability. Older homes can be more affordable than new construction. Preserving existing housing stock can help maintain a mix of housing options, including affordable ones.

**GOAL HS-2**

**Strengthen and preserve the City's existing neighborhoods and housing stock.**

**Policy HS-2.1**

Promote private efforts to preserve the existing quality housing stock by maintaining sound units, rehabilitating substandard units, and replacing severely deteriorated units.

**Policy HS-2.2**

~~The City Public Works shall p~~Program regular infrastructure maintenance in existing residential neighborhoods to ensure its ability to adequately and appropriately support existing housing.

**Policy HS-2.3**

~~The City shall c~~onsider initiating Initiate a program that provides financial assistance through grants or low-interest loans to repair and rehabilitate aging or substandard housing.

**Policy HS-2.4**

Encourage the maintenance, restoration, and rehabilitation of locally significant residences in which these residences are retained instead of redeveloped.

**Policy HS-2.5**

Encourage the preservation and enhancement ~~of the unique scale and character of Pousbo's existing neighborhoods throughout the city which provide housing for all income levels, while allowing for improvement with minimal displacement.~~

**Policy HS-2.6**

Recognize the role of mobile and manufactured housing as an important component of Pousbo's housing stock by creating a more stable planning and zoning environment for their continuation and by providing flexible and effective development regulations that will allow the upgrading and modernizing of older manufactured/mobile home parks. {to address policy direction provided at joint PC and CC growth strategy workshop}

**GOAL HS-3**

~~Promote a variety of housing types that meet changing population needs and preferences.~~ {combined with Goal HS-1}

**Policy HS-3.1**

~~Promote socioeconomic integration by allowing for a variety of housing types and sizes together in new residential and redevelopment projects. In the RL zoning district, promote the use of the planned residential development's provision for attached housing units clustered with the traditional single-family detached units.~~ {moved to HS-1.12 and amended}

**Policy HS-3.2**

~~Continue to permit accessory dwelling units in the RL zone and provide development standards in the City's Zoning Ordinance that also promote ease of permitting. Accessory dwelling units shall be achieved by adding a second unit by:~~

- ~~▪—A second separate dwelling unit built on the same lot;~~
- ~~▪—A second dwelling unit added to the original residence on the lot;~~
- ~~▪—A second dwelling unit by converting an existing accessory structure on the lot; or~~
- ~~▪—A second dwelling unit created by converting existing space, such as an attached garage, in the original residence.~~
- Accessory units do not include recreation vehicles of any kind. {repetitive with new HS-1.5}

**Policy HS-3.3**

~~Promote home ownership by encouraging alternatives to conventional detached single-family housing, such as condominiums, attached single-family units, and townhouses.~~ {repetitive with new HS-1.11}

**Policy HS-3.4**

~~Encourage preservation of land currently accommodating manufactured home parks and continue to permit manufactured homes in all residential zones.~~ {repetitive with new HS-2.6}

### ***Policy HS-3.5***

*Encourage new multi-family housing in a variety of types and sizes in areas designated for such use in the Land Use Chapter and Map. {moved to HS-1.6}*

### ***Policy HS-3.6***

*Encourage additional housing units through the provisions of mixed use development in commercially zoned areas. {moved to HS-1.7 and amended}*

## **Affordable and Subsidized Housing**

An increasing challenge for Poulsbo is to provide affordable housing opportunities for all economic segments of the population. Housing is a fundamental human need. When people can secure stable and affordable housing near locations of jobs and opportunity, they are able to focus on achieving other life goals, such as education, career advancement, health, happiness, and social connections. Without stable and affordable housing, they face significant and sometimes insurmountable barriers to these goals. The state Growth Management Act's housing goal affirms the City's responsibility to meet this challenge.

The relationship between household income and housing cost is the main factor in the ability of Poulsbo residents to afford adequate housing. Housing costs especially in Washington State have increased over the last twenty-five years, at a faster rate than employment wages. Because housing costs have been inflating faster than wages, households must spend a greater percentage of their income on housing. This "wage-housing mismatch" is most difficult for low and moderate-income households.

Poulsbo is planning for a housing supply that will meet the needs of all economic segments of the community. The City carries out affordable housing goals and policies through development regulations and the support of Housing Kitsap.

In a housing market, income determines the type and size of housing that a household can obtain. When household income increases, housing consumption increases. Usually, upper income households spend a smaller percentage of their income on housing costs, although the amount they spend may be greater. Low-income households are likely to be spending the most on housing relative to their incomes.

The U.S. Department of Housing and Urban Development (HUD) provides the definitions of very low, low, and moderate-income households. These income levels are based on fixed percentages of the area's median income for a household of four. These categories are used to evaluate and prioritize the relative housing needs of income groups that require housing assistance.

Utilizing these definitions, the Kitsap Countywide Planning Policy identified these definitions in its Affordable Housing policies: Low-income families are those whose income are 80 percent or less of Kitsap County's median income; Moderate-income families are at 80 percent to 95 percent of median income; and Middle-income families are 96%-120% of countywide median.

The generally accepted cost burden threshold is when gross housing costs, including utilities, exceeds 30% of gross household income. This is the threshold at which the cost of shelter typically becomes a financial hardship, reducing the amount of income available for other necessary expenses such as food, medical care, and clothing.

According to data collected by Census 2010, the median household income for Poulsbo residents was \$59,464 and is estimated in 2014 as \$57,296.

The amount of household income spent on monthly housing costs was also surveyed by U.S. Census American Community Survey 5-year estimates 2014, which indicated that 46% of owner-occupied households spent more than 30% of their income on monthly housing expenses. For renter-occupied households, this amount was 44% of renter-occupied households.

A wide variety of market and institutional forces influence housing costs. Local government can affect some of these, but most others are the result of larger socio-economic issues that are beyond the reach of regional and local policies. The primary influences on housing affordability tend to be:

- Price of raw land or platted lots;
- Finance costs, including interest rates and fees;
- Materials and construction costs, including labor;
- Population changes, including demographic shifts and in-migration;
- Land use controls which limit the areas where housing may be built and the density of development;
- Building code requirements; and
- Site development costs, including infrastructure, environmental mitigation, and off site improvements.

The rising costs of development — land, residential construction, financing, permit processing, roads and utilities — have contributed to increased rents and house prices at all levels.

Existing housing units in Poulsbo will most likely provide a majority of the affordable housing needed for housing growth. In the past as households upgrade from “starter” homes to newer homes, those homes become available to the affordable housing market. However, with the continued challenge of lower-cost housing availability, it is essential that new construction also provide affordable housing, especially for low and moderate-income households.

Efforts to encourage sufficient infrastructure and reduced development costs can help make new affordable housing achievable. Zoning incentives and infrastructure strategies that cut development costs all can contribute to increased newer, moderately priced housing.

Development Regulations: To provide new housing in Poulsbo that implements the comprehensive plan and enhances the character of the city, a variety of housing types in a variety of settings should be identified. Innovative strategies, such as planned residential developments, mixed-use developments, density bonuses for below market housing units, accessory dwelling units, incentives for attached units, and the state authorized exceptions in development codes allowed to housing authorities, are all identified in Poulsbo’s development regulations to facilitate construction of affordable housing.

Housing Kitsap: Recognizing the need to work aggressively and collaboratively to increase the supply of affordable housing, cities and Kitsap County formed Housing Kitsap (formerly known as Kitsap County Consolidated Housing Authority). Its purpose is to preserve and increase the supply of housing for low and moderate-income households in Kitsap County.

All jurisdictions in Kitsap County have a responsibility to accommodate some of the projected population growth. Equitable distribution of below market housing units countywide is an important regional policy. Kitsap Regional Coordinating Council shall continue to monitor and coordinate the distribution strategies.

## **GOAL HS-3.4**

**Promote and facilitate the provision of affordable housing in all areas and zoning districts of the city.**

### ***Policy HS-3.1***

Identify and implement strategies to meet affordable housing targets identified in the Kitsap County Countywide Planning Policies. {to address PSRC Vision 2050 consistency checklist}

### ***Policy HS-3.2***

Identify potential physical, economic, and cultural displacement of low-income households and marginalized populations that may result from planning, public investments, private redevelopment, and market pressure. Use a range of strategies to mitigate displacement impacts to the extent feasible. {to address PSRC Vision 2050 and Commerce consistency checklist}



**Policy HS-~~3.3~~4.1**

*Disperse housing for low- and moderate-income households through Poulsbo and its Urban Growth Area and discourage the disproportionate concentration of such housing in any one geographical area of the city.*

**Policy HS-~~3.4~~4.2**

*Continue to support the regionally coordinated provision of low-income housing through the City's participation with the Kitsap Regional Coordinating Council and Housing Kitsap. The City shall support and encourage Housing Kitsap's pursuit of funding for low- and moderate- income housing through the Community Development Block Grant program, state and federal programs, and other available funding opportunities.*

**Policy HS-4.3**

*~~Support and encourage Habitat for Humanity and private developers who seek to provide below-market housing units.~~ {added to new HS-3.5}*

**Policy HS-4.4**

*~~Continue to support and encourage the Housing Kitsap's Self-Help Housing program, in which people gain home equity in exchange for work performed in renovation or construction.~~ {added to new HS-3.5}*

**Policy HS-~~3.5~~ 4**

*Promote ~~and encourage partnerships between public and~~ private ~~developers and~~ nonprofit organizations ~~that seek to~~ create increased housing and home ownership opportunities for low- and moderate- income households, such as Housing Kitsap's Self-Help Housing program, Habitat for Humanity, shared or limited-equity housing, lease-purchase options, cohousing, and land trusts and cooperatives.*

**Policy HS-4.6**

*~~Support other ownership approaches that may apply to low-income housing, such as shared or limited-equity housing, lease-purchase options, cohousing, and land trusts and cooperatives.~~ {added to new HS-3.5}*

**Policy HS-4.7**

*~~The City shall sSupport agency and nonprofit organizations in the creation of housing opportunities to accommodate the homeless, elderly, physically or mentally challenged, and other segments of the population who have special needs.~~ {moved to HS-1.14 and amended}*

**Policy HS-~~3.6~~4.3**

*Provide density bonus opportunities and other incentives in the City's Zoning Ordinance for development proposals that provide low- to moderate-income housing units. Provide criteria and process for ensuring that those units remain affordable over time.*

**Policy HS-~~3.7~~4.8**

*Research ~~other~~ emerging housing options or development incentives that are appropriate to be included in the City's zoning ordinance that will provide an increase of affordable housing units into the City's housing stock.*

**Policy HS-~~3.8~~4.9**

*Encourage as affordable housing options, rooms for rent and boarding houses - which benefit those on a fixed income with those of low income - and thereby strengthening their social safety net and increased sense of community.*

**Policy HS-3.9**

*Continue to support the Department of Housing, Health and Human Services and its efforts to acquire grants and facilitate projects that provide affordable and transitional housing and financial support to our most vulnerable populations.*