



# HOUSING AFFORDABILITY

Understanding Costs. Exploring Tools. Shaping Poulsbo's Housing Future.

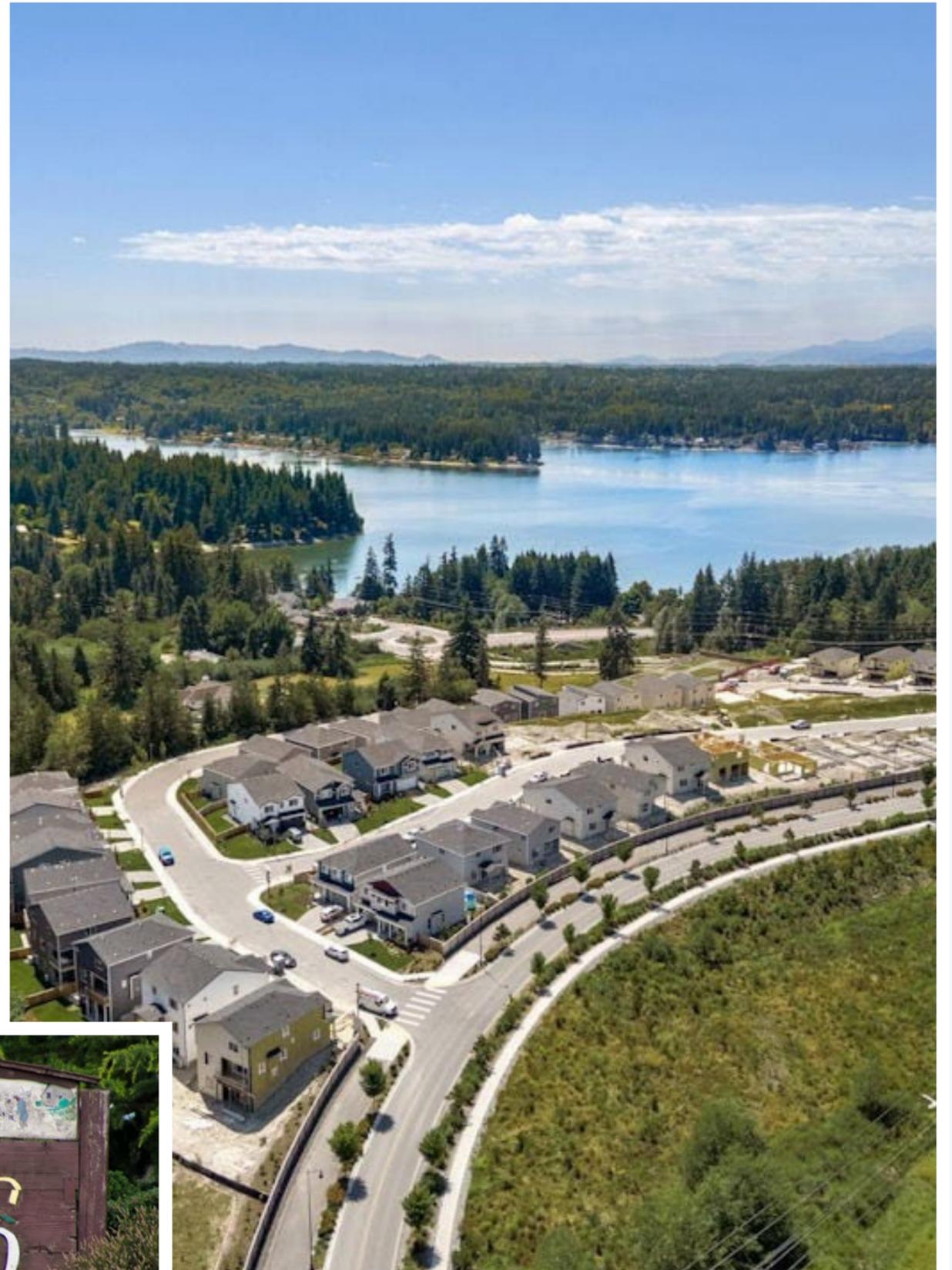
*February 18, 2026 | Workshop 3*



# WHY ARE WE HERE?

This workshop series is designed to build a shared understanding of the factors that influence housing affordability in Poulsbo, identify the tools and incentives within the City's control, and guide Council in setting clear policy direction for 2026 (and beyond).

Through 4 workshops, we will explore local cost drivers, evaluate feasible affordability programs, understand fiscal and administrative trade-offs, and ultimately determine which strategies the City should pursue to support a wider range of housing options for our community.



# WORKSHOP 1 AND 2 RECAP

## WHAT WE LEARNED

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- Housing affordability in Poulsbo is shaped by both market forces and local policy decisions, with City-controlled fees, standards, and timelines affecting project feasibility.
- Local costs, including impact fees, utility charges, and frontage requirements, can add tens of thousands of dollars to a home, and longer or uncertain review timelines further increase costs.
- Poulsbo has a wide range of affordability tools available, but each varies in complexity, fiscal impact, and administrative effort.
- Incentives must be carefully calibrated and clearly targeted (affordable vs. workforce housing) to ensure they meaningfully change behavior and deliver measurable community outcomes.
- Because no single tool is likely sufficient on its own, layering (“stacking”) incentives, while balancing infrastructure funding and staff capacity, may be necessary to improve feasibility for income-restricted housing.

# WORKSHOP 3: IMPLEMENTATION DEEP DIVE

Goal: Move from identifying what tools are available to evaluating how those tools can realistically be implemented in Poulsbo.



*Tonight is about how these tools would operate in practice and what guardrails you would like staff to build into the Housing Implementation Plan.*

# SURVEY RESULTS

## Highest Priority

(Strong majority interest; minimal opposition)

- UGA Swap / Annexation
- Local Housing Fund
- Land Banking / Land Donation
- Fee Reductions & Deferrals
- Preservation/Aquisition

## Secondary Interest

(Mixed responses, but still interest)

- Density Bonus / Voluntary Inclusionary
- Public-Private Partnerships
- Dimensional & Design Flexibility
- Grant Partnerships

## Lowest Interest

- Mandatory Inclusionary Housing
- Affordable Housing Fee-in-Lieu
- Parking Requirement Reductions
- Frontage / Infrastructure Flexibility
- Multi-Family Tax Exemption



# FRAMEWORK FOR DEEPER DIVE

- Policy Objective: What problem is this incentive/program solving and for whom?
- Type of Tool: Is this regulatory, financial, structural, or strategic?
- Fiscal Impact: What is the City's exposure?
- Risk Factors: What could go wrong or create political/financial pressure?
- Staff Capacity: How much sustained staff time does this require?
- Complexity: How difficult is this to design and operate?
- Implementation Timeframe: Near-term, mid-term, or long-term?
- Expected Market Response: Will the market actually use this?
- Stacking Opportunities: Does this tool depend on other tools to be effective?
- Key Implementation Considerations.
- Questions and Council Direction.

# WHAT STACKING LOOKS LIKE IN PRACTICE

## **Example 1. Land Banking + Housing Fund + Density Bonus + Impact Fee Waiver**

- City secures land.
- Density bonus increases unit yield.
- Impact fee waiver for missing middle housing lowers upfront cost.
- Housing Fund fills impact fee gap.
- Result. More workforce built on publicly controlled land than zoning alone would allow.

## **Example 2. UGA Swap + Annexation + Workforce Housing Flexibility + Fee Deferral**

- UGA adjustment expands long-term capacity.
- Annexation applies multi-family zoning.
- Reduced setbacks and dimensional flexibility increase site efficiency for workforce housing.
- Impact Fee deferral improves early project cash flow.
- Result. Gradual housing production aligned with infrastructure readiness.

## **Example 3. Preservation + Housing Fund + Fee Reduction**

- Housing Fund supports acquisition of an existing multifamily property.
- Fee reductions support needed rehabilitation upgrades.
- Long-term affordability recorded.
- Result. Existing housing stabilized while maintaining financial feasibility.

# LOCAL HOUSING FUND

<b>Policy Objective</b>	Establishes a locally controlled funding source to support housing priorities identified by Council.
<b>Type of Tool</b>	Direct subsidy / gap financing. Does not change zoning or development standards; instead fills financing gaps that prevent projects from penciling.
<b>Fiscal Impact</b>	Fiscal impact depends on the funding source.
<b>Risk Factors</b>	Primary risk is insufficient funding to make a meaningful impact. Public perception concerns may arise if funds accumulate without visible projects. Requires transparency and reporting.
<b>Staff Capacity</b>	Moderate to High. Requires program setup, project evaluation, agreements, and ongoing monitoring. More complex if the City directly administers awards rather than partnering with an external entity.

# LOCAL HOUSING FUND

<b>Complexity</b>	Moderate to High. Requires clear program rules, eligible uses, governance structure, and compliance monitoring. Complexity increases with scale and number of funded projects.
<b>Implementation Timeline</b>	Mid-term (2026 to 2028). Initial framework and policy direction could be established in 2026, with funding and program rollout dependent on identified revenue sources.
<b>Expected Market Response</b>	Moderate to High. Depending on funding size. Most effective when paired with nonprofit or mission-aligned developers and layered with other incentives (MFTE, fee waivers, grants).
<b>Stacking Opportunities</b>	High. Can be layered with grants, land banking strategies, preservation programs, fee reductions, or other local incentives to strengthen overall impact.

# WHAT IMPLEMENTATION LOOKS LIKE

## **Phase 1. Policy Framework**

Define objectives. Establish governance. Identify funding.

## **Phase 2. Program Development**

Develop guidelines. Establish fiscal guardrails. Adopt framework.

## **Phase 3. Launch & Project Selection**

Issue funding opportunity. Evaluate projects. Execute agreements.

## **Phase 4. Oversight & Adjustment**

Monitor progress. Ensure compliance. Evaluate and adjust.

# KEY IMPLEMENTATION CONSIDERATIONS

## Program Design: What Are We Trying to Build?

*How the fund is structured determines how many units are built and who benefits.*

### Key Trade -Offs:

- Deeper affordability = higher subsidy per project, fewer total units.
- Workforce or mixed-income focus = more units per dollar.
- Flexible structure = responsive to market conditions.
- Tightly targeted structure = clearer policy outcomes.
- Geographic prioritization = better alignment with infrastructure.
- Scoring criteria can emphasize unit count, depth of affordability, or balance.

### What This Means for Implementation:

- Targeting affects unit production.
- It determines how far City dollars go.
- It sets the level of monitoring required.

# KEY IMPLEMENTATION CONSIDERATIONS

## Scale & Administration: How Big and Who Runs It?

*Fund size and administration model determine impact and workload.*

### Key Trade -Offs:

- Small allocation = pilot program with limited reach.
- Ongoing funding = steady, predictable production.
- One-time funding = short-term impact, limited continuity.
- City-led = more control, more staff time.
- Partner-led = less administrative burden, less direct control.
- Long-term affordability = more compliance and reporting.

### What This Means for Implementation:

- Funding level determines projects supported each year.
- Administration model determines staff capacity needs.
- Larger programs increase public expectations.
- More complex structures take longer to launch.

# KEY IMPLEMENTATION CONSIDERATIONS

## Accountability & Leveraging: How Do We Make It Work Well?

*Clear guardrails increase impact and reduce risk.*

### Key Guardrails:

- Leverage requirement = local dollars go further.
- Defined timelines = reduces stalled projects.
- Minimum unit or leverage standards = improves fiscal efficiency.
- Regular reporting = transparency and accountability.
- Sunset or review provisions = ability to recalibrate.

### What This Means for Implementation:

- Leveraging increases total unit yield.
- Guardrails reduce financial risk.
- Predictable rules encourage participation.
- Ongoing evaluation keeps the program aligned with Council priorities.

# STAFFING IMPLICATIONS

<b>Model</b>	<b>City FTE</b>	<b>City Involvement</b>	<b>Administrative Risk</b>	<b>Speed to Launch</b>
Partner-Led	0.10- 0.25	Policy and Oversight	Low	Fastest
Hybrid	0.35- 0.70	Fund and Policy Management	Low-Moderate	Moderate
City-Led	0.75 - 1.0	Full Administration	Higher	Slowest

## City Departments Impacted:

- Housing, Health, and Human Services (Administration)
- Finance
- Legal

# FUNDING IMPLICATIONS

<b>Model</b>	<b>City Role</b>	<b>Upfront Funding</b>	<b>Ongoing Responsibility</b>	<b>Operational Responsibility</b>	<b>Financial Risk</b>
Partner-Led	Funding and policy oversight	Defined annual allocation	Limited to committed funds	Partner administers and monitors	Low-Moderate
Hybrid	Funding and performance oversight	Moderate annual allocation	Monitoring and compliance costs	Partner administers and monitors	Moderate
City-Led	Full program administration	Moderate annual allocation	Full compliance and reporting responsibility	City administers and monitors	Moderate-Higher

# FUNDING OPPORTUNITIES

- **0.1% Sales Tax for Housing**
  - Limited to households at or below 60% AMI.
  - Provides a stable annual revenue stream. Funds could be used to leverage larger outside funding.
- **General Fund Allocation**
  - Annual or one-time City funding commitment.
  - Flexible use (can support workforce or mixed-income housing).
  - Requires trade-offs with other City priorities.
- **State & Federal Grants (Leveraged with Local Funds)**
  - Competitive and restricted by grant requirements.
  - Grant administration requires staffing.
- **Public Land Contributions**
  - Sale of surplus property that is not viable for housing development; or
  - Stacking with Land Banking/Donation program to use public land.

# OTHER JURISDICTIONS

<b>Jurisdiction</b>	<b>Fund Type</b>	<b>Management Structure</b>	<b>Model Type</b>
City of Olympia	Home Fund (Voter-Approved Levy)	City administers program directly. Nonprofit developers implement projects.	City-Led with Partner Delivery
City of Tacoma	Local Housing Fund	City administers competitive funding rounds. Projects delivered by partners.	City-Led
Snohomish County / Everett	Local Housing Fund / 0.1% Sales Tax	County or City administers funds and distributes through competitive process.	City/County-Led
Kitsap County	0.1% Sales Tax for Housing	County administers program and allocates funds to partner organizations.	County-Led with Partner Delivery

# COUNCIL DIRECTION & QUESTIONS

- Should the Local Housing Fund prioritize deeper affordability, workforce housing, overall housing production, or remain flexible?
- What funding source is Council willing to *consider* committing?
- Should the program be City-led, partner-led, or hybrid?

What we are hearing is...

# LAND BANKING/DONATION PROGRAM

<b>Policy Objective</b>	Secures strategically located land to support future housing production. Reduces land acquisition barriers that can limit development feasibility and timing.
<b>Type of Tool</b>	Land-based housing production strategy. Does not directly change zoning or provide subsidy, but influences development outcomes through site control.
<b>Fiscal Impact</b>	Upfront acquisition costs and potential holding expenses.
<b>Risk Factors</b>	Land may be held without timely development if funding or partnerships are delayed. Market conditions may shift between acquisition and development. Infrastructure costs may affect feasibility.
<b>Staff Capacity</b>	High. Requires acquisition evaluation, negotiation, and coordination with development partners.

# LAND BANKING/DONATION PROGRAM

<b>Complexity</b>	Moderate. Involves acquisition strategy, valuation analysis, holding cost management, zoning alignment, infrastructure coordination, and long-term development agreements.
<b>Implementation Timeline</b>	Mid-term (2026 to 2028). Acquisition strategy could begin in 2026, with development dependent on funding alignment, partner readiness, and market conditions.
<b>Expected Market Response</b>	Moderate to High. Most effective when coordinated with development partners. May attract nonprofit or mission-aligned developers; market-rate participation depends on site location, zoning capacity, and disposition terms.
<b>Stacking Potential</b>	High. Can align with housing fund resources, infrastructure coordination, fee reductions, preservation programs, or public-private partnerships to accelerate housing production.

# WHAT IMPLEMENTATION LOOKS LIKE

## **Phase 1. Policy Framework**

Define Acquisition Priorities. Develop Acquisition Criteria. Establish Funding Approach

## **Phase 2. Site Identification & Evaluation**

Identify Properties. Conduct Feasibility & Infrastructure Review. Complete Valuation.

## **Phase 3. Acquisition & Holding**

Purchase/Accept Donation. Establish Holding Protocols. Confirm Development Pathway.

## **Phase 4. Disposition & Development**

Select Development Partner. Execute Development Agreement. Monitor.

# KEY IMPLEMENTATION CONSIDERATIONS

## Site Strategy & Production Goals: What Are We Acquiring — and Why?

*Where and what the City acquires determines longterm housing output.*

### Key Trade -Offs:

- Higher-capacity zoning = greater long-term unit yield and stronger production impact.
- Infrastructure-ready sites = shorter development timelines and lower public cost exposure.
- Small infill parcels = quicker activation but limited unit counts.
- Larger sites = phased development and higher total production potential.
- Minimum density standards and timelines = ensure land contributes meaningfully to housing supply.

### What This Means for Implementation:

- Directly affects total units produced over time.
- Influences how quickly housing can move from acquisition to construction.
- Determines whether land becomes a strategic production asset or remains underutilized.

# KEY IMPLEMENTATION CONSIDERATIONS

## Funding & Holding Strategy: How Is It Funded and How Long Is It Held?

*The funding source and holding period determine the City's financial exposure and level of control.*

### Key Trade -Offs:

- General fund purchases = greater control, but direct budget trade-offs.
- Donation-only approach = lower fiscal risk, but limited site flexibility.
- Short-term holding = reduced maintenance costs and quicker transfer to development.
- Long-term land reserve = strategic flexibility, but higher carrying costs and market risk.
- Infrastructure upgrades may require additional public investment before development can proceed.

### What This Means for Implementation:

- Determines the City's level of financial exposure.
- Affects ongoing administrative and maintenance workload.
- Shapes public expectations for when housing should be delivered.

# KEY IMPLEMENTATION CONSIDERATIONS

## Partnerships & Accountability - How Is Land Transferred and Under What Terms?

*Disposition structure affects both production speed and public benefit.*

### Key Trade -Offs:

- RFP process = greater transparency, longer timeline.
- Direct negotiation = faster delivery, less competitive process.
- Development agreements = enforce minimum density and timelines.
- Affordability requirements = stronger public benefit, more monitoring.
- Clear reporting standards = accountability and public confidence

### What This Means for Implementation:

- Determines the speed of housing delivery.
- Sets the level of long-term oversight required.
- Influences developer participation and certainty.

# STAFFING IMPLICATIONS

Model	City FTE	City Involvement	Administrative Risk	Speed to Launch
Donation / Partner-Led	0.10 - 0.25	Policy and Oversight	Low	Fastest
Project-Specific Acquisition	0.30 - 0.50	Fund and Policy Management	Moderate	Moderate
City-Led (Active Land Banking Strategy)	0.75 - 1.0	Full Administration	Higher	Slowest

## City Departments Impacted:

- Housing, Health, and Human Services (Administration)
- Finance
- Legal
- Planning (Zoning, Critical Areas Feasibility)
- Engineering/Public Works (Infrastructure Evaluation)

# FUNDING IMPLICATIONS

Model	City Role	Upfront Funding	Ongoing Responsibility	Operational Responsibility	Financial Risk
Donation / Partner-Led	Accepts land. Partner leads development	Minimal transaction costs	Basic holding costs	Partner develops and operates	Low
Project-Specific Acquisition	Purchases site for known project	Moderate acquisition cost	Short-term holding costs	City acquires. Partner develops	Moderate
Active Land Banking	Proactively acquires and holds land	Significant capital investment	Ongoing holding costs	City manages holding and disposition	Higher

# FUNDING OPPORTUNITIES

*Land banking is not inherently expensive, but it becomes expensive if the City chooses to proactively control land rather than respond to opportunities.*

- **General Fund Allocation**
  - Can be one-time seed money or ongoing annual allocation.
  - Most flexible option, but requires trade-offs with other City priorities.
- **Local Housing Fund (If Established)**
  - Can align land acquisition with production or affordability goals.
- **0.1% Sales Tax for Housing**
  - Could be used to acquire land for income-restricted housing.
  - Restricted by AMI limits; cannot support workforce or market-rate housing.
- **State Housing Trust Fund (Commerce)**
  - Requires administrative capacity and compliance tracking.
  - Often requires local match or readiness.
  - Strong leverage opportunity, but competitive and project-specific.
- **Federal Funding (HOME, HUD, Infrastructure Grants)**
  - May support acquisition when tied to qualifying housing projects.
  - Requires administrative capacity and compliance tracking.

# OTHER JURISDICTIONS

<b>Jurisdiction</b>	<b>Program Type</b>	<b>Management Structure</b>	<b>Model Type</b>
City of Olympia	Public Land Disposition	City evaluates City-owned sites and partners with housing providers.	Hybrid
City of Tacoma	Public Property Disposition for Affordable Housing	City evaluates surplus land and issues RFPs for housing development. Projects delivered by partners.	City-Led
City of Seattle	Public Land for Housing Program	City identifies surplus property. Transfers land through competitive RFP to nonprofit developers.	City-Led with Partner Development

# COUNCIL DIRECTION & QUESTIONS

- Should the City proactively purchase land for future housing production, or limit this program to donation and project-specific opportunities?
- Is Council willing to allocate City funds for land acquisition?
  - if so, should there be an annual cap?
- Should land acquisitions be limited to infrastructure-ready sites?

What we are hearing is...

# PRESERVATION / ACQUISITION

<b>Policy Objective</b>	Protects existing affordable housing stock from market conversion and preserves long-term affordability.
<b>Type of Tool</b>	Financial and partnership-based strategy focused on stabilizing existing housing stock.
<b>Fiscal Impact</b>	Requires dedicated funding for acquisition or gap financing. May prevent displacement and reduce future production pressure.
<b>Risk Factors</b>	Limited inventory available for preservation. High acquisition cost in competitive market. Risk of insufficient funding to compete with private buyers.
<b>Staff Capacity</b>	Moderate to High. Requires coordination with partners, funding administration, and compliance monitoring.

# PRESERVATION / ACQUISITION

<b>Complexity</b>	Moderate. Involves property evaluation, funding coordination, and long-term affordability agreements.
<b>Implementation Timeline</b>	Mid-term (2027-2028). Dependent on funding readiness and partner capacity.
<b>Expected Market Response</b>	Strong from nonprofit and mission-aligned housing providers; limited participation from market-rate developers.
<b>Stacking Potential</b>	High. Works best when paired with housing fund resources, grants, or nonprofit partnerships.

# WHAT IMPLEMENTATION LOOKS LIKE

## **Phase 1. Policy Framework**

Define Preservation Goals. Establish Funding Structure. Define Eligibility Criteria.

## **Phase 2. Property Identification**

Monitor At-Risk Properties. Coordinate with Partners. Conduct Feasibility/Due Diligence.

## **Phase 3. Acquisition & Agreement**

Secure Funding. Execute Acquisition. Establish Long-Term Agreements.

## **Phase 4. Monitoring & Compliance**

Track Affordability Commitments. Monitor Capital Improvements. Report to Council.

# KEY IMPLEMENTATION CONSIDERATIONS

## Targeting & Property Strategy: What Are We Preserving and Why?

*The types of properties targeted determine how many units are stabilized and who benefits.*

### Key Trade -Offs:

- Naturally affordable multifamily housing = preserve existing lower rents at scale.
- Expiring affordability agreements = prevent loss of regulated units.
- Geographic focus = stabilize housing in targeted neighborhoods or corridors.
- Long-term affordability requirements (30+ years) = stronger protections, longer monitoring.
- Displacement prevention focus = prioritize tenant stability in vulnerable areas.

### What This Means for Implementation:

- Targeting decisions determine how many units remain affordable.
- They also define how long affordability protections are maintained.
- More restrictive requirements increase monitoring and administrative oversight.

# KEY IMPLEMENTATION CONSIDERATIONS

## Funding & Fiscal Guardrails. How Much Do We Commit and Under What Limits?

*Acquisition costs can be high and competitive, requiring clear funding parameters.*

### Key Guardrails:

- Funding source = housing fund, grants, general fund, or layered approach.
- Per-project caps = protect against over-concentration of resources.
- Leverage requirements = stretch local dollars further.
- Property size limits = focus resources on scalable impact.
- Compliance cost planning = account for long-term monitoring obligations.

### What This Means for Implementation:

- Funding structure determines how many properties can realistically be preserved.
- Guardrails limit fiscal exposure and improve predictability.
- Strong leverage requirements increase impact per dollar invested.

# KEY IMPLEMENTATION CONSIDERATIONS

## Partnerships & Administrative Impacts. Who Leads and Who Monitors?

*Preservation programs depend on experienced housing partners and clear oversight structure.*

### Key Trade -Offs:

- Partner-led acquisition = lower City workload, less direct control.
- City-led role = more oversight, greater staffing commitment.
- Defined reporting cadence = consistent accountability.
- Long-term affordability monitoring = sustained administrative obligation.
- Coordination with housing authorities or nonprofits = shared responsibility, shared complexity.

### What This Means for Implementation:

- Administrative structure determines staff workload.
- Long-term affordability commitments require ongoing monitoring capacity.
- Greater oversight increases staffing intensity and reporting responsibility.

# STAFFING IMPLICATIONS

<b>Model</b>	<b>City FTE</b>	<b>City Involvement</b>	<b>Administrative Risk</b>	<b>Speed to Launch</b>
Partner-Led Preservation	0.20 - 0.30	City Funding	Low-Moderate	Fastest
Hybrid (City Funding + Partner Acquisition)	0.35 - 0.50	Fund and Policy Management	Moderate	Moderate
City-Led Acquisition Program	0.55 - 1.0	Full Administration	Higher	Slowest

## City Departments Impacted:

- Housing, Health, and Human Services (Administration)
- Finance
- Legal
- Public Works

# FUNDING IMPLICATIONS

Model	City Role	Upfront Funding	Ongoing Responsibility	Operational Responsibility	Financial Risk
Partner-Led Preservation	Provides gap funding. No ownership	Limited local contribution	Compliance monitoring	Partner owns and operates	Moderate
Hybrid Model	Provides funding and structured oversight	Moderate to substantial investment	Monitoring and oversight costs	Partner operates. City enforces agreements	Moderate-Higher
City-Led Acquisition	Purchases and holds property	Significant acquisition capital	Ongoing maintenance and management	City holds and manages asset	Higher

# OTHER JURISDICTIONS

<b>Jurisdiction</b>	<b>Program Type</b>	<b>Management Structure</b>	<b>Model Type</b>
City of Olympia	Home Fund Preservation Projects	City administers fund. Nonprofit housing providers acquire and rehabilitate properties.	City-Led with Partner Delivery
City of Tacoma	Affordable Housing Preservation Program	City provides gap financing for acquisition of existing multifamily housing. Nonprofit partners own and manage.	City-Led with Partner Delivery
Kitsap County	0.1% Sales Tax Housing Program	County distributes funds to housing providers for acquisition and stabilization. Funds distributed to nonprofit developers.	County-Led with Partner Delivery

# COUNCIL DIRECTION & QUESTIONS

- Should this be partner-led or City-led?
- Is Council willing to dedicate local funding, or should preservation rely primarily on grants and partnerships?
- Should the program require long-term affordability commitments (e.g., 30+ years)?

What we are hearing is...

# FEE REDUCTIONS AND DEFERRALS

<b>Policy Objective</b>	Reduces upfront development costs to improve feasibility of housing.
<b>Type of Tool</b>	Regulatory and financial incentive. Lowers or delays City-imposed development fees.
<b>Fiscal Impact</b>	Foregone or delayed revenue. Impact depends on participation rates and scope of fee reduction.
<b>Risk Factors</b>	High participation may reduce revenue available for infrastructure. Low participation may produce limited impact.
<b>Staff Capacity</b>	Moderate. Requires eligibility criteria, tracking, and reporting.

# FEE REDUCTIONS AND DEFERRALS

<b>Complexity</b>	Moderate to High. Administrative requirements increase with participation rates and monitoring conditions.
<b>Implementation Timeline</b>	Near-to-Mid-term (2026 to 2027). Dependent on extent of program.
<b>Expected Market Response</b>	Moderate to High. Most effective for small to mid-sized projects and workforce housing.
<b>Stacking Potential</b>	Moderate to High. Can complement housing fund investments, preservation programs, or grant funding.

# WHAT IMPLEMENTATION LOOKS LIKE

## **Phase 1. Policy Framework**

Define Eligible Fees. Define Eligibility Criteria. Establish Fiscal Guardrails.

## **Phase 2. Ordinance Development**

Draft Code Amendments. Coordinate with Finance & Other Depts. Council Adoption.

## **Phase 3. Program Launch**

Develop Administrative Procedures. Implement Review Process. Track Participation.

## **Phase 4. Monitoring & Adjustment**

Report to Council. Evaluate Effectiveness. Adjust as Needed.

# KEY IMPLEMENTATION CONSIDERATIONS

## Program Design & Targeting. What Fees and For Which Projects?

*The scope of fee relief and the housing types eligible determine both production impact and revenue exposure.*

### Key Trade -Offs:

- Eligible fees = permitting, impact fees, utility charges, or all.
- Deferral vs partial reduction vs full waiver = delayed revenue vs permanent loss.
- Income-restricted, workforce, or broad eligibility = targeted impact vs broader production.
- Project size thresholds = support small builders or apply citywide.
- Geographic targeting = align incentives with centers and corridors.

### What This Means for Implementation::

- Determines how many projects participate.
- Directly affects how much revenue is delayed or forgone.
- Sets the scale of administrative tracking required.

# KEY IMPLEMENTATION CONSIDERATIONS

## Fiscal Guardrails & Administrative Impacts. How Do We Protect Revenue and Capacity?

*Participation levels directly affect City revenue and staff workload.*

### Key Guardrails:

- Annual cap = limits total revenue exposure.
- First-come or structured selection = manages demand.
- Clear deferral tracking process = ensures repayment.
- Infrastructure revenue monitoring = protects capital programs.
- Sunset or periodic review = allows recalibration.

### What This Means for Implementation::

- High participation without caps can reduce infrastructure funding.
- Strong tracking systems increase administrative workload.
- Clear guardrails improve predictability and fiscal control.

# STAFFING IMPLICATIONS

<b>Model</b>	<b>City FTE</b>	<b>City Involvement</b>	<b>Administrative Risk</b>	<b>Speed to Launch</b>
Simple Deferral Program	0.10 - 0.20	Eligibility Review and Tracking	Low	Fastest
Targeted Reduction or Waiver Program	0.25 - 0.50	Application Review and Tracking	Moderate	Moderate
Broad Reduction or Waiver Program (High Participation)	0.55- 1.0	Full Administration	Higher	Slowest

## City Departments Impacted:

- Finance
- Legal
- Planning
- Engineering/Public Works

# FUNDING IMPLICATIONS

Model	City Role	Upfront Funding	Ongoing Responsibility	Operational Responsibility	Financial Risk
Deferral Only	Administers eligibility and repayment	None. Revenue delayed	Temporary cash flow shift	Tracks deferred balances	Low-Moderate
Targeted Reduction	Administers eligibility and partial reductions and structured oversight	Partial revenue loss	Reduced capital funding	Tracks participation and reporting	Moderate
Broad Reduction or Waiver	Administers full reductions or waivers	Partial revenue loss	Ongoing capital revenue reduction	Monitors impact on capital planning	Higher

# EXISTING PROGRAM

## PMC 3.86.135 – Single Family Impact Fee Deferral

### Required Under RCW 82.02.050

- State law requires cities that impose impact fees to offer a deferral option for single family detached and attached residential building permits.
- Applicants may defer payment of impact fees until final inspection or eighteen months after permit issuance, whichever occurs first.
- The deferral must be requested at permit issuance and requires a separate application and administrative fee.
- The applicant must record a lien against the property for the full amount of deferred impact fees. The lien is released once fees are paid.
- The deferral is limited to the first twenty single family building permits per applicant per year, consistent with state statute.

# OTHER JURISDICTIONS

Jurisdiction	Eligible Fees	Relief Type	Income Targeting	Caps / Guardrails	Repayment Structure
City of Olympia	Impact fees	Deferrals and partial reductions	Affordable housing	Annual monitoring	Repayment at final inspection or sale
City of Tacoma	Impact fees	Exemptions and deferrals	Affordable housing	Targeted eligibility	Deferred fees collected at CofO
City of Bellingham	Impact fees	Deferrals and reductions	Affordable housing	Annual caps and reporting	Structured repayment timeline
Kitsap County	Impact fees	Deferrals	Affordable housing	Statutory limits	Collected at CofO

# COUNCIL DIRECTION & QUESTIONS

- Do we want to consider deferrals or reductions or waivers?
- Which fees should be eligible, permitting, impact fees, utility connection fees?
- Should the program focus on income-restricted housing, workforce housing, or broader housing production?

What we are hearing is...

# UGA SWAP/ANNEXATION

<b>Policy Objective</b>	Supports long-term housing capacity expansion through coordinated UGA adjustments or annexation.
<b>Type of Tool</b>	Growth Management Act–governed process. Intergovernmental and statutory in nature.
<b>Fiscal Impact</b>	Infrastructure expansion and service extension costs may be significant. Long-term tax base growth possible but not immediate.
<b>Risk Factors</b>	Infrastructure cost exposure. Timing misalignment with Comprehensive Plan updates. Public process complexity. Market absorption uncertainty.
<b>Staff Capacity</b>	High. Requires inter-governmental coordination, planning analysis, infrastructure review, and public process.

# UGA SWAP/ANNEXATION

<b>Complexity</b>	High. Involves Growth Management Act compliance, County coordination, and Comprehensive Plan amendments.
<b>Implementation Timeline</b>	Long-term (2026 and beyond). Initial coordination for UGA Swap could begin in 2026 with multi-year implementation out to 2029.
<b>Expected Market Response</b>	Moderate. Development depends on zoning, infrastructure availability, and market conditions.
<b>Stacking Potential</b>	Moderate. Can align with land banking strategies or housing fund investments.

# WHAT IMPLEMENTATION LOOKS LIKE - UGA SWAP

- **Demonstrate Need for Adjustment** . The City must show that the proposed UGA change is consistent with housing and population growth targets and the Buildable Lands analysis.
- **Coordinate with Kitsap County** . UGA boundaries are established by the County, so the City must formally coordinate and request the boundary modification.
- **Ensure Compliance with GMA Requirements** . The adjustment must be consistent with GMA goals, including urban services, logical boundaries, and prevention of sprawl.
- **Comprehensive Plan Amendment** . Both the City and County must amend their Comprehensive Plans and Land Use Maps to reflect the boundary change.
- **Environmental Review (SEPA)** Conduct required environmental review for the proposed amendment.
- **Public Process and Hearings** . Review and public hearings at both the City and County level.
- **County Adoption of UGA Amendment** . Final approval by Kitsap County to formally adjust the UGA.

# WHAT IMPLEMENTATION LOOKS LIKE - ANNEXATION

- **Confirm Eligibility Within the UGA.** The area proposed for annexation must be located within the designated UGA.
- **Adopt Resolution of Intent .** City Council adopts a resolution stating its intent to annex the identified territory and sets a public hearing date.
- **Public Notice and Hearing .** Provide required notice and hold a public hearing to receive comments on the proposed annexation.
- **Boundary Review Board Review .** File notice of intent with the BRB, which may review, approve, modify, or deny the annexation proposal.
- **Adopt Annexation Ordinance .** Following the hearing and any Boundary Review Board action, City Council adopts an ordinance formally annexing the territory.
- **Establish Zoning and Service Provisions .** Apply City zoning and formally extend municipal services and taxing authority to the annexed area.
- **Effective Date and Filing .** File the annexation ordinance with the County and State agencies as required for the annexation to take effect.

# KEY IMPLEMENTATION CONSIDERATIONS - UGA SWAP

## Capacity & Infrastructure Considerations. How Much Growth and At What Cost?

*Expanding the UGA Limits increases housing capacity, but also increases service obligations.*

### Key Considerations:

- Demonstrated housing need = required to justify additional land.
- Sewer and water capacity = must support projected growth.
- Road and stormwater upgrades = may be required before development.
- Pre-zoning for housing = ensures added land delivers capacity.
- Capital improvement alignment = growth must match infrastructure planning.

### What This Means for Implementation:

- Expanding the UGA increases long-term housing capacity.
- It also commits the City to future infrastructure and service expansion.
- Timing and phasing must align with capital planning.

# KEY IMPLEMENTATION CONSIDERATIONS - ANNEXATION

## Fiscal & Service Impacts. Revenue Growth and Service Expansion

*New land can expand the tax base, but infrastructure and service costs often come first.*

### Key Considerations:

- Infrastructure extensions may be required before development occurs.
- Capital projects may need to be advanced or expanded.
- Police, fire, and utilities must extend service areas.
- Development timing depends on market conditions.
- Impact fee updates may be needed to reflect expanded growth areas.

### What This Means for Implementation:

- Annexation can grow the long-term tax base.
- Infrastructure and service costs may precede revenue.
- Careful phasing is required to align growth with fiscal capacity.

# STAFFING IMPLICATIONS

Process	Primary Planning Tasks	Estimated Planning FTE Impact	Timeline
UGA Swap	Capacity analysis. County coordination. Comprehensive Plan amendment. SEPA. Public process.	0.40–0.60 FTE	~12 months
Annexation (Resolution Method)	Boundary review. Resolution and hearings. Boundary Review Board coordination. Zoning and service integration.	0.40–0.75 FTE	8–12 months. Aligned with 2029 Comp Plan check-in.

City Departments Impacted:

All

# COUNCIL DIRECTION & QUESTIONS

## *UGA SWAP*

- Should the City initiate a UGA boundary adjustment to increase long-term housing capacity?
- Should any UGA swap be tied to demonstrated housing need and pre-zoned to ensure meaningful housing production?

## *ANNEXATION*

- Should annexation only proceed where infrastructure and service capacity are available or planned?
- Should annexed areas be required to provide significant housing capacity to justify the service expansion?

What we are hearing is...

# NEXT STEPS

## Housing Implementation Plan (Workshop 4)

- Following Workshop 3, staff will prepare a Housing Implementation Plan (HIP) to guide how selected tools move from concept to implementation.
- The HIP will function as a structured, multi-year roadmap that aligns housing policy tools with staffing capacity, fiscal planning, and the City's future work programs.

## Document Structure (subject to change)

- Executive summary
- Incentives and Programs Chapters
  - Sequencing/Timeline
  - Staffing & Resource Allocation
  - Fiscal Planning
  - Implementation Milestones
  - Monitoring & Adjustment Framework
- Stacking Opportunities
- 6-year timeline

# THANK YOU





## LOCAL HOUSING FUND

### Example 1 – Workforce Housing Gap Financing

- A 32 unit mixed income project is proposed near Viking Avenue.
- 8 units are set aside at 80 percent AMI.
- The developer shows a 600,000-financing gap after applying for tax credits.
- The City awards 300,000 from the Local Housing Fund as gap financing.
- The project leverages 4 million in private and state investment.

#### Result:

- 8 workforce units secured for 30 years
- Local dollars leveraged at more than 10 to 1
- Housing located near services

### Example 2 – Deep Affordability Focus

- A nonprofit proposes a 20-unit project serving households at 50 percent AMI.
- Because rents are lower, the per unit subsidy need is higher.
- The City provides funds from the 0.1 percent fund as local match.
- The project secures Housing Trust Fund and tax credit financing.

#### Result:

- Deeper affordability achieved
- Long term affordability covenant recorded

## **LAND BANKING / DONATION**

### **Example 1 – Donation Model**

- A property owner donates a 1.5-acre parcel within the City near infrastructure.
- The City accepts the donation and issues an RFP requiring:
  - Minimum 40 units
  - At least 25 percent affordable at 80 percent AMI
  - Development within 3 years
- A nonprofit partner is selected.

#### **Result:**

- No upfront acquisition cost
- Public benefit secured through development agreement
- Faster project timeline due to infrastructure readiness

### **Example 2 – Project Specific Acquisition**

- The City identifies a 2-acre parcel adjacent to transit.
- A nonprofit partner proposes 60 units of workforce housing but cannot compete with a private buyer.
- The City acquires the land using Local Housing Fund allocation with a defined annual cap.
- The land is transferred with affordability requirements.

#### **Result:**

- Higher density achieved
- Land cost barrier removed
- Public control over outcome

## **PRESERVATION / ACQUISITION**

### **Example 1 – Naturally Affordable Property**

- A 24-unit 1980s apartment complex has average rents affordable at 70 percent AMI.
- The property is listed for sale. A private buyer plans renovation and rent increases.
- A nonprofit partner proposes acquisition but needs 400,000 gap funding.
- The City provides gap funding from the Local Housing Fund.
- Affordability covenant recorded for 30 years.

Result:

- 24 units stabilized
- Displacement prevented
- Lower cost per unit than new construction

### **Example 2 – Expiring Regulated Units**

- A small 12-unit tax credit project is reaching the end of its affordability term.
- The owner intends to convert to market rate.
- The City partners with a nonprofit to recapitalize the property.
- Local funds help refinance and extend affordability.

Result:

- Existing regulated units preserved
- Lower public investment than replacement construction