

# Silverdale Regional Center Market Study

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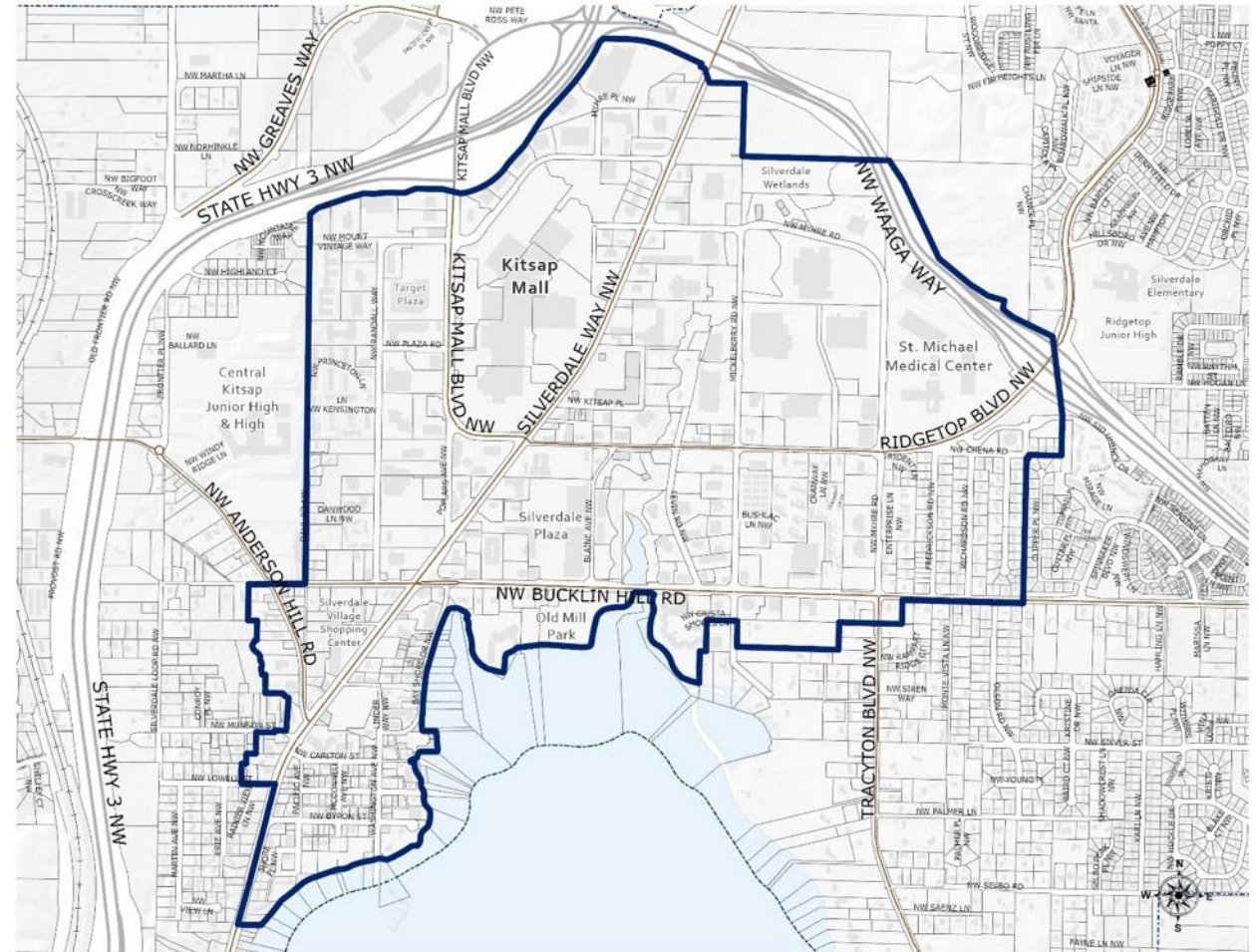
Planning Commission  
April 15, 2025



# Silverdale Regional Growth Center

## Agenda

- Project background
- Regional Center transit upgrades and plans
- Residential Market Study Findings
- Commercial Market Study Findings
- Potential Development Opportunities
- Growth Scenarios
- Draft Recommendations & Next Steps



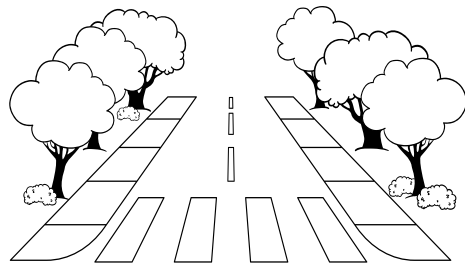
Purpose: Informational presentation, gain input to inform market study & Subarea Planning, and prepare for PSRC Regional Center recertification application.

# Regional Growth Centers Overview

- The region has 30 regional growth centers.
- PSRC *VISION 2050* and the Regional Growth Strategy.
- Mix of uses and activities connected by efficient transportation
- 65% of growth directed into centers
- Kitsap - 2 Growth Centers & 1 Manufacturing/Industrial Center

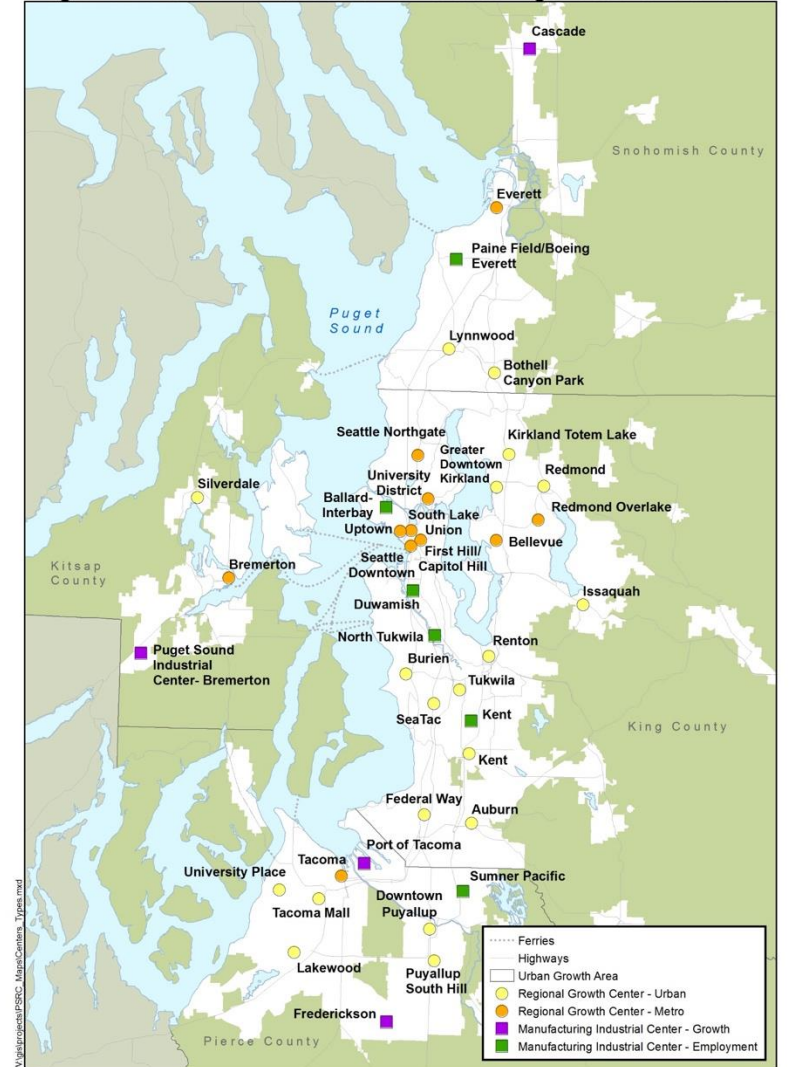
## Federal transportation funding through PSRC

\$4 – \$5 million every two years.

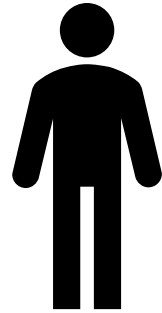


- Coordination with PSRC
- Coordination with Public Works
- Complete market study
- Submission recertification report

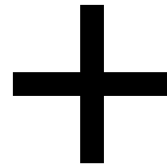
Regional Growth Centers and Manufacturing/Industrial Centers



# What are PSRC Activity Units?



Resident



Job

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## Gross Acres

(all land including conservation areas, roads, etc.)

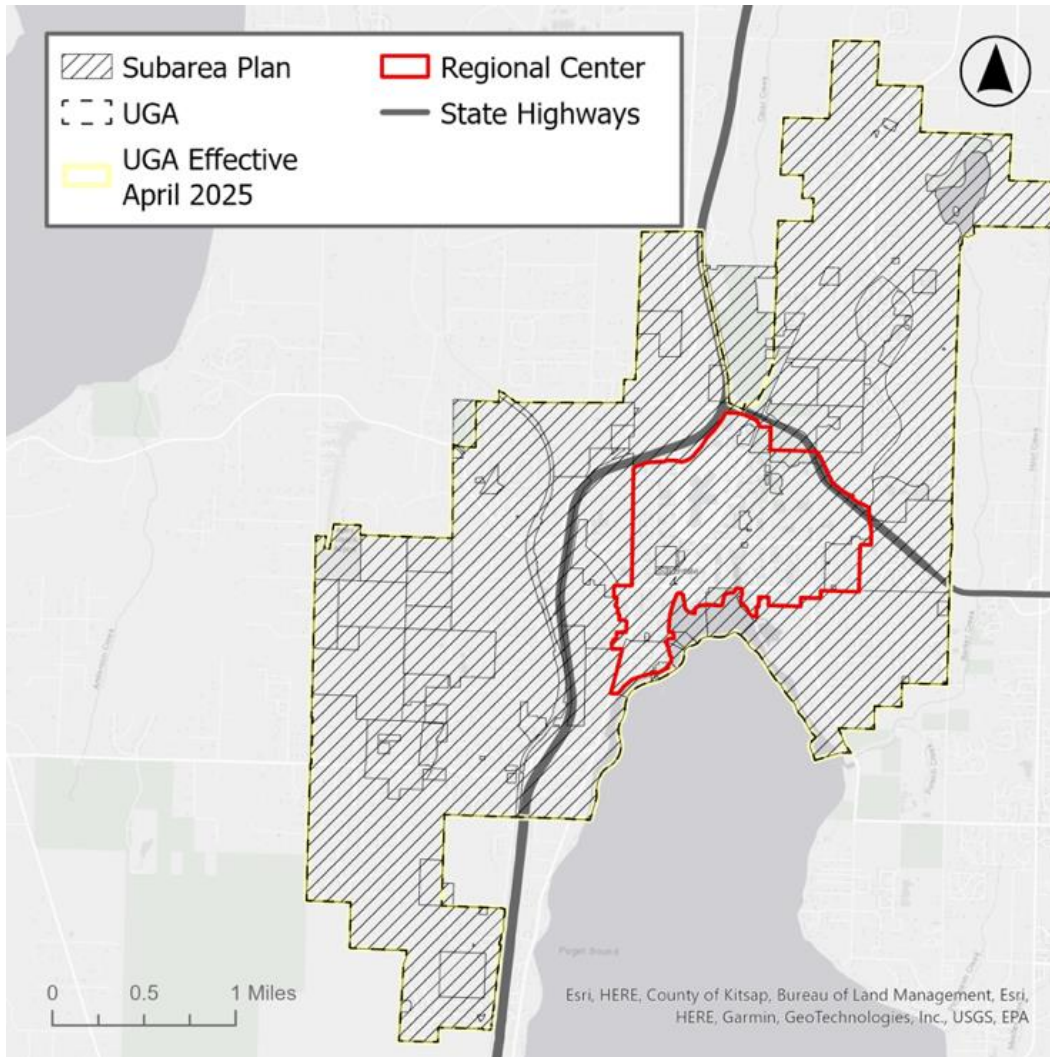
*PSRC requirements establish minimum requirements for jobs and population, known as “activity units”.*

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# Silverdale Center Status and PSRC Criteria

Centers Criteria	Metric	Silverdale
Compact Walkable Shape	Generally Round or Square	Yes ✓
Existing Density (current year)	18 Activity Units/Acre	17.3
Planned Future Density (2044)	45 Activity Units/Acre	Current estimate at 46.2 (growth scenarios analysis could increase this)
Planned Mix of Res/Emp	15% min	Yes ✓
Existing or Planned Fixed Route Transit Service	<15 min service, 16 hr/day	New circulator routes began in 2024, frequency to increase with demand
Market Potential	Evident potential to support growth targets	<b>Market study underway (May)</b>
Clear Regional Role	Planning in support of growth	Center is primary destination for medical and retail services

# PSRC Regional Center



## Activity Unit Criteria

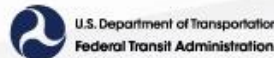
- Silverdale must have at least **18** current activity units per acre and a planned target of **45** activity units per acre by 2044 to be designated a regional center.
- As of 2024, the Silverdale Regional Center had 12,765 activity units, or **17.3** activity units per acre which consists of 79% employees and 21% residents.
- New estimates show planned target landing at 46.2 or more by 2044.

# Kitsap Transit Upgrades and Plans for Silverdale

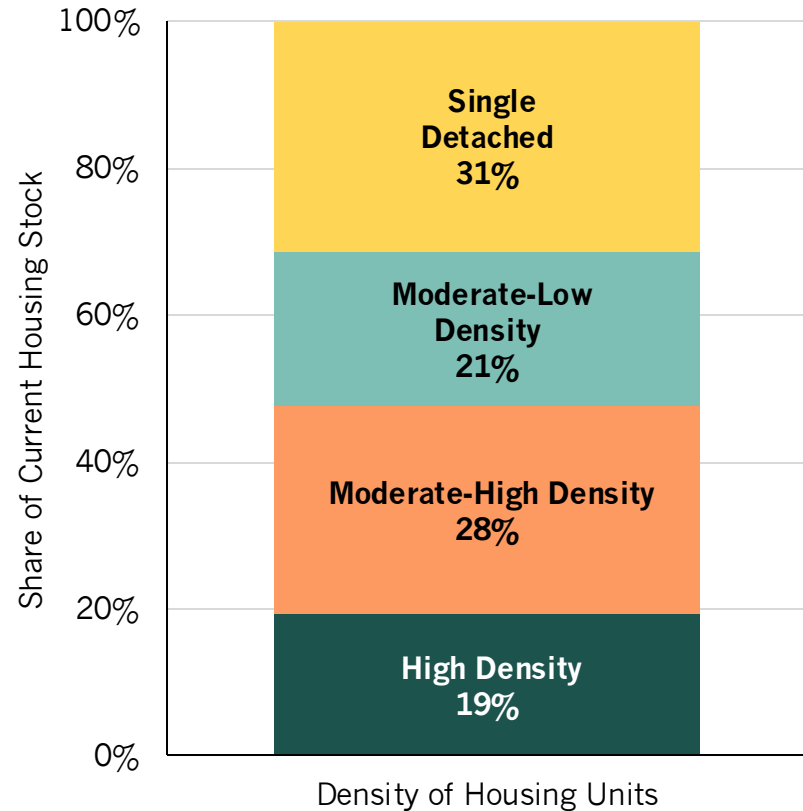
- New circulator **Routes 265 and 266** provide connecting service around the Regional Center, reducing transit time and increasing bus route capacity.
- New **Transit Center** increased operational capacity, improved accessibility for people with disabilities, and is better connected to housing, jobs, and the hospital.
- Studying the feasibility of **new ferry route between** Silverdale and Bremerton.
- Kitsap Transit's **Long Range Transit Plan** calls for service frequency & span of service increases. Currently, no funding mechanism for expansions.



## SILVERDALE TRANSIT CENTER *Connecting Central Kitsap*



# Current Housing Stock



## Importance of Housing in Silverdale

- As of 2024, the Regional Center had ~958 housing units.
- Assuming 2.49 persons per household, nearly 5,200 housing units would be needed to provide housing for the Center’s new residents by 2044.
- Residential development is also highly important for continued employment growth.

*\*Additional updates are expected for the growth scenarios.*



# Silverdale Residential Housing Market

- **Strong residential market** in recent years.
- However, most of the multifamily development has been **outside the Regional Center**.
- Given the Center's **employment density**, strong demand for housing employees (particularly medical staff).



*Rivulet Apartments (in Regional Center)*

# Market Study Engagement (Interview Focused)



## Community Engagement Plan

- Foster positive engagement
- Gather community feedback
- Understand the impacts
- Make meaningful decisions

Members represent:

- Port of Silverdale
- Senior Center
- High School
- Emergency Services
- Business Owners
- Developers
- Nonprofits



## Workshops and Interviews

- **Developers**
- **Hospital**
- **Housing Kitsap, affordable housing providers**
- **Kitsap Transit**
- **Kitsap Economic Development Alliance & Kitsap Builders Ass.**
- Community, Students, Social Services, Utility Providers



## CKCC Subcommittee

# Key Findings from Interviews

## Growth Opportunities

- Strong demand/need for housing, especially in Old Town & near hospital.
- Hospital expansions support demand for both permanent & temporary workforce housing (transit also supporting).
- MFTE would incentivize multifamily development.
- Opportunities to build mid-rise (3-story) apartments and townhomes.

## Development Challenges

- Parking requirements can limit feasibility, especially on smaller sites (recent changes could help).
- Height limits for Neighborhood Commercial zone (Old Town, recent change was made to simplify height standards).
- More limited access to labor & materials than in areas with a ferry stop. Obtaining financing can be more difficult in a less-proven market.
- Permitting delays can impact feasibility, especially in high-interest-rate environments (recent permit improvement will help).

# Why analyze development feasibility?

- Constructing housing or commercial buildings or redeveloping properties can be costly and risky.
- Getting funding to build new housing requires lenders and investors to be reasonably confident they will earn enough financial return to justify the risks. Developers often complete development feasibility analysis to support their decisions on whether to build or not build a development.
- While some feasibility factors are outside a jurisdiction's direct control (e.g., labor, materials costs, interest rates, market rents), local jurisdictions can provide incentives or adjust fees, zoning, programs, etc. to support development feasibility.
- Customized development feasibility analysis helps test impacts of different incentives or restrictions to provide insights on implementation.

# Why do we model development feasibility?

Metric to compare the financial feasibility of building several different types of development (referred to as prototypes)

## **Residual Land Value (RLV):**

is a financial metric that represents the **maximum amount a developer could pay for a piece of land**, after accounting for all other costs and revenues

### Building Program Information

- Unit size, parking ratios, building heights

### Development Costs

- Hard costs (labor & materials)
- Soft costs (permit fees & interest)

### Revenues

- Sale price, rent, operating costs

### Valuation & Profitability Metrics

- Capitalization rates, debt service coverage ratios, and yield on cost thresholds

# Feasibility Analysis Development Prototypes for Silverdale

## Mixed-use apartments



*Marina Square Apartments*

- 4 to 7 stories
- 5,000 sf retail space
- 95 to 145 units
- Mix of structured and surface parking

## Adaptive Reuse



*Prior Sears (Kitsap Sun)*

- 1 story
- 100,000 sf retail
- N/A
- Surface parking

## Mid-rise apartments



*Marina Square Apartments*

- 4 to 7 stories
- N/A
- 95 to 145 units
- Mix of structured and surface parking

## Low-rise apartments



*Rivulet Apartments*

- 3 stories
- N/A
- 72 units
- Surface parking

## Medical Office



*The Doctor's Clinic*

- 2 stories
- 20,000 sf retail
- N/A
- Surface parking

## Townhomes



*The Landing at Kingston Cove*

- 3 stories
- N/A
- 4
- Private garage parking

# Feasibility Analysis Results Summary - Commercial

## Adaptive Reuse



*Former Sears (Kitsap Sun)*

- There are many variables that impact feasibility, including the size, condition, and prior use of the building, and the level of retrofit needed

## Medical Office



*The Doctor's Clinic*

- Proven development type in Silverdale
- Strong development type for adaptive reuse of existing buildings

Less feasible

More feasible

# Feasibility Analysis Results Summary - Residential

## Mixed-use apartments



*Marina Square Apartments*

- The cost of adding retail often outweighs the benefits
- Most feasible in markets that already more pedestrian-oriented with small-scale retail
- Horizontal mixed-use is more likely

## Mid-rise apartments



*Marina Square Apartments*

- Likely infeasible with structured parking
- Flexibility for parking ratios could improve feasibility
- MFTE would increase feasibility
- Six stories is the most likely scale of mid-rise

## Low-rise apartments



*Rivulet Apartments*

- Proven development type in Silverdale
- Regulatory flexibility could help incentivize denser forms
- Three stories is the most likely scale of apartments in Silverdale

## Townhomes



*The Landing at Kingston Cove*

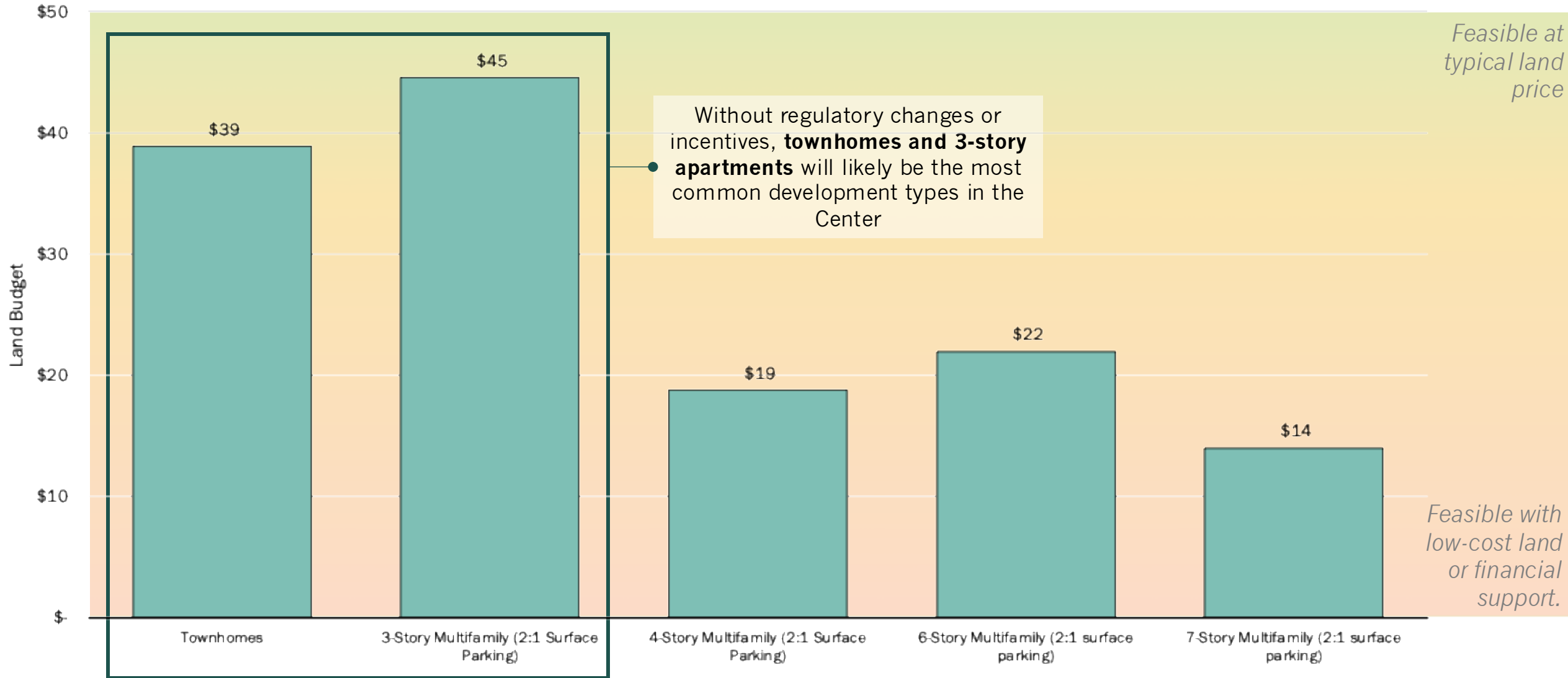
- Proven development type in Silverdale, strong market
- Ownership housing opportunities
- Less dense than apartments, but could be a good opportunity for infill on smaller parcels

Less feasible

More feasible



# Feasibility Testing Results: Residential Development



# Previous MFTE Findings (Completed in 2024)

- Previously completed study by ECONorthwest showed that a new Multi-Family Tax Exemption program would **increase development feasibility substantially** in Silverdale.
- **Study recommended adoption of 8-year and 12-year programs (on hold due to state updates)**
  - 8-Year: Set minimum density (10 units to support increased housing capacity)

## Why use a MFTE Program?

- Supports redevelopment, infill & mixed-use development of centers
- Helps meet housing targets, increases rental supply
- Supports mixed income residential development



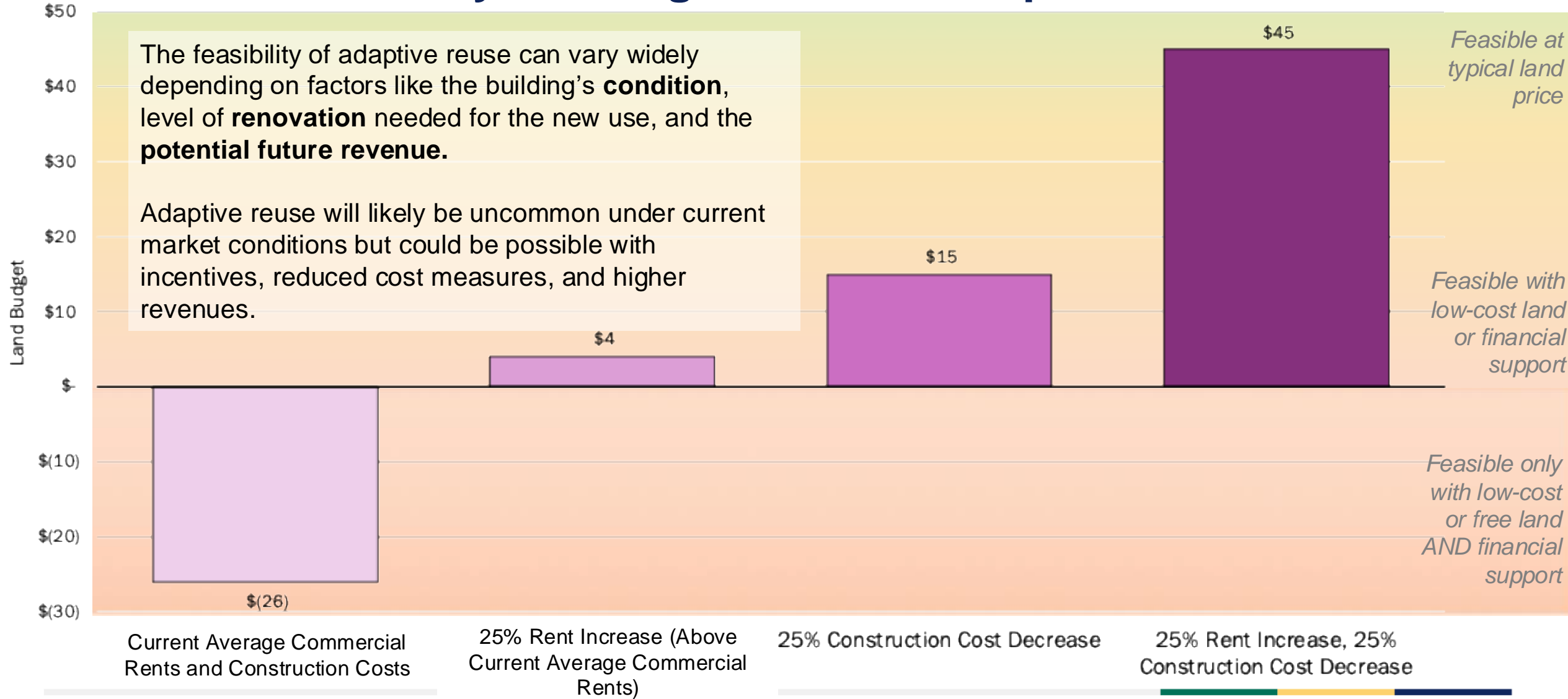
# Retail Market

- Silverdale is an established retail hub for region with an auto-oriented development pattern.
- While some retail spaces are performing well, shifting consumer preferences have challenged the viability of some big box stores.
- **Could be opportunities for redevelopment or adaptive reuse.**



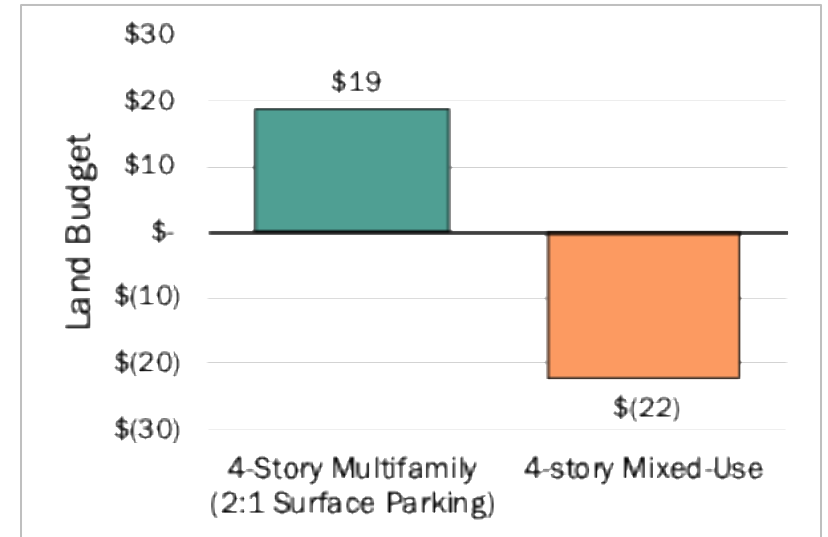
*Retail Buildings in the Regional Center*

# Feasibility Testing Results: Adaptive Reuse



# Feasibility Testing Results: Mixed Use Development

- **Vertical mixed-use is challenging:**  
Typically, most feasible in markets that are already more pedestrian-oriented with small-scale retail
- **Horizontal mixed-use is much more viable in Silverdale,** especially given the availability of parking land and the feasibility of multifamily apartments.



# Key Findings from Hospital Interview

## Growth Opportunities

St. Michael Medical Center is a **strong anchor for healthcare services in Silverdale.**

- Recent and ongoing expansions.
- Serves patients from Kitsap, Mason, and Jefferson Counties.
- Supports broad medical office market.

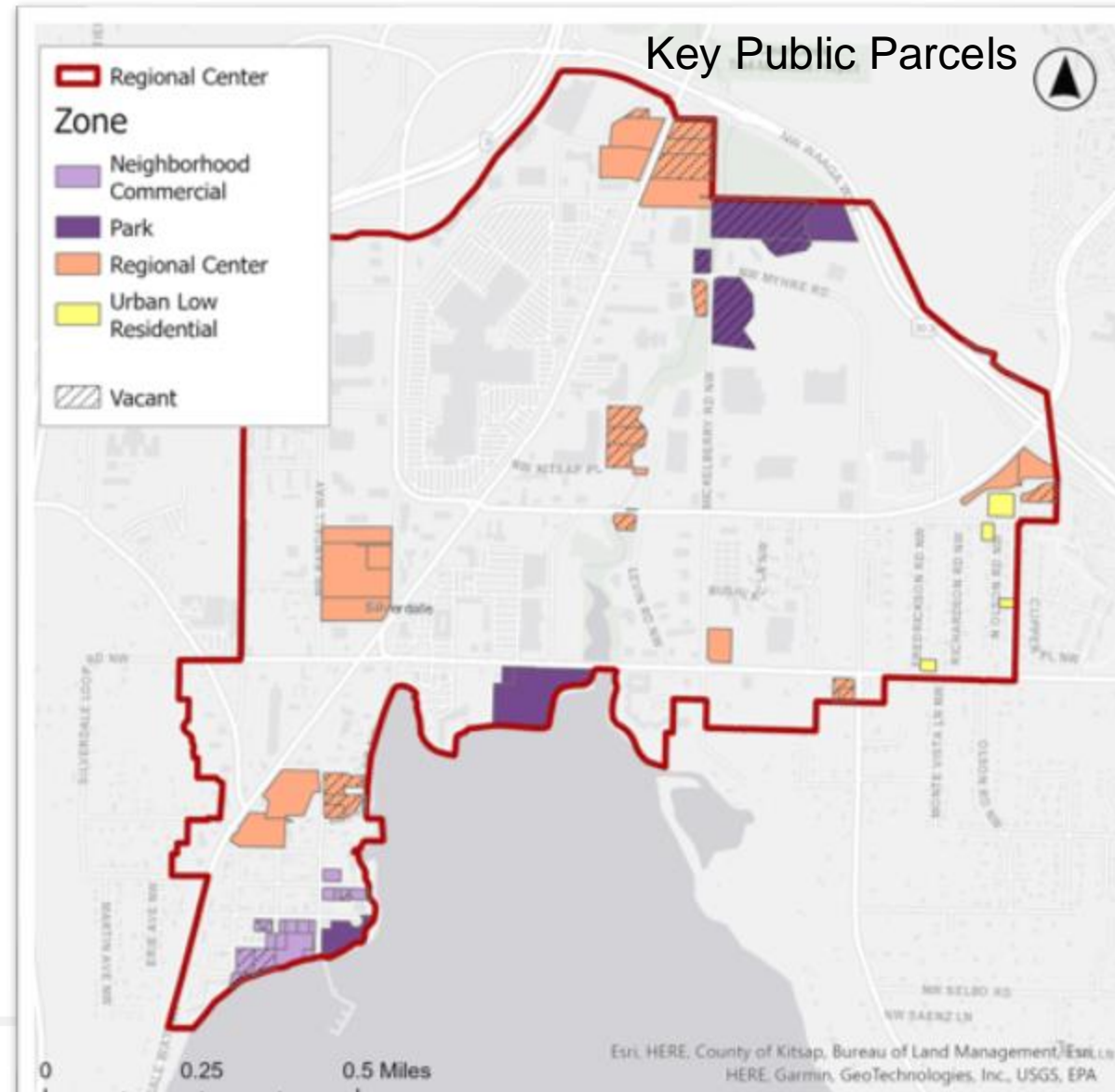
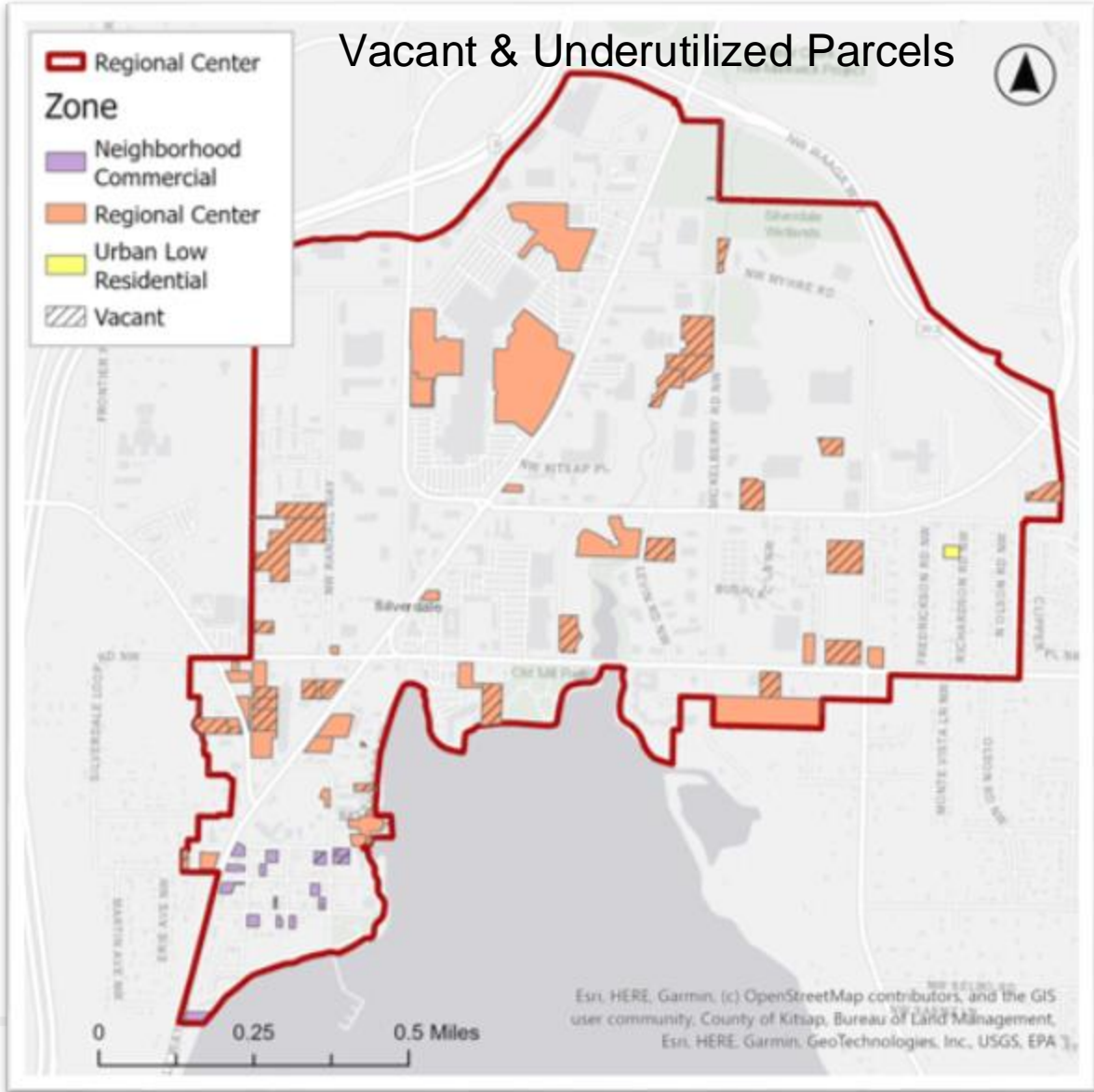
### **Demand for additional medical services.**

- St. Michael's ER is one of the top five busiest in Washington.
- Population growth and aging demographics.

## Expansion Challenges

- Staffing, both temporary and long-term.
- Availability of housing. On-call staff need to live within 30 minutes of the hospital
- Availability of childcare and other services for staff.
- Availability of existing suitable medical office space to house services. Would need to build new space or redevelop.

# Development Opportunities Analysis

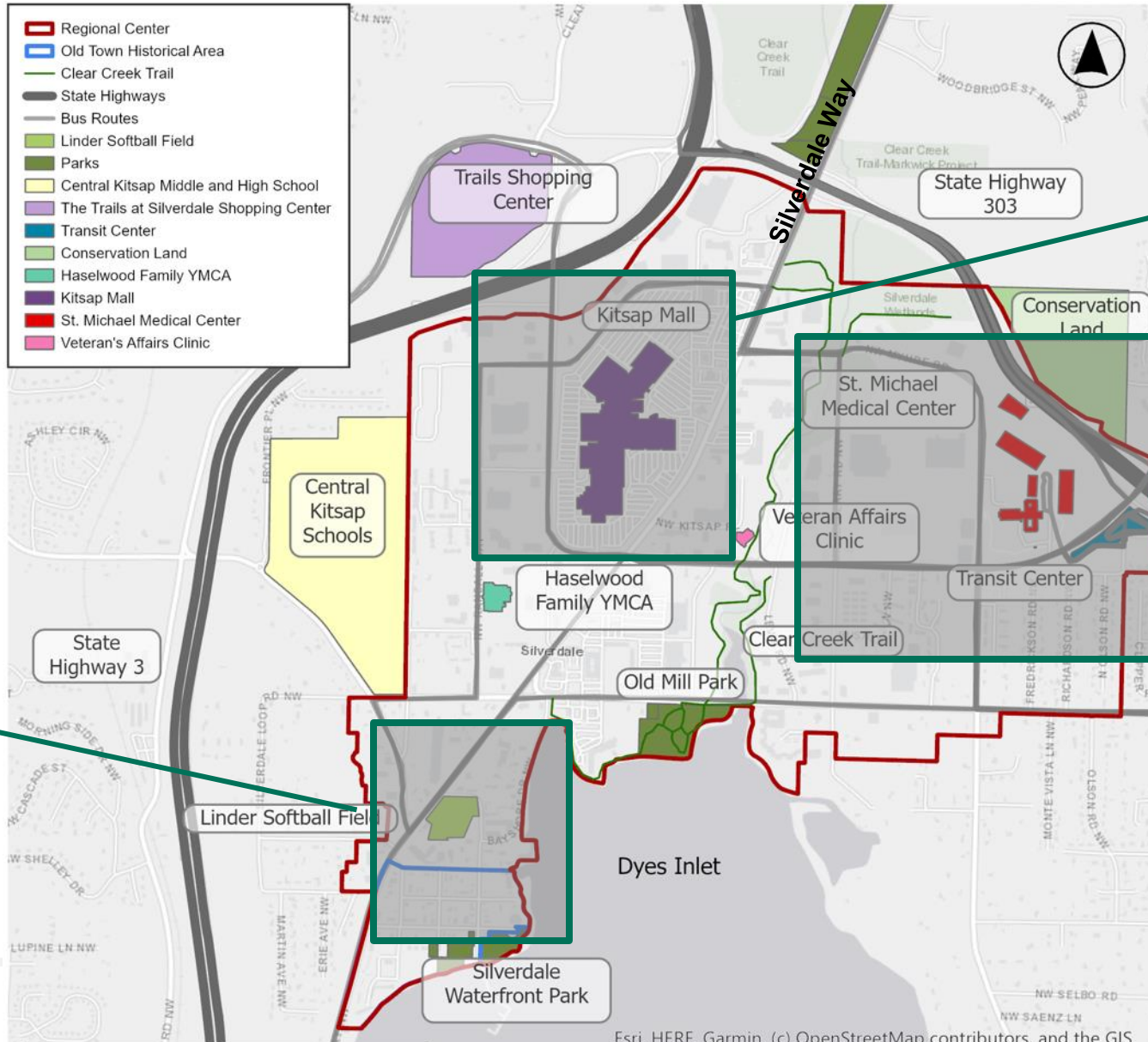


# Older Buildings in Silverdale





# Key Areas with Development Opportunities



Parking areas

Area near hospital & Transit Center

Old Town

# Draft Growth Scenarios

Existing Conditions, informed by Comprehensive Plan: **17.3** activity units/acre (existing) and planned **46.2** activity units/acre (by 2044), split of 21% residents and 79% employees.

## Draft 2044 Growth Scenarios, Planned Future Growth:

- 1. Scenario 1: More residential growth, MFTE and accounts for newly finished hospital expansion** (assumes **40% residents and 60% employees**, newly finished hospital expansion with 74 new beds, MFTE adoption)
- 2. Scenario 2: Additional hospital and workforce housing expansion, MFTE** (assumes **45% residents and 55% employees**, additional medical facility expansion, more workforce housing, MFTE adoption)
- 3. Scenario 3: Highest residential growth, hospital/workforce housing expansion, Old Town ferry related growth, MFTE** (assumes **50% residents & 50% employees**, assumes all the above plus more residential growth in Old Town associated with a new ferry)

**The Regional Center will need to intentionally promote both residential and employment growth in the Center to meet the PSRC activity unit target.**

# Draft Recommendations

- Consider differentiating the Old Town “main street” and waterfront areas from the rest of the NC zone.
- Adopt MFTE program in Regional Center (after state law changes).
- Consider waiving, reducing, or reimbursing impact fees for certain projects.
- Focus the subarea plan amendments on streamlining redevelopment requirements
- Consider updating permitting processes to shorten timelines & evaluate appeals – continue permitting process improvements underway.
- Transit oriented development (ferry) and consider adding an overlay for growth areas (parking, redevelopment, etc.)

# Silverdale Community Vision Update Considerations

## Current Vision

Silverdale Regional Center will transform into a vibrant, sustainable, and balanced mixed-use urban community, providing essential services for residents, employees, and visitors.



## Visioning Update Considerations

- Need more housing to increase stability
- Support medical related development
- Adaptive Reuse, Mixed Use, Greater housing options
- Invest in creating more 3<sup>rd</sup> places, entertainment, restaurants, & childcare
- Old Town & ferry opportunities

# Silverdale Subarea Planning Timeline & Next Steps



Questions? Comments?

