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# HOUSING APPENDIX

## I. INTRODUCTION

This section is an inventory and analysis of existing housing units, types and affordability in Kitsap County. Specifically, this analysis examines the characteristics of household and housing unit development, outlines existing housing conditions, reviews trends in Kitsap County housing, discusses housing affordability and identifies the existing and probable future housing needs of Kitsap County residents.

The primary source for the data used in the inventory came from the Housing Needs Assessment and Affordability Plan developed by The Phoenix Group for the Kitsap County Consolidated Housing Authority (KCCHA). The Plan was generated for Kitsap County and for the Cities of Bainbridge Island, Port Orchard and Poulsbo; it also discusses the City of Bremerton's housing needs. More detailed information on the topics contained in this section may be found in the 1993 Housing Needs Assessment & Affordability Plan and the associated Data Appendix developed by the Phoenix Group.

Additional information for this section has been collected from the 1980 U.S. Census, 1990 U.S. Census, Kitsap County Assessor's data, the U.S. Navy Housing Referral Office, Puget Sound Regional Council's 1995 Population and Employment Forecasts for the Central Puget Sound Region, the Office of Financial Management's 1995 Population Trends for Washington State, the 1996-2000 Kitsap County HOME Consortium Consolidated Plan, surveys conducted by The Phoenix Group and the Fall 1995 Kitsap County Real Estate Trends Report.

## II. HOUSING INVENTORY

### A. Population Trends

From 1980 to 1995, Kitsap County's population grew 49.9%, from 147,152 in 1980 to 220,600 in 1995 -- an increase of 73,448 people, representing an average annual increase of 3.33%. From 1990 to 1995, the county population grew another 16.3%, or 30,869 people, again, representing an average annual increase of 3.3%. In this five-year period, North Kitsap experienced the highest growth rate of the three subareas. Among the cities, Port Orchard increased 25%; Poulsbo, 19%; Bainbridge Island, 13% (primarily due to its incorporation); and Bremerton, 4%.

According to the Central Puget Sound Economic Development District, Kitsap County has been the fastest growing county (based on percentage increase) in the region since 1970 and growth is expected to continue at a comparable rate. Kitsap County's projected population for the year 2012 is 292,224, an increase of 71,624 persons from 1995.

### B. Age Composition

Kitsap County has a relatively young population, with more than 44% of the populace under the age of 30. Only 15% of the population is over 65 years of age. In unincorporated Kitsap County, 28% of the population is comprised of residents under the age of 18. The proportion of persons in this age group is higher in unincorporated areas than in cities. Children comprise roughly 30% of the population in each subarea, but that figure drops to 25% in the cities.

Residents between the ages of 20 and 29 comprise 16% of the total county population. Bremerton has, by far, the highest percentage of persons in this group with 26%; it also has the largest actual number of persons in this age group. This reflects the strong Navy presence and proximity of jobs including the availability of lower priced housing units in the Bremerton area. Bainbridge Island has slightly more residents in this age group than Poulsbo or Port Orchard, yet they make up only 6% of its total population, compared to 19% for Port Orchard and 16% for Poulsbo.

Residents within this age bracket traditionally attempt to purchase their first home or rent apartments and are typically very mobile. The areas with a high proportion of residents in this age bracket (Bremerton and Port Orchard) may experience a higher-than-average demand for modestly priced entry-level homes or multi-family rentals in the future.

Cities have a higher percentage of seniors (65 and over) and potentially frail elderly (75 and over) than the rest of the county. Poulsbo and Port Orchard have the highest percentage of seniors and elderly, although Bremerton has the highest actual number of persons over 65 years of age. Higher levels of support services and reasonable housing are required in these areas in order to enable senior citizens to remain in their communities.

### C. Household Size Trends

National social trends indicate a declining family size and show that fewer people are living together. These trends, combined with the county's population increases, signal a greater demand for housing units. In keeping with this demand, Kitsap County has experienced a 3.2% average annual increase in the number of households since 1980.

The average household size in Kitsap County declined from 2.78 in 1980 to 2.65 persons in 1990. According to the Puget Sound Regional Council's (PSRC) 1995 Population and Employment Forecasts for the Central Puget Sound Region, this trend is expected to continue, resulting in an average household size of 2.50 persons in 2010.

The trend of declining household size occurred everywhere in the county except in Bremerton, where the average household size increased from 2.56 in 1980 to 2.59 persons in 1990. In 1990, Poulsbo had the smallest household size among the four cities, possibly reflecting Poulsbo's high percentage of senior citizen households. Households tend to be smaller in cities than in rural areas.

The number of new *households* (occupied housing units) exceeded the number of new *housing units* (new single-family homes, apartments, mobile homes, condominiums, town homes, etc.) in several communities, both in absolute numbers and percentage increases. Bainbridge Island added 1,619 households, but only 1,506 housing units during the 1980's. The same pattern occurred in unincorporated North Kitsap and in the City of Port Orchard. The County as a whole experienced a 32% increase in households, but only a 29% increase in housing units. This indicates significant use of existing housing units, reduced supply of new housing units and results in a decline in the number of vacancies and a rise in home purchasing and rental costs.

## D. Population Forecasts

In November 1991, the Kitsap Regional Planning Council (KRPC) adopted population forecasts for Kitsap County through the year 2010. This population forecast (indicating a population of 280,985 for 2010) was used by The Phoenix Group when developing the Housing Needs Assessment & Affordability Plan for Kitsap County. In July of 1994, KRPC extended these forecasts to 2014, accurately reflecting a 20-year planning period for Kitsap County. However, in June 1995, KRPC agreed to "roll back" the population numbers from 2014 to 2012 to coincide with the current State Office of Financial Management (OFM) projection period. In December 1995, the OFM issued revised population projections which establish a range from 271,892 to 317,654 persons for the year 2012 in Kitsap County. The adopted KRPC population forecast of 292,224 for 2012 is well within the range established by OFM. (See the Population Appendix for more information on population forecasting.)

## E. Household Income

According to the OFM 1995 Population Trends Report for Washington State, median income in Kitsap County is currently \$39,582. The following ranges for income groupings are used throughout the Housing Chapter section:

- Extremely low income: below 30% of median income;
- Very low income: between 31% and 50% of median income;
- Low income: between 51% and 80% of median income;
- Moderate income: between 81% and 95% of median income; and
- Middle income: between 95% and 120% of median income.
- Upper income: above 120% of median income

Household income breakdown categories are provided by the federal department of Housing and Urban Development (HUD). In this section, all references to low-income include very low and extremely low-income households. In Kitsap County approximately 36% of households are low-income. Percentages in unincorporated areas are lower with 35% in South Kitsap, 28% in North Kitsap and 22% in Central Kitsap. Among the four cities, 49% of the households in Bremerton and Port Orchard and 41% of the households in Poulsbo are low-income. Bainbridge Island has the lowest percentage of low-income households (19%) and the highest percentage of upper-income households (63%). These patterns reveal a substantial difference in incomes between rural and urban Kitsap County and between North, Central and South Kitsap communities.

### F. Housing Types and Tenure

The housing stock in Kitsap County has traditionally been comprised of single-family residences, although the countywide percentage of single-family households has decreased since 1980. The percentage dropped from 74% in 1980 to 70% in 1990. The proportion dropped again to 67% between 1990 and 1995.

Multi-family units comprised approximately 19.5% of the housing-unit share in the period from 1980 to 1990. Central Kitsap showed the largest increase in multi-family units -- from 2% to 13%. Meanwhile, in Bremerton, multi-family units dropped from a 43% share of housing units to 39%. Poulsbo showed a sharp rise in multi-family units, as several new buildings were completed in the late 1980's. Between 1990 and 1995, the countywide percentage of multi-family units increased slightly to 19.5%.

The housing market share of mobile homes increased sharply between 1980 and 1990, from 6% to 12% percent. The percentage increase continued between 1990 and 1995 at a much slower rate, from 12% to 13.5%.

Despite the continuing predominance of single-family housing in most parts of the county, homeownership is on the decline. In 1980, 33% of all single-family houses were renter-occupied. Countywide, this rose to 36% and higher by 1990; from 1% to 25% in Central Kitsap; from 18% to 28% in North Kitsap; 45% to 51% in Port Orchard; 48% to 54% in Poulsbo; and 57% to 61% in Bremerton.

The increase in number of single-family housing units has not matched the need for single-family housing units in several areas of the county. This is caused, in part, by a failure to add sufficient numbers of multi-family units to the housing inventory, and exacerbated by single-family housing conversions to rentals.

The fall 1995 *Kitsap County Real Estate Trends Report* shows a range of numbers for the distribution of housing stock that are similar to those from 1980 to 1990 Kitsap County building permit data. The *Trends Report* indicates single-family units currently comprise 67.4% of building permit totals, multi-family units comprise 19.1%, and mobile homes comprise 13.5%. Kitsap County building permit figures between 1980 and 1990 indicate that single-family permits comprise 69.1% of all permits issued, multi-family units comprise 18.9%, and mobile homes comprise 12%. Between 1990 and 1995, the percentage of single-family homes dropped to 58.8%, multi-family units increased to 21.7%, and mobile homes increased to 20.9%.

There was a significant decline in rental vacancy rates from 10% in 1985-86 to less than 2% in 1992. However, as of September 1995, the vacancy rate was slightly more than 4%. Vacancy rates in Kitsap County tend to fluctuate periodically primarily in response to the arrival and departure of Navy ships at the Puget Sound Naval Shipyard (PSNS). Rates also tend to vary throughout the different areas of the county; currently Kingston, Port Orchard and Poulsbo have the lowest rates and Silverdale has the highest.

## G. Housing Conditions

Housing conditions were examined using the 1990 Census, the Kitsap County Assessor's records, and on-site surveys. Data from the 1990 Census includes the number of housing units built before 1950, the number of units with more than one person per room, and the number of units without complete plumbing. The County Assessor's staff appraises the condition of buildings on a scale from "good" to "very poor" -- 15% of existing Kitsap County housing inventory is rated "very poor" to "fair." Single-family houses in this report are rated "fair," "poor" or "very poor."

Overall, 24% of the housing units in the county were built before 1950. Among the unincorporated areas, South Kitsap has the highest percentage of older houses and single-family homes rated "fair" to "very poor." The percentages of overcrowding and incomplete plumbing are very low in all locations. Bremerton and South Kitsap have the most overcrowding; Bainbridge Island, with 1%, has the most units with incomplete plumbing.

## H. Homelessness and Emergency Housing

The number of persons requiring shelter in Kitsap County fluctuates greatly from night to night. However, based on figures for the number of households and individuals who have to be turned away from Kitsap shelters, it is estimated that at least 160 adult and family "shelter beds" are currently needed. The shelter needs of youth (individuals under 18 years of age) are currently estimated at an additional 41 beds.

Shelter providers find it difficult to adequately serve everyone in need primarily because of the increasing number of large families seeking assistance. While adults can share an emergency shelter unit, large families often need a unit to themselves. Therefore, childless couples and individuals seeking shelter are turned away from family shelters and sent to shelters for same-sex, single adults. This results in temporary separations for the couples, and happens because historically, domestic violence has been the primary cause of adults seeking assistance in Kitsap County.

### 1. Emergency Shelters

As of March 1993, there were 100 emergency adult and family shelter beds in Kitsap County facilities for the homeless. Kitsap County facilities are operated by five agencies; four of which use Emergency Shelter Assistance Program (ESAP) funds administered by the State Department of Community Development. The Kitsap Community Action Program (KCAP) is the local lead agency. (Numbers for each type of client are summarized in **Table A-HS-1**. The number and type of households and individuals served by these shelters between 1990-93 is summarized in **Table A-HS-2**.)

- Kitsap Community Action Program operates a single men's shelter with 10 beds in Bremerton. Families in need of shelter are housed in 10 units leased by KCAP from the Bremerton Housing Authority. Families and individuals in KCAP housing are allowed to stay up to two weeks; extensions are negotiable.
- The YWCA Alive shelter serves the women and children victims of domestic violence. The shelter has a total of 17 beds and allows a two-week stay. (Further discussion is included in the section on Supportive Housing.)

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- The Society of St. Vincent de Paul operates a six-bed shelter in Bremerton for women and, under certain circumstances, young children.
- South Kitsap Helpline operates the Alameda Family Emergency Shelter in Sunnyslope. This is a five-bedroom, three-bath house with 16 beds, one of which is reserved for a physically disabled person. A normal stay is six to nine weeks.
- The Salvation Army leases two privately owned apartments in Bremerton and make them available to homeless families and individuals. They allow a stay of two weeks.

**TABLE A-HS-1 Emergency and Transitional Housing Facilities and Needs\***

Housing Type	Current Facilities	Estimated Needs
Emergency Shelter Beds:		160 beds
KCAP		
Single Men	10 beds	
Families	10 units	
South Kitsap Helpline		
Families with children	16 beds	
St. Vincent de Paul		
Single women's shelter	6 beds	
Salvation Army		
Families	2 beds	
Transitional Housing (2 to 24 month stay):		
Families		
Bainbridge Island Housing Resources	10 units	
KCAP	4 units	
Single adults	0 beds	
Victims of domestic violence	0 beds	
Recovering drug and alcohol dependent youth	0 beds	

\*These figures duplicate some of the figures listed in the Groups With Special Housing Needs section.

Source: Kitsap County Housing Needs Assessment

### 2. Transitional Housing

The purpose of transitional housing is to give families time to stabilize their financial situation, save the money they need for deposits and utilities, seek jobs or training, and attend to other family needs before moving into permanent housing. Individual case management services are often important supplements to transitional housing.

There is very little transitional housing in Kitsap County. KCAP leases four transitional housing units from Kitsap Consolidated Housing Authority and makes these available to needy families. The families are selected from those receiving emergency shelter and are allowed to stay up to one year, paying a flat fee of \$100 per month. A stay of six to eight months is typical. South Kitsap Helpline provides eight two-bedroom apartments in Port Orchard for families with children.

Bainbridge Island Housing Resources operates Islandhome in the City of Bainbridge Island. This is a transitional, 10-family housing facility located in five, recently-constructed duplex units. All families are enrolled in the Stepping Stones program operated by Bainbridge Island Helpline House. This is an intensive case management program that includes support groups, job skills workshops and other services tailored to the needs of each family. Families may stay at Islandhome for a maximum of two years.

Agape' Unlimited operates two, 15-bed transitional facilities for recovering substance abusers. These are discussed in the section on supportive housing.

### **3. Trends in Homelessness**

While assessing the reasons for homelessness is very difficult, an analysis of recent data from the shelters funded by the ESAP may help us better understand homelessness trends and shelter needs in the county. **Table A-HS-2** below is drawn from monthly and annual reports completed by KCAP. The number of homeless who are sheltered, turned away or assisted in homeless prevention programs is largely a product of funding levels and program priorities. Therefore, the counts may not accurately reflect the number and kinds of homeless individuals and families in the county.

Several trends that shelter and social service providers reported to The Phoenix Group during interviews are confirmed by the data in **Table A-HS-2** and include:

- The shelters appear to be operating near capacity and current needs exceed that capacity. This is supported by observing that the number of "bed nights" provided by shelters has remained fairly constant between 1990-93. Bed nights provided in the first seven months of 1993 averaged 2,375 per month. When projected at this rate, bed nights will equal approximately 28,500 per year; a figure consistent with the average for the previous two years.
- There appears to be a decline in the number of households seeking shelter because of evictions, and a rise in the number of individuals escaping domestic violence. This may reflect a greater public awareness of domestic violence as an acceptable reason for leaving a dangerous relationship.
- In all three categories (Sheltered Households, Turned Away from Shelters, and Homeless Prevention Activities), the number of single women with children has increased.
- The number of individuals in the age group 21 to 44 has increased, while the number of individuals in younger and older age groups has decreased.

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**TABLE HS-2 Homeless Trends for Kitsap County: 1990 - 1993**

Homeless Trends for Kitsap County: 1990 - 1993							
	7/1/90 to 6/30/91		7/1/91 to 6/30/92		7/1/92 to 1/31/93 (7 months)		Trends
	Number	Percent	Number	Percent	Number	Percent	
<b>Sheltered Households</b>							
Total client persons	1382		1250		706		
Bednights provided	27539		27291		16631		
Households sheltered	622		576		338		
<b>Primary reason for needing shelter (households):</b>							
Mental illness	4	0.6%	4	0.7%	3	0.9%	
Alcohol & substance abuse	21	3.4%	19	3.3%	13	3.8%	
Employment or Income	40	6.4%	38	6.6%	26	7.7%	
Eviction	156	25.1%	51	8.9%	34	10.1%	Decreasing
Domestic Violence	135	21.7%	179	31.1%	100	29.6%	Increasing
Family crisis	51	8.2%	30	5.2%	16	4.7%	
Runaway	0	0.0%	0	0.0%	0	0.0%	
New arrival	135	21.7%	102	17.7%	65	19.2%	
Transient	12	1.9%	10	1.7%	7	2.1%	
Natural disaster	6	1.0%	3	0.5%	0	0.0%	
Medical	4	0.6%	5	0.9%	2	0.6%	
Substandard housing	0	0.0%	12	2.1%	4	1.2%	
Living with others	0	0.0%	93	16.1%	50	14.8%	
Other	58	9.3%	30	5.2%	18	5.3%	
<b>Household status:</b>							
Single men, no children	193	31.0%	158	27.4%	91	26.8%	Decreasing
Single women, no children	104	16.7%	122	21.2%	68	20.0%	
Couples with no children	7	1.1%	3	0.5%	0	0.0%	
Single men with children	14	2.3%	7	1.2%	6	1.8%	
Single women with children	227	36.5%	226	39.2%	148	43.5%	Increasing
Couples with children	75	12.1%	59	10.2%	27	7.9%	
Unaccompanied youth	2	0.3%	1	0.2%	0	0.0%	
<b>Gender (individuals):</b>							
Male	651	47.1%	519	41.5%	290	41.1%	
Female	731	52.9%	731	58.5%	416	58.9%	Increasing
<b>Age (individuals):</b>							
0 - 5	400	28.9%	361	28.9%	201	28.5%	
6 - 10	190	13.7%	160	12.8%	89	12.6%	
11 - 17	133	9.6%	80	6.4%	50	7.1%	
18 - 20	90	6.5%	85	6.8%	47	6.7%	
21 - 44	496	35.9%	509	40.7%	302	42.8%	Increasing
45 - 59	57	4.1%	43	3.4%	11	1.6%	
60 - over	16	1.2%	12	1.0%	6	0.8%	

Table A-HS- 2 continued

Homeless Trends for Kitsap County: 1990 - 1993							
	7/1/90 to 6/30/91		7/1/91 to 6/30/92		7/1/92 to 1/31/93 (7 months)		Trends
	Number	Percent	Number	Percent	Number	Percent	
<b>Turned Away from Shelters</b>							
Households turned away	937		829		587		
Persons turned away	2042		1736		1262		
<b>Turned away household status:</b>							
Single men, no children	206	22.0%	174	21.0%	122	20.8%	Decreasing
Single women, no children	182	19.4%	183	22.1%	92	15.7%	
Couples with no children	51	5.4%	44	5.3%	31	5.3%	
Single men with children	22	2.3%	20	2.4%	14	2.4%	Increasing
Single women with children	316	33.7%	270	32.6%	242	41.2%	
Couples with children	125	13.3%	107	12.9%	82	14.0%	
Unaccompanied youth	35	3.7%	31	3.7%	4	0.7%	
<b>Homeless prevention activities</b>							
Households served	309		419		203		
Individuals served	740		1067		543		
<b>Type of Prevention:</b>							
Eviction prevention	36	13.4%	66	13.4%	4	1.8%	
First month's rent	160	59.5%	240	48.7%	182	82.0%	
Security deposit	73	27.1%	37	7.5%	4	1.8%	
Case management	0	0.0%	150	30.4%	32	14.4%	
Total prevention actions	269		493		222		
<b>Household status:</b>							
Single men, no children	67	21.7%	68	16.2%	28	13.8%	Decreasing
Single women, no children	47	15.2%	60	14.3%	22	10.8%	Decreasing
Couples with no children	21	6.8%	41	9.8%	10	4.9%	
Single men with children	10	3.2%	10	2.4%	7	3.4%	
Single women with children	103	33.3%	154	36.8%	90	44.3%	Increasing
Couples with children	61	19.7%	86	20.5%	46	22.7%	Increasing
Unaccompanied youth	0	0.0%	0	0.0%	0	0.0%	

Source: Kitsap Community Action Program ESAP client characteristics reports

**4. Supportive Housing**

Groups of people who need housing combined with supportive social and health services include: 1) elderly and frail elderly, 2) youth, 3) chronically mentally ill, 4) people recovering from substance abuse, and 5) victims of domestic violence. Surveys and interviews with 23 public, private and non-profit housing and social service organizations indicate that five operate emergency shelters, two operate transitional housing, 14 provide social services to low-income households, and five operate food banks. **Table A-HS- 3** below summarizes the existing facilities for supportive housing in Kitsap County.

<b>TABLE A-HS-3 Supportive Housing: Existing Facilities and Estimated Needs</b>		
<b>Housing Type</b>	<b>Current Facilities</b>	<b>Additional Needs</b>
Low Income Seniors, especially 75 & over: Congregate Living Facilities	75	2,000 homes 500 units
Youth Emergency Shelter Ages 14 to 16	6 units	16 units
Transitional Ages 16 to 18 Ages 18 to 25	2 beds 0 beds	50 beds 20 beds
Chronically Mentally Ill	92 beds	50 beds
Recovering drug and alcohol dependent Adults Youths	30 beds 0 beds	25 beds 25 beds
Victims of domestic violence	17 beds	35 beds

*Source: Kitsap County Housing Needs Analysis*

Some individuals 65 and older can be expected to need in-home assistance or institutional care. The 1990 Census reflected that 20,325 county residents were age 65 or older, and 8,361 of those were 75 or older. The 1990 Census also indicated there were 7,400 households in which the householder was 65 to 74, and 5,795 households in which the householder was 75 or over. The available census tables do not include income distribution by age, however, a conservative estimate of low income elderly may be made by applying the countywide proportion of low-income households (34%) to the total number of elderly households. This results in an estimated 2,500 low-income households with householders between the ages of 65 and 74 and about 2,000 low-income households with householders over age 75 in Kitsap County.

When elderly become frail, outside assistance or supportive housing is needed. Several private facilities offer supportive housing and services to the elderly and frail elderly in Kitsap County. Most of the facilities, however, are not affordable to low-income seniors. Only The Firs, operated by Bremerton Housing Authority with 60 one-bedroom units, and Golden Tides, operated by Kitsap County Consolidated Housing Authority with 15 units, are reserved for low-income elderly.

In April 1993, the Educational Service District (ESD) 114 completed a Housing Needs Analysis of 'homeless' students. School counselors counted 163 students attending Kitsap County schools who were in temporary or inappropriate living situations.

Little accurate data estimates exist of mentally ill people in Kitsap County. Kitsap Mental Health Services (KMHS) treats nearly 2,000 people each year and handles more than 900 contracts per month. KMHS estimates only about one-half of the people who ask for help receive it; and most of their clients are chronically mentally ill and low income.

People recovering from substance abuse are served by Agape' Unlimited in Bremerton, Agape' House, a men's facility, and Koinonia Inn, a women's facility. Those not served by a program include chemically dependent youth and borderline developmentally disabled people who need additional skilled supervision. Some providers of adult services estimate that approximately 25 beds are needed for these individuals.

Victims of domestic violence are served by the Kitsap County YWCA's ALIVE shelter, which recently grew from 10 to 17 beds. In 1992, the shelter provided nearly 3,000 bed nights, and now has the capacity to provide 5,000 to 6,000 bed nights per year. Services at the ALIVE shelter include food, clothing, household goods, children's activities, legal advocacy, and support groups. The shelter's 24-hour crisis line receives approximately 2,500 calls per year.

### **III. AFFORDABLE HOUSING**

#### **A. Housing Affordability**

Since 1980, supplies of affordable housing both statewide and nationally have decreased. Population growth has led to a growing demand for housing, which in turn has led to a rise in housing prices. The dwindling supply and high costs of developable land, combined with rising costs for materials and labor, have contributed significantly to increases in new housing costs. In addition, incomes in most areas have not kept pace with inflation and escalating home prices.

Hopeful first-time home buyers earning moderate incomes (between 81% and 95% of median income) are finding it increasingly difficult to purchase a home without some form of assistance. Many people in this group are forced to remain in rental housing; as increasing rents make it difficult for moderate-income renters to save a down payment for a home. Across the U.S., 80% of young adults (between the ages of 25 and 34 do not have the 20% needed for a down payment on a starter home. Of those who have enough money for a down payment, 60% do not have incomes which are sufficient to meet monthly mortgage payments.

In Kitsap County, individuals with very-low incomes (50% of area median income) are particularly at risk; higher income groups are displacing these individuals by "buying down" into housing that previously served their needs. Extremely low-income families (less than 30% of median income) receiving public assistance are the least able to afford housing. The vast majority of these households rent, and typically pay more than 40% of their incomes in rental payments. For the poor who are not receiving public assistance, this figure is even greater -- amounting to 50% of their annual incomes.

Home prices and rents in Kitsap County have risen rapidly over the past 10 years. For both owners and renters, housing affordability presents more of a challenge in Kitsap County than in the past. Data from a variety of sources indicates that only families with incomes above 120% of the county median can afford homes in most parts of the county. Similarly, rents are consuming unreasonable proportions of income for at least one-third of the renters in the county. Such financial burdens mean that families have less income to spend on other needs.

**B. Housing Costs**

**1. Purchasing Costs**

Like the rest of the region and nation, Kitsap County has experienced an escalation of housing costs in recent years. Average prices are compiled from more than a decade of data, but are distorted by very expensive home sales. However, data does show that average prices more than doubled from \$67,491 in 1981 to \$150,911 in 1995.

Median price is a better indicator of actual home cost because it is less influenced by very expensive or very inexpensive homes. Median prices for the last five years both countywide and for the subareas of the county were obtained from the Kitsap County Multiple Listing Service. Overall, the median single-family home price increased 60% over the past five years, from \$79,500 to \$124,411. Areas with lower-priced homes experienced the most rapid price increases, indicating that more modestly priced homes are in greater demand. Unfortunately, low- and moderate-income families who might once have been able to afford these homes are now being priced out of the market, and lower-priced older homes are typically converted by their owners into rentals, further reducing the number of homes available for purchase by low- and moderate-income buyers.

The highest single-family home prices are found on Bainbridge Island and in Central Kitsap/Silverdale; lowest single-family home prices are found in Bremerton. The difference in home prices is partly due to the different kind of homes sold in each area. Many sales in Central Kitsap are of new homes, while sales in Bremerton are predominantly of older homes.

**2. Rental Costs**

Rental rates have increased in Kitsap County over the past five years. Rental increases have been highest on Bainbridge Island, followed by Silverdale.

In the 1990 Census, 34% of the families renting homes in Kitsap County reported paying more than 30% of their income for housing. The rent burden is higher in the cities than in the rural areas of the county; the burden is highest in Poulsbo (40%) and Port Orchard (48%) and lowest in unincorporated North Kitsap (26%). This is nearly the reverse of the sequence among cities and county subareas for home ownership cost burdens. **Table A-HS-4** shows approximate median rental costs in Kitsap County. The numbers reflect apartment rental rates from the 3rd quarter of 1995.

	1 Bedroom	2 Bedroom	3 Bedroom
Countywide	\$511	\$628	\$746
Bremerton	\$473	\$589	\$693
Port Orchard	\$498	\$603	\$723
Poulsbo	\$568	\$653	\$808
Bainbridge Isl.	Not reported*	\$813	Not reported*

Source: Fall 1995 Kitsap County Real Estate Trends Report

\*Previous rental information indicated that rents on Bainbridge Island were significantly higher than in other areas of the county. Although current rents are not reported for one- and 3-bedroom apartments on the island, it is assumed that rates are still higher than in other locations in the County.

Rents in Kitsap County are no more affordable to many families than home ownership. **Table A-HS-5** shows the affordable rents for various income levels and family sizes.

<b>For Units Where Tenant Pays All Utilities</b>					
Uses the average of 1992 HUD Section 8 utility allowances for all building types (18% of Fair Market Rents)					
Family size	1	2	3	4	5
<b>Income Level</b>					
Middle (120%)	\$690	\$789	\$887	\$986	\$1,065
Median	\$575	\$657	\$739	\$822	\$888
Moderate (95%)	\$547	\$624	\$702	\$781	\$844
Low (80%)	\$460	\$526	\$591	\$658	\$710
Very Low (50%)	\$288	\$329	\$370	\$411	\$448
Extreme Low (30%)	\$173	\$197	\$222	\$247	\$266

\*Family income categories use HUD Section 8 income limits for 1993

Source: Kitsap County Housing Needs Analysis

## C. Home Ownership

Home ownership is now out of reach for at least half the families who live in Kitsap County and it is completely beyond the reach of families making 50% to 80% of the county median income. **Table A-HS-6** shows that a family must have an income of \$42,770 to afford a median-priced home. Also, the table outlines affordability gaps for families of three and four persons. Although these gaps are based on 1993 data, it is noted in the 1996-2000 Kitsap County HOME Consortium Consolidated Plan that the situation is not significantly different at this time.

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<b>TABLE A-HS-6 Home Ownership Affordability in Kitsap County in 1995*</b>			
<b>Housing Cost Analysis</b>			
<b>Purchasing Costs:</b>			
Median home price in 1995			\$124,411
10% down payment			\$12,442
Mortgage principal			\$111,970
30 year fixed rate mortgage at 8.60%			\$869/month
<b>Total annual payment</b>			<b>\$10,428</b>
<b>Additional annual costs for:</b>			
Homeowner insurance			\$240
Property taxes @ 12.50/thousand			\$1,563
Allowance for maintenance and repairs			\$600
<b>Total miscellaneous costs</b>			<b>\$2,403</b>
<b>Total annual housing costs</b>			<b>\$12,831</b>
<b>Gross income needed</b>			<b>\$42,770</b>
<b>Affordability Analysis*</b>			
	<b>Income</b>	<b>Gap</b>	<b>Index</b>
Median income for family of 3 *	\$32,750	(\$7,239)	82%
Low income (80%)	\$26,200	(\$13,789)	66%
Very low income (50%)	\$16,375	(\$23,614)	41%
Median income for family of 4 *	\$36,375	(\$3,614)	91%
Low income (80%)	\$29,100	(\$10,889)	73%
Very low income (50%)	\$18,188	(\$21,802)	45%

*\*Source: HUD 1992 income limits for Bremerton MSA; Compiled by the Phoenix Group, Inc., 17791 Fjord Drive, N.E., Poulsbo, WA 98070 (360) 779-9511*

Table A-HS-7 illustrates the price of homes families of different sizes and income levels can afford. A comparison of Tables A-HS-6 and A-HS-7 makes it clear that families above the median income can afford homes in Bremerton in the \$74,300 to \$89,250 price range. Only families above 120% of median income can afford homes with prices over \$110,000.

**TABLE A-HS-7 Affordable Home Prices in 1993**

With a 30-year fixed rate mortgage at 8.6% for 90% of price

Family size:	1	2	3	4	5
<b>Income Level*</b>					
Middle (120%)	\$96,890	\$114,195	\$131,500	\$148,865	\$162,860
Median	\$76,656	\$91,077	\$105,497	\$120,053	\$131,635
Moderate (95%)	\$71,597	\$85,297	\$98,997	\$112,825	\$123,828
Low (80%)	\$56,422	\$67,958	\$79,495	\$91,212	\$100,405
Very Low (50%)	\$26,138	\$33,348	\$40,559	\$47,769	\$54,258
Extreme Low (30%)	\$5,836	\$10,162	\$14,488	\$18,855	\$22,330

Assumes fixed monthly costs of \$170 (homeowner insurance {\$20}, property taxes {\$100}, and home maintenance {\$50}).  
\* Family income categories use HUD Section 8 income limits for 1993.

The 1990 Census gives another indication of the effect rising home ownership costs have on family budgets. HUD policy directs that 30% of gross income be the threshold used for determining excessive housing cost burden. When unincorporated county subareas and cities are compared, ownership cost burden is highest on Bainbridge Island (22%) and North Kitsap (20%), while Poulsbo has the lowest percentage (8%). The countywide average was 18%, with all other cities ranging between 16% and 18%.

Two-thirds of owner households earning less than \$10,000 and 40% of owner households earning between \$10,000 and \$20,000 are paying too much for housing. Bainbridge Island and North Kitsap again stand out as the areas with the most burdened, low-income owner households.

## D. Barriers to Affordable Housing

According to the 1996-2000 Kitsap County HOME Consortium Consolidated Plan, the major impediment to producing affordable rental housing, promoting new ownership opportunities, alleviating overcrowding and meeting the needs of underserved population groups is the lack of decent, safe and sanitary housing throughout the county. Reasons for the shortage include:

- **Financing** - Due to the large percentage of Navy-dependent renter households, Kitsap County continues to experience difficulty obtaining permanent financing for multi-family projects. The Federal National Mortgage Association (Fannie Mae) requires that areas with military employment or tenancy above 20% (this is the case throughout most of Kitsap County), require more stringent underwriting criteria. In areas with military tenancy or employment above 40%, Fannie Mae will not purchase mortgages at all.

Facing an otherwise hostile financial market, the County and the KCCHA have been able to improve financing opportunities by guaranteeing purchase of units in advance so developers can get suitable construction financing.

- **Zoning:** Developers, contractors and others in the private housing industry report that differing zoning regulations between county and city jurisdictions create confusion, add to the time required to bring projects to market, and hamper production of affordable housing units. One of the issues to be addressed through the Kitsap County Regional Planning process will be the development of common terms and definitions for all zoning and land use designations.

The HOME Plan indicates that home affordability may be affected by large-lot size requirements, and large lots currently comprise a substantial portion of the county. Areas characterized by large-lot development typically do not have sewer service. Areas that do have sewer service generally permit a minimum of five units per acre outright, and up to 30 units per acre in a Planned Unit Development; densities more conducive to affordable housing. In general, county zoning does not appear to present major barriers to affordable housing, and the County is not aware of any exclusive, exclusionary, discriminatory or duplicated aspects of the policies, rules or regulations that may constitute barriers to affordability.

- **Building Codes:** State Law requires that the Uniform Building Code, Uniform Mechanical Code, National Electrical Code, and the State Energy Code in their latest versions be adopted by all municipal jurisdictions. While these codes affect housing costs, they are generally considered to be beneficial in that they insure that health and safety issues are positively addressed in housing construction. However, it is the need for consistent interpretation and enforcement of these codes that is most often mentioned by the private sector.
- **Property Taxes and Values:** Other than debt service, increasing property taxes are responsible for the largest portion of housing costs in Kitsap County. Rapidly-increasing property values have had the effect of raising property taxes throughout the county. While elderly homeowners enjoy some property tax relief, other low-income homeowners and renters feel the additional burden.
- **Fees and Charges:** Kitsap County has adopted an impact fee ordinance related to schools, roads and parks. Bainbridge Island is the only municipal jurisdiction that has adopted impact fees. Property owners, developers and contractors may be discouraged from developing in these areas or may pass the additional cost on to the owners or renter of the housing units compromising affordability.

### E. Government's Role in Affordable Housing

The Cranston-Gonzalez National Affordable Housing Act (NAHA) of 1990 is the first major housing legislation passed in more than 10 years. The Act is intended to address affordable housing needs by promoting the production of low-income housing through federal/local partnerships and existing HUD programs, including the Community Development Block Grant (CDBG) program. The centerpiece of the Act is the HOME Investment Partnership Program. This program provides grants (allocated by formula) to state and local governments to develop and support affordable housing, rental housing and home ownership opportunities. This is accomplished through acquisition, construction, reconstruction, or rehabilitation of affordable housing. Kitsap County participates in the HOME Investment Partnership Program.

There are a number of non-federal public resources available to aid in the development and maintenance of moderate- and low-income housing projects at a local level. These include the Washington State Housing Assistance Program, the Emergency Shelter Grant Program, the Emergency Shelter Assistance Program, the Weatherization/Energy Assistance Program, the Washington State Housing Finance Commission and the Kitsap County Consolidated Housing Authority.

Although local governments have little control over many of the influences that affect housing prices, including national and international economic trends, private lending practices, interest rates, and labor/materials costs, they do exercise control in setting local land use and development regulations. These actions can -- and do -- have impacts on housing development costs, most notably in the areas of land acquisition, site development and construction. Population growth, migration patterns, and shifting demographics can have an affect on the demand for land and housing, but are also factors largely out of the realm of local government's control and influence.

#### **IV. HOUSING UNITS NEEDED**

Additional housing needs by the year 2012 have been estimated using straight-line projections from OFM and the Kitsap Regional Planning Council's countywide population forecasts. The projected population growth was applied to 1994 OFM percentage estimates of housing units and housing types. Where OFM breakdowns were not available (by tenure and income level), percentages were applied to each category using housing type estimates from the 1990 census. It is important to note that these calculations assume no change in average household size (2.5 persons per household), even though the trend has been downward for several decades. Therefore, these projections may be slightly conservative since shrinking households would generate housing needs greater than the figures projected. The estimates of additional housing needs assume a constant mix of renters and owners; single-family, multi-family and mobile home units; and levels of household income. The figures do not make up for current shortages of rental, multi-family and affordable housing.

Subtracting the 1995 population of 220,600 from the 2012 population forecast of 292,224 persons results in a growth of 71,624 persons in Kitsap County. Assuming 2.5 persons per household, approximately 28,650 new housing units will be needed by the year 2012 (71,624 persons divided by 2.5 persons per household equals 28,650 households). Of this amount, approximately 18,336 units will be owner-occupied, and approximately 10,314 units will be renter-occupied. New single-family units will total nearly 20,055; new multi-family units will total approximately 5,157; and new mobile home units will total slightly more than 3,438. **Table A-HS-8** summarizes projected housing needs.

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<b>TABLE A-HS-8 2012 Projected Housing Needs</b>	
<b>Total New Units</b>	<b>28,650</b>
Owner Occupied	18,336
Tenant Occupied	10,314
Single-family Units	20,055
Multi-family Units	5,157
Mobile Home Units	3,438

*Source: data compiled from KRPC, OFM and 1990 Census information.*

Approximately 9,740 of the 28,650 new units for the year 2012 will be low-income (80% below median income). Moderate-income households (120% of median income or below) will account for 6,590 new units, and high-income households (above 120% of median income) will account for 12,320 new units. **Table A-HS-9** summarizes housing units needed by income distribution.

<b>TABLE A-HS-9 New Housing Units Needed by Income Distribution</b>	
Low Income (80% or below)	9,740
Moderate Income (120% or below)	6,590
High Income (above 120%)	12,320
<b>Total New Housing Units</b>	<b>28,650</b>

*Source: data compiled from KRPC, OFM and 1990 Census information*

The projected new housing units have been allocated to subareas and cities. The following numbers (depicted in **Table A-HS-10**) were derived based on the following assumptions: 1) distribution of households in each city and subarea remain the same as they were in the 1990 Census; and 2) population grows at the projected rate.

<b>TABLE A-HS-10 New Housing Units Needed by Subarea and City</b>	
North Kitsap	8,022
Central Kitsap	3,725
South Kitsap	6,876
Bainbridge Island	2,292
Bremerton	6,303
Port Orchard	573
Poulsbo	859
<b>Total New Housing Units</b>	<b>28,650</b>

Distributing low-income housing units countywide is the goal of both the Growth Management Act and the Kitsap County Planning Policy. In the past, the market has directed affordable, low-income housing units into incorporated cities. While this is appropriate because of accessible public services, housing units tend to become concentrated into small geographic areas. For example; in 1990, 49% of the City of Bremerton’s housing units were occupied by households earning less than 80% of the County’s median income.

If future low-income housing units are proportionally allocated to where low-income families currently live, most new units would be assigned to Bremerton, Port Orchard and Poulsbo. However, if these units were allocated equally at the current countywide percentage of low-income families (34% everywhere), most of the units would go into the unincorporated areas of the county and on Bainbridge Island. These two scenarios have different results because unincorporated Kitsap and Bainbridge Island have lower proportions of low-income households than the county as a whole.

The following table (Table A-HS-11) illustrates the number of new units per location for the year 2012 based on an equal-share distribution:

- The Historical Income Distribution column reflects the low-income housing unit distribution for 2012 if future disbursements follow trends noted in the 1990 Census.
- The percentages that follow each of the numbers reflect the proportion of low-income units per subarea/city (these numbers match the percentages found in the 1990 Census).
- The Equal-Shares Distribution column reflects the number of new units needed by location if the units were to be distributed equally to each location; 34% of the projected new housing units in each subarea/city would be low-income.

<b>TABLE A-HS-11 Low income Household Distribution in 2012</b>		
<b>Location</b>	<b>Historical Income Distribution</b>	<b>Equal Shares Distribution (34% for each location)</b>
North Kitsap	2,246 (28%)	2,727
Central Kitsap	820 (22%)	1,267
South Kitsap	2,407 (35%)	2,338
Port Orchard	287 (50%)	195
Poulsbo	404 (47%)	292
Bainbridge Island	527 (23%)	779
Bremerton	3,152 (50%)	2,143

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To achieve equal-share, low-income household distribution, the Cities of Port Orchard, Poulsbo, Bremerton and South Kitsap will need to add low-income housing units to their housing stock. The following table (Table A-HS-12) illustrates how much each subarea/city will need to increase or decrease their low income housing units to achieve equal shares.

North Kitsap	+481
Central Kitsap	+447
South Kitsap	-65
Port Orchard	-91
Poulsbo	-112
Bainbridge Island	+252
Bremerton	-1,009

To achieve equal shares of low-income housing units countywide, efforts will need to be made at all levels of development and in all jurisdictions. Kitsap County will direct the Kitsap County Consolidated Housing Authority to focus attention on providing low-income housing units in North and Central Kitsap as well as on Bainbridge Island. Conversely, the Cities of Port Orchard, Poulsbo and Bremerton will slow down development of low income housing units.