

Silverdale Regional Center Market Study

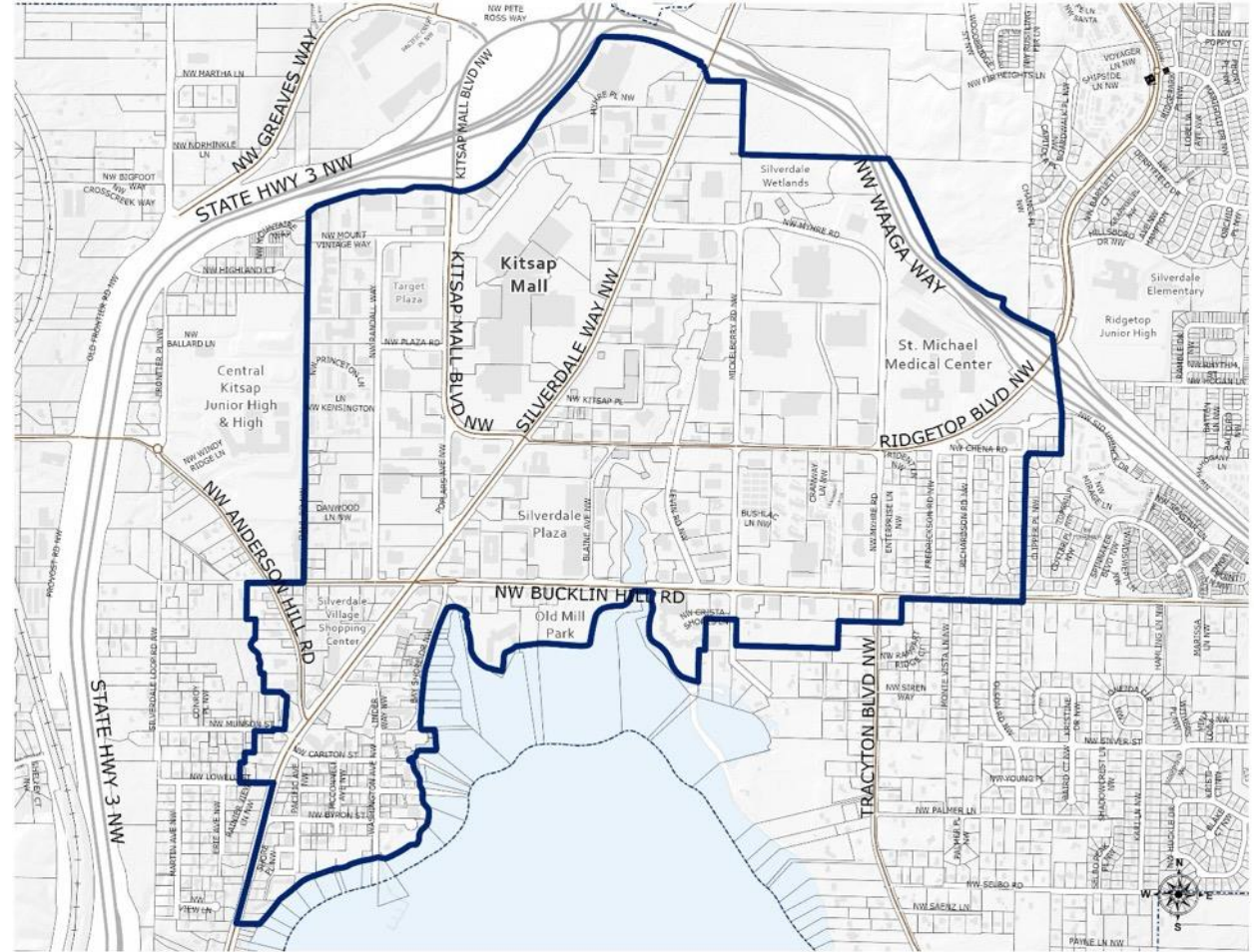
Central Kitsap Community Council
May 6, 2025



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

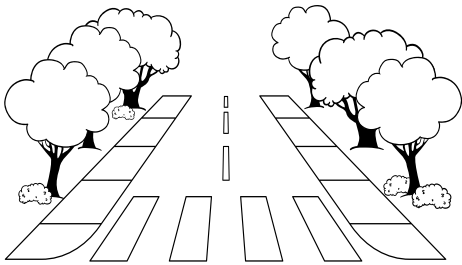


Purpose: Informational presentation, gain input to inform market study & Subarea Planning, and prepare for PSRC Regional Center recertification application.

Regional Growth Centers Overview

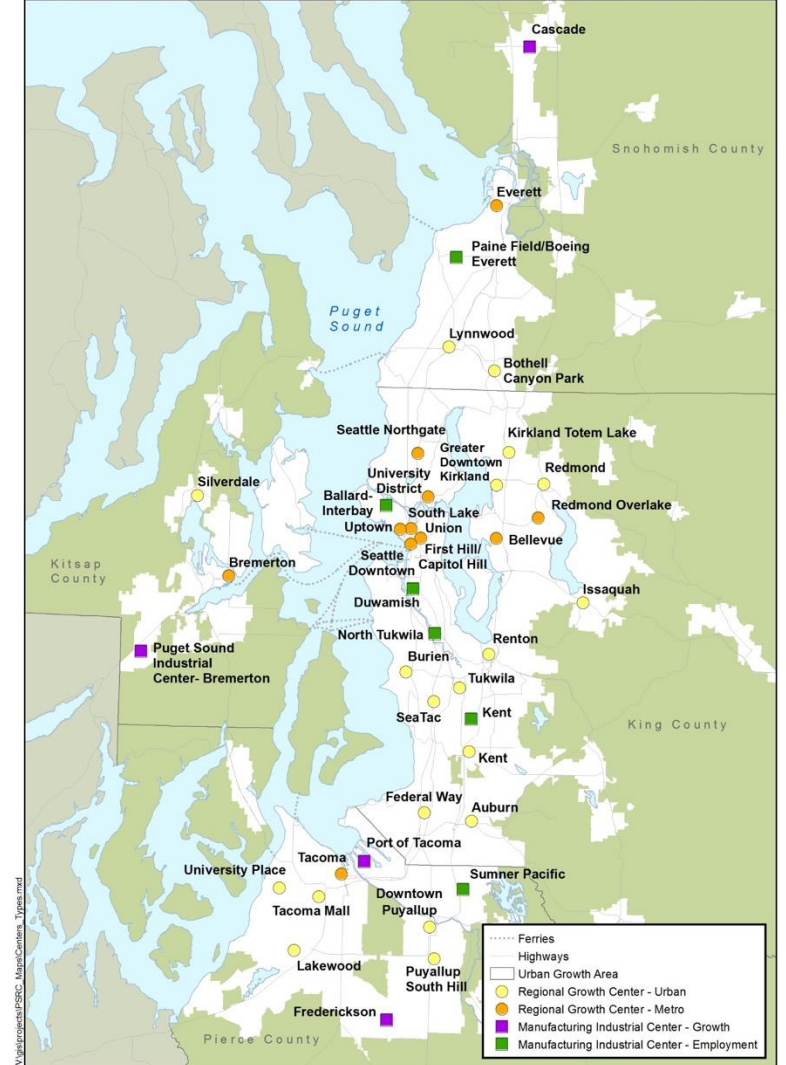
- The region has 30 regional growth centers.
- PSRC *VISION 2050* and the Regional Growth Strategy.
- Mix of uses and activities connected by efficient transportation
- 65% of growth directed into centers
- Kitsap - 2 Growth Centers & 1 Manufacturing/Industrial Center

Federal transportation
funding through PSRC
\$4 – \$5 million every two years.

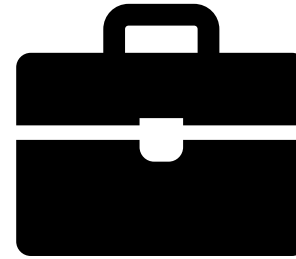
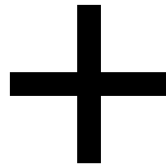
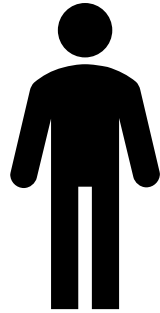


- Coordination with PSRC
- Coordination with Public Works
- Complete market study
- Submission recertification report

Regional Growth Centers and Manufacturing/Industrial Centers



What are PSRC Activity Units?



Resident

Job

Gross Acres

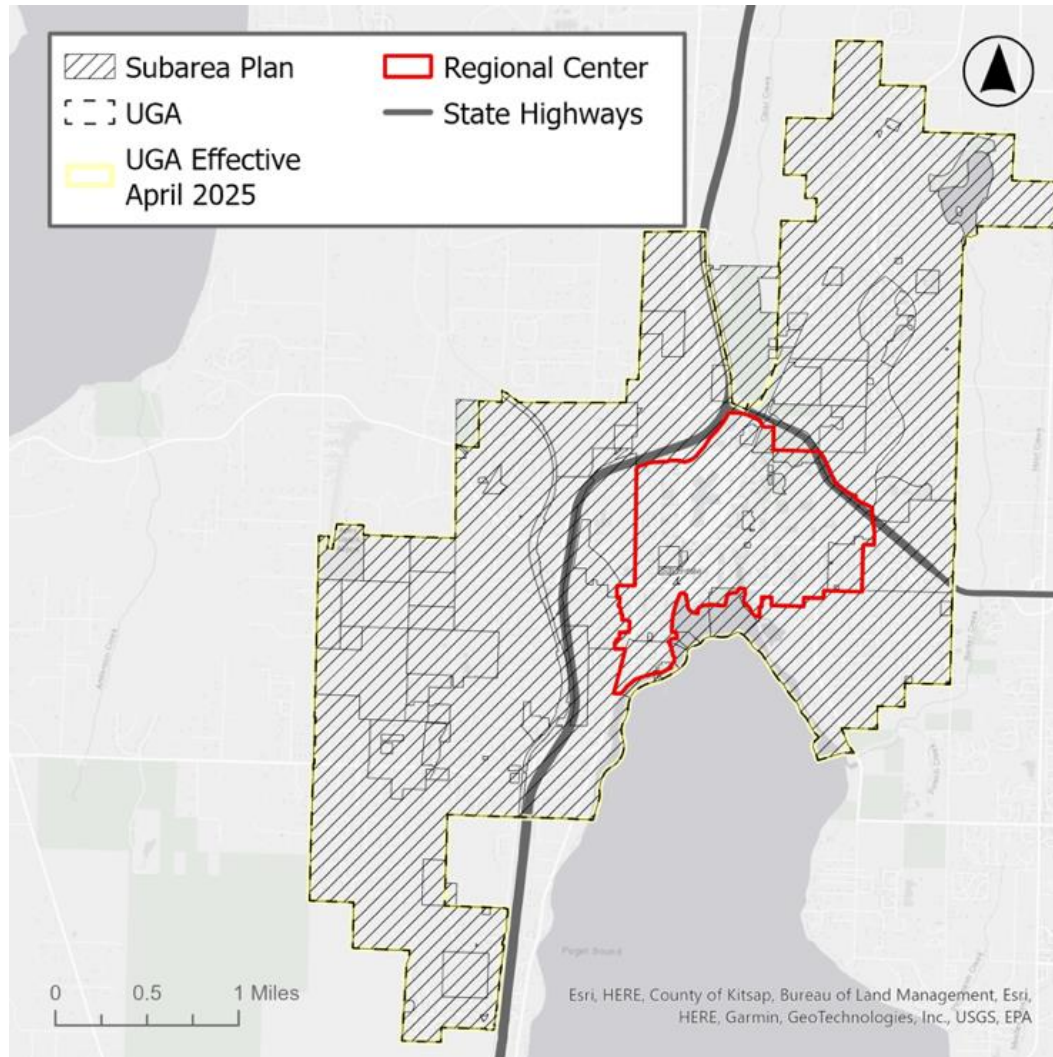
(all land including conservation areas, roads, etc.)

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

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	Market study underway (May)
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.



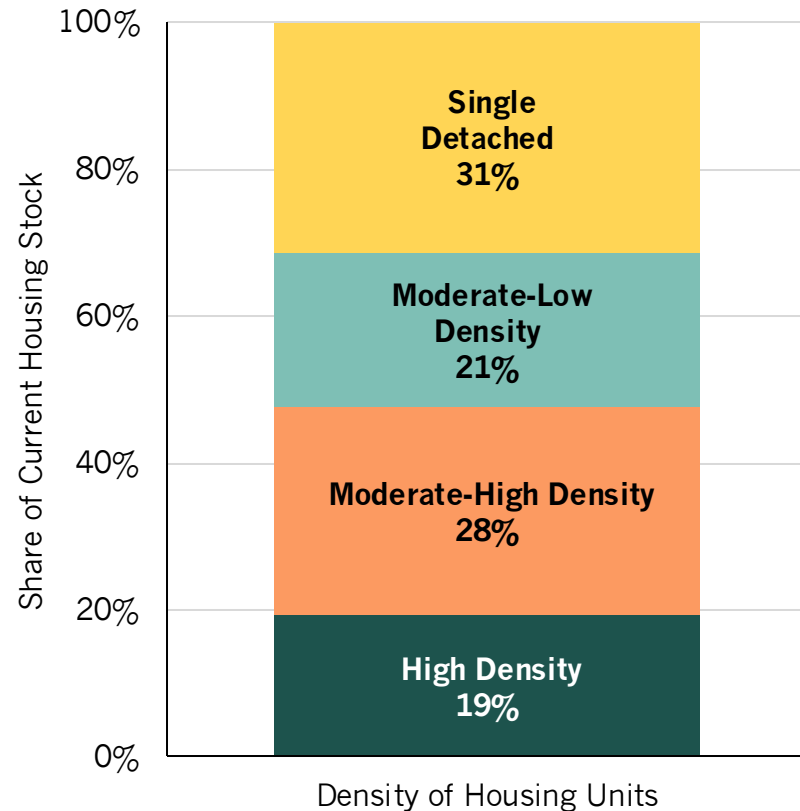
SILVERDALE
TRANSIT CENTER
Connecting Central Kitsap



U.S. Department of Transportation
Federal Transit Administration



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 highly important for continued job 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).



The Highlands (Outside of the Regional Center)



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).
- 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 or redeveloping housing or commercial buildings 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.

How 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



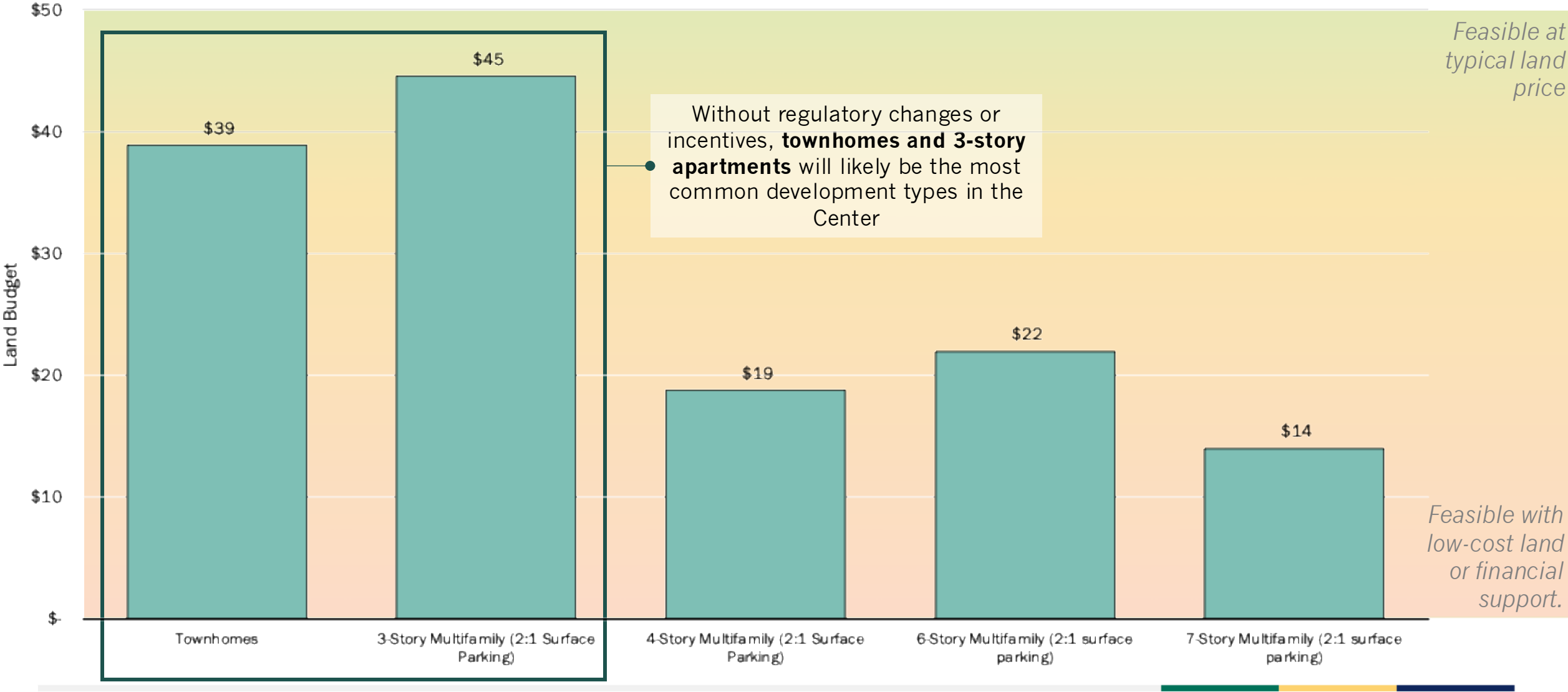
The Landing at Kingston Cove

- 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

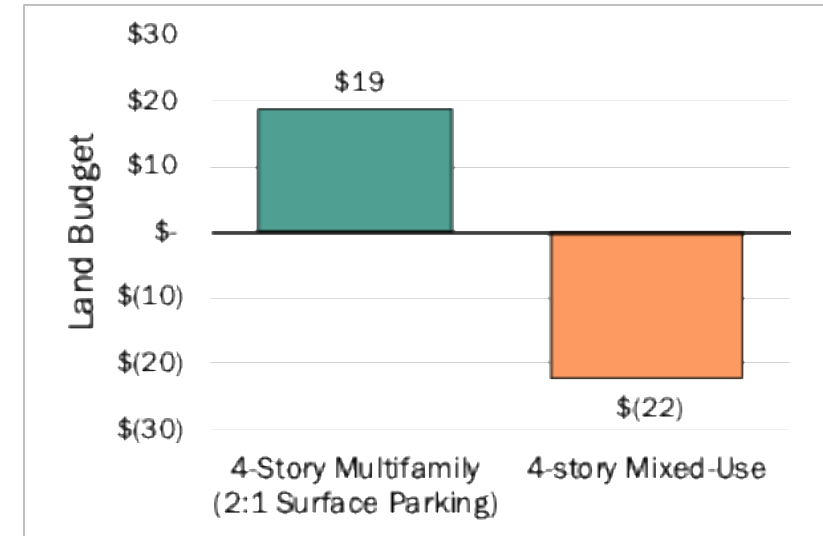
- Silverdale is an established retail hub for region with an auto-oriented development pattern.
- While some retail spaces are performing well, shifting consumer preferences have challenged the viability of some big box stores.
- **Could be opportunities for redevelopment or adaptive reuse.**



Retail Buildings in the Regional Center

Feasibility Testing Results: 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.

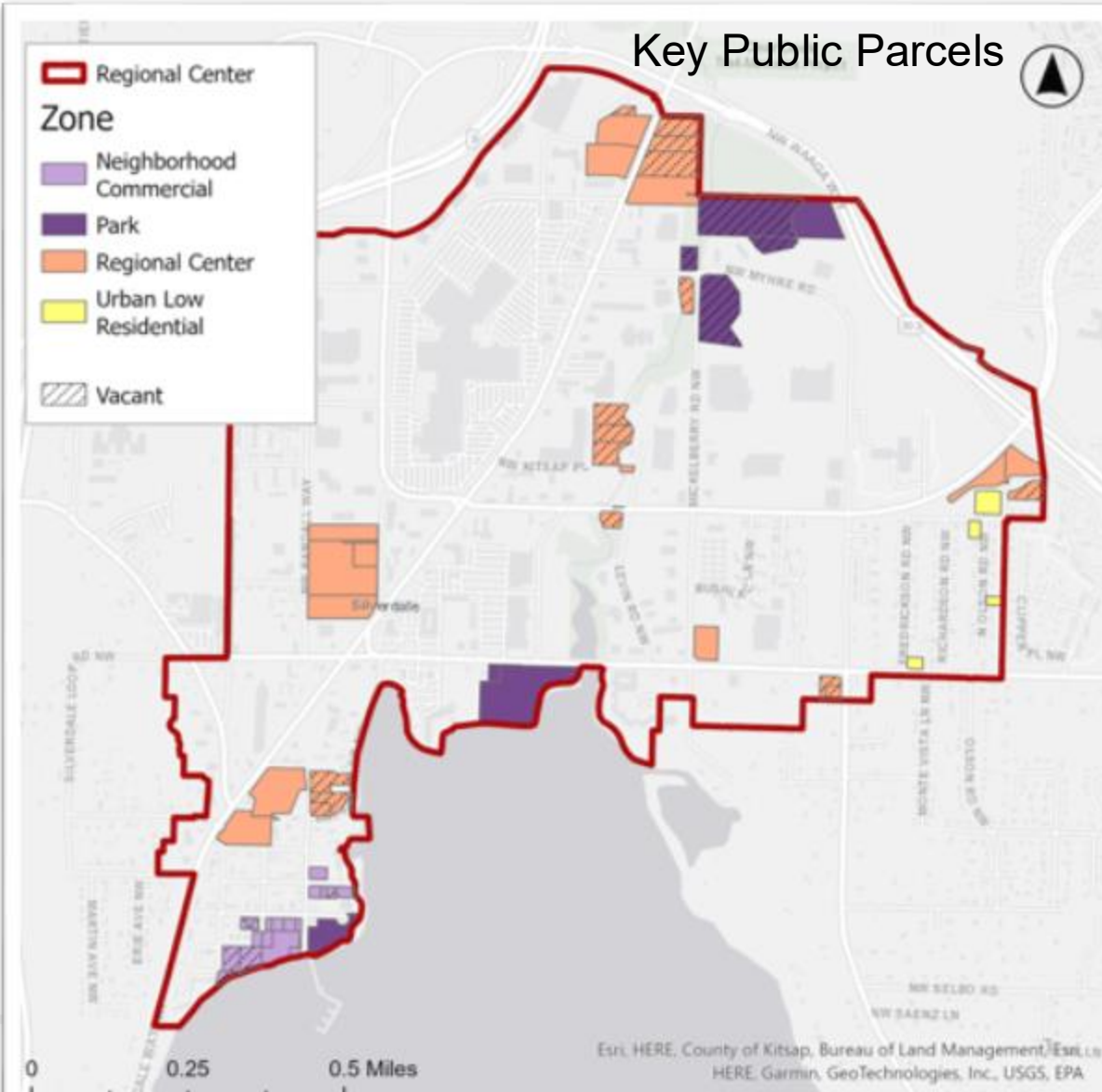
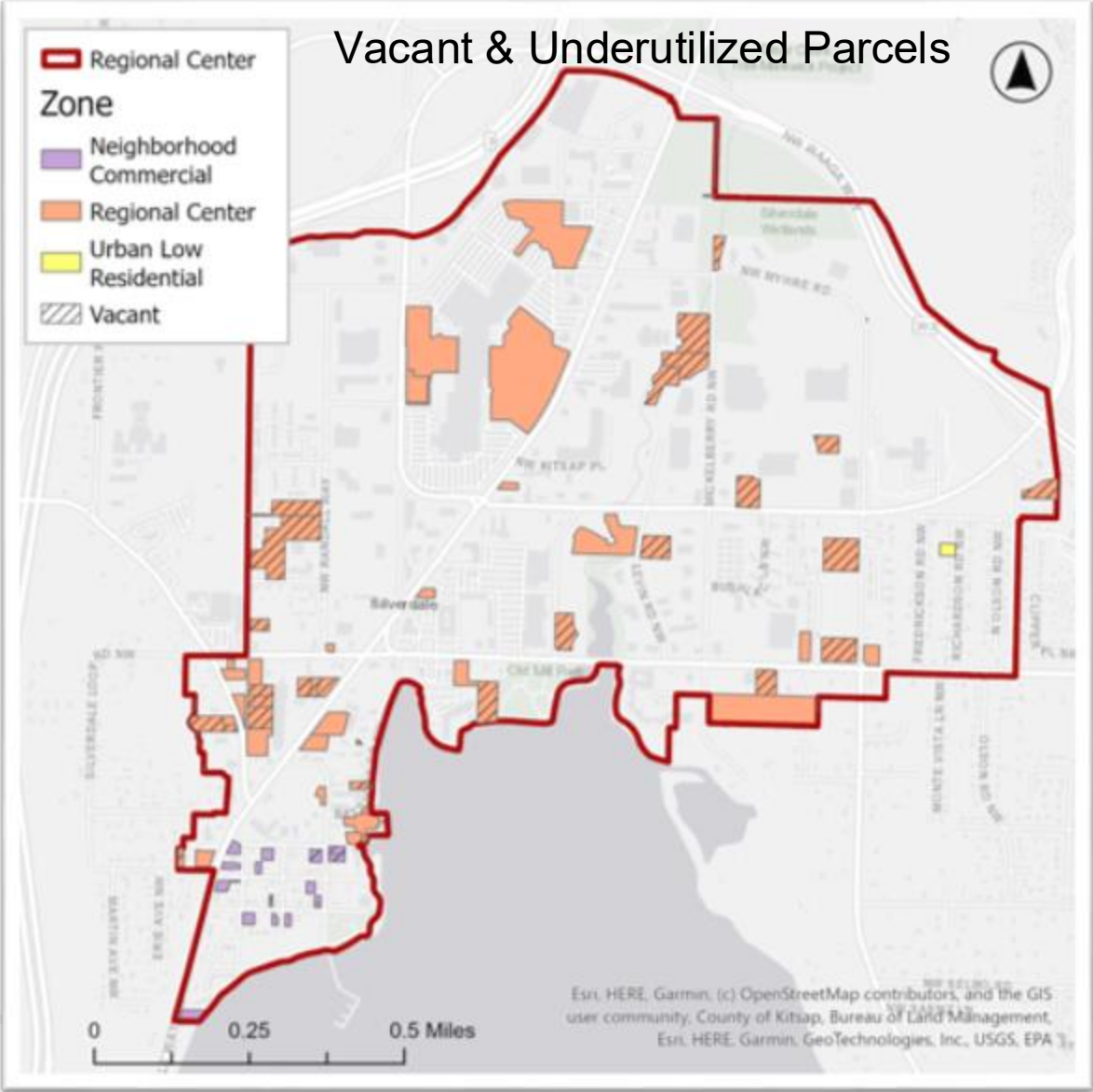
Demand for additional medical services.

- 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.

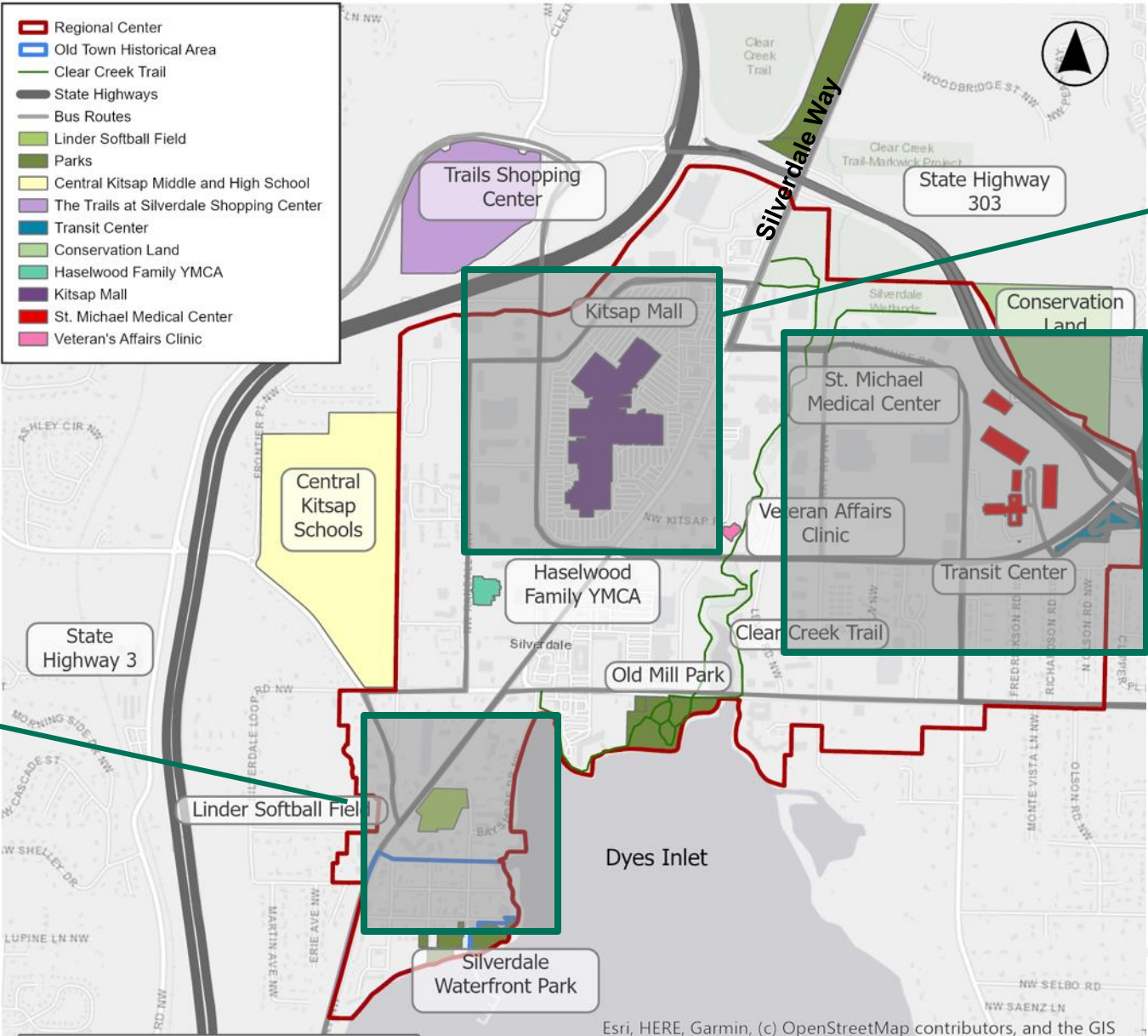
Development Opportunities Analysis



Older Buildings in Silverdale



Key Areas with Development Opportunities



Parking areas

Area near hospital & Transit Center

Old Town

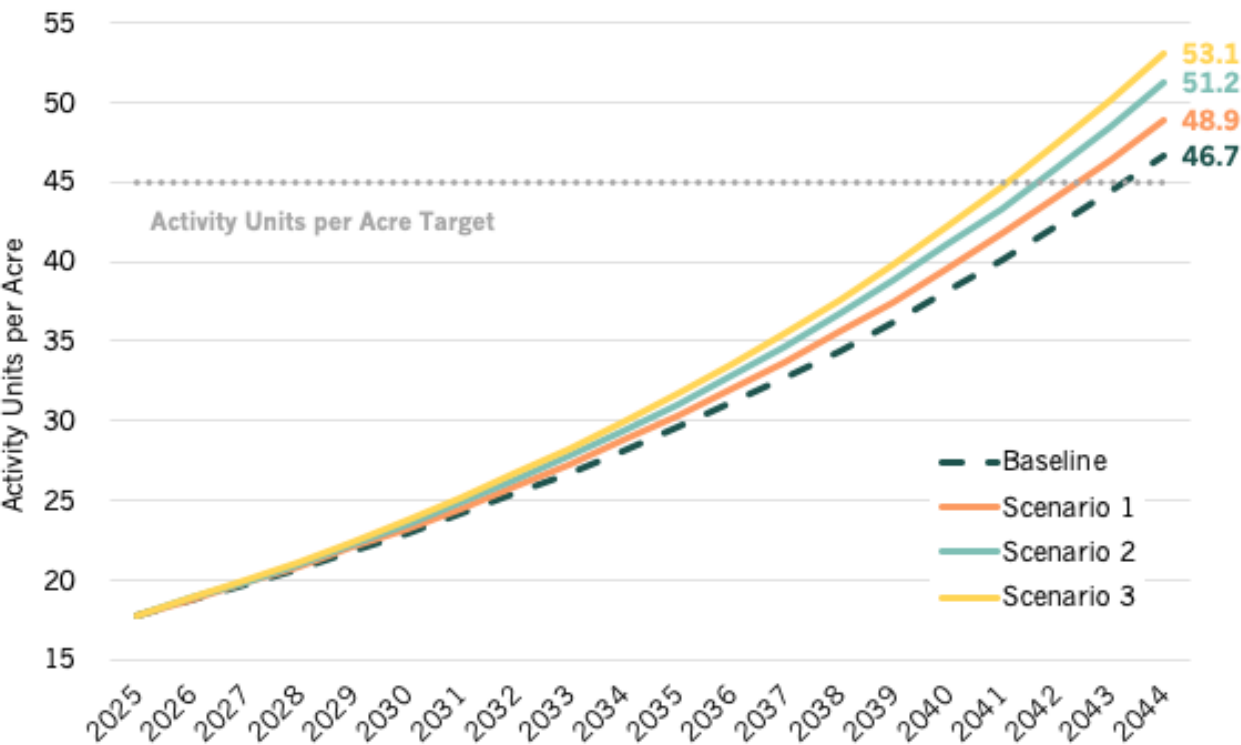
Planned Target Growth Scenarios

- **Scenario 1: More residential growth, MFTE and accounts for newly finished hospital expansion** (new hospital expansion with 74 new beds, MFTE adoption)
- **Scenario 2: Additional hospital and workforce housing expansion, MFTE** (additional hospital expansion, and more workforce housing)
- **Scenario 3: Highest residential growth, hospital/workforce housing expansion, Old Town ferry related growth, MFTE** (assumes all the above including 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.



Planned Target Activity Unit per Acre Growth, Silverdale Regional Center



Activity Units	Baseline	Scenario 1	Scenario 2	Scenario 3
Residents	15,498	16,030	16,562	17,925
Employees	17,955	19,061	20,167	20,167
Activity Units	33,453	35,091	36,729	38,091
Resident% /Job % Activity Unit Split	46% / 54%	46% / 54%	45% / 55%	47% / 53%
Activity Units per Acre	46.7	48.9	51.2	53.1

Recommendations

Challenge: Support increased residential capacity and commercial infill development

- Adopt MFTE program (after state law changes).
- Streamline permit process & reduce fees for certain projects (continue PREP program).
- Transit oriented development, consider overlay for growth areas.
- Explore programs for needed infrastructure improvements & community amenities (e.g., TIF).
- Business attraction campaign

Challenge: Support redevelopment

- Evaluate incentives for adaptive reuse and redevelopment support
- Public-private partnerships

Challenge: Improve Quality of Life and Make Silverdale more Livable

- Support the development of more restaurants, arts, and entertainment businesses and more childcare facilities.
- Enhance parks (such as waterfront) and recreation facilities
- Place-making (pedestrian infrastructures), multimodal improvements, community branding

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 3rd places, entertainment, restaurants, & childcare
- Old Town & ferry opportunities

Silverdale Subarea Planning Timeline & Next Steps



Questions? Comments?

