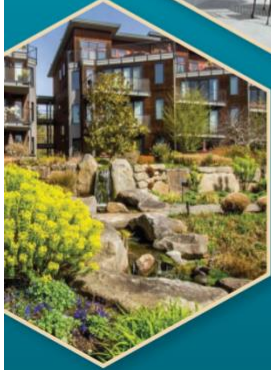


# Housing ACTION PLAN



## Acknowledgements

The ECONorthwest led consultant team prepared this report for the City of Bainbridge Island. The project team and the City of Bainbridge Island thank the many people who helped develop the Bainbridge Island Housing Action Plan.

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The City of Bainbridge Island received a grant from the Washington State Department of Commerce through House Bill 1923 to develop a Housing Action Plan. This grant has given the City of Bainbridge Island a rare opportunity to analyze the housing landscape, community needs, and the expected demand for the next two decades to identify ways to strategically plan for housing needs. The City Council voted unanimously to approve this Housing Action Plan at its June 27, 2023 meeting.



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# TABLE OF CONTENTS

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Glossary .....	vi
<b>SECTION 1: HOUSING ACTION PLAN CONTEXT .....</b>	<b>1</b>
1.1 Housing Action Plan Purpose .....	2
1.2 Bainbridge Island Housing Action Plan Process and Outcomes .....	3
<b>SECTION 2: THE HOUSING LANDSCAPE ON BAINBRIDGE ISLAND .....</b>	<b>12</b>
2.1 City of Bainbridge Island - A brief history .....	13
2.2 Public Involvement - Summary of What We Heard .....	14
2.3 Housing Needs Assessment - Summary of What We Learned .....	18
<b>SECTION 3: GUIDING PRINCIPLES FOR THE HOUSING ACTION PLAN .....</b>	<b>35</b>
3.1 Guiding Principles.....	36
3.2 Housing Tools and Market Considerations .....	38
3.3 Summary of Housing Strategies .....	38
<b>SECTION 4: PROPOSED ACTIONS FOR THE HOUSING ACTION PLAN .....</b>	<b>41</b>
4.1 Key to the Detailed Strategy and Action Sheets .....	42
4.2 Detailed Strategy and Action Sheets .....	45
Strategy 1. Enact Affordable Housing Incentives and Policies.....	45
Strategy 2. Allocate Resources and Funding for Affordable Housing.....	58
Strategy 3. Implement Housing Stability Tools .....	70
Strategy 4. Promote Housing for Employees Working on Bainbridge Island .....	79
Strategy 5. Pursue Policy Updates to Support Diverse Middle Housing Development.....	89
Strategy 6. Promote Sustainable Housing Development .....	97
Strategy 7. Support More Diverse Housing Options by Promoting ADU, Cottage Housing, and Tiny Home Development.....	101
Strategy 8. Address Transitional & Supportive Housing Needs .....	114
Strategy 9. Increase Housing Development Opportunities in Designated Centers.....	120
4.3 Summary of Actions.....	126
<b>SECTION 5: IMPLEMENTATION PLAN .....</b>	<b>132</b>

5.1 Proposed Implementation Plan Framework.....	133
5.2 Detailed Implementation Plan .....	134
5.3 Monitoring Implementation Progress.....	138
<b>APPENDIX.....</b>	<b>139</b>
A-1. State and Federal Affordable Housing Funding .....	140
A-2. Housing Needs Assessment Factsheet .....	144

## List of Exhibits

Exhibit 1. 2022 Median Income Limits by Household Size, Bremerton-Silverdale MSA .....	vii
Exhibit 2. Comprehensive Comparison of Proposed Actions and Strategies for the Bainbridge Island Housing Action Plan .....	8
Exhibit 3. Site Location Map of Bainbridge Island, 2022 .....	13
Exhibit 4. Married-Couple Family Households with Children, Bainbridge Island, Kitsap County, and Washington, 2000-2020 .....	16
Exhibit 5. Year over Year Percent Change of Population, Bainbridge Island, 1990-2022 .....	18
Exhibit 6. Bainbridge Population Distribution by Age Category, 2000-2020 .....	19
Exhibit 7. Median Age in 2020 and Homeownership Percent Changes for Residents Above or Below 55 Years of Age from 2000 to 2020 .....	20
Exhibit 8. Share of Renters in Bainbridge, Kitsap County, and Washington, 2020 .....	21
Exhibit 9. Total housing permits issued by housing type on Bainbridge Island, 2012-2022.....	22
Exhibit 10. Cost Burdened Comparison by Tenure, Bainbridge Island, Kitsap County, and Washington, 2020.....	24
Exhibit 11. Change in Covered Employment on Bainbridge Island, 2000-2021.....	25
Exhibit 12. Origin of Bainbridge Workers and Commuting Shifts, 2010 to 2019 .....	26
Exhibit 13. Building Construction, Bainbridge Island, 2012-2022 .....	27
Exhibit 14. Average Market Rent and Fair Market Rent for a 2-bedroom apartment, 2000-2022 .....	28
Exhibit 15. Median Monthly Home Sales Price, Bainbridge Island compared to Kitsap County, Port Orchard, and Poulsbo, February 2012 - June 2022.....	29
Exhibit 16. Household Affordability by Income Compared to Monthly Housing Costs, 2022 .....	30
Exhibit 17. Scenario 1, Combined Housing Unit Gap on Bainbridge Island, Using Bainbridge Island AMI Affordability Shares .....	31
Exhibit 18. Scenario 2, Combined Housing Unit Gap on Bainbridge Island, Using Kitsap County AMI Affordability Shares .....	32
Exhibit 19. Housing Types and their Affordability Levels on Bainbridge Island .....	34
Exhibit 20. Bainbridge Island Housing Action Plan Guiding Principles and Strategies .....	39
Exhibit 21. Map of Areas Currently Eligible for MFTE: 1) Winslow Master Plan Study Area and Sewer Service Area, 2) Lynwood Center Area.....	47
Exhibit 22. Recommended Maximum Bonus Density and Height Limits from 2019 Transfer of Development Rights and Inclusionary Zoning Assessment.....	55
Exhibit 23. Use Table in the Bainbridge Island Municipal Code (Table 18.09.020) .....	92
Exhibit 24. Types of Accessory Dwelling Units .....	102
Exhibit 25. Pre-Approved ADUs in Seattle .....	105
Exhibit 26. Recommended Steps for Documenting Programs and Actions to Achieve Housing Availability .....	116
Exhibit 27. City of Bainbridge Island Future Land Use Map (2017).....	121
Exhibit 28. Comprehensive Comparison of Proposed Actions.....	126
Exhibit 29. Housing Action Plan Actions Compared to a Range of Household Income Levels .....	131
Exhibit 30. Potential Indicators to Consider for Monitoring Action Plan Progress .....	138

## Bainbridge Island Housing Action Plan Project Website:

[cityofbainbridgeisland.civilspace.io/en/projects/housing-action-plan](http://cityofbainbridgeisland.civilspace.io/en/projects/housing-action-plan)

The project website includes various project updates and materials including the following:

- The [Bainbridge Island Housing Needs Assessment](#) includes comprehensive findings and analysis results associated with an extensive analysis of housing needs and existing conditions and housing policy and program review.
- [Housing Action Plan Public Involvement Findings](#)

## Glossary

**Accessory dwelling unit.** Accessory dwelling units (ADU), which are sometimes called “mother-in-law units,” are extra living units created on the property of a single-family home. An ADU has a kitchen, bathroom and sleeping facilities. Subject to local regulations, ADUs may be located either inside, attached to, or detached from the primary home.

**Affordable housing.** The U.S. Department of Housing and Urban Development (HUD) defines housing as affordable if its occupants pay no more than 30 percent of their income for rent and utilities or for mortgage, taxes, and insurance. Generally, the term “affordable housing” is used to describe regulated housing units that have income- or rent-restrictions to ensure the housing is occupied by households earning a certain threshold of the area median family income. The definition of affordability must be based on Area Median Income (AMI or MFI) data that is published annually by the US Department of Housing and Urban Development (HUD).

**Area Median Income/Median Family Income and Income Levels for Bainbridge Island.** Another way to comprehend housing affordability is to look at how much each income level can afford in housing costs. Each year, the U.S. Department of Housing and Urban Development (HUD) uses data from the US Census to define an area’s Median Family Income (MFI) based on family size (2022 values are provided below). The MFI benchmark helps determine eligibility for HUD housing programs (often including rent-restricted housing) and supports the tracking of different housing needs for a range of household incomes.

Bainbridge Island falls within the Bremerton-Silverdale Metropolitan Statistical Area (MSA) which has a 100percent MFI of \$102,500 per year for a family of four in 2022. The term Area Median Income tends to be used more generally in the industry than MFI. If the term Area Median Income (AMI) is used in an unqualified manor, this reference is synonymous with HUD’s MFI. HUD Income Limits for Bremerton-Silverdale MSA (same value for Kitsap County), FY 2022.

According to the Bainbridge Island Municipal Code, MFI should be calculated for the Bremerton-Silverdale MSA (HUD) and extremely low income is less than 30 percent of median household income, very low income is 31 to 50 percent, low income is 51 to 80 percent, moderate income is 81 to 95 percent, and middle income is from 96 to 120 percent of median household income.

Exhibit 1. 2022 Median Income Limits by Household Size, Bremerton-Silverdale MSA  
 Source: US Department of Housing and Urban Development (HUD)

Maximum Gross Income Limits by Category (BIMC 18.21.020)	Household Size							
	1	2	3	4	5	6	7	8
100% of Median Household Income	\$71,750	\$82,000	\$92,250	\$102,500	\$110,700	\$118,900	\$127,100	\$135,300
<b>Extremely Low Income: ≤ 30% of Median Household Income</b>	\$21,600	\$24,700	\$27,800	\$30,850	\$33,350	\$37,190	\$41,910	\$46,630
<b>Very Low Income: 31% - 50% of Median Household Income</b>	\$36,050	\$41,200	\$46,350	\$51,450	\$55,600	\$59,700	\$63,800	\$67,950
<b>Low Income: 51% - 80% of Median Household Income</b>	\$57,650	\$65,850	\$74,100	\$82,300	\$88,900	\$95,500	\$102,100	\$108,650
<b>Moderate Income: 81% - 95% of Median Household Income</b>	\$68,160	\$77,900	\$87,640	\$97,380	\$105,170	\$112,960	\$120,750	\$128,540
<b>Middle Income: 96% - 120% of Median Household Income</b>	\$86,100	\$98,400	\$110,700	\$123,000	\$132,840	\$142,680	\$152,520	\$162,360

**Cost-burdened.** According to the U.S. Department of Housing and Urban Development (HUD, 2007), households who pay more than 30 percent of their income for housing are considered cost-burdened. Households who pay more than 50 percent of their income for housing are considered severely cost-burdened and may have trouble affording necessities such as food, clothing, transportation, and medical care.

**Household.** All the people living in one housing unit whether or not they are related as a family.

**Household formation.** Household formation is the net change in the number of households in an area between two time periods. It is used as a stand-in for housing demand. For example, if a college student vacates the home they lived in with their family and they move into their own space, they form a new household, as they left a housing unit to occupy a new one.

**Inclusionary zoning.** Inclusionary zoning is a regulatory tool that incentivizes or mandates affordable housing in exchange for additional residential development capacity, generally height, floor area ratio or other benefits to the development. Under an incentive approach, additional development capacity is provided only if the developer elects to provide a certain amount of affordable housing. Under the mandatory approach, the developer is required to provide affordable housing in exchange for changes to regulations or other benefits already applied to the development.

**Income Breakdown.** According to the Bainbridge Island Municipal Code, MFI should be calculated for the Bremerton-Silverdale MSA (HUD) and extremely low income is less than 30% of median

household income, very low income is 31% to 50%, low income is 51% to 80%, moderate income is 81% to 95%, and middle income is from 96% to 120% of median household income.

**“Missing-Middle” Housing.** Missing middle housing is a term coined by Opticos Design to refer to housing types that fall between single-family detached homes and multifamily housing on a continuum of housing scale and density. Examples of middle housing: duplexes, triplexes, townhouses, small courtyard style apartments, cottage clusters, or accessory dwelling units, though not all places consider all these housing types as middle housing. This type of housing has been missing from many neighborhoods outside of urban cores largely due to zoning/development regulations limiting where and how it can be built. Recent efforts call for relegalizing missing middle housing to increase affordability in highly walkable, opportunistic neighborhoods.

**Mission-Based Developers.** Refers to public or non-profit organizations working to provide affordable housing and services. These developers may sacrifice financial return for the positive social impact of providing affordable housing.

**Multifamily Tax Exemption (MFTE).** A state law (RCW 84.14) allows cities to enact a voluntary housing incentive program exempting multifamily housing or a housing development with more than four units from property taxes for a period of eight to 20 years in exchange for affordability restrictions on some of the units. This exemption reduces the costs of operating (and therefore developing) housing and helps to increase the supply of market rate and affordable housing.

**Non-family household.** A non-family household is a household where the head of household lives alone or lives with roommates that are not biologically related to the head of household (including unmarried partners).

**Transit Oriented Development (TOD).** A mixed use residential or commercial area designed to maximize access to public transport and encourage transit ridership. ETOD stands for equitable TOD, which approaches TOD with an equity lens to ensure that all communities, particularly minority, low-income or historically marginalized communities, benefit from transit investments and transit-related development.

**Transitional Housing.** Programs which provide housing and support services to move individuals and families from homelessness to self-reliance and permanent housing.

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# SECTION 1: HOUSING ACTION PLAN CONTEXT

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# 1.1 Housing Action Plan Purpose

The City of Bainbridge Island and ECONorthwest partnered for this Housing Action Plan (HAP) to identify ways to meet housing needs now and into the future. The HAP is made possible due to a Washington State Department of Commerce House Bill 1923 Grant.

HAPs address both affordable and market-rate housing needs through strategies and actions to encourage greater housing diversity and affordability, access to opportunity for residents of all income levels. The Bainbridge Island HAP provides a factual basis for revising policies and implementing strategies for the Comprehensive Plan Housing Element and could inform subarea planning and strategic planning efforts.

The HAP project was conducted from 2022 to 2023 to meet the current Washington State Department of Commerce House Bill 1923 grant deadline of June 30, 2023. As outlined below, the approach for developing the HAP begins with a Housing Needs Assessment (HNA) which evaluates the current and projected housing needs. Another crucial part of the action plan development process is to involve Bainbridge communities and learn about their experiences and insights on housing needs. The findings from these initial steps informed the final strategy development that led to a set of actions for implementation.

**What do we Mean by Affordable Housing?**

The term “affordable housing” means housing that does not require more than 30 percent of a household’s gross annual income for housing costs. This is an inclusive definition that encompasses market-rate as well as subsidized housing which often is supported by public subsidies. When we refer to housing that is dedicated to meeting the needs of lower- income residents, we refer to it as “publicly supported”, “subsidized”, or “rent restricted” housing.

## Bainbridge Island Housing Action Plan Approach

- **Housing Needs Assessment:** Gain a deep understanding of the housing market dynamics, unmet housing needs, and housing projections. Build a multifaceted comprehension of housing market dynamics, existing regulatory influences, and housing needs of today and for the next 20 years.
- **Community Engagement:** Inclusively involve and educate the Bainbridge Island stakeholders on housing challenges and decisions. Deepen our understanding by gaining stories and insights on housing experiences and challenges and opportunities.
- **Strategy Development:** Develop and evaluate strategies, informed by data, engagement, and priorities. Develop strategies and actions designed to inclusively meet the housing needs of Bainbridge communities and workers.
- **Housing Action Plan and Implementation Plan:** Refine strategies and deliver a final Housing Action Plan. Provide an Implementation Plan including key guidance such as the timing of actions, who will implement, resource needs, and identifying monitoring and performance measurements to track plan implementation.

## 1.2 Bainbridge Island Housing Action Plan Process and Outcomes

### Housing Needs Assessment

An initial step for developing actions is to identify and define the range of housing needs by analyzing the best available data describing Bainbridge Island's housing stock, workforce, household demographics, housing market dynamics, and expected housing demand. The insights from this analysis help to build a factual basis for the Housing Action Plan strategies.

The Housing Needs Assessment (HNA) answers questions about the current availability of different housing types, who lives and works on Bainbridge, and what range of housing is needed to meet current and future housing needs.

A summary of what we learned about housing needs is provided in Section 2.1 of this plan. In addition, a full [report](#) (an attachment to this plan) includes comprehensive findings and analysis results associated with an extensive analysis of housing needs and demand, the housing market, workforce trends, existing conditions and housing policy review.

### Community Engagement

Triangle Associates conducted extensive engagement with the community at large and targeted stakeholders who have invaluable personal and professional experiences with housing on Bainbridge Island and the City's current housing policies. This effort included intentional outreach with community members who are often difficult to reach through traditional public meetings due to inflexible work hours, language barriers, or a lack of transportation.

### Engagement Principles

Triangle Associates engaged with representatives from the private housing sector, the public and nonprofit housing sector, at-large population, city staff, elected officials, employers, and employees with the following principles:



**Meet people where they are at:** Instead of asking stakeholders to attend City meetings or workshops, meet stakeholders at the places they already go to or during the meetings they attend.



**Embed education:** Use community engagement as an opportunity to educate Bainbridge residents about what affordable housing means in practice and the limited supply of affordable housing.



**Find new voices who traditionally do not participate in policy development:**

Various Bainbridge Island residents and employees are highly involved in local politics. In addition to hearing from these individuals, it’s important to hear from new voices who traditionally do not participate in public policy development. By getting a broad range of perspectives, the City becomes better informed about the broad range of needs that should be addressed through strategies in this Plan.



**Honor participants’ time by only asking for their feedback on actionable and relevant topics:**

Focus on asking questions that have a direct application to developing actionable housing strategies for Bainbridge Island. By focusing on “need to know” topics, it demonstrates respect for the limited time that residents and workers can contribute to this project.



**Focus on impacted communities:** The people most impacted by the Housing Action Plan are those who are moderately to severely cost burdened by their housing expenses or are priced out of Bainbridge Island all together. While this engagement plan identifies a range of stakeholders, it prioritizes the needs and experiences of extremely low to middle-income individuals (households currently underserved by the existing housing market).



**Provide space for all to provide feedback on diverse topics:** All Bainbridge Island community members should feel like they had the opportunity to provide meaningful feedback. This plan included engagement methods that are open to anyone who wishes to participate.

**Engagement Methods**

From August through October of 2022, Triangle Associates collected a combination of qualitative and quantitative data through several methods online and in person meant to reach members of the community who are often underrepresented. These engagement activities included:



Community and Employer Surveys (971 responses) and Intercept Surveys (3 locations)



Five “We Go To You” Meetings



10 Key Informant Interviews



Three Focus Groups

## Overview of Phase I Engagement Activities

Over the course of summer and fall 2023, Triangle Associates heard feedback from over 1,000 residents, workers, and business owners through written responses and conversations. Overarching themes that emerged across engagement methods included housing for all, senior housing, community, employers, and regulations.

### Community and Employer Surveys

The team collected 800 responses with a broad community survey both online and at intercept events, which produced themes about cost, workforce and commutes, diversity, the environment, and seniors.

Demographic data collected in the survey indicated that respondents were roughly representative of Bainbridge Island.

The employers and businesses survey also received 171 responses. Key themes included long commutes, recruitment and retention, affordable housing, and regulations.



Intercept Survey at the Bainbridge Island Farmers Market  
Source: Triangle Associates

### “We Go To You” Meetings

Instead of asking people to attend a separate meeting hosted by the City, the project team attended already-scheduled meetings of local organizations, associations, houses of worship, and businesses. During these meetings, the project team provided a short overview of the HAP followed by discussion questions to solicit housing-focused feedback from participants. These “We Go to You” meetings functioned like group interviews within the timeframe provided by the host organization.<sup>1</sup> Key themes included in conversations as a part of these events brought up workers, young people, environment, diversity, seniors, and regulations.

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<sup>1</sup> Locations for the project’s “We Go To You” meetings included Bainbridge Conservation Coalition, the Alliance of Childcare Providers, Interfaith Council, Housing Resources Bainbridge Affordable Housing Stakeholder Group, and Bainbridge Island Senior Center.

## **Key Informant Interviews**

Triangle Associates held interviews with representatives of the City of Bainbridge Island Committees including the Climate Change Advisory Committee, Race Equity Advisory Committee, Utility Advisory Committee, the Planning Commission, and the Design Review Board around climate change, design, racial equity, and planning; Nonprofit Organizations; and public sector leaders from the Fire Department Chief, Bainbridge Human Resources, Bainbridge School District, and the Police Department. Themes raised in these interviews included the workforce, public employees, enrollment, exclusivity, and change.

## **Focus Groups**

Two focus groups were held including a developers group with five participants that produced themes around incentives, voluntary programs, parking, and density. A group of local employers also consisted of nine participants who raised themes of workforce housing, resiliency challenges, commuters, multifamily buildings, renters, recruitment, and retention.

## **Housing Action Plan Strategy Development**

Building on the Housing Needs Assessment and community engagement, recommendations were developed that were informed by an evaluation of strategies helping to bridge the gap in housing needs. This review included:

- **Guiding Principles** reflecting the City's goals for housing on Bainbridge Island.
- **Benefits** for specific groups (such as seniors or families) and associated with existing community goals (such as sustainability and economic development).
- **Anticipated Challenges** including potential trade-offs and next step considerations.
- **Equity Considerations** describing how strategies may result in equitable outcomes or consider the distribution of impacts on historically underserved populations.
- **Action Categories** based on an evaluation of timeline and effort required.
- **Action Types** reflecting different options for local governments in Washington to influence the housing market.
- **Impact on Housing Availability** including housing production, housing type, and income levels served.
- **Best Practices** from other communities where applicable.
- **Resources Needed** including both city staff capacity and other resources.

A summary of what we heard from engaging communities is provided in Section 2.2. In addition, a full [report](#) (an attachment to this plan) includes comprehensive detail associated with the Housing Action Plan public engagement findings.

## Housing Action Plan and Implementation Plan

The Housing Action Plan recommendations should broadly address housing needs and meet all the grant requirements. Based on the evaluation results and additional public and stakeholder input, the project team provided Housing Action Plan guiding principles, strategies, and actions.

As shown below, the plan includes six broad guiding principles to serve as goals for the Housing Action Plan and serve as the foundation for how to approach future work. These guiding principles reflect the overarching aims to expand housing options that are accessible to all income levels, keep existing residents in stable housing, and align with the City's goals for economic development and sustainability.

### Housing Action Plan Guiding Principles

- I. Provide More Diverse Types of Housing
- II. Increase Affordable Housing for Low to Moderate Household Income Levels
- III. Stabilize Households & Prevent Residential Displacement
- IV. Provide Supportive Housing for Seniors and Special Populations
- V. Increase Housing for Bainbridge Workers
- VI. Encourage Sustainable Development

These guiding principles are linked to strategies and actions providing additional details on the work to be completed over the next six years. The range of strategies is intended to comprehensively address housing challenges, balancing an increase in affordable housing and preservation of existing units along with the overall housing supply. This plan addresses both rental housing and homeownership strategies, while accommodating growth and protecting households in the community from displacement.

Strategies are included that allow for-profit developers, non-profit developers, and government entities to tap the current housing market to create new affordable homes, acquire and rehabilitate current market rate housing, and increase the necessary funding for future development. There is no "silver bullet" for choosing a single housing strategy, as each idea brings benefits, drawbacks, different levels of impact, and tradeoffs. As such, housing strategies benefit from periodic evaluation as development conditions change over time, requiring flexibility and a renewed effort to fill funding gaps in innovative and creative ways.

The following table helps to summarize all the strategies and actions to help understand how effectively the plan includes a broad range of actions to meet diverse housing needs. The table describes the type of action and its rating and whether it helps with market and/or supported housing (low to moderate income subsidized housing).

In total, the housing action plan includes 9 strategies and 30 actions. In general, the stretch actions might take longer to implement while in contrast, the quick wins could be implemented in the immediate future. Additional detail regarding the Housing Action Plan strategies and actions is provided in Section 4 of this plan.

Exhibit 2. Comprehensive Comparison of Proposed Actions and Strategies for the Bainbridge Island Housing Action Plan

Description of Strategies and Actions	Type of Action	Action Category	Market- Rate Housing	Supported (Affordable Housing)
<b>Strategy 1. Enact Affordable Housing Incentives and Policies. (3 Actions)</b>				
Action 1.1. Add improvements to the Multifamily Tax Exemption Program to increase program use including expanding the levels of income served (including low to moderate income level households).	Incentive and Research, Monitoring	Continuing Work	✓ Mixed Income Housing	✓ Low to Moderate Household Incomes
Action 1.2. Extend affordable housing fee exemption to other permit fees and defer payment of select development fees. Introduce fast-track permitting and provide more clarity and consistency in the design review process for supported affordable housing.	Incentive and Policy Change	Continuing Work		✓ Low Household Income
Action 1.3. Revise the existing voluntary inclusionary housing policy that includes an affordable housing density bonus to promote greater program usage; evaluate a mandatory program.	Incentive and Policy Change	Continuing Work	✓ Mixed Income housing	✓ Low to Moderate Household Incomes
<b>Strategy 2. Allocate Resources and Funding for Affordable Housing. (4 Actions)</b>				
Action 2.1. Allocate existing funds and expand the pool of resources for the City's Affordable Housing Trust Fund.	Financial Support	Continuing Work		✓ Low to Moderate Household Incomes
Action 2.2. Dedicate surplus city-owned land for supported affordable housing development.	Financial Support	Stretch		✓ Low to Moderate Household Incomes
Action 2.3. Strengthen relationships and support between the City and nonprofit and mission-based developers and consider facilitating or participating in a local affordable housing coalition.	Partner-ship	Continuing Work		✓ Low to Moderate Household Incomes
Action 2.4. Examine the use of a local affordable housing levy to support affordable housing production.	Financial Support	Stretch		✓ Low to Moderate Household Incomes

Description of Strategies and Actions	Type of Action	Action Category	Market- Rate Housing	Supported (Affordable Housing)
<b>Strategy 3. Implement Housing Stability Tools. (4 Actions)</b>				
Action 3.1. Identify anti-displacement policies suitable for Bainbridge Island that would help reduce the displacement of existing low to moderate income households.	Policy Change /Direct Support to Residents	Continuing Work to Stretch	✓	✓ Low to Moderate
Action 3.2. Examine a potential human services funding program that would include the expansion of emergency rental/utility support to alleviate impacts for seniors and low-income homeowners. Expand direct resources supporting housing stability for tenants, landlords, and low-income homeowners.	Direct Support	Continuing Work	✓	✓ Low to Moderate
Action 3.3. Partner with nonprofits to support broader access to home rehabilitation, weatherization, and accessibility improvement programs.	Partner -ship, Financial Support	Continuing Work	✓	✓ Low to Middle
Action 3.4. Track the supply of regulated and naturally occurring affordable housing and engage with current operators to support continued affordability.	Research and Monitor -ing	Continuing Work	✓	✓ Low to Moderate
<b>Strategy 4. Promote Housing for Employees Working on Bainbridge Island. (4 Actions)</b>				
Action 4.1. Create partnerships with employers and local businesses to provide worker housing and work with the Chamber to identify scale and needs for the workforce. Monitor and consider options for scaling up effective worker housing initiatives and provide guidance for businesses on housing practices.	Partner -ship, Research and Monitor -ing	Quick Win	✓	✓ All, Low to Middle Income Levels
Action 4.2. Update code to support a broader diversity of unique small housing options.	Policy Change	Quick Win	✓	Moderate to Middle Income Levels
Action 4.3. Partner with mission-based developers to provide direct financial support for community land trust housing and housing cooperative development that is providing more affordable home ownership opportunities.	Direct Support	Stretch	✓	✓ All, tends to serve Moderate to Middle Income Levels
Action 4.4. Pursue a social impact investment fund for affordable housing.	Partner -ship	Stretch		✓ Low to Moderate
<b>Strategy 5. Pursue Policy Updates to Support Diverse Missing Middle Housing Development. (2 Actions)</b>				
Action 5.1. Implement a middle housing code update to encourage duplexes, triplexes, and quadplexes.	Policy Change	Stretch	✓	All, tends to serve Moderate to High
Action 5.2. Ease the process for conversion of single dwelling units into subdivided multiple dwellings (i.e., duplexes) and study adaptive reuse opportunities on Bainbridge.	Policy Change	Quick Win	✓	All, tends to serve Moderate to High

Description of Strategies and Actions	Type of Action	Action Category	Market- Rate Housing	Supported (Affordable Housing)
<b>Strategy 6. Promote Sustainable Housing Development. (2 Actions)</b>				
Action 6.1 Make the Housing Design Demonstration Program permanent, not subject to replacement.	Policy Change/ Incentive	Quick Win to Stretch	✓	All
Action 6.2 Explore regulatory changes to encourage co-locating housing with other complementary development and uses (e.g., religious facilities).	Policy Change	Quick Win		✓ All
<b>Strategy 7. Support More Diverse Housing Options by Promoting ADU, Cottage Housing, and Tiny Home Development. (5 Actions)</b>				
Action 7.1. Add an allowance for up to one detached and one attached Accessory Dwelling Unit on a single property. Remove or reduce regulatory and fee related constraints for Accessory Dwelling Units.	Policy Change	Continuing Work	✓	Moderate to Middle
Action 7.2. Develop and provide pre-approved ADU designs and guidebook.	Technical Assistance, Financial Support	Continuing Work	✓	Moderate to Middle
Action 7.3. Adopt cottage housing code by allowing development of multiple units per parcel.	Policy Change	Continuing Work	✓	Middle to High
Action 7.4. Identify barriers and opportunities for tiny home development on foundations and tiny home villages and evaluate best practices for tiny homes on wheels.	Research and Monitor- ing	Continuing Work	✓	Moderate to Middle
Action 7.5. Improve tracking of short-term rentals on Bainbridge and analyze their impact on the local housing market.	Research / Monitor- ing, Policy Change	Quick Win		All
<b>Strategy 8. Address Transitional and Supportive Housing Needs. (3 Actions)</b>				
Action 8.1. Review and refine definitions in code related to transitional housing, occupancy intensity of use, and spacing, and identify potential ways to increase the supply of emergency housing.	Policy Change	Quick Win		✓ Low
Action 8.2. Centralize a user-friendly platform for individuals to apply for affordable housing.	Partner- ship	Quick Win		✓ Low
Action 8.3. Support improved housing accessibility through design, such as through incentives encouraging visitability design features for a portion of a housing development project.	Technical Assistance, Policy Change	Quick Win	✓	✓ All
<b>Strategy 9. Increase Housing Development Opportunities in Designated Centers. (3 Actions)</b>				
Action 9.1. Increase residential density in Designated Centers with sewer infrastructure (existing or planned).	Policy Change	Stretch	✓	Middle to High
Action 9.2. Use tax increment financing in Designated Centers to fund infrastructure upgrades and affordable housing.	Financial Support	Stretch	✓	✓ Low to Middle
Action 9.3. Evaluate parking requirements to support workforce housing near ferry terminal and in the greater Winslow area, and Neighborhood Center areas.	Policy Change	Quick Win	✓ Mixed income	All, mostly tends to serve Middle

Based on the final Housing Action Plan, a corresponding implementation plan is included to provide actionable steps and monitoring guidance for the City of Bainbridge Island. The proposed planning horizon for the plan is six years commencing from 2024 and completed by 2030. Additional detail regarding the implementation plan is provided in Section 5 of this plan.

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## SECTION 2: THE HOUSING LANDSCAPE ON BAINBRIDGE ISLAND

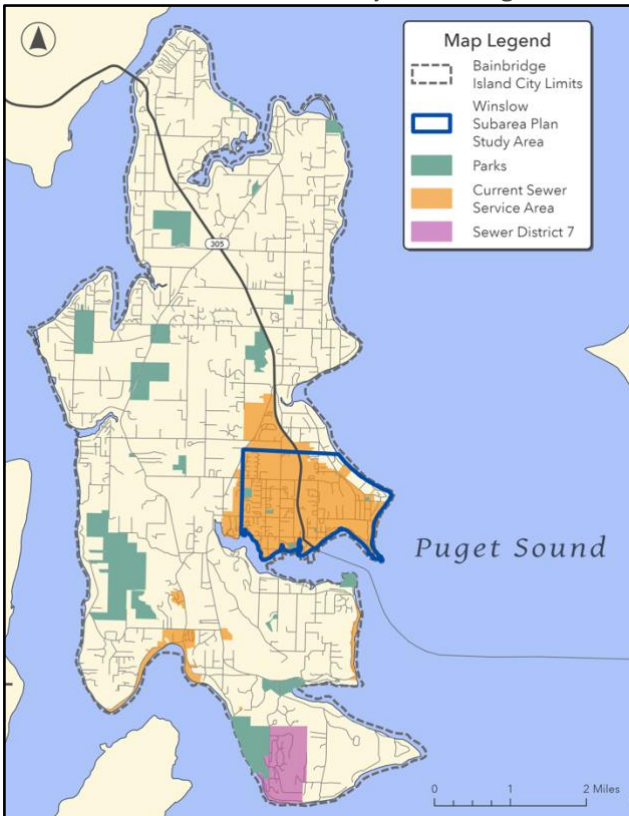
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## 2.1 City of Bainbridge Island - A brief history

The City of Bainbridge Island is a vibrant place that offers residents access to waterfront beaches, stunning hikes, a bustling downtown, and various natural, cultural, and public art amenities. Bainbridge Island is located west of Seattle in Kitsap County, easily accessible from multiple points on the mainland- by ferries operated by the state and by the Agate Pass bridge to the Kitsap Peninsula on the North end of the island.

Exhibit 3. Site Location Map of Bainbridge Island, 2022  
Source: ECONorthwest, data from City of Bainbridge Island.



Suquamish tribal members were the primary recorded inhabitants of Bainbridge Island and the surrounding Kitsap Peninsula until colonization began in 1792 with the arrival of George Vancouver. Bainbridge Island was named by Vancouver after War of 1812 commander, Commodore William Bainbridge, and began bringing in non-native settlers in 1853 after the introduction of a lumber mill to present day Port Madison and Port Blakely. The area quickly developed into a mill town that sourced lumber for many large cities on the west coast. The island also hosted the Hall brothers, well-known in the industry for their quality shipbuilding. The growing industries of lumber and shipbuilding in the area brought in immigrants from all around the world, including Japan. Japanese immigrants introduced strawberry farming on the island and commercialized it by cultivating the wasted timberland to grow strawberries during peak seasons. These

Japanese families farmed for generations until the US federal government relocated them during World War II to internment camps and stunted the industry.

A portion of Bainbridge Island was incorporated with the town of Winslow in 1947 and the rest of the Island was annexed by the city in 1991 to establish the all-island City of Bainbridge Island. The island is currently serviced by car and passenger ferries to Seattle operated by the Washington State Ferry System, making the commute from Bainbridge Island to Seattle easier. This accessibility from Seattle was a large part of the reason for the influx of residents who moved to Bainbridge Island since the 1960s. What was once a rural area has developed over the years into a suburban hub, more recently because of the growing technology scene in Seattle. The population of

Bainbridge Island was roughly 15,848 in 1990 before the establishment of the city, and as of the 2020 decennial census, is at 24,825 persons (U.S. Census Bureau).

Population growth on Bainbridge Island has slowed in the last ten years, only increasing from 23,025 persons to 24,825 persons from 2010 to 2020 after a larger period of growth during the previous decade (growing from 15,848 persons in 1990 to 20,308 persons in 2000).

## 2.2 Public Involvement - Summary of What We Heard

In the engagement process, the city received and heard the following overarching themes throughout surveys, interviews, focus groups, and public meetings. This section documents a few of the most prevalent topics that arose across these different public engagement activities.<sup>2</sup>

### ***Theme: Bainbridge Needs More Housing Types that Fit Diverse Needs & Reduce Cost Barriers.***

The engagement findings indicate that high housing cost, property taxes, and a limited range of housing types have displaced and burdened residents on Bainbridge Island. In the community survey, 87 percent of respondents disagreed that people of all economic segments can find affordable housing on the island. Most respondents also said people who work on Bainbridge should be able to live in the city and that affordable housing makes the community more inclusive. Very few respondents thought housing affordability was not important.

Overall, the respondents cited cost as being the top challenge for when they were looking for housing. Around four percent of respondents (34 persons) said they used to live on Bainbridge but had to move because they could not afford their housing. Among these respondents, most (over 80 percent) work for pay at a job physically located on Bainbridge Island.

Conversations with residents, employees, and stakeholders also stressed that longer commute means more traffic, fuel, and time away from family, as some workers spend over three hours commuting. Although social connections are strong, people in the community are faced with

#### Desired Housing Types

When asked what types of housing respondents would most like to see more of on Bainbridge, the most common answers were:

- Cottage Housing (66%)
- Tiny Homes/ADUs (47%)
- Garden Apartments (46%)
- Duplexes (42%)


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<sup>2</sup> Housing Action Plan Public Involvement Findings are posted on the project website at: [cityofbainbridgeisland.civilspace.io/en/projects/housing-action-plan](http://cityofbainbridgeisland.civilspace.io/en/projects/housing-action-plan)

difficult decisions to move off island because of affordability challenges even when their friends, families, and careers are on Bainbridge.

***Theme: Employee Recruitment and Retention is Becoming Increasingly Challenging for Employers Due to the Lack of Workforce Housing.***

Employers and business owners in conversations, a focus group, and targeted survey reported that they have trouble recruiting and retaining staff and some have considered moving their business elsewhere. They discussed that Bainbridge's workforce would benefit from more affordable housing and types of housing. They indicated that it is specifically difficult to hire workers due to the lack of affordable housing across sectors, including service workers, public employees, frontline workers, professional services, pastors, teachers, and caregivers.



*"We are considering moving our business off the island so that we can more easily find employees. Our manufacturing employees cannot afford to live here on the island."*

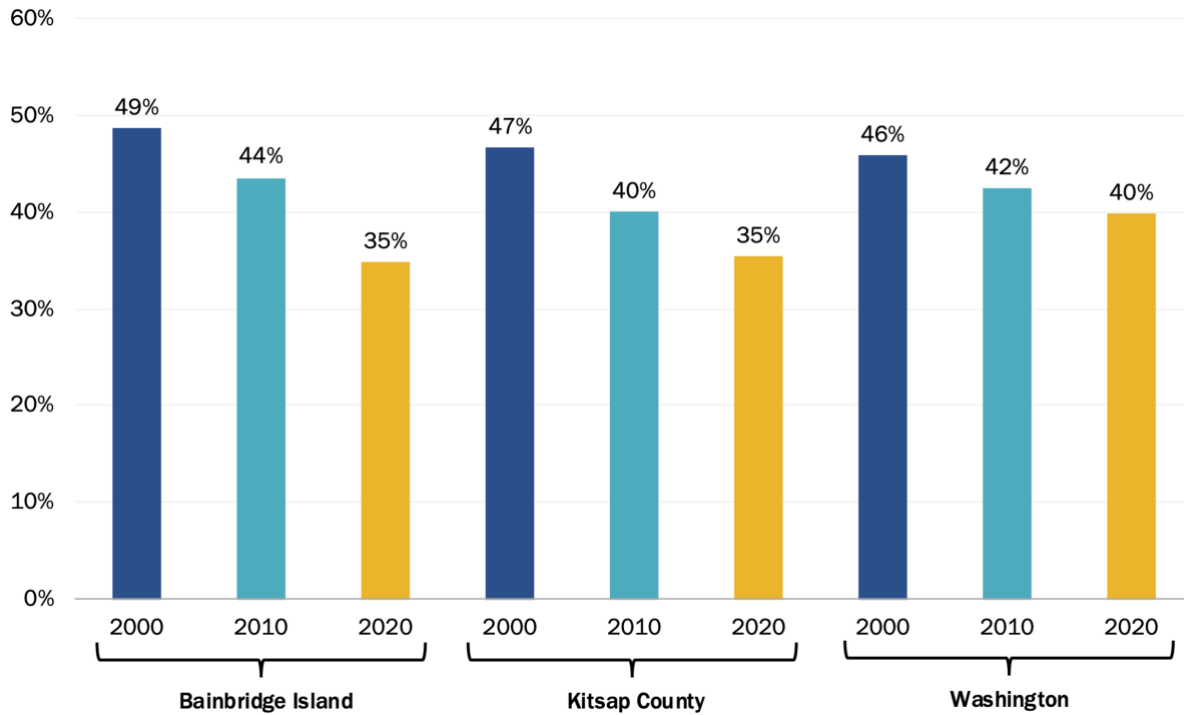
People who work on Bainbridge are priced out of living in the community, resulting in long commutes. Around 64 of the 81 respondents (79 percent) to the community survey who work on Bainbridge don't live on the island but shared that they would live on Bainbridge if they could afford it. In addition, approximately 88 percent of respondents who work but do not live on the island indicated that housing has impacted their ability to work on Bainbridge.

Roughly half of respondents to the employers and businesses survey said recruitment and employee commutes are challenges. Among employers with more than one employee, nearly a third agreed that housing issues have made them consider moving their business. Almost three quarters of employers with more than one employee said affordable housing is important to their organization.

***Theme: Bainbridge is Losing its Sense of Being a Multi-generational and Diverse Community.***

Throughout the survey, community meetings, interviews, and focus groups, people indicated that there is a change in demographics happening because of housing conditions. Fewer young families, young individuals, and low-income households are able to live on the island, affecting community life in addition to the workforce. This is also reflected in the data that our team found as part of the Housing Needs Assessment.

Exhibit 4. Married-Couple Family Households with Children, Bainbridge Island, Kitsap County, and Washington, 2000-2020  
 Source: U.S. Census Bureau, 2000 Decennial Census (Summary File 2 – Table DP1) and ACS 5-year estimates (Table S1101).



During the pandemic, rent prices significantly increased (30 percent or more) and outbidding for homes increased on Bainbridge. Compared to all respondents, lower-income respondents found monthly rent/mortgage payments and small size important, and fewer found schools as a more important factor. Student enrollment has decreased significantly which decreases school district funding and could result in cuts to programs as young families move from Bainbridge.

Some also indicated that missing middle and low-income housing perpetuates an exclusive and homogeneous community. Compared to all respondents, people of color also faced greater cost challenges when looking for housing and were increasingly unable to find housing on the island.

Lower-income respondents over 65 years old responding to our survey asking about which factors are most important to them for choosing a place to live, indicated that access to services and smaller size as most important. The survey and community meetings indicated trouble with downsizing after seniors retire and that many are struggling to stay in their homes. Retired, lower-income respondents further encountered challenges finding housing that accepts Section 8 vouchers and subsidies or that has disability accommodations.

***Theme: The City Needs to Adjust Policies and Regulations to Improve Access to Housing Affordable to a Broader Diversity of People.***

The developer focus group, interviews, and community meetings explicitly addressed how regulations and zoning can stand in the way of building more housing on Bainbridge.

Stakeholders recommended adding and improving tools and programs, including density bonuses for affordable housing, purchasing Floor Area Ratio (FAR), Housing Design Demonstration Project, and the Multifamily Property Tax Exemption. Developers also stressed that voluntary programs are preferable over mandatory programs since financing from banks would be easier to obtain.

Typically, participants said that there is community pushback about increasing density, but that Bainbridge should allow and incentivize more density in core areas. Parking requirements have also been reported as a continuing barrier to building small units. There was general agreement that there needs to be more multi-family housing and rental options on the island, taking into account these challenges.

## 2.3 Housing Needs Assessment - Summary of What We Learned

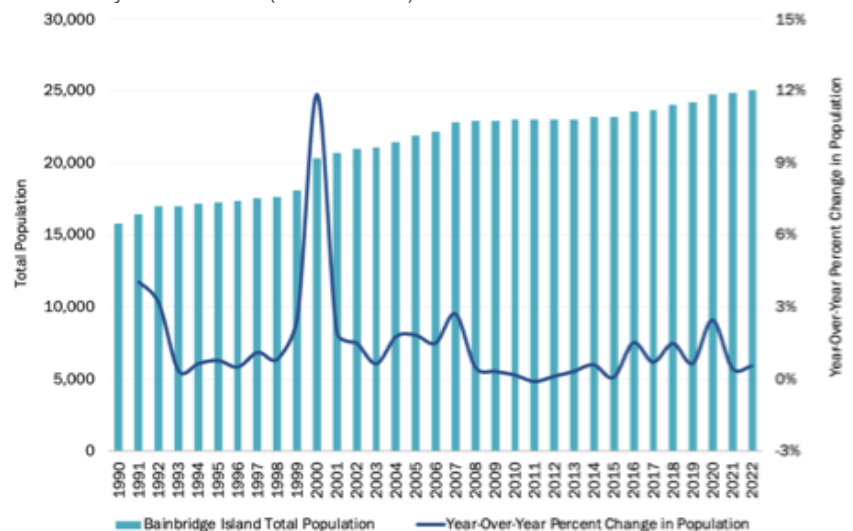
In addition to public involvement, another critical initial step for developing housing strategies appropriate for Bainbridge Island was to identify and analyze data that describe the island's housing stock, workforce, household demographics, housing market dynamics, and expected housing demand through a Housing Needs Assessment (HNA). The insights from this analysis help to build a factual basis for the strategies and answer questions about the current availability of different housing types, who lives and works on Bainbridge, and what range of housing is needed to meet current and future housing needs.

### Demographic Trends

#### Bainbridge Island's Population Growth Has Slowed Down Over the Last Decade

Bainbridge Island's population growth has slowed recently, only increasing by approximately 1,800 persons from 23,025 persons to 24,825 persons from 2010 to 2020 after a period of higher growth during the previous decade (from 20,308 persons in 2000 to 23,025 persons in 2010). The average annual growth rate lowered to 0.7 percent for 2010-2022 down from 1.3 percent for 2000-2010.

Exhibit 5. Year over Year Percent Change of Population, Bainbridge Island, 1990-2022  
Source: U.S. Census Bureau, 2000 Decennial Census (Summary File 2 - Table DP1) and ACS 5-year estimates (Table S1101).



#### Bainbridge is Aging at a Faster Pace than Kitsap County and the State of Washington

Bainbridge Island's population is aging at a faster pace than both Kitsap County and the State of Washington. The Island's median age increased from 43 years in 2000 up to about 50 years in 2020 while the county only increased from 36 to 39 years. The share of Bainbridge Island residents aged 60 years or older has doubled, increasing from 17 percent in 2000 up to 35 percent in 2020 (much

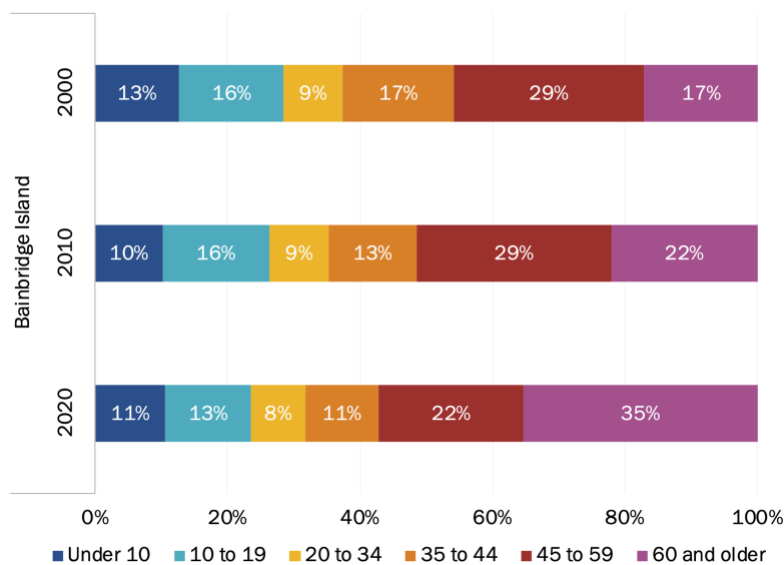
higher than the county's rate of 25 percent for this age group).<sup>3</sup>

### Bainbridge Island is Increasingly Losing Younger Persons and Families with Children

Bainbridge is increasingly losing families with children. Over the 2000 to 2020 period, the share of Bainbridge Island family households with children declined from 49 percent in 2000 down to 35 percent in 2020. Bainbridge lost households with children at a greater percent change than both the county and state. Bainbridge is also losing young persons under 19 years of age, decreasing from 29 percent in 2000 to 22 percent in 2020.<sup>4</sup>

Exhibit 6. Bainbridge Population Distribution by Age Category, 2000-2020

Source: U.S. Census Bureau, 2000 Decennial Census (Summary File 2 – Table DP1) and ACS 5-year data, 2006-10 and 2016-20 estimates (Table DP05).



School enrollment data from the Bainbridge Island School District also showed a decrease in younger persons enrolled in the local public school system even with the district's policy allowing students outside of Bainbridge to enroll. From 2011 to 2019, student enrollment decreased by 93 students. During the COVID-19 pandemic, school enrollment decreased by 210 students from October 2019 to October 2020. With the decline in BISSD student enrollment, the City has not been collecting school impact fees since 2011.<sup>5</sup>

<sup>3</sup> Bainbridge Island School District Enrollment Trends and Projections, Summary Forecast and Update, October 2021.

<sup>4</sup> U.S. Census Bureau, 2000 Decennial Census and ACS 5-year data, 2006-10 and 2016-20 estimates.

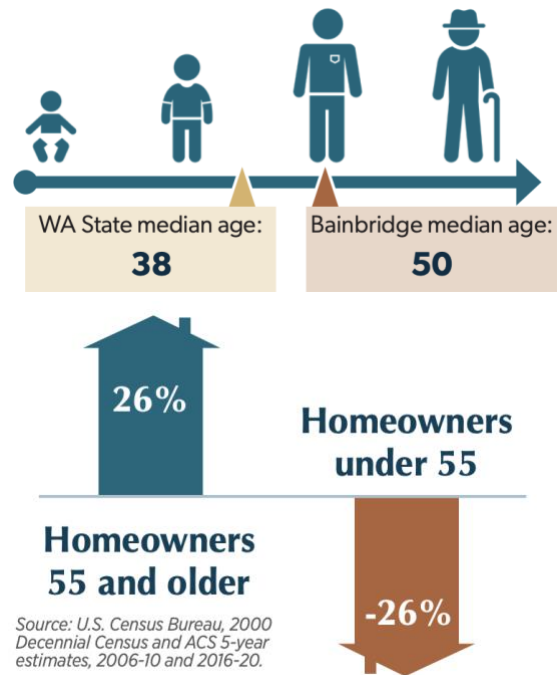
<sup>5</sup> City of Bainbridge Island, Resolution No. 2011-05. Information retrieved on September 7, 2022, via Bainbridge Island's Ordinances & Resolutions Public Records search portal.

## Housing Types and Availability

### Homeownership is Increasingly Out of Reach for Younger Homeowners

Over the 2000-2020 period, the share of younger homeowners (55 years or younger) on Bainbridge decreased by about 26 percentage points, from 59 percent in 2000 down to 33 percent in 2020. At the same time, the share of older homeowners (55 or older) increased by 26 percentage points, with the largest increase for owners aged 65 to 74 years.<sup>6</sup> Homeownership opportunities have become more limited on the Island particularly for younger persons and households. The escalating cost of housing is a top concern for people finding few options of housing affordable at their income level.

Exhibit 7. Median Age in 2020 and Homeownership Percent Changes for Residents Above or Below 55 Years of Age from 2000 to 2020



### Household Incomes on the Island are Much Higher Than Both the County and State

Bainbridge Island households have a markedly higher median household income relative to both Kitsap County and statewide estimates. In 2020, the Island's median household income was about \$126,000 per year, approximately 1.6 times higher than households in both Kitsap County and the state. In that same year, 40 percent of Bainbridge Island households earned \$150,000 or more annually which is over double the share in Kitsap County and the state. On Bainbridge, median household incomes have increased from \$105,373 in 2000 to \$125,861 in 2020, which is a 19 percent increase. With 60 percent of households now earning over \$100,000 in 2020 (compared to 37 percent in the county), Bainbridge Island has a much larger high-income population in comparison to the rest of Kitsap County.<sup>7</sup>

Despite these income increases, Bainbridge's median household income has not kept pace with rising housing costs. Over the last decade, Bainbridge's median household income increased by

<sup>6</sup> U.S. Census Bureau, 2000 Decennial Census and ACS 5-year data, 2016-20 estimates.

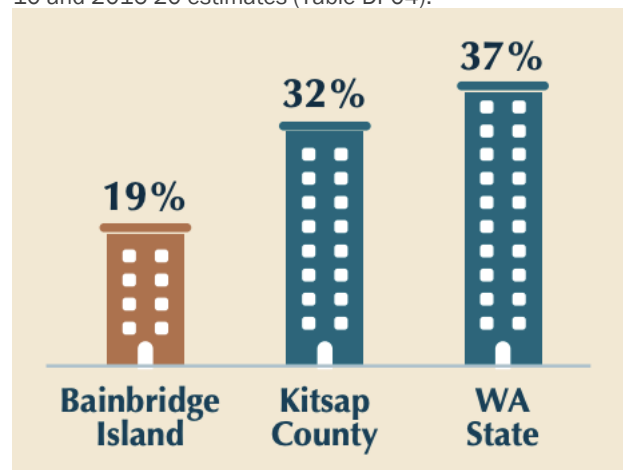
<sup>7</sup> U.S. Census Bureau, ACS 5-year data, 2016-20 estimates.

around 13 percent from 2010 to 2020<sup>8</sup> while the average asking rent grew by approximately 43 percent (from \$1,662 in 2010 to \$2,377).<sup>9</sup> In addition, median home sale prices soared by about 83 percent from 2012 to 2020. Securing new housing under current conditions is increasingly becoming out of reach for many Bainbridge households, possibly including current residents searching for new housing.

### Renting a Home is Becoming More Difficult on Bainbridge Island

The share of rental households has diminished on Bainbridge in comparison to the share of owner households, signaling decreased availability of rental housing. In fact, nearly four in five Bainbridge households are owned as of 2020. Bainbridge Island's share of rental households was 22 percent in 2000, and 19 percent in 2020. This is lower than both Kitsap County (32 percent) and the state (37 percent) in 2020.<sup>10</sup> The availability of rental housing on Bainbridge has become increasingly scarce.

Exhibit 8. Share of Renters in Bainbridge, Kitsap County, and Washington, 2020  
Source: U.S. Census Bureau, ACS 5-year estimates, 2006-10 and 2016-20 estimates (Table DP04).



### Housing Production Slowed Over the Last Decade Compared to the Previous Decade

Overall housing availability on Bainbridge Island has become increasingly limited with minor increases over the last ten years averaging only 67 new housing units built per year from 2010 to 2020 (approximately 10,584 houses in 2010 and 11,251 houses in 2020). The number built over the last twenty years was more than double the 2010-2020 rate, averaging 137 new housing units per year from 2000 to 2020 (approximately 8,517 homes in 2000).<sup>11</sup> This could partially be related to slow recovery from the Great Recession emerging around 2007.

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<sup>8</sup> Redfin Data Center.

<sup>9</sup> U.S. Census Bureau, 2006-10 and 2016-20, ACS 5-year data and CoStar data (rental rates).

<sup>10</sup> U.S. Census Bureau, 2000 Decennial Census and 2016-20 ACS 5-year data.

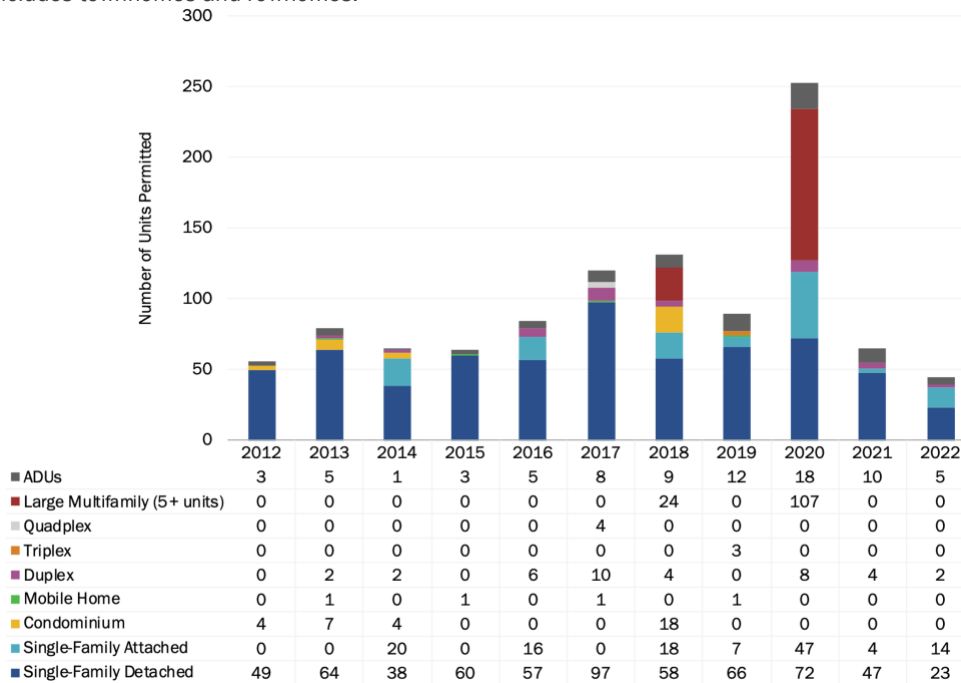
<sup>11</sup> Washington Office of Financial Management (OFM).

## Housing Mix has Become Slightly More Diverse over the Last Decade, Particularly in the Winslow Area

Several datasets describing Bainbridge’s housing unit mix indicate that single-family detached housing is the dominant housing type across the Island. However, the share of duplex/triplex/quadplex units and townhomes/row homes gradually increased between 2000-2020 (U.S. Census ACS, 2016-2020). As shown in the exhibit below, additional analysis of recent City of Bainbridge permits over the last decade shows a slight increase in the share in housing other than single-family detached units. Following single-family detached housing units, large multifamily housing (five or more units) and townhomes/rowhomes had the largest share of total units (13 and, 12 percent) followed by ADUs (8 percent) and duplexes/triplexes/quadplexes (4 percent of total).<sup>12</sup> However, only a small number of this new diverse housing provided affordable units since several of the homes were not rentals or rent restricted. The Winslow Area has the highest recent permitting activity between 2012 to 2022 which is not surprising considering the land use regulations allowing higher-density development in this area.

Exhibit 9. Total housing permits issued by housing type on Bainbridge Island, 2012-2022

Source: City of Bainbridge Island Permit Report 2012 to June 30, 2022. ECONorthwest analysis. Please note these do not necessarily reflect fully constructed housing units. This is based on finalized permit numbers. Single-family attached includes townhomes and rowhomes.



<sup>12</sup> City of Bainbridge Island Permit Report 2012 to June 30, 2022.

## **Second Homes, Rentals and Non-Primary Homes Comprise Around One-Third of the Total Residential Parcels on Bainbridge Island**

Using Kitsap County Assessor data, ECONorthwest analyzed the share of parcels on Bainbridge Island that are “primary” use or “non-primary” use since this helps shed light on second home ownership trends.<sup>13</sup> Based on this analysis, nearly one-third of residential parcels on Bainbridge Island, as of 2022, include non-primary homes. The non-primary homes could be multifamily (apartment) buildings, long-term rentals, short term rentals, vacation homes, and various other types of housing where the primary owner has a different home address than the physical address of the home.

### **Changing Demand for Housing**

#### **Severe Housing Cost-Burden Disproportionately Impacts Renter Households**

HUD guidelines indicate that a household is cost burdened when they pay more than 30 percent of their gross household income for housing and severely cost burdened when they pay more than 50 percent of their gross household income for housing. Housing cost burden can put households in vulnerable situations and force them to make trade-offs between housing costs and other essentials like food, medicine, or transportation. This unstable condition can also lead to rental evictions, job instability, school instability for children, and homelessness. The share of severely cost burdened renters on Bainbridge Island increased from 18 percent in 2000 to 25 percent in 2020.<sup>14</sup> Renters living on Bainbridge Island, in Kitsap County, and in the State of Washington all tended to be more severely cost burdened in 2020 compared to owner households which is not surprising since renters tend to be lower income. Limited multifamily development also contributes to a low inventory of housing for renters, who tend to be left with a small supply of housing options particularly in high demand areas.<sup>15</sup>

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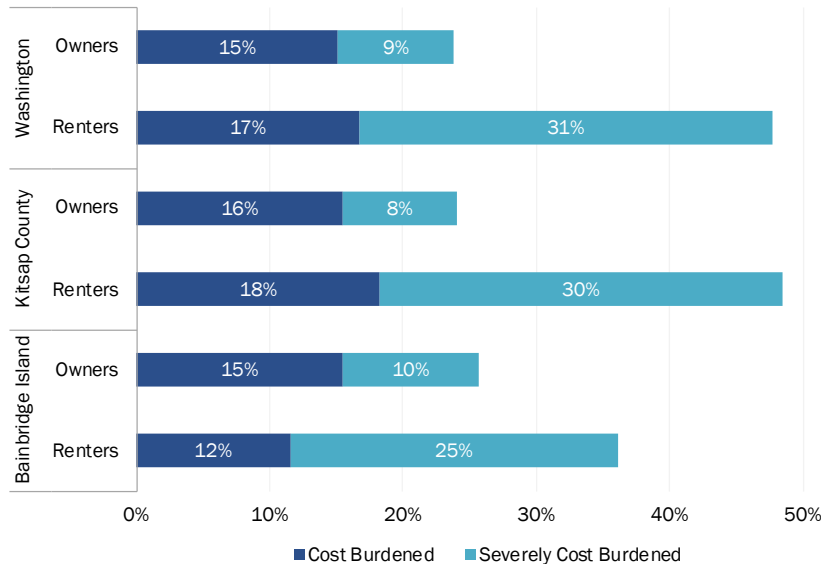
<sup>13</sup> Note: This analysis is based on the evaluation of residential parcel’s situs address compared against its taxpayer address. Parcels with an identical situs address and taxpayer address were categorized as “primary” and parcels with a situs address that differed from its taxpayer address were categorized as “non-primary.”

<sup>14</sup> The U.S. Department of Housing and Urban Development, the U.S. Census Bureau, 2000 Decennial Census and ACS 5-year data, 2016-20 estimates.

<sup>15</sup> Source: Housing Kitsap (November 8, 2022).

Exhibit 10. Cost Burdened Comparison by Tenure, Bainbridge Island, Kitsap County, and Washington, 2020

Source: U.S. Census Bureau, ACS 5-year data, 2016-20 estimates (Tables B25070 and B25091).



### Over 100 Households are Currently Waiting for Placement in Affordable Housing on Bainbridge

Although the current affordable housing inventory includes a little over 220 housing units on Bainbridge, the demand for rent-restricted low to moderate-income housing is outpacing the supply, as evidenced by the large number of people currently waiting for housing. The number of people waiting for affordable housing on Bainbridge Island, reported by Housing Resources Bainbridge (HRB currently provides the most affordable housing units on the Island) as of August 11, 2022, included 111 total households on their waitlist.<sup>16</sup> Among this total, approximately 30 percent are households with children, 21 percent are single parent households, seven percent are fleeing domestic violence, and 23 percent are households unhoused.<sup>17</sup>

<sup>16</sup> The Bainbridge Island Housing Needs Assessment includes an inventory of affordable housing units. Exhibit 58 provides a summary of the total rent-restricted affordable housing including the existing units and a few proposed affordable housing units further along in the development process. Most of this housing is owned by Housing Resources Bainbridge with approximately 196 housing units including the planned development projects or approximately 52 percent of the total housing.

<sup>17</sup> These numbers only include information from HRB (2022). There are other providers that have their own waiting lists such as Housing Kitsap, Virginia Villa, and Winslow Arms.

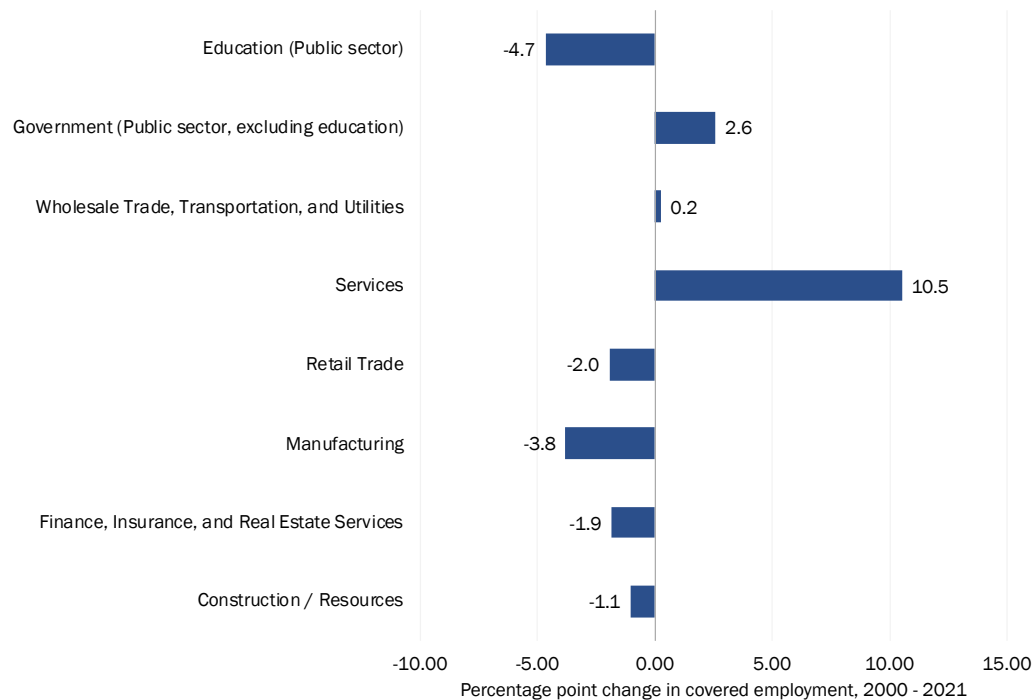
## Workforce Trends

### Service Sector Employment Has Expanded Over the Last Two Decades to Become the Dominant Employment Sector on Bainbridge Island

The services sector group comprised the largest covered employment share on Bainbridge from 2000 to 2021. In 2021, about half of Bainbridge Island’s covered employment was comprised of service jobs, up from 40 percent in 2000. PSRC’s service sector includes the following range of employment including information; professional, scientific, and technical services; management of companies and enterprises; administrative and support/waste management; educational services (private sector portion); health care and social assistance; arts, entertainment, and recreation; accommodation and food services; and other services (except public administration). The largest sub-categories in Bainbridge’s service sector (2021) includes the professional, scientific, and technical services sector (27 percent); healthcare and social assistance (20 percent); and the accommodation and food services sector (16 percent).<sup>18</sup>

Exhibit 11. Change in Covered Employment on Bainbridge Island, 2000-2021

Source: Puget Sound Regional Council, Covered Employment Estimates, 2000–2021.



<sup>18</sup> U.S. Census Bureau, Center for Economic Studies, 2010 and 2019 LEHD data.

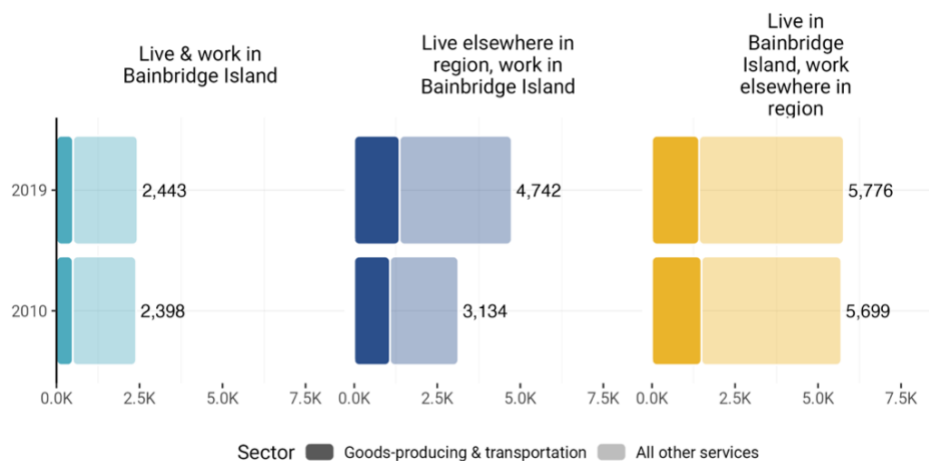
## Bainbridge’s Workforce Increasingly Tends not to Live on the Island

Workforce commuting trends help describe the extent to which people live and work on Bainbridge and how this has changed in recent years. Over the last decade, commuting from other areas outside of Bainbridge increased by 51 percent (from approximately 3,134 workers in 2010 to approximately 4,742 workers in 2019)<sup>19</sup> This could indicate decreased availability of housing needed to accommodate Bainbridge’s workforce including not enough housing matching commuter needs, affordability levels, or preferences. The project team included questions in the community survey (2022) to learn more about workforce commuting. The community survey asked whether those not living on Bainbridge Island but working on Bainbridge Island would want to live on Bainbridge if they could afford it. Approximately 64 of the 81 respondents (79 percent) would want to live on Bainbridge if they could afford housing.

The current commuting trends of employees working at the City of Bainbridge Island were assessed also to deepen the understanding of commuting trends. Overall, only around one-third of City staff currently reside on Bainbridge Island. About half of the City management-level workers live on Bainbridge while in contrast, only around 24 percent of police officers live on Bainbridge.<sup>20</sup>

Exhibit 12. Origin of Bainbridge Workers and Commuting Shifts, 2010 to 2019

Source: U.S. Census Bureau, Center for Economic Studies, 2010 and 2019 LEHD data.



<sup>19</sup> U.S. Census Bureau, Center for Economic Studies, 2010 and 2019 LEHD data.

<sup>20</sup> City of Bainbridge Island.

## Housing Stock

### Single Family Homes are by Far the Most Prevalent Type Available on Bainbridge

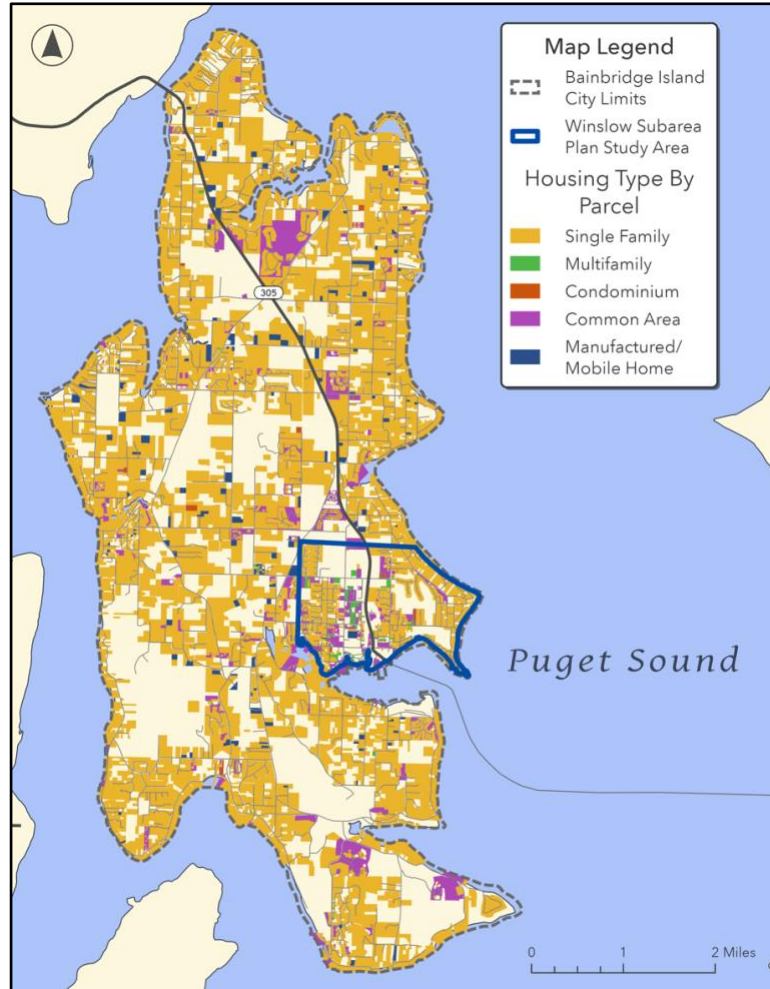
Single family homes comprise 93 percent of all residential parcels.

Single-family homes and their associated accommodations (including yards) tend to take up more land (usually at least one parcel per housing unit) in comparison to other types of housing such as multifamily and condominium residences which tend to include more housing units on each parcel of land.

Single family residences are spread across Bainbridge Island. Most of the multifamily housing developments have been constructed in the Winslow area, near Highway 305. A handful of condominium parcels exist outside the Winslow area, with several located in the Island's Lynwood neighborhood.

Assessor data used for our analysis did not provide detail on the number of housing units on each parcel, or detail regarding Accessory Dwelling Units, or more information on the multifamily housing types. Therefore, data lumped duplexes, triplexes, and other middle housing types into the multifamily category rather than a separate category.

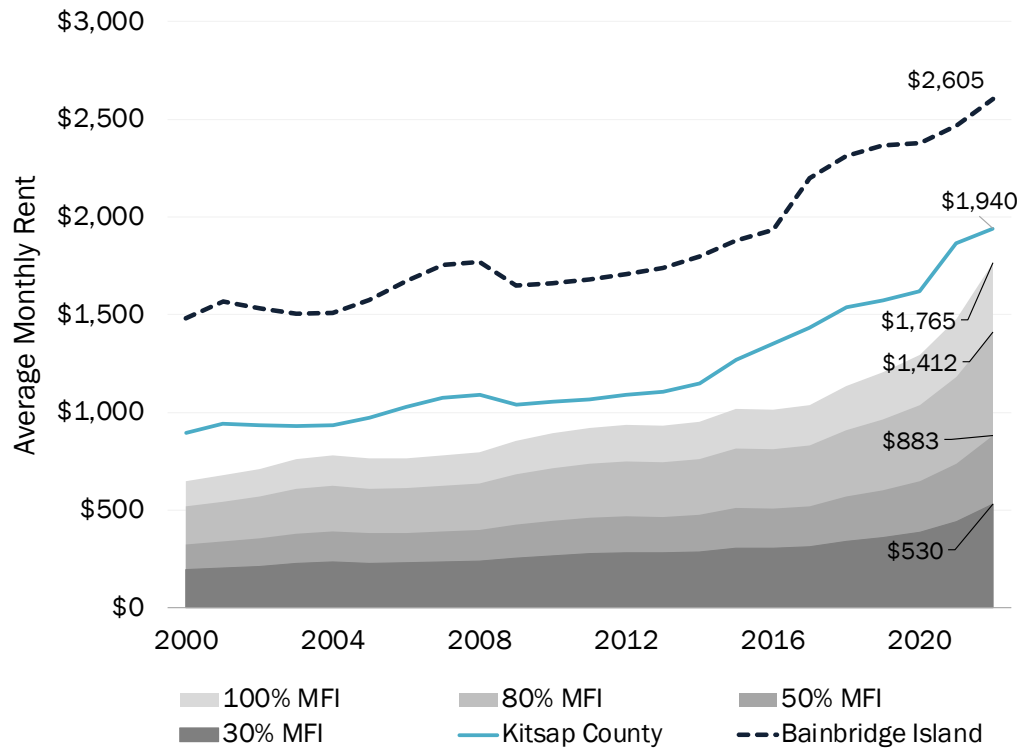
Exhibit 13. Building Construction, Bainbridge Island, 2012-2022  
Source: City of Bainbridge Permit Report, Analysis by ECONorthwest and LDC



## Housing Costs and Market Dynamics

### Rents and Home Sale Prices have Increased Considerably on Bainbridge Island and Across Kitsap County Since 2000 Partially Due to Increased Demand

Exhibit 14. Average Market Rent and Fair Market Rent for a 2-bedroom apartment, 2000–2022



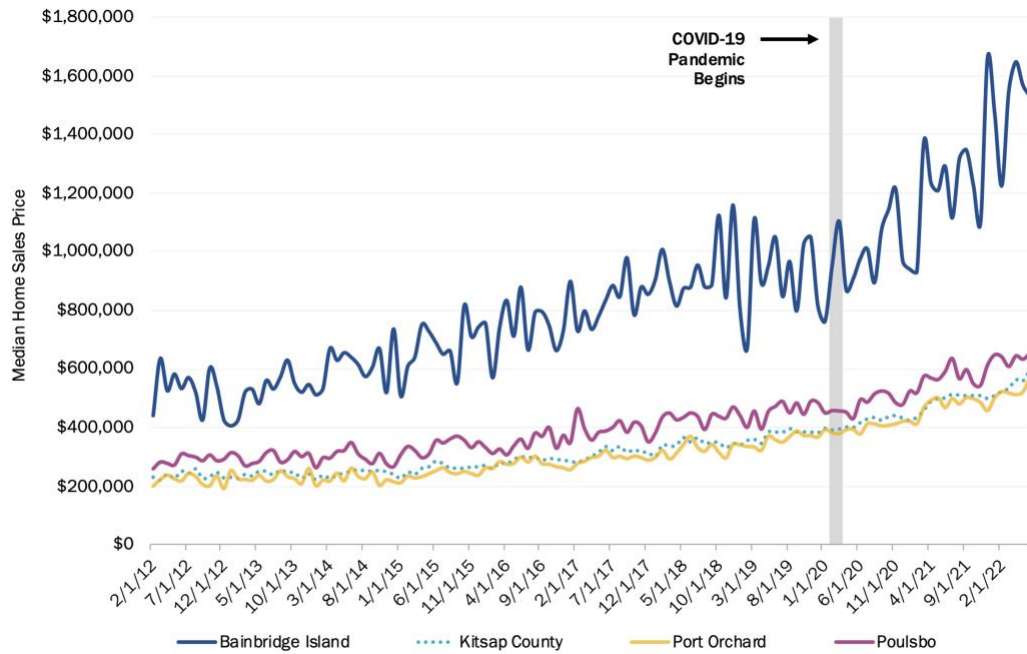
Sources: CoStar (historical rent data) and HUD (MF 2-Bed affordability data). Notes: Two-bedroom affordable rents are fair market rents reported by HUD. These are on a fiscal year basis. The average monthly rent values were not adjusted for inflation since it was not recommended. For this analysis, 0-30 percent is very low income, 31-50 percent is low income, and 51-80 percent is moderate income. MFI stands for Median Family Income (also can be referred to as AMI).

The median sales price of homes has increased on Bainbridge and in the region. In mid 2022, the median sales price of single-family homes on Bainbridge was around \$1.5 million: almost three times greater than the median sales price of the County (\$600,000 in June 2022) and 188 percent higher than its median sales price in June 2012 (see Exhibit 15).<sup>21</sup> During the early years of the COVID-19 pandemic, the median sales price on Bainbridge Island reached a high of \$1.2 million in November 2020 and nearly \$1.7 million in December 2021. In the years prior to the pandemic from 2012 to 2019, the median home sales price changes were smaller.

<sup>21</sup> Redfin Data Center.

Exhibit 15. Median Monthly Home Sales Price, Bainbridge Island compared to Kitsap County, Port Orchard, and Poulsbo, February 2012 – June 2022

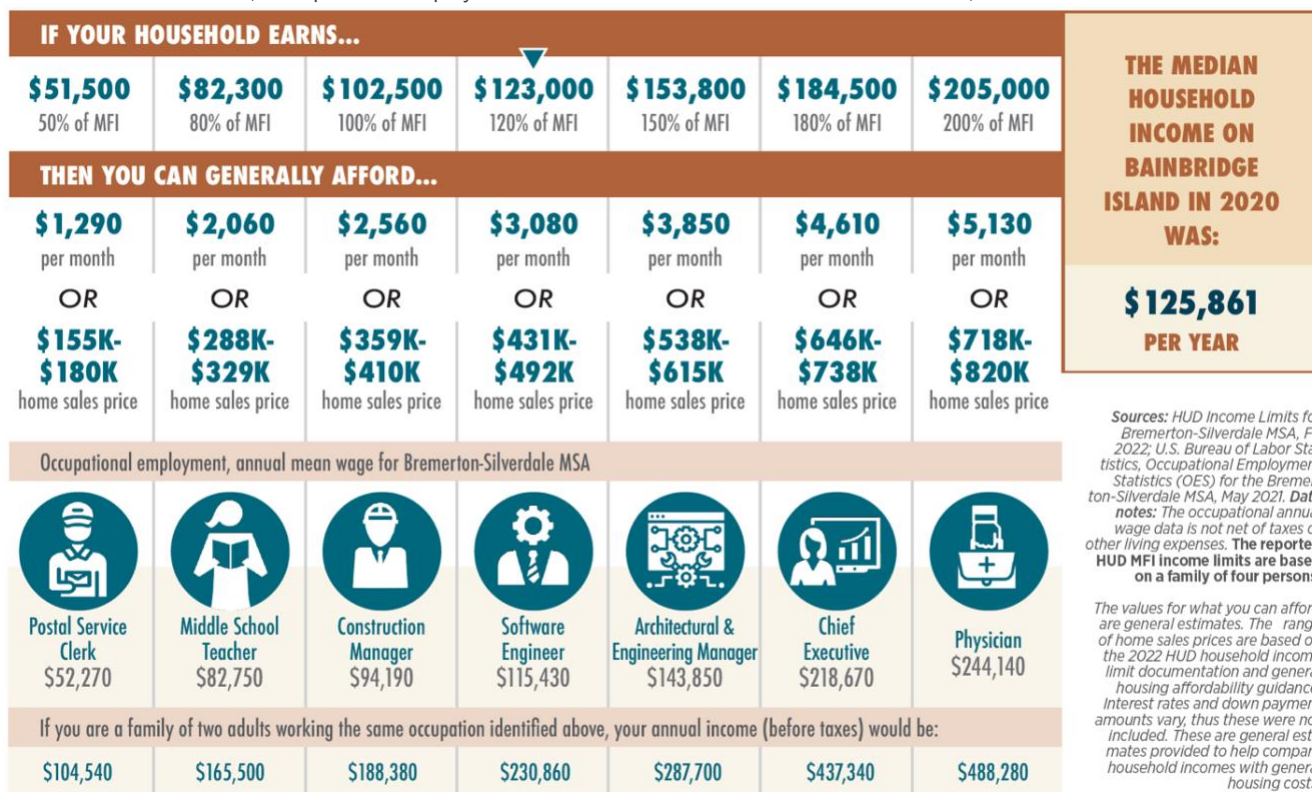
Source: Redfin Data Center.



For a family of four on Bainbridge Island, average rents for a two-bedroom apartment in 2022 would be affordable only to households making above 100 percent of the area’s median income. The price of buying a single-family home is out of reach for most and would require a family’s income to be far over 200 percent of the current area median.

Exhibit 16. Household Affordability by Income Compared to Monthly Housing Costs, 2022

Sources: ECONorthwest Analysis, HUD Income Limits for a family of four for the Bremerton-Silverdale MSA, FY 2022; U.S. Bureau of Labor Statistics, Occupational Employment Statistics for the Bremerton-Silverdale MSA, 2021.



### Future Direction

## The Housing Needs Assessment Findings Confirm the Need for Bainbridge Island to Identify Housing Action Plan Strategies to Address Current Unmet Housing Needs Along with Future Housing Needed for the Next Two Decades

The results of the housing needs assessment show a gap at around 2,672 new housing units needed to address current housing underproduction and accommodate future population growth projected to reach approximately 29,349 persons by 2044. On an annual basis this means an average of 127 housing units added per year from 2023 to 2044 (21 total years). Adding 127 housing units annually would be lower than the average amount of housing added over the last two decades (137 units added per year) but higher than what has been added between 2010 to 2020 (67 units per year), a decade of slow housing production partially related to slow recovery from the Great Recession. Housing units can be added through a variety of ways including new construction, the addition of ADUs on lots with existing construction, and through remodels or conversions of existing homes.

This estimate helps to provide a general target for the number of housing units needed to meet existing and future demand for the next two decades. The Washington State Department of Commerce grant for this Housing Action Plan requires analysis of the existing and future housing needs for the next two decades. The housing demand estimates should be aligned with the current guidance provided by Kitsap County countywide policies.

Two different scenarios were developed and described below through Exhibit 17 (scenario 1) and

Exhibit 18 (scenario 2) to help spur discussions on how values could shift through different scenarios to accommodate emerging housing goals or planning priorities. Scenario 1 focuses on the existing income group shares for Bainbridge Island while Scenario 2 focuses on the existing income group shares for Kitsap County (this was used both for underproduction and future housing needs estimates). Scenario 2 could be considered a proxy for a future where Bainbridge Island's housing stock is able to accommodate more of the local workforce, rather than most employees continuing to commute from the Kitsap peninsula, as they do today. These scenarios both show the amount of total housing needed by income group to accommodate future population growth and account for current housing underproduction. Combining income categories below the 100 percent area median income threshold yields a total of 47 percent (Exhibit 17) and a total of (

Exhibit 18) 52 percent of the total units needed for low to moderate income populations below the median income.

**Exhibit 17. Scenario 1, Combined Housing Unit Gap on Bainbridge Island, Using Bainbridge Island AMI Affordability Shares**  
Source: Calculations by ECONorthwest, using data from the OFM (April 1, 2020, population estimates for Bainbridge Island), HUD 2019 income limits, and the U.S. Census Bureau, ACS, 2015-2019 PUMS estimates.

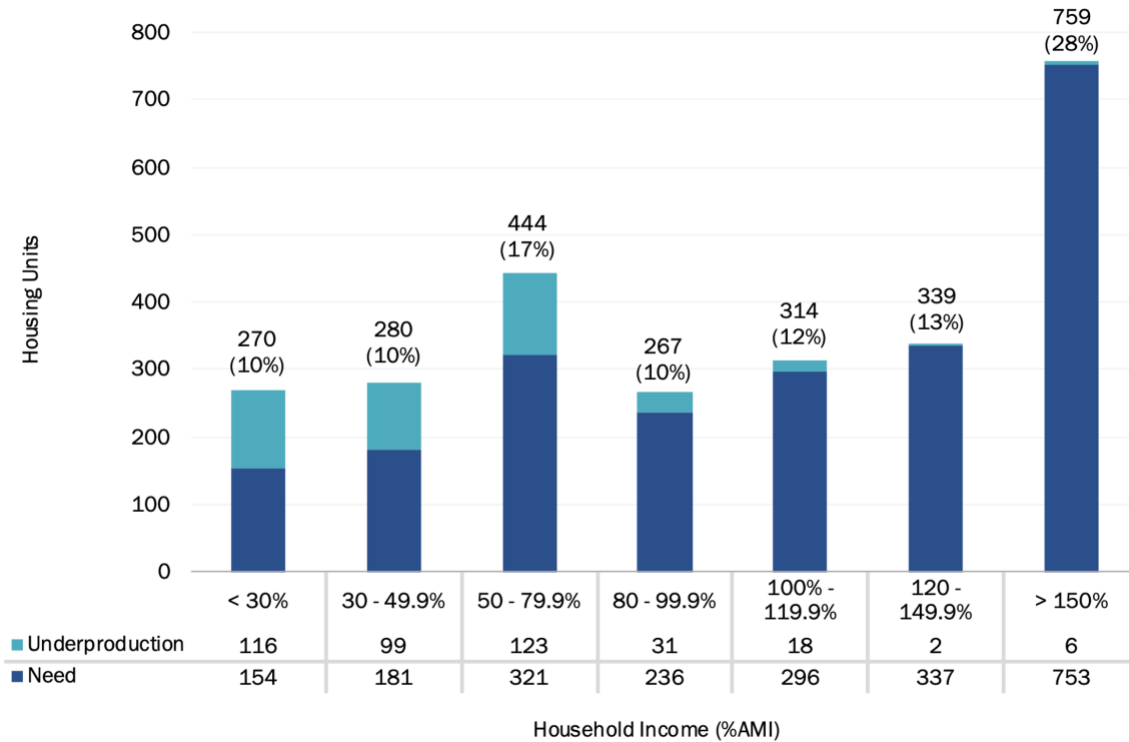
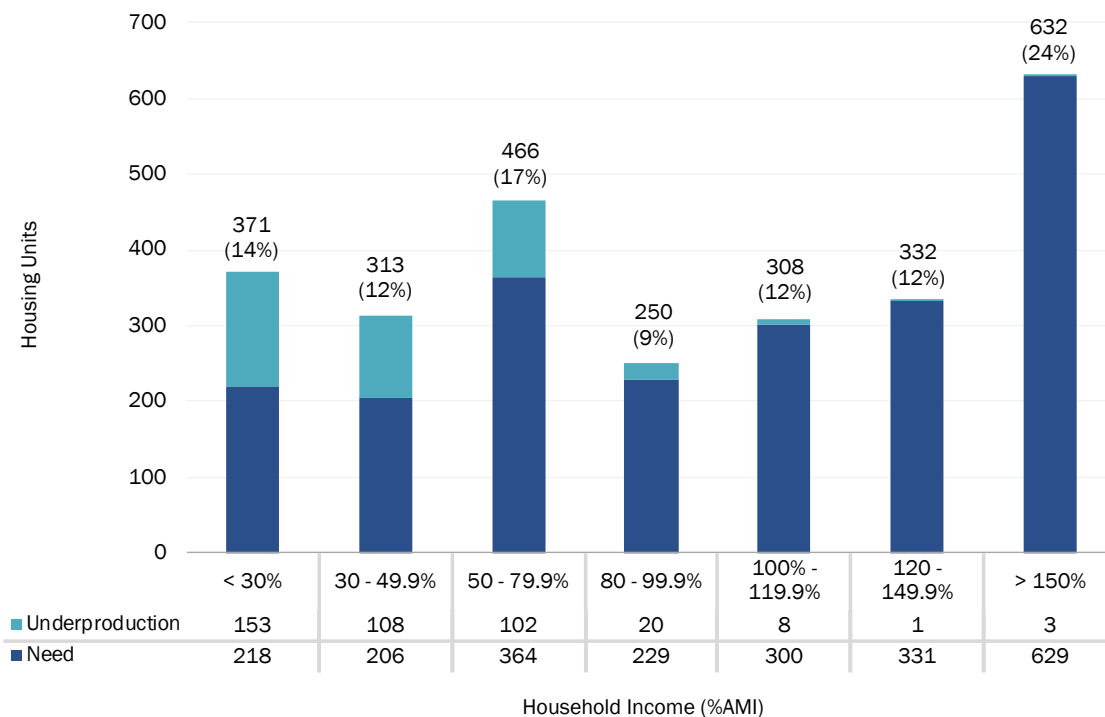


Exhibit 18. Scenario 2, Combined Housing Unit Gap on Bainbridge Island, Using Kitsap County AMI Affordability Shares  
 Source: Calculations by ECONorthwest, using data from the OFM (April 1, 2020, population estimates for Bainbridge Island), HUD 2019 income limits, and the U.S. Census Bureau, ACS, 2015-2019 PUMS estimates.



More detailed and comprehensive information regarding Bainbridge’s housing stock and the associated demographic, workforce, and market trends and regulatory influences is provided in the Housing Needs Assessment Report.<sup>22</sup> This assessment helps to provide a factual basis about the range of housing needs and regulatory influences to address in the Housing Action Plan.

Recently, on June 6, 2023, the Kitsap Regional Coordinating Council voted to recognize draft housing allocations as an appendix to the Kitsap Countywide Planning Policies. This includes City of Bainbridge Island specific housing allocation targets for 2020 to 2044 described as total allocation of housing units, the number of housing units needed for permanent supportive housing, the number of units needed for different income levels, and emergency housing needs (temporary).<sup>23</sup>

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<sup>22</sup> The [Bainbridge Housing Needs Assessment](#), (an attachment to this plan) provides additional detail.

<sup>23</sup> The KCC Board Meeting Agenda provides additional information on the allocation as it relates to the City of Bainbridge Island on pages 12-13:  
<https://static1.squarespace.com/static/5660ba88e4b0e83ffe8032fc/t/6479445a95234d31724d8ac9/1685668956655/0.+6.6.23+Board++Action+packet.pdf>

## Bainbridge Island Housing Policy and Program Analysis

The lack of affordable housing is a common problem for many cities across the US with no one-size-fits-all solution. Each policy, strategy and tool are unique in its support and delivery of different levels of housing affordability; consequently, communities benefit from developing a toolkit of different solutions designed to meet citizens' varied housing needs. The implications of different tools should be evaluated, and alternatives, benefits and trade-offs should be discussed periodically since the effectiveness or performance of different tools varies.

A few programs and policies have been enacted in Bainbridge Island to provide opportunities for people to live and invest in the community where they work. This section synthesizes the existing programs and policies already addressing housing in the City of Bainbridge Island. The purpose of this assessment is to offer an idea of what has already been done in Bainbridge Island since this will help build a foundation for what else should be considered. This assessment focuses on what is under the purview of city control; consequently, it discusses local land use regulation addressing housing, resources and partnerships supporting housing, permitting, and housing related services.

The lack of housing tends to be particularly pronounced for households earning less than 80 percent of area median income (AMI), a category including low-wage workers in services and other industries; persons on fixed incomes including many disabled and elderly residents; and homeless individuals and families. This type of housing is nearly impossible to build through the private market without public agency support and assistance programs (such as provided by Kitsap County, HUD, the state, cities, nonprofits), particularly in areas with high construction costs and regulations heavily limiting affordable housing development.

### What are Density Bonuses?

The City of Bainbridge Island offers a voluntary Inclusionary Zoning Program which allows developers to increase residential density in exchange for including affordable units within residential projects. The City also offers the Housing Design Demonstration Project which includes stronger provisions for added residential density and incorporates other components like sustainable building design.

### What is the Multifamily Tax Exemption Program?

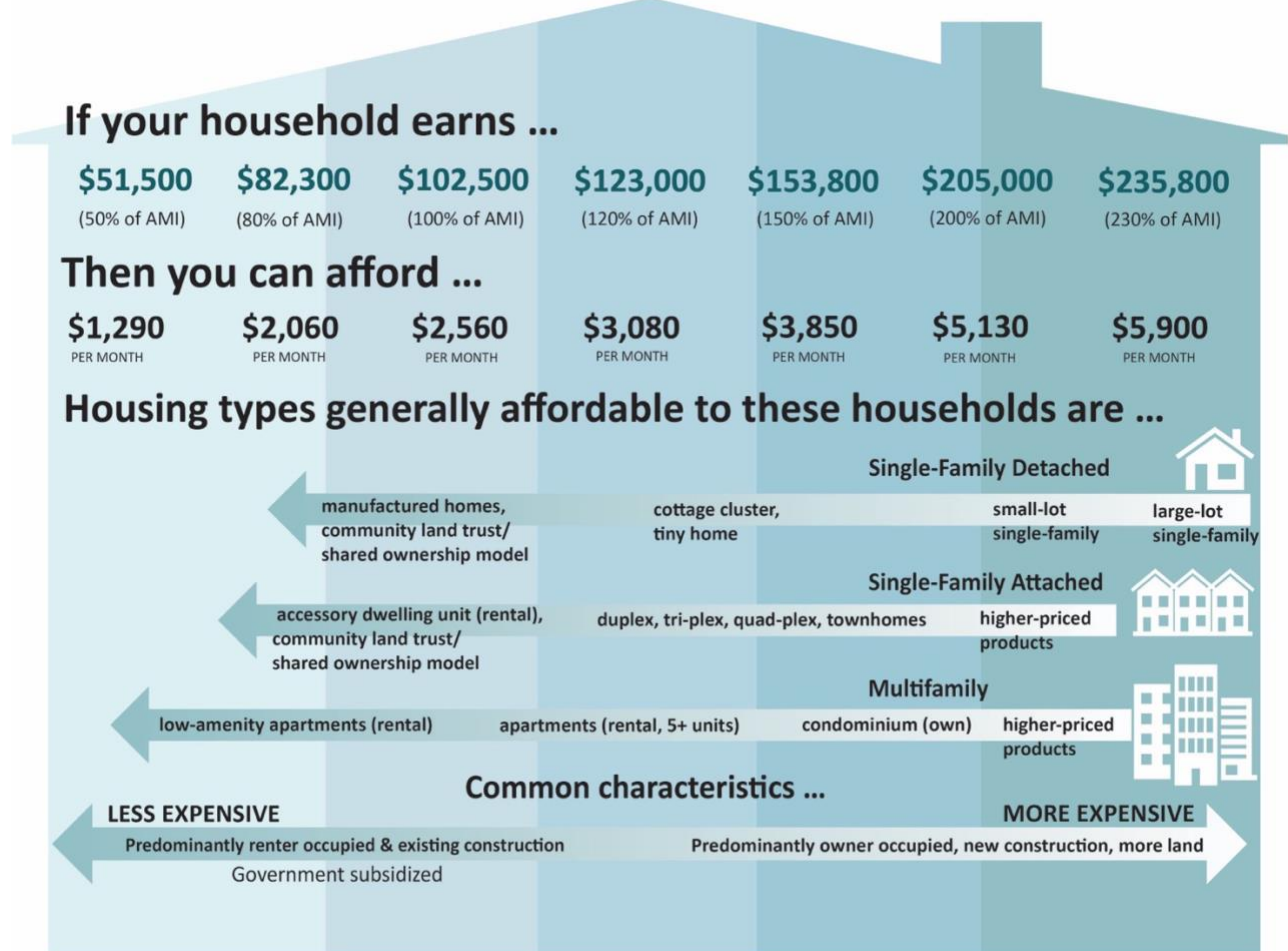
This program, recently approved on Bainbridge Island in late 2021, offers developers limited tax exemptions as an incentive to make a percentage of housing units in multifamily housing projects affordable to low-income households (Bainbridge Island Municipal Code Section 3.63). The 12-year option of this program requires that 20 percent of units in eligible buildings be affordable to households at or below 80 percent of the Area Median Income (this is for low-income households). For ownership projects using the 12-year option, 100 percent of the housing units need to be sold as affordable housing to low-income households.

Washington RCW 84.14.021(6) specifies that 'permanently affordable homeownership' must be sponsored by a government entity or nonprofit who can execute a ground lease or deed restriction with a duration of at least 99 years at the initial sale and each successive sale. The sponsoring entity must have first right of refusal for purchase the home at resale and must approve any refinancing of the home.

Exhibit 19 (below) demonstrates both the relative levels of AMI in Kitsap County for a family of four, as well as what affordable housing costs are for households at that income level. Those at lower income levels are more likely to require government subsidy to access housing affordably, while those at higher income levels can typically access market rate homes. Bainbridge has implemented a variety of policies, programs, incentives, and tools subsidizing housing and aiming to support housing needs. However, much more action is needed to more inclusively meet the housing needs suited for a broad range of household income levels. The exhibit below shows the types of housing that are generally affordable to different income brackets. Smaller sized housing requiring less land tends to be more affordable while larger types of housing located on larger lots tends to be more expensive.

Exhibit 19. Housing Types and their Affordability Levels on Bainbridge Island

Source: ECONorthwest Infographic, Kitsap County 2022 AMI levels.



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# SECTION 3: GUIDING PRINCIPLES FOR THE HOUSING ACTION PLAN

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### 3.1 Guiding Principles

Guiding principles are essentially the foundation for how to approach and implement the work. The City of Bainbridge Island is committed to addressing the housing needs of all community members who live and work on the island. These guiding principles reflect the overarching aims to expand housing options that are accessible to all income levels, keep existing residents in stable housing, and align with the City’s goals for economic development and sustainability.

The following guiding principles help guide the City’s work as it proceeds with implementing key strategies and actions.



#### I. Provide More Diverse Types of Housing

Increasing housing options means enabling more types of housing that meet the needs of different household types. Most of Bainbridge’s recent development has been single family detached homes in recent decades, but during public engagement, interviewees and survey participants indicated a desire for more housing types on the island such as more smaller housing options, more affordable housing options, and more rentals. Different households

have different needs that can be met with diverse types of housing (families, single parent households, seniors, young workers, etc.)



## II. Increase Affordable Housing for Low to Moderate Household Income Levels

Expanding options for residents at or below 120 percent of median family income is critical to ensuring that households with a diverse range of income levels can afford to live on Bainbridge. Housing sales data compared with income shows that homeownership is increasingly out of reach for young individuals and families and renting a home is also becoming more difficult. During engagement, older adults, people of color, and low-income families, in particular, prioritized improved access to affordable housing.



## III. Stabilize Households and Prevent Residential Displacement

Anti-displacement strategies aim to stabilize existing households by providing resources and tools for existing residents to remain in their homes. Although population growth has slowed in the last decade, demand for housing has not. Engagement conversations and survey results show that people are already being displaced from Bainbridge because of rising costs. Many local business owners also indicate struggling with employees moving off the island.



## IV. Provide Supportive Housing for Seniors and Special Populations

Housing needs can change for a person over time, with more support often needed for older residents aging in their homes. Bainbridge is aging at a faster pace than Kitsap County and the state of Washington, with the share of senior residents doubling since 2000. Retired seniors indicated challenges with cost of living in the community survey. Finding housing that is accessible, accepts subsidies, and near services were also key factors for seniors in the survey.



## V. Increase Rental and Ownership Housing for the Bainbridge Workforce

Workforce housing aims to make units more accessible to current and future employees on Bainbridge. A survey explicitly for local employers and businesses indicated that housing is a major challenge for employee retention and recruitment. Workers in a range of fields, from public employees to service workers have difficulty finding housing on Bainbridge.



## VI. Encourage Sustainable Development

Buildings can be a significant emitter of greenhouse gases, but sustainable development aims to improve quality of life and the environment. During engagement, survey

respondents indicated concern about impacts to the environment and climate and interviewees stressed the importance of adhering to the City's conservation goals related to housing.

### 3.2 Housing Tools and Market Considerations

Typically, local governments in Washington have a finite set of tools to influence different components of the housing market. A menu of strategies and actions touching on the diverse needs of the Bainbridge Island community identified during engagement and research are integrated to provide options for actions the City can take.

Broadly, the types of interventions include:

- **Incentives** encourage housing developers to provide desired housing types.
- **Policy Changes** may update the city's code, processes, or requirements related to housing.
- **Technical Assistance** provides targeted support from city staff to partner organizations.
- **Financial Support** increases available funding for a variety of housing initiatives.
- **Partnership Building** strengthens relationships with nonprofits, developers, and more to further the city's housing goals.
- **Research and Monitoring** may track existing conditions or emerging trends to better understand Bainbridge's housing needs.
- **Direct Support for Residents** provides services to individuals and households from the City.

The range of strategies is intended to comprehensively address housing challenges, balancing an increase in affordable housing and preservation of existing units along with the overall housing supply. This plan addresses both rental housing and homeownership strategies, while accommodating growth and protecting households in the community from displacement.

Strategies are included that allow for-profit developers, non-profit developers, and government entities to tap the current housing market to create new affordable homes, acquire and rehabilitate current market rate housing, and increase the necessary funding for future development. There is no "silver bullet" for choosing a single housing strategy, as each idea brings benefits, drawbacks, different levels of impact, and tradeoffs. As such, housing strategies benefit from periodic evaluation as development conditions change over time, requiring flexibility and a renewed effort to fill funding gaps in innovative and creative ways.

### 3.3 Summary of Housing Strategies

Based on the results of the Housing Needs Assessment, community/stakeholder engagement, analysis of policy options, review of relevant plans and policy and best practice guides, and informed by the guiding principles, the following strategies and associated actions provide a roadmap for the future. The following exhibit shows how the strategies generally connect to the six guiding

principles. All of the strategies support more than one guiding principle such as the Housing Stability Tools Strategy 3 supporting Guiding Principle III and Guiding Principle IV.

Exhibit 20. Bainbridge Island Housing Action Plan Guiding Principles and Strategies

BAINBRIDGE HOUSING ACTION PLAN	
Guiding Principles	Strategies
<b>I. Provide More Diverse Types of Housing</b>	Pursue Policy Updates to Support Diverse Missing Middle Housing Development (Strategy 5).
	Support More Diverse Housing Options by Promoting ADU, Cottage Housing, and Tiny Home Development (Strategy 7).
<b>II. Increase Affordable Housing for Low to Moderate Household Income Levels</b>	Enact Affordable Housing Incentives and Policies (Strategy 1).
	Allocate Resources and Funding for Affordable Housing (Strategy 2).
<b>III. Stabilize Households &amp; Prevent Residential Displacement</b>	Implement Housing Stability Tools (Strategy 3).
<b>IV. Provide Supportive Housing for Seniors and Special Populations</b>	Address Transitional and Supportive Housing Needs (Strategy 8).
<b>V. Increase Housing for Bainbridge Workers</b>	Promote Housing for Employees Working on Bainbridge Island (Strategy 4).
<b>VI. Encourage Sustainable Development</b>	Promote Sustainable Housing Development (Strategy 6).
	Increase Housing Development Opportunities in Designated Centers (Strategy 9).

The next section includes a detailed summary of key actions within each of these strategies, offering a description of how each recommended strategy and the associated actions would serve different needs, why the strategies and actions are important, and intended outcomes. The strategies and actions were selected due to their potential to augment what has already been done for Bainbridge communities and continue working towards identified goals.

Each of these recommended strategies are within the scope of what the City of Bainbridge can achieve, but work will span departments and involve meaningful contributions from stakeholders such as City Council, Planning Commission, Human Service providers, as well as renters, homeowners, neighborhood associations, advocates, developers (both affordable and market rate) and many others. The housing affordability crisis affects a broad spectrum of people including Bainbridge Island employees and residents, families, seniors, newcomers, low to middle-income households, and businesses; thus, it merits the coordination of a broad coalition of support to take meaningful action.

As expected, there is no single strategy that will resolve all the housing affordability challenges and as a result, the strategies are interrelated and were created to address different facets of housing needs. Together, these recommendations and action steps provide a blueprint for the City to begin acting on and implementing each recommendation over the next six years.

Actions in the plan support households at a range of income levels, with an understanding of what types of housing are generally attainable for low, moderate, middle, and high-income households. The plan intentionally addresses needs for each income group and different types of housing, though generally more strategies are targeted towards low- and moderate-income households who currently have the highest levels of cost burden. The plan also includes strategies which will benefit all residents, including higher income households for whom market-rate housing is more likely attainable.

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## SECTION 4: PROPOSED ACTIONS FOR THE HOUSING ACTION PLAN







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## 4.1 Key to the Detailed Strategy and Action Sheets

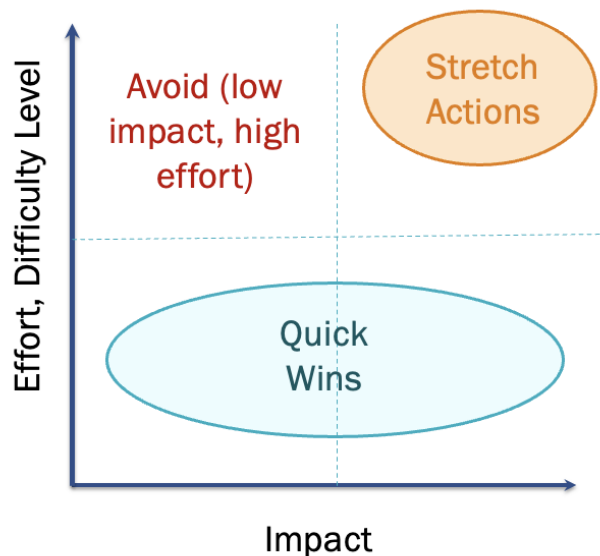
This section includes greater detail on the evaluation of the proposed Housing Action Plan strategies and associated actions. As described in the following key, each strategy's benefits and challenges have been assessed and each action has been evaluated in terms of their estimated impact on housing production, action type and category, housing need focus, reach, and their ability to address the range of features described in the following key.

### Guiding Principles:

-  Increase Types of Housing Options
-  Increase Affordable Housing for Low to Moderate Income Levels
-  Stabilize Households and Prevent Residential Displacement
-  Provide Supportive Housing for Seniors and Special Populations
-  Increase Housing for Bainbridge Workers
-  Encourage Sustainable Development

### Action Category:

- **Quick Wins** require a shorter timeline and relatively fewer resources and process requirements to implement.
- **Continuing Work** builds on existing actions being taken on Bainbridge.
- **Stretch Actions** are longer term or more complex but are likely to have high impact.






## Action Type:

- **Incentives** typically encourages those developing housing to provide desired housing types.
- **Policy Changes** updating the city's regulations, processes, fees, or programs related to housing.
- **Technical Assistance** provides targeted support from city staff to partner organizations.
- **Financial Support** increases available funding for a variety of housing initiatives.
- **Partnership Building** strengthens relationships with other organizations to further the city's housing goals.
- **Research and Monitoring** may track existing conditions or emerging trends.
- **Direct Support for Residents** provides direct services to Bainbridge households.

## Impact on Housing Availability:

### Housing Production:

-  Low: is the least amount of housing production
-  Medium: is anticipated to encourage moderate housing production
-  High: would promote the most housing production




### Housing Type:

- Supported (uses new or existing public subsidies), these subsidies typically support low to moderate housing production.
- Market Rate (does not use public subsidies)
- All Types Including Both Supported and Market Rate Housing

**Household Income Level:** The following income levels are based on the household income levels defined in Bainbridge Island Municipal Code (18.21.020). *Please note that these categories are not universally consistent; the Department of Commerce, for instance, considers >80-120% to be "moderate," with no "middle" category.*

- Low includes Extremely Low, Very Low, and Low Income (80% AMI or lower)
- Moderate (81 to 95% AMI)
- Middle (96 to 120% AMI)
- High (above 120% AMI)
- All income categories

## Resources Needed:

- Staff Capacity
  -  The action is anticipated to require minimal staff effort.
  -  The action would likely take a routine amount of staff capacity and likely consultant support.
  -  The action requires a higher level of staff involvement and likely consultant support.
- Other Resources (as relevant) such as partnership support and funding

## Equity Review

This evaluation reviews the distribution of impacts on historically underserved populations, how the action would promote (or not) equitable outcomes and discusses any displacement concerns and ways to prevent it, as needed. Historical policies such as restrictive zoning and covenants combined with the lack of affordable housing and diverse housing have contributed to inequities impacting people of color and lower income households. Improving housing affordability is important for both renters and buyers. Increasing homeownership opportunities helps address inequities stemming from a long history of discriminatory policies and helps households build wealth.

## Benefits

This evaluates whether a strategy might have impacts for specific groups or community goals, such as the examples below:

- Seniors
- Young Adults
- Families
- Local workers
- Persons with Disabilities
- Other Special Populations
- Climate and Sustainability Goals
- Small Businesses/Economic Development

## Challenges

This evaluation describes anticipated challenges for implementation, potential trade-offs, and next step considerations.

## 4.2 Detailed Strategy and Action Sheets

### Strategy 1. Enact Affordable Housing Incentives and Policies



#### Why is this strategy important?

Financial incentives and policies help to increase supply and access to affordable units, providing more opportunities for a variety of housing needs. During the engagement process of this plan, our team heard that there is a need for affordable housing options that serve a variety of household types, including for families, local workers, seniors, young adults, and low-income households. Our analysis in the Housing Needs Assessment supports this finding that there is a lack of affordable units, particularly for renters and households making less than 80 percent of the Area Median Income (which is around \$82,300 per year for a family of four or \$65,850 per year for a family of two in Kitsap County, 2022).

This first strategy includes actions that will enable and encourage developers to provide more affordable units on Bainbridge Island through different tools available to the City, including targeted tax incentives, fee exemptions, expediting review processes, and density bonus options. The focus of affordable housing incentives is on low- and moderate-income level households, though some actions will also likely have benefits for mixed-income housing development.

#### Equity Review:

This strategy and the corresponding actions promote housing options that are likely to serve low to moderate-income and/or renter households, a sector of the population that is currently underserved on Bainbridge Island.

#### Benefits:

Affordable housing incentives typically (but not always) work best for apartment buildings since it is more efficient for developers to use the affordable housing incentive programs on a multiunit building. This type of development generally produces fewer greenhouse gas emissions and aligns with the city's climate goals. These actions benefit: small households, persons with disabilities, local workers, seniors, and families.

#### Anticipated Challenges

- Multiunit buildings may not be the type of housing desired by all low-income persons or meet household needs. Some incentives may need to also be tailored to work for affordable single-family homes where possible.
- Reconfiguration of existing programs like the Multifamily Tax Exemption Program and the voluntary affordable housing density bonus could face political pressure, especially those which have recently been adopted. Generally, modifications to the zoning code to provide incentives can take a moderate to high amount of staff capacity and participation.

Action 1.1. Add improvements to the Multifamily Tax Exemption Program to increase program use including expanding the levels of income served (including low to moderate income level households).

## Background

Bainbridge Island recently approved a Multifamily Tax Exemption (MFTE) Program in late 2021 (codified under Bainbridge Island Municipal Code – BIMC section 3.63). For approval under the 12-year exemption option, the minimum number of affordable housing units is 20 percent of total housing units rented to low-income households (defined as at or below 80 percent of the Area Median Income).

For ownership projects, 100 percent of the housing units need to be sold as affordable housing to low-income households. For approval under the 20-year exemption option, at least 25 percent of the total housing units must be built by or sold to a qualified nonprofit or local government that will assure permanent affordable homeownership or housing.

The key goals of this program are to promote and incentivize the development or redevelopment of an equitable mix of housing, as a catalyst for additional investment and activity in the targeted areas, in accordance with the city’s comprehensive plan; and to stimulate new construction or rehabilitation of existing vacant and underutilized buildings for multifamily housing in designated residential targeted areas to improve housing and affordable housing opportunities.

The Multifamily Tax Exemption program is a promising way to add more units to Bainbridge by incentivizing private market-rate developers to build both market rate and income-restricted affordable housing. The program has been in place for less than two years, and the city has received just one application for a townhome subdivision with a nonprofit partner. While the current program was recently adopted, it may not be used sufficiently due to requiring too low of affordability (only low-income) for the units set aside, or because of the City’s existing development standards. It is worth evaluating ways to restructure the program to allow both low to moderate income housing for the set aside and to expand the residential targeted areas to go beyond the existing areas.

The Bainbridge Island Municipal Code (Section 3.63.030) currently allows MFTE to be used in the Winslow Master Plan Study Area, Winslow Sewer Service Area, Lynwood Center Neighborhood Center Area, the

### Washington Multifamily Tax Exemption Program Regulations

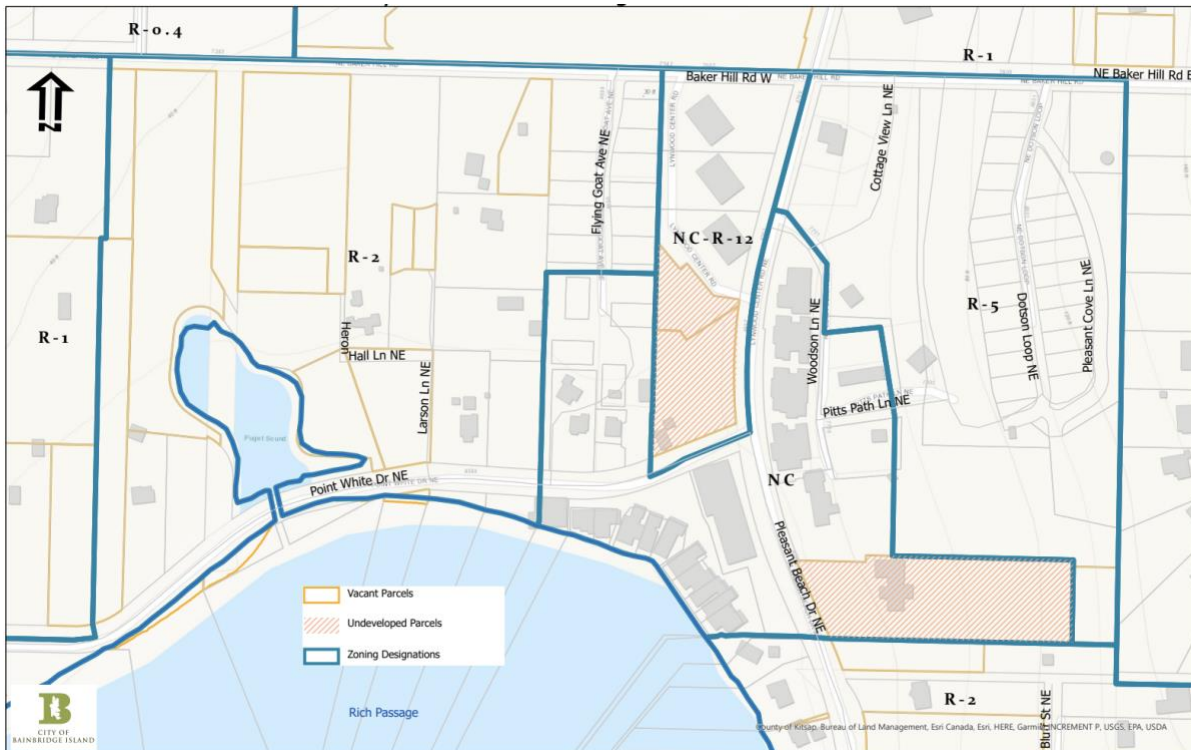
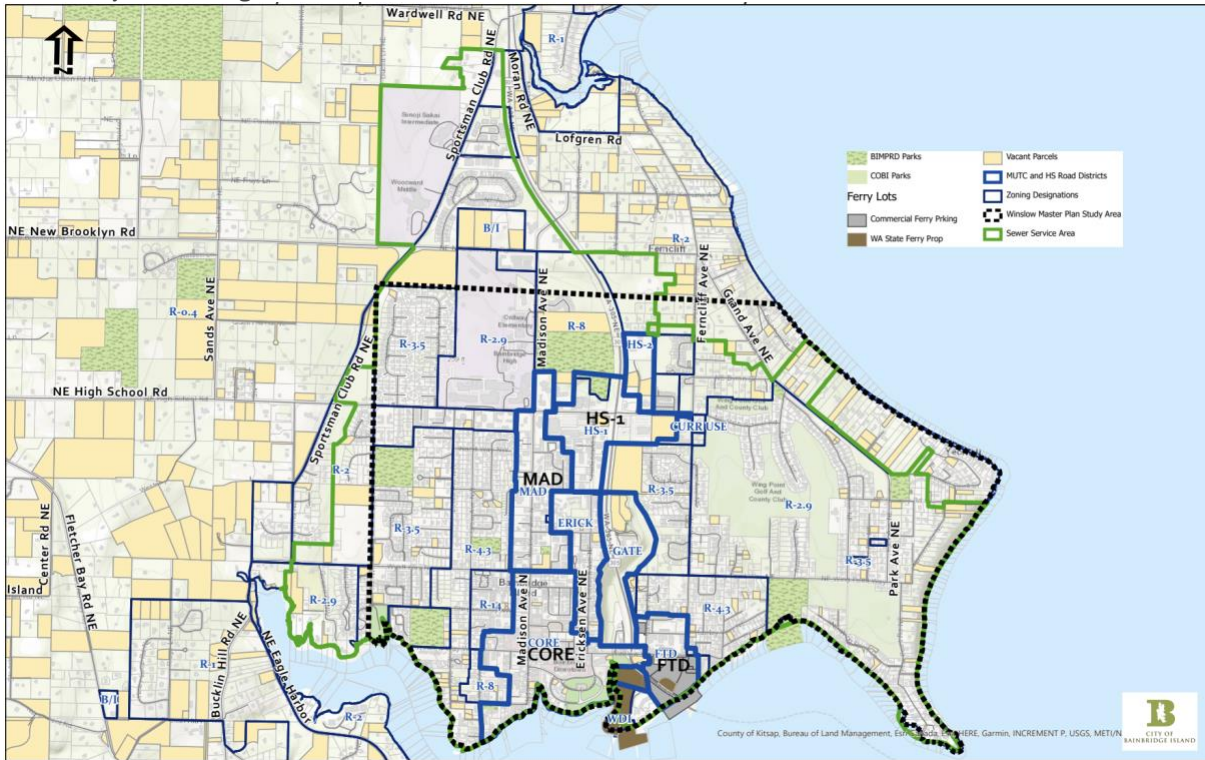
These programs may be adopted by communities in Washington which have a minimum population of 5,000 people. Bainbridge has met this threshold and implemented a program. MFTE must also be used in areas that contain **urban centers**, which the code defines as:

*“a **compact identifiable district** where urban residents may obtain a variety of products and services. An urban center must contain:*

- (a) Several existing or previous, or both, business establishments that may include but are not limited to shops, offices, banks, restaurants, governmental agencies;*
- (b) Adequate public facilities including streets, sidewalks, lighting, transit, domestic water, and sanitary sewer systems; and*
- (c) A mixture of uses and activities that may include housing, recreation, and cultural activities in association with either commercial or office, or both, use.” (RCW 84.14.010).*

Neighborhood Center (NC), NC/R-12, and R-5 zones. MFTE is currently allowed in urban centers by Washington state law (see description above).

Exhibit 21. Map of Areas Currently Eligible for MFTE: 1) Winslow Master Plan Study Area and Sewer Service Area, 2) Lynwood Center Area  
Source: City of Bainbridge



On Bainbridge, there are limited areas where three of these state MFTE program criteria are met. With few conditional exemptions, none of the existing city's residential (R) zones allow for retail sales, offices, or restaurants, and only three (R-5, R-8, and R-14) allow for multifamily dwellings that would be eligible for MFTE. Likewise, the city's existing commercial and industrial zones (B/I and WD-I) do not allow for any residential uses aside from limited 'live-work' units. Therefore, the areas where MFTE could most likely be allowed on Bainbridge are Mixed Use Town Center and the High School Road districts of Winslow and Neighborhood Center zones, and potentially in R-5, R-8, and R1-4 zones, areas where the City's MFTE program is currently allowed. If future zoning changes occur in other residential areas, or allowances change for residential uses in the City's commercial and industrial zones, the City should evaluate these criteria again to determine if new areas qualify for a MFTE Program expansion.



If the City finds that there are infrastructure limitations in areas that would have strong potential for MFTE, it could seek to strategically align with Action 10.2 by using tax increment financing to fund infrastructure upgrades. Tax increment financing is a way that cities in Washington can fund some of the same public facilities required for MFTE, such as streets, sidewalks, lighting, and water/sanitary sewer systems. This may be a way to increase the benefits of both MFTE and TIF, but the City should weigh other tradeoffs for where to implement its increment areas.

The influence of Action 1.3 (inclusionary housing policy) should be considered in relationship to this action (1.1) to determine whether both programs can be used in combination or not. Lastly, the City should consult with affordable housing nonprofits, housing developers and architect stakeholders to ensure program modifications support project financing.

## Evaluation

**Category:** Continuing Work; **Action Type:** Incentive and Research and Monitoring

**Impact on Housing Availability:**

- **Housing Production:**  
- **Housing Type and Income Level:** All including Market-Rate and Supported, Low to Moderate Income Level

**Staff Resources Needed:** 

Action 1.2. Extend affordable housing fee exemption to other permit fees and defer payment of select development fees. Introduce fast-track permitting and provide more clarity and consistency in the design review process for supported affordable housing.

## Background

This action addresses the need to improve the permitting process and reduce/waive fee requirements to promote affordable housing development by making the process less expensive, more streamlined, and more predictable. This action calls for the City to be mindful of the cumulative impacts of fees on housing affordability and the need to reduce the cost burden, where feasible, of fees to support housing affordability. Cities typically charge one-time fees during development to support the build out of infrastructure and pay for associated administrative needs called ‘impact fees.’ While these fees are important funding sources for their respective municipal departments and special districts, they can add up and effectively discourage new housing development—particularly housing offered at lower price points. In addition, the City has a few other charges and processes associated with development that could be waived for affordable housing to expedite development. Select Bainbridge Island fees (2022) are provided in the image below.<sup>24</sup>

BAINBRIDGE ISLAND: Select Fee Schedule 2022			
	Single-Family	Multi-Family (per unit)	Affordable Adjustment
<b>Utility Connections</b>			
System Participation Fees			
WATER (3/4" pipe)	\$5,709	\$6,045	N/A
WATER (1" pipe)	\$9,515	\$10,075	
SEWER (Winslow)	\$8,187	\$5,079	
SEWER (South Island)	\$3,751	\$2,327	
Connection Fees (varies by location)			
WATER (3/4" pipe)	\$950 - \$2,500		N/A
WATER (1" pipe)	\$1,100 - \$2,750		
SEWER	Case-by-Case at 125% of direct costs		
Inspection Fees			
WATER/SEWER (Initial Inspection)	\$100		N/A
WATER/SEWER (Re-Inspection)	\$100		
WATER/SEWER (Dig Up Fee)	\$250		
Administrative Processing Fees			
WATER/SEWER	\$50	\$75	N/A
<b>Building and Planning</b>			
Admin Code Interpretation	\$2,210		N/A
Building Permit (based on valuation)			
\$50,000 to \$100,000	\$804.78 for the first \$50K, plus \$8.75 for each additional \$1,000		N/A
\$100,00 to \$500,000	\$1,242.28 for the first \$100K, plus \$7.00 for each additional \$1,000		
\$500,000 to \$1,000,000	\$4,042.28 for the first \$500K, plus \$5.94 for each additional \$1,000		
\$1,000,000+	\$7,012.28 for the first \$1M, plus \$4.56 for each additional \$1,000		
Plan & Building Review			
Plan Check Review	65% of Building Permit Fee		N/A
Planning & Engineering Review of Building Permits	20% of Building Permit Fee or 10% for ADU		
Minor Site Plan Review	\$9,510		
Major Site Plan Review	\$17,530		
Pre-Application Meeting			
All Land Use Permits	\$2,850		N/A
Transportation Impact Fee			
Per Trip Charge	\$1,811.82		N/A
Administrative Fee	2% of calculated TIF		

Overall, the City should review fees and how they are set (reviewing their proportionately and nexus to what they are covering) to identify possible reductions and deferrals and consider their cumulative impact. In addition, the City should identify ways to make the permit timelines more predictable and efficient since this can help alleviate cost pressures.

<sup>24</sup> City of Bainbridge Island, 2022 Fee Schedule: [www.bainbridgewa.gov/DocumentCenter/View/10292/Fee-Schedule-?bidId](http://www.bainbridgewa.gov/DocumentCenter/View/10292/Fee-Schedule-?bidId)

**Development Fees.** The City has a transportation impact fee (BIMC Chapter 15.30); designated affordable housing units are exempt from paying this fee. There are also city participation fees charged for new or modified sanitary sewer and domestic water connections that can potentially impact costs of new development. The rate for each utility varies based on a number of factors, including the type of housing (single or multifamily), size of water meter being installed, the number of units, and in the case of sanitary sewer fees, the location (either in the Winslow area or the South Island Sewer area).<sup>25 26</sup> These fees add to the total cost of housing and can be part of the financial barrier for the development of affordable housing; consequently, the City could consider options to offset the cost to developers for the connection fees for targeted affordable housing (such as units serving low-income residents or families), possibly using the City's Housing Trust Fund as a source (BIMC 3.38). Outcomes from Action 2.1 focused on the use of the Affordable Housing Trust Fund, should be considered when determining whether to use these funds for connection fees.

Another fee to consider offsetting for affordable housing projects is the Pre-Application Meeting fee (around \$2,850 for all land use permits). Again, the City's Housing Trust Fund could be a possible source of revenue to offset the cost for the developer. All planning fees were updated recently to ensure full cost recovery, so the City should consider other sources for cost recovery in consideration of affordable housing discounts or adjustments for Pre-Application or other permit fees.

**Payment deferrals** can also be a preferable option for some jurisdictions, since the City still receives the revenue for development fees, although it will be later in the process. In 2015, Washington State mandated an on-request deferral system in SB 5923 that was codified in RCW 82.02.050, so cities already have payment deferral at their disposal. Techniques to increase flexibility in the payment of fees to allow for gradual payment during the permitting process should be tested out for affordable housing projects. The City could begin this process by testing out gradual payment of utility connection fees via installments that must be fully paid before occupancy is allowed, since it is important to prevent home sales before the developer has paid all fees. Before any code amendments are adopted, the regulations should identify when payment of deferred fees is required (such as when a certificate of occupancy is issued) along with penalties associated with the applicant's failure to deliver the housing units and final payment as required.

**Design Review.** The existing design review process has also been noted as complicated and unpredictable by some housing developers and could potentially be streamlined to create a more efficient and

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<sup>25</sup> For a multifamily building, water participation fees start at a minimum of \$4,030 for the smallest meter size and can range up to \$200,000 total for the largest meter size. The size and number of meters required is dependent upon sprinkler requirements and the number/configuration of units within the development. Sanitary Sewer participation fees are \$5,079 per living unit (multifamily) and \$8,187 per living unit (single family) in the Winslow area which covers infrastructure costs for both conveyance (pipes) and treatment (plant) facilities. In the South Island Sewer district, the City participation fee is \$2,327 per living unit, covering the conveyance, while Sewer District 7, who operates the plant, has a separate participation fee of \$12,013 within the South Island area.

<sup>26</sup> City of Bainbridge Island, "2023 Fee Schedule," January 1, 2023, [www.bainbridgewa.gov/DocumentCenter/View/17178/Fee-Schedule-Update?bidId=](http://www.bainbridgewa.gov/DocumentCenter/View/17178/Fee-Schedule-Update?bidId=)

predictable process. Design review uncertainty adds time and brings extra risk and is one of the factors that developers use when trying to decide whether to undertake a development project. Providing an expedited process for permitting and review for the targeted types of housing can reduce risk and help housing projects to be built more quickly, although there are limitations given the need for quality review and staff capacity. Switching to in-house staff review where possible, especially for smaller affordable housing projects, can simplify the process for applicants to build units both for affordable and market rate developments more quickly. Bainbridge Island Design Review currently requires three meetings (including conceptual review, design guidance review, and final design review) . By contrast, the City of Poulsbo has a concurrent permitting and design review process that does not require multiple meetings.

**Permitting.** The City of Bainbridge currently requires most projects to navigate a complex review process, which, according to an estimate by the City’s Planning Department, brings the average timeline to obtaining a residential building permit to 3 to 4 months. Review procedures completed by the Design Review Board occur along a separate timeline and include multiple meetings that add to the delay and unpredictability faced by developers. Not included in the table are additional Planning Commission and public meetings that occur when Design Review deliberations request project modifications. During the application stage, sequential rather than concurrent staff review can also easily elongate the process.

<b>BAINBRIDGE ISLAND: Site Plans and Design Review</b>	
	<b>Review Body</b>
<b>Proposal Stage</b>	
Preapplication Conference	Planning and Engineering Staff
Conceptual Review	Design Review Board
Public Participation Meeting	Public/Planning Commission
Design Guidance Review	Design Review Board
Final Design Review and Recommendation	Design Review Board
<b>Application Stage</b>	
Staff Review	Kitsap Public Health District
Staff Review	City Engineer, Planning Staff
Review and Recommendation	Planning Commission
Review and Approval	Planning Director

### Key Best Practices for Streamlining Affordable Housing Permits<sup>27</sup>

- Collect input from housing developers, permitting staff, and other community stakeholders on their experience with the existing process. Convene focus groups, invite subject-matter experts to share successes from peer communities, and collect feedback through surveys to determine which steps in the land use permitting process are most problematic.

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<sup>27</sup> Sources: <https://localhousingsolutions.org/housing-policy-library/streamlined-permitting-processes/> and MBAKS Housing Toolkit, 2023. Additional examples of streamlining local permit review procedures: <https://mrsc.org/explore-topics/planning/land-use-administration/streamlining-local-permit-review-procedures>

- Assess staff capacity and establish coverage goals to determine the review processes that can be consolidated and simplified based on the feedback collected above. Coordinate with city departments that are typically part of the review process and determine where the process might need an overhaul or internal fixes for efficiency. Consider where bottlenecks occur within different departments, which approvals might be appropriate for administrative review, and how to balance the needs of smaller, simpler projects that make up a large volume of permitting requests.
- Implement the appropriate changes based on the steps above. Establishing regular cross-departmental meetings could provide an opportunity to consolidate certain processes and decision-making or allow staff to troubleshoot recurring issues. Creating a one-stop-shop where all permitting staff operate in unison can make it faster and easier to answer client questions and resolve problems. Offering pre-application meetings can help applicants clarify misunderstandings to prevent delays but the fees associated with these meetings should not be too high to pose a barrier. Providing online permitting and tracking options creates efficiencies by reducing trips to the permit counter and can further be augmented by providing helpful customer service when questions and issues emerge.<sup>28</sup> Allowing concurrent review, self-certification, or permit priority for affordable housing projects are also effective strategies to shorten timelines.
- The City could establish a timeline target for the review of permits associated with key housing projects (especially affordable housing). State law (RCW 36.70B.080) calls for cities planning under the Growth Management Act to establish and implement time periods with timely and predictable procedures; specifying that each permit should not exceed 120 days unless the jurisdiction provides written findings that additional time is needed. The City could track the existing length of permit review timelines for key housing projects to establish a basis for permit review timeline targets.<sup>29</sup> Lastly, the City could monitor permitting by providing performance reports (annual).<sup>30</sup>

**Other City Fees and Processes.**<sup>31</sup> Offsetting permitting fees for projects with affordable housing should be considered. The city's typical charges should be examined, such as the zoning application fees, mitigation fees, building permit fees, plan check review fees, and building inspection fees, to identify opportunities to reduce costs for affordable housing projects that operate on extremely tight margins, with the Housing Trust Fund being a possible source of revenue.

The length of time it takes to obtain permits for construction can also add to the cost of housing due to increasing cost of materials and labor availability. The review of development permits is crucial to ensuring

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<sup>28</sup> Example: My building permit: <https://mybuildingpermit.com/> and City of Kent online permitting portal, <https://www.kentwa.gov/pay-and-apply/apply-for-a-permit/electronic-permit-applications>.

<sup>29</sup> Additional guidance on permit review timelines: <https://www.mbak.com/docs/default-source/documents/advocacy/issue-briefs/permitting-issue-brief.pdf>

<sup>30</sup> Additional guidance in the Housing Toolkit (MBAKS), 2023. Under RCW 36.70B.080, annual performance reports must be prepared by local jurisdictions in King and Snohomish counties with a population of more than 20,000 persons. These reports include information such as the number of completed permits, mean processing time, etc.

<sup>31</sup> Additional information: Master Builders Association Housing Toolkit (2023)

development is safe, high-quality, and integrated with infrastructure appropriately, and cannot be removed from the affordable housing development process. However, the City can reduce potential problems related to prolonged permitting times by prioritizing applications for regulated affordable housing. This can allow developers to plan for labor, materials, etc. with clear expectations for when they can proceed with construction. The City currently offers consultations to developers with planning department staff via the online permit center and could expand this service by pre-emptively providing guidance on the common delays that might occur during the permitting process on Bainbridge.

## Evaluation

**Category:** Continuing Work; **Action Type:** Incentive and Policy Change

**Impact on Housing Availability:**

- Housing Production:  to 
- Housing Type and Income Level: Supported, Low Household Income

**Staff Capacity Needed:**  (this action requires sufficiently available staff with proper training)

### Fee Deferral and Waiver Examples from Other Communities

- Port Townsend<sup>2</sup>, offers 20-year fee deferrals for utility connection, building permit, and permit review charges for low-income units (affordable to 80% AMI).
- Lakewood<sup>3</sup> provides a fee discount of 15-55 percent for building permits, plan check review, and permit review, depending on the unit mix within the project.
- Langley<sup>4</sup> waives utility connection fees for any project with at least 25 percent low-income units and Lacey<sup>5</sup> exempts projects with at least 10 percent low-income units from building permit fees, plan and building review fees, and transportation impact fees. This is an approach also taken by Kitsap County and Pierce County.

Action 1.3. Revise the existing voluntary inclusionary housing policy that includes an affordable housing density bonus to promote greater program usage; evaluate a mandatory program.

## Background

The City's existing voluntary Inclusionary Zoning offers a density bonus in all residential and mixed use zones, Neighborhood Center areas, and Mixed-Use Town Center/High School Road districts. The strength of the incentive varies in different types of zones. The City currently provides an optional density bonus for affordable housing that allows for up to a 50 percent bonus scaled to the affordability level of bonus units.

**2019 Inclusionary Housing Study and Recommendations.** As part of its work program, the City Council wanted to support its affordable housing efforts with the enhancement and expansion of its housing density bonus zoning. Since the existing density incentive program for affordable housing has been in place, it has not been used much to-date. The current voluntary affordable housing program has been used twice since it was approved in 2005.

The 2019 study found that current base zoning and available incentives do not support the provision of affordable housing units. Constructing affordable housing is expensive, and the City's existing voluntary inclusionary zoning program does not provide enough bonus density or allow for a big enough building (height) to underwrite the relatively high amount of affordable housing required by the current program. While the current density bonus incentives do increase the value of each of the building types analyzed, they do not create enough value to capture for public benefits (e.g., affordable housing). To improve financial feasibility and utilization of the incentive programs, development projects need to be able to use development sites more efficiently and achieve more physical scale. To do this, the City has the three following key regulatory levers it can adjust.

- **Increase density limits.** This would increase the amount of building square feet, primarily through higher floor area ratios (FAR) limits or more dwelling units per acre.
- **Raise height limits.** This would allow more building square feet and more flexibility developing a site to provide open space on the site.
- **Reduce parking requirements.** This helps reduce construction costs and allows more flexibility in developing a site, because less area (and cost) would need to be dedicated to parking spaces.

The study made the following subsequent recommendations. The following recommendations should be reconsidered as the City accounts for the updated conditions since 2019 (i.e., market, cost of development materials and labor, planning, etc.).

- **Allow a new maximum height and FAR densities.** The study recommended new height limits across the Mixed Use Town Center zones and moving to an FAR-based density limit for the Neighborhood Center (NC) zones. (The NC zone currently uses units per acres to define density, ranging from R-2 - R-5 units per acre; a FAR-based density limit would be consistent with the other

growth center zones and provide more flexibility.) The table below summarizes the recommended maximum density and height limits for density bonuses by zone. These preliminary bonus estimates would be allocated in exchange for providing affordable housing at between 5-10% of the units set-aside for affordability between 70-90% of area median income.

Exhibit 22. Recommended Maximum Bonus Density and Height Limits from [2019 Transfer of Development Rights and Inclusionary Zoning Assessment](#)

Zone	Current Bonus Density (max)	Proposed Bonus Density (max)	Current Bonus Height (max)	Proposed Bonus Height (max)
Neighborhood Center	5 units/acre	0.5 FAR	35 feet	45-55 feet
Neighborhood Center/R-12	12 units/acre	2.0 FAR	35 feet	45-55 feet
High School Road District	0.6 FAR	3.0 FAR	45 feet	45-55 feet
Madison Avenue Overlay	0.6 FAR	3.0 FAR	35 feet	55-85 feet
Ericksen Avenue Overlay	0.6 FAR	3.0 FAR	35 feet	55-85 feet
Gateway Overlay	1.0 FAR	4.5 FAR	45 feet	55-85 feet
Ferry Terminal Overlay	1.1 FAR	4.5 FAR	45 feet	55-85 feet
Central Core Overlay	1.0 FAR	4.5 FAR	45 feet	55-85 feet

- Reduce the other incentives available and focus on affordable housing.** The City had offered bonus FAR as an incentive for several other public benefits including providing underground parking, purchasing FAR, providing on-site open space, tree preservation, historic structure preservation, etc.). In early 2020, the City suspended use of these other incentives until March 2024. Reducing competing options will prioritize the use of incentives for affordable housing.
- Implement the affordable housing incentive program using the existing voluntary incentive structure.** The study recommended maintaining a voluntary affordable housing incentive program. The base zoning density limits are relatively low. The use of voluntary system allows the City to implement the increased zoning capacity through bonuses without changing the base zoning (or "by-right" entitlements) as well as to be more flexible during market fluctuations.

- **Complement with an MFTE program.** The study recommended combining the density bonus with either the 8- or a 12-year MFTE program for affordable housing. The analysis showed that the MFTE added value for multifamily developments, and it would be an additional incentive to support the viability of multifamily projects and the use of incentive programs. Further analysis on how to layer the City's current MFTE Program can provide insight on the best option.
- **Define the affordable housing benefits based on the new bonus density limits and other incentives.** For affordable housing, the study recommended a five to ten percent set aside of all units built, depending on the zone. The depth of affordability could be set anywhere between 70 to 90 percent AMI.
- **Make complementary and supporting code changes.** In addition to the changes above, there are several small, less critical changes provided below the City can consider and pursue that also will support the affordable housing and TDR incentive programs that were also recommended.
  - i. Remove separate FAR limits for residential and commercial uses in mixed-use buildings. Instead, establish one, new FAR limit for the entire building by zone as discussed above.
  - ii. Reduce parking requirements to 1.0 space per unit. Maintain reduction of half for areas within 0.5 mile of ferry terminal, which would then allow 0.5 parking spaces per unit within one-half mile of the Bainbridge Ferry Terminal. This type of action should be coordinated with Action 9.3 related to reducing parking requirements near the ferry terminal in the greater Winslow area, and in Neighborhood Centers.

**Consider a Mandatory Inclusionary Program.** The 2019 report analyzed voluntary and mandatory inclusionary zoning programs in Washington State and found that a mandatory program requiring 10 percent of units to be affordable would not be effective under the existing multifamily development standards. If the City chooses to pursue a mandatory inclusionary zoning policy, it must raise the base zoning limits to implement the affordable housing requirements. As part of the updated work to implement inclusionary housing, the city can consider the appropriateness of continuing the voluntary program or moving to a mandatory program.

### **Consider a Fee In Lieu Option**



Cities often allow developers to pay a fee to the city in lieu of developing inclusionary zoning units, and the city can use those collected fees to support construction for lower-income households directly. These fees in lieu provide developers with the option of buying out of the requirement to directly produce below-market units within their proposed market-rate development projects. Setting the in-lieu payment amount affects inclusionary zoning outcomes. If the payment amount is set high, developers may not be able to feasibly support the in-lieu payments and will either be able to deliver the below-market units within a project or not build at all. Further, the fee needs to be context-oriented to yield better results for both developers and policymakers such as considering market prices, development types, and

macroeconomic conditions. Should the City move to a mandatory program, a fee-in-lieu option should be considered at that time, particularly for smaller development projects.

## Evaluation

**Category:** Continuing Work; **Action Type:** Incentive and Policy Change

### Impact on Housing Availability:

- Housing Production:  
- Housing Type/Income Level: Focus on Market-rate, Low (51-80 percent) to Moderate Income (81-95 percent)

**Staff Resources Needed:**  

## Strategy 2. Allocate Resources and Funding for Affordable Housing



Affordable housing projects often run into challenges with financing gaps (despite use of federal or state programs like the Low-Income Housing Tax credit or Washington Housing Trust Funds) because they are required to charge below market rate rents for tenants. Local subsidies (like sales tax revenue, general fund allocations, and so on) can help make projects more financially feasible for developers to create units that meet the needs of low-income households on Bainbridge.

As described in the Housing Needs Assessment, over 100 households were reported on Housing Resources Bainbridge’s waiting list for affordable housing. Other providers have waiting lists as well, such as Housing Kitsap (2,108 countywide), Virginia Villa, and Winslow Arms, so this number of households waiting for affordable units is likely higher. This strategy focuses on existing funding sources and resources that are already available to the City, which could be applied to affordable housing initiatives. Allocating them for the highest and best use should be a priority for expanding housing options on Bainbridge.

### Equity Review:

This strategy would help achieve more equitable outcomes since it will help increase the supply of affordable housing and rentals, a type of housing that is currently underproduced and in high demand on Bainbridge Island. This strategy supports equity by including actions focused on providing more housing for low to moderate income households which are currently underserved on Bainbridge Island.

Housing that is affordable to households at low-income levels often requires subsidies to cover the financing gap. Federal and state programs like the Low-Income Housing Tax Credit can cover a portion of development costs, but to achieve reduced rents affordable housing often requires the addition of grants, partner contributions, and other external funding.

### Benefits:

- These actions focus on making use of resources and partnerships that the City has established such as the City’s Housing Trust Fund and Housing Resources Bainbridge, respectively.
- Developing partnerships can help contribute to many other strategies in the plan, such as housing stability tools, workforce housing initiatives, and addressing transitional housing needs.
- These actions benefit: small households, persons with disabilities, local workers, seniors, families, and those without homes or at risk of losing their homes.

### Anticipated Challenges

- Communication and public involvement are critical to ensuring that resources are used in a way that is consistent with community desires. Without sufficient engagement with residents and stakeholders, there could be political challenges to allocating resources.
- An affordable housing levy must be approved by the voters. Administering new programs requires additional staff time and possibly training, although actions that leverage existing resources will

likely require less work from city staff. The affordable housing development process is challenging and complicated.

- Action 2.2 (Surplus Land Donation for Housing) will have challenges associated with the high cost of development and face a potential trade-off related to other potential uses of publicly owned land that provide different benefits, such as recreation facilities. Another challenge is associated with working with a partner (potentially new partner) since this makes it more complicated due to incorporating another organization's respective requirements, decision-making boards, etc.

## Action 2.1. Allocate existing funds and expand the pool of resources for the City's Affordable Housing Trust Fund.

### Background

The City's treasury has a fund designated as the "Housing Trust Fund" which was established to support the development and preservation of affordable housing and to provide segregated accounting and control for the expenditure of funds.<sup>32</sup> The specific use of such a fund could be deployed in the following areas:

- Land acquisition (or land banking) of sites for future affordable housing development.
- Gap financing for new development of affordable housing.
- Support for housing preservation activities (such as the purchase of existing affordable housing that might be at risk for redevelopment).
- Short-term rental assistance.

Funding sources includes donations from public and private sources, and any other revenues specifically dedicated to the City of Bainbridge Island Housing Trust Fund (AHTF), the City Council through the biennial budgeting process, affordable housing loan repayments or other appropriate sources. The City of Bainbridge Island City Council provides principles for how to allocate AHTF dollars to target long-lasting benefits and results and promote fiscal and environmental sustainability. The City also recently hired a management analyst whose position will oversee certain housing-related duties; this position can potentially assist in designing a systematic process to strategically use funding for affordable housing initiatives, based on principles established by the Council.

Identifying more funding sources that are eligible for flexible uses associated with affordable housing can increase what is available for affordable housing developers. These may include those listed in the above strategy that provide incentives, or new sources like crowdsourcing or partnerships with philanthropic

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<sup>32</sup> BIMC 3.38 provides guidance on the City's Housing Trust Fund. The Bainbridge Island housing trust fund is intended to: support the repair and rehabilitation of housing serving senior and disabled residents; provide direct financial and technical assistance to qualified housing projects; provide financial assistance to public and private nonprofit organizations supporting housing activities consistent with city policy; provide financial assistance to pay for utility connections for qualified housing activities; and fund approved, eligible operating expenditures related to the provision of assistance covered by this chapter. (Ord. 99-45 § 1, 1999). The current balance of the affordable housing fund as of September 30, 2022, is \$1,164,448. Any spending out of this fund would need to adhere to the limitations in Ordinance No. 2021-05 and 2019-37.

organizations. The City has access to several sources of funding that could be allocated for affordable housing projects, though different sources come with criteria for their use, including:

- **American Rescue Plan Act (ARPA).** Decisionmakers should make holistic determinations for ARPA funds, which are intended to provide direct economic relief to cities, towns, and villages in the US. These federal allocations are advantageous for workforce housing projects aligned with stated Council goals, and they must be spent by the end of 2026. The American Rescue Plan Act was signed into law on March 11, 2021, to help with economic recovery; this is a one-time source of funding. The City Council has set aside some of the ARPA funding for constructing affordable housing units at the Wyatt and Madison project and general affordable housing capital set-aside.
  - *Several communities in Washington have used ARPA funding for housing-related initiatives and provide guiding principles for how to allocate funds, including Bothell, Ferndale, Kenmore, Lakewood, Monroe, and Spokane.<sup>33</sup> Popular programs related to housing include utility assistance (Bothell, Ferndale), homelessness response (Kenmore, Monroe), and direct funding for construction of affordable housing (Spokane, Kenmore, Lakewood). Spokane has also allocated ARPA funds to reimburse ADU fees and building permits for affordable housing, as well as providing down payment assistance through a partner organization.<sup>34</sup>*
- **Sales and Use Tax revenue.** In September 2021, the City codified an ordinance in response to House Bill 1406 which enables participating cities to gain a new affordable housing revenue stream through a credit against the state’s sales tax rate (codified in BIMC 3.62, authorized by RCW 82.14.530). The rate of the tax is one-tenth of one percent of the sales price of consumer goods purchased. Funding collected from the tax can only be used for housing related services authorized by state law (RCW 82.14.530). For cities with under 100,000 persons, state law authorizes the funding to be used for acquiring, rehabilitating, or constructing affordable housing; operations and maintenance of new affordable or supportive housing facilities (including services under RCW 71.24.385 for behavioral health organizations); and, for rental assistance to tenants that are at or below 60 percent of the Area Median Income.<sup>35</sup> This sales tax option is essentially a credit against the state sales tax rate. Bainbridge Island’s funds are eligible to be used for the Housing Trust Fund and the City estimates that this affordable housing sales tax (Ordinance No. 2021-05) brings in around \$485,000 per year. The funds authorized under House Bill 1406 are only available for 20 years.

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<sup>33</sup> Municipal Research and Services Center of Washington, “American Rescue Plan Act (ARPA),” MSRC, January 26, 2023, <https://mrsc.org/explore-topics/finance/revenues/american-rescue-plan-act#examples>.

<sup>34</sup> City of Spokane, “American Rescue Plan Reports & Updates,” [www.spokanecounty.org](http://www.spokanecounty.org), accessed March 16, 2023, [www.spokanecounty.org/4895/American-Rescue-Plan](http://www.spokanecounty.org/4895/American-Rescue-Plan).

<sup>35</sup> Additional information and source: <https://wacities.org/data-resources/implementing-hb-1406> and <https://mrsc.org/stay-informed/mrsc-insight/july-2019/shb-1406-affordable-housing-sales-tax-credit>

- *Many cities in Washington use sales and use tax revenue to fund housing-related projects. In 2022, the City of Spokane released an RFP for qualified affordable housing developers to receive \$10 million in combined funding from ARPA (\$6 million) and state/ local sales and use tax revenues (\$4 million) for acquisition, rehabilitation, or construction of affordable housing, with competitive scoring for projects that serve “persons with behavioral health disabilities, veterans, senior citizens, homeless or at-risk of being homeless, persons with disabilities, and domestic violence survivors.”<sup>36</sup>*
- **Community Development Block Grants (CDBG).** These federal grants are generally less focused on housing creation and more on supportive infrastructure but could include some allocation towards affordable housing. The funding is allocated through a competitive application process requiring applicants meet all criteria with guidance provided by the 2023 Kitsap County CDBG HOME policy plan and guidebook. Eligible applicants are city/county governments, public housing authorities, public or private nonprofit organizations, Section 301(d) small business investment companies, local development corporations, faith-based organizations, and private project organizations implementing certain economic development and microenterprise activities.<sup>37</sup> In 2022, Housing Resources Bainbridge was awarded \$245,968 (capital funds) and Helpline House BI was awarded \$30,000 (public service funds).<sup>38</sup>
  - *CDBG grants are a common tool for affordable housing in Washington communities. The City of Everett has used a large share of their CDBG funds for housing-related projects in recent years, including programs to rehabilitate existing housing (both for owners and renters), provide rental assistance, provide down payment grants, and create emergency and transitional housing.*<sup>39</sup>

## Evaluation

**Category:** Continuing Work; **Action Type:** Financial Support; **Staff Resources Needed:** 

### Impact on Housing Availability:

- Housing Production: 
- Housing Type and Income Level: Supported, Low to Moderate Household Income

<sup>36</sup> Brian Walker and Lisa Gardener, “City Seeks Proposals for \$10M in Affordable Housing Funds,” City of Spokane, May 12, 2022, <https://my.spokanecity.org/news/releases/2022/05/12/city-seeks-proposals-for-10m-in-affordable-housing-funds/>.

<sup>37</sup> More information: [www.kitsapgov.com/hs/Pages/HH-Coordinated-Grant-Application-Process.aspx](http://www.kitsapgov.com/hs/Pages/HH-Coordinated-Grant-Application-Process.aspx)

<sup>38</sup> Kitsap County CDBG Awards: <https://www.kitsapgov.com/hs/HOUSINGBLOCK/2022%20CDBG%20HOME%20Funding%20Awards.pdf>

<sup>39</sup> City of Everett, “Community Development Block Grant (CDBG),” 2023, [www.everettwa.gov/423/Community-Development-Block-Grant-CDBG](http://www.everettwa.gov/423/Community-Development-Block-Grant-CDBG).

## Background

A surplus land donation would involve the City dedicating publicly owned land (such as any parcels which are vacant or underutilized) for development of needed affordable, accessible, and/or supportive housing. Land acquisition costs are typically a large portion of development, and dedication of publicly owned parcels are a way that local jurisdictions can significantly reduce costs for constructing housing, whether led by the City or a partner organization providing these housing types. In high-demand locations like Bainbridge with rising prices, the availability of developable land can be a particularly high upfront barrier for affordable housing development.

Creating an official surplus land inventory of vacant or underutilized publicly owned sites with key attributes (location, existing infrastructure, size, etc.) can make it easy to quickly identify sites that could be candidates for affordable housing development. The City of Bainbridge Island has not yet donated surplus land for affordable housing or housing needs but recently considered doing this with the Suzuki property. Approximately 13.6 acres at the intersection of New Brooklyn and Sportsman Club Roads were being planned for around 100 housing units (mixed affordable incomes up to 140 percent AMI). Although this work was stopped during the COVID-19 pandemic, the City could restart consideration of the Suzuki property and identify other publicly owned parcels to develop an official surplus land inventory that could be used to support development of affordable housing (identifying city-owned parcels meeting certain criteria associated with their size, available infrastructure, being close to services, not located in environmentally sensitive areas, etc.). There are tradeoffs associated with public land donation, as it precludes the City developing those parcels for other public uses or facilities. Once the City has an official surplus land inventory, it could consider whether parcels are suitable for affordable housing development on a case-by-case basis or seek to adopt a formal policy. This action could take a significant amount of staff time and effort.

- **Case by Case Decision-Making.** If the City chooses to make decisions for each parcel individually, it should develop a clear set of criteria for why a particular site would be an ideal candidate for affordable housing. This may include benefits like proximity to schools, employment, availability of utilities, public transit, and other services and amenities, or characteristics that might make affordable development more difficult, such as location in a floodplain or wetland, contaminated sites, steep grades, or low access to transit and services.

### Washington State Surplus Program

Since 1993, the Washington State Department of Commerce has worked with various state-level public agencies to inventory surplus properties which can be used for development of affordable housing. Public agencies typically need to receive fair market value for surplus properties. However, in 2018 House Bill 2382 enabled state and local government in Washington to sell public land at no or low cost to developers to construct affordable housing.

Each property in the state inventory is evaluated for development suitability (including location, size, land use designation, and proximity to transit). In 2021 there were 47 parcels in 25 counties across the state, though many were in areas not suitable for housing.

- **Surplus Property Policy.** The City could also choose to create a policy where it makes surplus land available first to developers who commit to creating affordable housing for a designated period (e.g., 60 or 90 days), before opening it up for sale or lease for other purposes if no applications are received. This would allow potential affordable housing partners the first option to develop surplus land but avoid long periods of properties sitting inactive.

For either of these options, the City should also proactively provide eligibility criteria for organizations who may seek to develop affordable housing on these properties.<sup>40</sup> Providing clarity about the City’s expectations for level of affordability, housing type, mix of units, or time commitment to deliver the project can help set the stage for effective communication between the City and its partners. This is critical for ensuring that projects are successful and avoiding unexpected disruptions to developing affordable housing.

Coordination with the Bainbridge Island School District and the Bainbridge Island Metro Parks and Recreation District could yield further opportunities for public lands to be inventoried and possibly used as surplus land for housing. The City should consider whether it would be helpful to create a task force to help implement this action.

## Evaluation



**Category:** Stretch Action

**Action Type:** Financial Support

**Impact on Housing Availability:**

- Housing Production:  
- Housing Type and Income Level: Supported, Low to Moderate Income Level

**Resources Needed:**

- Staff Capacity:  
- City-owned surplus land
- Partnership with affordable housing developer and operator

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<sup>40</sup> Washington State House Bill 1695 passed in 2023 to clarify definitions of affordable housing qualifying as a “public benefit” to include affordable housing developed for homeownership projects since it was limited to rental use. State and local agencies may transfer or lease surplus property at discounted prices for affordable housing development if the property is to be used for “public benefit.” Additional information: <https://www.sightline.org/release/a-full-list-of-the-housing-bills-that-passed-in-washington-this-year/>

**Action 2.3. Strengthen relationships and support between the City and nonprofit and mission-based developers and consider facilitating or participating in a local affordable housing coalition.**

## Background

Strengthening partnerships with nonprofit and mission-based housing developers can ensure a continued understanding of what these organizations need and how the City can proactively remove certain barriers or assist with implementation. The City should actively seek to understand financing gaps for its key affordable housing providers and collaboratively identify ways to provide support. When nonprofits and public entities join forces through partnerships, they can make a collective impact towards achieving common goals by sharing expertise and resources.

**Affordable Housing Developers.** Most affordable housing construction and the associated housing services across the United States are delivered by nonprofit organizations, which are typically tax-exempt and able to provide a range of services, including community financing, advocacy, and social services. However, nonprofits often need supplemental funding to begin the pre-development groundwork, navigate development standards, and cover upfront land purchases. The City can further help nonprofit developers through a variety of tools, including funding, subsidies, tax breaks, incentives, and potential surplus land donations.

Market-rate developers also have technical development and financing expertise which can be advantageous for affordable housing development. These developers tend to provide low-income housing if local financial support or incentives are provided, but these are usually achieved through a different set of tools (such as MFTE described in Action 1.1 or density bonuses described in Action 1.3).

**Partnership Building.** The City can nurture individual partnerships with key nonprofit developers who are primary providers for affordable housing programs on Bainbridge. Building these partnerships can begin by discussing the needed scale of gap financing for upcoming projects and identifying how the City could support existing housing efforts by these organizations. Ongoing work with nonprofit partners could focus on preserving or upgrading existing affordable housing or bringing new affordable housing to Bainbridge Island depending on the focus of individual organizations.

Examples of affordable housing in development or recently developed on Bainbridge include the Wyatt & Madison project, the Wintergreen townhome project (a Community Land Trust arrangement), the Western View Terrace Rehab project (including health and safety upgrades), and a multifamily project on Ericksen Avenue. These are a starting point where the City could reach out to developers to communicate on successes, challenges, and any ongoing needs associated with these projects.

**Coalition Building.** Coalitions that convene a variety of stakeholders can be helpful in galvanizing support for housing policy goals and affordable housing actions. These stakeholders can include small scale and local developers, realtor associations, banks, credit unions, home builder associations, architectural groups, planning associations, disability advocates, affordable housing groups, faith communities, and many others. These groups can help to identify widespread local problems and collaborative solutions.

## Evaluation

**Category:** Continuing Work

**Action Type:** Partnership

**Impact on Housing Availability:**

- Housing Production:  
- Housing Type and Income Level: Supported, Low to Moderate Income Level

**Resources Needed:**

- Staff Capacity: 
- Contacts within developer organizations

**Action 2.4. Examine the use of a local affordable housing levy to support affordable housing production.**

## Background

Voter-approved property tax levies are an option for cities in Washington, enabled by the State Constitution which allows property tax levies up to 1 percent of a property's true and fair value. In practice, this means \$10 of every \$1000 of assessed property value can be levied and, out of that, up to \$0.50 can go toward affordable housing among other services (RCW 84.55 and 84.52.105).

Local jurisdictions can decide through a public vote how much of this portion will go to fund affordable housing. Whatever amount that voters approve could be put into the City Housing Trust Fund (HTF) described in Action 2.1. If they successfully pass a public vote, local housing levies can provide an important source of dedicated revenue for affordable housing, which can be flexibly used for new development, acquisition, rehabilitation, preservation, and ongoing programming. Local jurisdictions have the option to institute a Regular Housing Levy (7 years) or an Emergency Housing Levy (10 years).<sup>41</sup>

For either type of levy, the City must adopt a financing plan that describes how it will spend the revenue collected. This plan must be consistent with locally adopted or state adopted comprehensive affordable housing strategies.<sup>42</sup> The City could identify specific projects or programs that would be funded by the levy. However, identifying types of projects or programs along with evaluation criteria would give the City greater flexibility to allocate funds to different initiatives over the duration of the housing levy.

### Best Practice: Bellingham, WA

Other cities have used local housing levies in Washington to provide local funds for affordable housing, including Bellingham, Seattle, and Vancouver.

The City of Bellingham passed a 10-year levy in 2018, which uses a tax of \$0.36 per thousand dollars of assessed property value. It is expected to raise up to \$40 million to produce new units, preserve existing affordable housing, provide rental assistance, and support a homebuyer program.



Source: [Low Income Housing US](#)

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<sup>41</sup> ULI Northwest and Housing Development Consortium of Seattle-King County, "Affordable Housing Toolkit: A Guide for Cities, Counties, and Advocates in Washington State," January 31, 2023.

<sup>42</sup> RCW 84.52.105(2)(b).

**Regular Housing Levy.** Washington state law (RCW 84.55) regulates the Regular Housing Levy. This law requires that jurisdictions gain voter approval and caps the maximum levy rate at \$0.50 per thousand dollars assessed valuation each year for up to 7 years. It is intended to fund operations, maintenance, and services for low-income households below 80 percent of Area Median Income. Policy development with revenue from the levy would be the responsibility of the City of Bainbridge, both to engage with stakeholders and distribute funds.

**Emergency Housing Levy.** Washington’s code (RCW 84.52.105) regulates the Emergency Housing Levy, which allows the maximum statutory levy rate up to \$0.50 per thousand dollars assessed valuation each year for up to ten consecutive years. The revenues must finance affordable housing for very low-income households (defined as 50 percent or less of Area Median Income) and affordable homeownership (defined as 80 percent or less of Area Median Income).

Revenue uses for the Emergency Housing Levies include affordable homeownership, owner-occupied home repair, and a foreclosure prevention program for low-income households—those whose income is at or below 80 percent of median income. The City must declare the existence of a housing emergency to seek this and adopt an affordable housing finance plan for levy funds. The adopted plan must be consistent with a locally adopted or state-adopted comprehensive housing affordability strategy required under the National Affordable Housing Act (42 U.S.C. Sec. 12701).

The high property values on Bainbridge could make this a strong strategy on Bainbridge for collecting funds for affordable housing. However, the levy would need enough public support to pass a public vote, which may be a challenge for implementation. In recent years, Bainbridge voters have shown a mixed track record with approving proposed levies. Several levies have passed for improvements to the school district; but in 2018, voters rejected the 7-year ‘Connecting Bainbridge: SAFE Mobility Levy’ aimed at making bicycle improvements. Reasons cited for some voters in rejecting this levy was the high levy rate (28 cents per \$1,000 of assessed property value) and the lack of certainty about which projects would be prioritized.<sup>43</sup> A successful levy campaign for a housing levy would need to provide clarity in the intended projects and programs that it intends to fund, requiring strong advocates to advance plans. The City may also want to explore a rate lower than the maximum permitted by state regulation (50 cents per \$1,000 of assessed property value) as a compromise to property owners who rejected the rate of the mobility levy.

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<sup>43</sup> Brian Kelly, “Bainbridge Voters Reject Levy for Bike Improvements,” Bainbridge Island Review, November 6, 2018, <https://www.bainbridgereview.com/news/bainbridge-voters-reject-levy-for-bike-improvements/>.

## Evaluation


**Category:** Stretch Action

**Action Type:** Financial Support

**Impact on Housing Availability:**

- Housing Production: 
- Housing Type and Income Level: Supported, Low / Moderate

**Resources Needed:**

- Staff Capacity: 
- Voter support

### Strategy 3. Implement Housing Stability Tools



As new development or renovation of older buildings occurs, existing residents can be at risk of displacement due to economic insecurity or loss of affordable housing. Households that are already cost burdened are often particularly vulnerable to these changes. Findings from the HNA show that the share of cost-burdened renters rose on Bainbridge from 18 percent in 2000 to 25 percent in 2020. We learned about residents moving away from Bainbridge because they could not afford their housing and about people still working at a job physically located on Bainbridge after being displaced from their housing through this project’s community survey efforts. Most respondents (78 percent) agreed with the statement that people who work on Bainbridge should be able to live on Bainbridge and that affordable housing makes the community more inclusive (73 percent). This strategy covers actions that the City can use to help prevent permanent displacement or homelessness of residents through new policies, by leveraging existing programs, and by strengthening partnerships to support both renters and homeowners.

**Equity Review:** Housing stability tools often serve groups who may be more vulnerable to economic displacement, including low to moderate-income renters, seniors, and persons with disabilities. This strategy and the corresponding actions would help achieve more equitable outcomes since it will help stabilize households at risk of losing their housing and will help tenants (such as through emergency rental assistance) and low to moderate income homeowners (through retrofits) stay in their homes.

**Benefits:** The County has programs providing property tax relief for seniors, people with disabilities, and low-income households. Kitsap Community Resources has rental and weatherization assistance programs for households at or below 50-60% AMI, respectively. Helpline House currently assists in connecting residents with services. There are opportunities for improved coordination or funding that could be quick wins. Housing stability tools align with Human Service Element Goals HS-2 and HS-3 of Bainbridge’s Comprehensive Plan covering the need for the human services sector to provide support for those living in affordable housing and at risk from remaining in their existing housing. Related actions that align include supporting emergency rental assistance, creating a mix of housing alternatives, and preventing homelessness.<sup>44</sup> These actions benefit: small households, persons with disabilities, seniors, younger persons, families, immigrants, and local workers.

**Anticipated Challenges:** Kitsap County funding going towards anti-displacement work may already be at its capacity and unable to scale up with current funding sources available. High-impact actions are also those likely to require the most staff capacity through public outreach, engagement with stakeholders, and policy refinement.

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<sup>44</sup> The City’s Human Service Department already provides funding to Helpline House, Kitsap Community Resources, and Housing Resources Bainbridge and has lines of communication established with these service providers.

Action 3.1. Identify anti-displacement policies suitable for Bainbridge Island that would help reduce the displacement of existing low to moderate income households.

## Background

The City can consider policies that would help current low to moderate-income residents to remain on Bainbridge, even if they are affected by increasing housing prices or loss of housing. A core goal of anti-displacement actions is to maximize existing residents' choices about when, whether and under what circumstances to move. These types of policies benefit from other actions that produce additional affordable housing for low- and moderate-income households. Several of the actions can focus on supporting housing stability particularly for renters and homeowners subject to increased economic burden from rising housing costs. Examples of these kind of policies are provided below.<sup>45</sup>

**Source of Income Discrimination.** The City of Bainbridge Island's Comprehensive Plan includes a policy that calls for efforts to prevent source-of income discrimination that can be experienced by renters (*Policy HO 7.3: Explore measures and the merits of source-of-income discrimination controls*). This action should include efforts to educate property managers and to provide a mechanism for complaints to be filed regarding source of income discrimination, pursuant to RCW 59.18.255.

**Cap on Move-In and Late Fees.** This policy would allow the City to set a limit on the amount of fees that a landlord may require at time of move-in or charge tenants for paying rent past their due date. For example, a cap on late fees can be a fixed dollar amount or as a percentage of the monthly rent. Additionally, these policies can extend the period of time during which a tenant can pay rent without being issued a late fee. A cap on move-in fees limits how much a landlord can charge tenants when they first move into a rental property beyond regular rent. Move-in fees often include security deposits, first- and last-month rent, and application fees. The cap can be a fixed dollar amount or a percentage of the monthly rent. *Local examples in Washington include the Cities of Auburn and Burien, which have recently capped late fees at a flat rate of \$10.*

This action could face challenges with enforcement, especially if not all property owners and landlord managers are aware of a new city policy. Strategic campaigns to educate landlords and tenants about this and other policies could help to address this issue, and a clear reporting system that tenants could access if they are asked for move-in or late fees that violate local regulations. *The City of Auburn has used a required business license program for multifamily housing managers to increase compliance, which includes training materials about the city's policies. Larger jurisdictions like Seattle have established legal*

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<sup>45</sup> Actions 3.3 and 3.4 also help prevent displacement.

procedures for addressing complaints, but in smaller jurisdictions renters may have to navigate through a lawsuit process.<sup>46</sup>

**Notice of Sale.** The City could consider implementing an explicit “Notice of Intent to Sell” policy which requires owners of multifamily building to provide official notification to tenants, the City, and local housing officials before a sale in a set period of time (e.g., 90 to 120 days). This gives housing officials the opportunity to consider purchasing a building to preserve low- or moderate-income housing. Such a Notice could mitigate the impact to residents by providing additional time to plan for moves. If the property is undergoing a condominium conversion, this can also give tenants the opportunity to purchase previously rented units and give them priority over other buyers.

This action could be difficult to enforce without significant city staff effort to track landlord compliance. Like caps on move-in and late fees, providing more education about landlord and tenant rights could help to mitigate this issue or intervene in cases of noncompliance.

**Right to Return Policies.** The City could evaluate the inclusion of a “Right to Return Policy” that allows any resident physically displaced by redevelopment to have a first-right-of-refusal in the newly developed property within a designated timeframe. These policies prioritize residents who reside in buildings that are slated for redevelopment or rehabilitation, particularly those living in naturally occurring affordable housing who may need to relocate. *King County and the City of Seattle offer these types of programs, which focus on areas with high displacement risk.* To structure a right to return program on Bainbridge, the City could consider and analyze:

- Where is there naturally occurring affordable housing? What geographic areas of Bainbridge would be at the highest risk of displacement? What demographic characteristics might make someone be at a higher risk of displacement (e.g., seniors)?
- What households should be prioritized for right to return resources (by a certain income level, tenure type, length of residence on Bainbridge, etc.)?
- Are there relocation options available in the area for the temporary relocation?
- What benefits could the program offer (rent assistance, homeownership support, etc.)?
- Should this program be limited in some way (such as to public projects)?
- What is a fair process for selecting households to prioritize for receiving benefits?

**Tenant Relocation Assistance.** If new development or renovation of older buildings (particularly affordable housing) occurs, this policy can prevent permanent displacement of low-income renter households. Local

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<sup>46</sup> Daniel Beekman, “Five Seattle Suburbs Added New Landlord-Renter Laws This Year. Here’s What They Do.,” *The Seattle Times*, December 15, 2022, <https://www.seattletimes.com/seattle-news/politics/five-seattle-suburbs-added-new-landlord-renter-laws-this-year-heres-what-they-do/>.

governments can choose to require property owners to provide reasonable relocation assistance for non-subsidized housing by creating a relocation assistance ordinance. Such an ordinance should include the amount and specify how it is calculated, including:

- Covering actual moving costs;
- Advance payments for first/last month rent in a new location;
- A portion of the increase in rent in a new location; and
- Utility connection or close out fees.

## Evaluation

**Category:** Depends since some actions would be Continuing Work while others could be Stretch actions

**Action Type:** Policy Change/Direct Support to Residents

**Impact on Housing Availability:**

- Housing Production: N/A
- Housing Type and Income Level: All, Low / Moderate Household Income Level

Staff Resources Needed: 

### Best Practice: Tacoma, WA

The City of Tacoma has a tenant relocation assistance program where eligible households receive \$2,000 to assist in cost of moving if they are displaced because of rehabilitation work, demolition, or change of use. Eligible households must be at or below 50 percent of Area Median Income.

As part of this policy, the property owner must pay half of this cost (\$1,000), and the other half is paid by the city (\$1,000). Property owners are also responsible for giving a 120-day notice to vacate and providing a packet with Relocation Assistance Certification Forms to tenants (Tacoma Municipal Code Section 1.95).

Sources: [Washington Law Help Fact Sheet](#), [City of Tacoma](#)

Action 3.2. Examine a potential human services funding program that would include the expansion of emergency rental/utility support to alleviate impacts for seniors and low-income homeowners. Expand direct resources supporting housing stability for tenants, landlords, and low-income homeowners.

## Background

The City can currently provide human services funding to nonprofits such as Helpline House and Kitsap Community Resources that apply annually for funding that goes toward emergency housing costs. However, it is not currently an automatic allocation - nonprofits must apply annually, and housing-related human services funding is competing with other human service needs. A more formalized program can make it easier for nonprofits to receive funding for emergency rent/utility support, and potentially increase awareness of the option for residents who would benefit from the program. This action supports distributional equity by providing education and technical assistance and by strengthening tenant protections.

Direct resources that support the housing stability of existing residents can help prevent the displacement of existing tenants through legal aid, tenants' rights education resources, emergency rent support, landlord education, and support for low-income homeowners. These programs can target issues around displacement, accessing appropriate support from nonprofits or federal/state programs, or other urgent issues. City staff could actively support and promote these programs in the community, or potentially find opportunities to contribute additional resources, such as educational content targeted towards landlords about tenant rights.

**Tenant Protections.** Partnering with existing programs can leverage what is already available and ensure it reaches renter households on Bainbridge who need legal assistance. Existing programs include:

- **Helpline House** provides rent, mortgage, and utility financial assistance for residents experiencing housing instability, as well as weatherization programs for homeowners to reduce future utility bills. Helpline House also assists with referrals to Kitsap Community Resources for additional support. They also offer credit building and debt management technical assistance for longer term stability.
- **Tenants Union of Washington** provides technical assistance, counseling, and education to help renters navigate housing issues and know their legal rights.
- **Kitsap Eviction Protection Assistance** provides financial support for residents below 50 percent of median income who are at risk of eviction or utility shut off.
- **Northwest Justice Project** operates a legal help hotline and legal assistance for low-income families facing eviction.

**Property Tax Relief.** In engagement with the community, some seniors indicated concern about paying property taxes in retirement given relatively high rates on Bainbridge. There are currently programs such as property tax relief or deferral for lower-income seniors, persons with disabilities, and other residents,

providing anti-displacement assistance in Kitsap County. This action could either be structured as outreach to increase awareness of the program or evaluating if adjustments are needed/possible to reduce burden.

**Leverage Federal and County Programs.** The County's 2022 CDBG and HOME Policy Plan also includes specific anti-displacement practices and replacement housing guidelines. Connecting with the County and nonprofits involved in advocacy could provide more resources for anti-displacement to residents. County-wide efforts to prevent displacement may be applicable to Bainbridge and help build a foundation for displacement prevention with minimal additional resources from the City.

These actions do not necessarily add to the inventory of available housing but can allow current tenants and homeowners to remain in their existing homes and reduce the need for regulated affordable housing.

## Evaluation

**Category:** Continuing Work

**Action Type:** Direct Support for Residents

**Impact on Housing Availability:**

- Housing Production: N/A
- Housing Type and Income Level: All, Low to Moderate Household Income Level

**Staff Resources Needed:** 

Action 3.3. Partner with nonprofits to support broader access to home rehabilitation, weatherization, and accessibility improvement programs.

## Background

Home rehabilitation programs provide funding to help ensure that existing low, moderate, and middle-income homeowners can remain in their homes over time.

The following types of housing maintenance are frequently needed by homeowners:

- **Major Home Repairs.** These repairs can cover a range of critical physical issues in a home, such as roofing, electrical, or plumbing issues. The purpose of major home repair programs is to help people stay in their homes by addressing larger-scale maintenance problems that may force a homeowner to sell their house if they are unable to do essential work.
- **Weatherization.** Projects that weatherize homes can make buildings more energy efficient with upgrades to features like siding, windows, or mechanical systems. These improvements can reduce utility costs and contribute to climate goals, and proactively extend the life of housing units for existing homeowners.
- **Accessibility Improvements.** Accessibility improvements include upgrades such ramps, doorway modifications, or handrail installation for seniors and/or disabled residents. These serve homeowners who may not have needed accessibility features when they purchased their home.

### Kitsap County and Housing Resources Bainbridge Programs

Kitsap County Resources works with the County to provide programs for weatherization and home repairs for low-income homeowners with the County. The program is funded in part through annual allocations of Community Development Block Grant funds. This support is available to Kitsap County residents below 60 percent of the state's median income to help address insulation, health and safety issues, heating system repairs, and more.

The nonprofit organization Housing Resources Bainbridge (HRB) also provides an Independent Living program, which works with older adults and disabled residents to make physical home repairs, enhance accessibility, and perform weatherization work. HRB receives funding through Kitsap County Resources for local outreach, as well as the United States Department of Agriculture, Puget Sound Energy, and private grants.

Several programs are currently available for accessibility improvements for disabled residents and seniors as well as state support for very-low-income housing on Bainbridge through Kitsap County and the nonprofit organization Housing Resources Bainbridge. The City could consider augmenting these options by providing additional funding support to cover costs for home maintenance, support partners who provide these services, or increase awareness of existing programs among targeted audiences.

Establishing or expanding a local program to include low- to moderate-income homeowners or seniors aging in place would not add additional units but could help maintain the current supply of housing on Bainbridge and reduce risk of displacement. New support funded by the City could be structured as a low interest or deferred loan program or grants for specific types of projects like roof repair, plumbing,

window replacement, or accessibility features. Supporting and promoting existing programs would likely take less staff capacity than creating and funding a new local program.

## Evaluation

**Category:** Continuing Work

**Action Type:** Partnerships and Financial Support

**Impact on Housing Availability:**

- Housing Production: 🏠
- Housing Type and Income Level: All, Low to Middle Household Income Levels

**Staff Resources Needed:** 👤

Action 3.4. Track the supply of regulated and naturally occurring affordable housing and engage with current operators to support continued affordability.

## Background

Rising housing costs and loss of existing affordable rental units are issues on Bainbridge Island that could potentially displace low-income residents. Better understanding regulated and naturally occurring affordable rental housing as well as affordable homeownership types (such as manufactured homes) can allow the City to plan for preservation efforts and prevent displacement.

**Regulated Affordable Housing.** Bainbridge has some current supply of regulated affordable housing, but a tracking system could be put in place to better understand this inventory.

**Naturally Occurring Affordable Housing.** The current supply of aging apartments and other non-regulated types of affordable housing or rental housing is currently not well inventoried. To provide funding to preserve and repair affordable buildings, the City must understand how many there are, as well as characteristics about the buildings such as condition and vulnerability to deteriorating in the near future.

**Manufactured Home Preservation.** Bainbridge Island has a current supply of mobile and manufactured homes, which can be an affordable type of rental unit or homeownership. Residents of these types of units can face displacement and redevelopment pressure; the City could consider strategies to preserve mobile homes and manufactured homes outside of parks, although there may be fewer levers available than for mobile and manufactured home parks.<sup>47</sup>

Preservation can be a highly effective model for preventing affordable homes from being purchased and redeveloped as more expensive, market-rate housing. Once the City has a clear inventory of affordable units, it could also explore opportunities to collaborate with government and non-profit partners to fund the repair, maintenance, or rehabilitation of both regulated and unregulated affordable units.

## Evaluation

**Category:** Continuing Work; **Action Type:** Research and Monitoring

**Impact on Housing Availability:** Housing Production: N/A and Income Level: Low / Moderate

**Staff Resources Needed:** 

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<sup>47</sup> Note: The only manufactured home park on Bainbridge Island is located in Downtown Winslow and this park includes approximately 50 housing units. This park was permanently preserved as a mobile home park in 2004. The City does not have any other mobile home parks, but as of the 2022 Washington State Office of Finance Management estimate, the City had approximately 320 mobile/manufactured homes outside of the park.

## Strategy 4. Promote Housing for Employees Working on Bainbridge Island



Certain types of employers that have a significant in-person need may especially benefit from having workers nearby, including service industry businesses and public agencies. Employer-assisted housing can be provided directly to the individual employee in the form of mortgage subsidies, down-payment assistance, relocation payments and the like. In addition, the City can help to increase the supply of housing by requiring or encouraging employers to participate in the development of additional housing units through such actions as the provision of land, co-locating housing alongside non-residential uses, construction financing or purchase/lease guarantees, and down-payment assistance. During engagement efforts, a targeted business owner survey and stakeholder interviews indicated that local employers are struggling with recruiting, hiring, and retaining staff because of challenges with housing affordability and availability.

The actions in this strategy identify paths to meet the housing needs of employers whose work is based on Bainbridge. Some actions work specifically with employers to meet these needs, while others expand the range of available housing options like community land trusts (CLT), microunits, or shared living spaces.

### Equity Review:

Many workers on Bainbridge have long commutes since they are not able to live on the island due to high housing costs. Recent trends show a large increase in workers commuting from other areas outside of Bainbridge: between 2010 and 2019 the number of commuters grew by 51 percent, from approximately 3,134 workers in 2010 to approximately 4,742 workers in 2019) This strategy would help achieve more equitable outcomes by increasing housing options available for employees working on Bainbridge Island, a sector of the population that is currently underserved on Bainbridge Island.

### Benefits:

Working with businesses based on Bainbridge to attract and retain workers can help the City's economic development, climate, and housing goals. For instance, the City's current Comprehensive Plan specifically includes Goal EC-5, to: "Provide a variety of affordable housing choices so that more people who work on Bainbridge Island can live here." These actions benefit: workers, small households, younger persons, and families.

### Anticipated Challenges

- Employers may be able to make some contribution of resources towards housing to ensure employee attraction and retention, but still need to be able to cover costs of business. Staff capacity would vary based on the amount of effort that partners like business owners are willing and able to contribute.
- The low inventory of vacant units on Bainbridge is also a challenge. Without increasing the number of available units, direct financial support such as living stipends will not be effective.

Action 4.1. Create partnerships with employers and local businesses to provide worker housing and work with the Chamber to identify scale and needs for workforce. Monitor and consider options for scaling up effective worker housing initiatives and provide guidance for businesses on housing practices.

## Background

Employers struggling with hiring and worker retention may be interested in contributing to housing projects that are affordable to their employees and provide options for them to live on Bainbridge. Certain types of employers that have a significant in-person need may especially benefit from having workers nearby, including service industry, agriculture, and public agencies.

**Partnership Building.** Employer-assisted housing can be provided directly to the individual employee (such as mortgage subsidies, down-payment assistance, or relocation payments), or by providing low- or no-cost rental units for employees. The City can help to increase the supply of workforce housing by encouraging employers to participate in the development of additional housing units through such actions as the provision of land, construction financing or purchase/lease guarantees, and down-payment assistance.

The City could begin to convene conversations with local employers and the Chamber of Commerce to identify the specific types of workforce housing that are most needed on Bainbridge. The City and local employers could also coordinate on resources that businesses can contribute towards developing housing units. In addition, the City could approach the Kitsap Immigration Assistance Center to gain information on immigrant workforce housing needs relevant to Bainbridge Island.

**Monitoring Best Practices.** The Friends of Farms Intern Housing project demonstrates a recent success in providing worker housing through collaboration with employers. Tracking any example projects like these can help identify ways to build momentum and identify best practices for worker housing on the island. Other communities have funded programs to support workforce housing, such as Vail, CO paying property owners for 'deed restrictions' to set aside housing for workers.<sup>48</sup>

Implementation of these projects will depend on the level of capacity within and resources available to partnering businesses, but the City can help to identify successful examples, research, and provide guidance, and potentially give technical support or funding to future projects.

**Category:** Quick Win

**Action Type:** Partnerships / Research and Monitoring

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<sup>48</sup> Additional information on the Vail InDEED Program: <https://www.huduser.gov/portal/casestudies/study-081121.html>

**Impact on Housing Availability:**

- Housing Production: 🏠
- Housing Type and Income Level: All, Low to Middle Household Income Level

**Staff Resources Needed:** 👤 to 👤 👤

**Best Practice: Friends of Farms Intern Housing**

Bainbridge has already seen a successful worker housing pilot project- the Friends of the Farms' intern housing on the Morales property. <sup>49</sup> In 2021, the City Council authorized the nonprofit Friends of the Farms to develop intern housing for farm workers on city-owned property. Although this project was relatively small, providing three units to house six farm interns, it demonstrates a successful collaboration utilizing City property.



Image: [The Island Wanderer](#)

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<sup>49</sup> Tyler Shuey, "Council Authorizes Friends of the Farms to Develop Intern Housing on Morales Property," Bainbridge Island Review, February 27, 2021, <https://www.bainbridgereview.com/news/council-authorizes-friends-of-the-farms-to-develop-intern-housing-on-morales-property/>.

## Action 4.2. Update code to support a broader diversity of unique small housing options.

### Background

Smaller housing is often available at a lower price point and can offer more diverse, easy-access options especially for local workers. Examples of alternative forms of smaller housing include studio and one-bedroom apartments, co-living/cohousing, live-aboard units, and Single Room Units or dormitory type housing units (in some cases, these could have been formerly referred to as boarding houses) Property owners may be more likely to offer these units as shorter-term leases (such as 3 or 6 month) to accommodate seasonal workers, and although they may cost more per square foot, they are typically 20 to 30 percent below conventionally sized units.<sup>50</sup> Shared spaces, congregate housing, or 'co-living' describes housing where individuals have their own living space but share some amenities such as a common area, outdoor space, community kitchen, and so on (examples: Single Room Occupancy housing, dorms, apartments, shared homes, etc.). Allowing for smaller housing and shared-living models can increase the range of options available to all residents and may be especially fitting for workers who only live on Bainbridge for a portion of the year.

The City can help to promote development of these types of diverse housing units through updates to zoning regulations and restrictions such as unit sizes and code definitions.

**Co-living/Cohousing.** In the past, the definition of 'family' within local zoning codes restricted the number of non-family individuals living in spaces like co-housing. In the Bainbridge Island code, "Family" is currently defined as "one or more persons (but not more than five unrelated persons) living together as a single housekeeping unit." (BIMC 18.36.030). As of 2021, Washington State law forbids cities from limiting the number of unrelated people occupying a household or dwelling unit so long as that occupancy does not violate health or occupancy volume guidelines. (RCW 35A.21.314). The share of nonfamily households has increased over time across the

#### Best Practice: Langley Fifth Street Commons

The 5th St Commons project on Whidbey Island utilized a two-tiered investment approach to finance their Cohousing project. First, 5th St Commons LLC was formed to take on financial and legal responsibilities, second a "Bridge" team of 12 took out low interest loans to acquire the property. During the planning process, the existing building continued to provide rental revenue.

A third team of future owners and renters were responsible for developing governing documents.

Phasing: Land acquisition, "condo-izing" units for individual sale, creation of tools and agreements to build a functional co-living community, loan payback with interest through apartment sales.

Project Attributes: 16 condos with carports. Shared amenities include laundry, guest room, kitchen, living room and ¾ bath, storage, workshop, garden, and recycling shed.

Creating affordability: a recently listed two-bedroom unit sold for around \$275K compared to the average \$625K price for a 2 bedroom (Rocket Homes estimate).

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<sup>50</sup> Kathleen Carey, et al., "The Macro View of Micro Units," American Planning Association (Urban Land Institute, 2014), [www.planning.org/knowledgebase/resource/9123787/](http://www.planning.org/knowledgebase/resource/9123787/), 5.

nation from around 10 percent in 1950 to almost 40 percent in 2020 (U.S. Census Bureau).<sup>51</sup> The City should consider defining co-living or cohousing as a distinct permissible use and updating code to reflect RCW 35A.21.314.<sup>52</sup>

**Single Room Occupancy (Microunit).** The City would need to explicitly define Single Room Occupancy and allow for smaller unit sizes in its zoning and building codes. While there is no universal definition for a microunit, other cities have established new regulations to allow for smaller units, with provisions to ensure quality of life. In Seattle, microunits are regulated as small efficiency dwelling units (SEDUs), with a code subsection that specifies configurations of interior spaces to address livability concerns: these include requirements for a full kitchenette, closet space, natural light, required design review, and minimum size of 150 square feet.<sup>53</sup>



**Live-Aboard Units.** The AHTF (2018) includes a recommendation in support of water-based (live-aboard) housing for those living in vessels (such as in the Eagle Harbor). The action calls for the City to review and revise regulations related to the permissible live-aboard capacity in City marinas. The City would need to amend its policies through an update to the Shoreline Master Program to allow additional residential boats up to the maximum allowed by the state of Washington.<sup>54</sup>

## Evaluation

**Category:** Quick Win

**Action Type:** Policy Change

**Impact on Housing Availability:**

- Housing Production:  
- Housing Type and Income Level: Market Rate, Moderate to Middle Household Income Levels

**Staff Resources Needed:** 

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<sup>51</sup> Source: <https://www.planning.org/blog/9260099/dont-sleep-on-coliving/>

<sup>52</sup> The Winslow Cohousing community offers a local example of cooperative living on Bainbridge Island. Source: <https://winslowcohousing.org/>

<sup>53</sup> City of Seattle, "Micro-Housing Accomplishments," 2014, <https://www.seattle.gov/sdci/vault/micro-housing>.

<sup>54</sup> *Bainbridge Policy HO 5.3: Support water-based (live-aboard) housing as a viable component of the present and future housing stock of Bainbridge Island, subject to applicable environmental protection, seaworthiness, sanitation and safety standards, and authorized moorage.*

## Co-Living Examples

The Society 62 co-living housing community in Portland, Oregon provides a variety of community living housing options. All their units include private bedrooms, some include private bathrooms, and all have access to bathrooms and facilities that are shared for the respective floor including a large open patio, a kitchen, and a media room. The rent price ranges from around \$800 to \$1,050 (depending on the unit size and amenities).



The River Song Cohousing community is a recently completed development in Eugene, Oregon providing a variety of community living housing options. The development includes 28 dwelling units and various community spaces and amenities.



Sources: [www.society62-pdx.com/](http://www.society62-pdx.com/) and <https://www.udplp.com/riversong>

Action 4.3. Partner with mission-based developers to provide direct financial support for community land trust housing and housing cooperative development that is providing more affordable home ownership opportunities.

## Background

There are a variety of steps that the City could consider taking to scale up efforts that support affordable homeownership for households with moderate to middle incomes, including community land trusts, housing cooperatives, and lease purchase programs. In some cases, the City could pursue its own program, provide funding and technical support for partner organizations, or increase clarity in its policies for these types of development.

**Community Land Trust.** Community Land Trusts (CLTs) are an effective method of providing permanently affordable housing to low- and moderate-income households.<sup>55</sup> Investing city funding into increasing the inventory of units within the trust and facilitating a connection with housing cooperatives ensures that affordability benefits will continue over time. Community Land Trusts use a model similar to land banking, where a community organization owns land and provides long-term ground leases to low-income households to purchase the homes on the land, agreeing to purchase prices, resale prices, equity capture, and other terms. This model allows low-income households to become homeowners and capture some equity as the home appreciates but ensures that the home remains affordable for future homebuyers. CLTs may also lease land to affordable housing developers for the development of rental housing or to develop and manage mixed-income or workforce rental housing.

Bainbridge currently has a Community Land Trust operated by a nonprofit organization. The City could help to expand operations, beginning with conversations with current operators to identify critical needs and potentially provide technical support. Moving forward, the City could allocate financial support for the existing Community Land Trust. Although this may require a significant amount of funding, it provides long-term stability for households who are able to become homeowners and ensures that these units will continue to be affordable over time.

**Housing Cooperatives.** Housing cooperatives are a form of shared ownership where a group of people jointly owns and controls units in a housing development. The current municipal code does not have anything that technically prohibits this structure, but the City could provide more clear definitions and explicit allowances for cooperatives. Housing cooperatives have been a powerful tool in other places for

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<sup>55</sup> Another model is limited equity housing cooperatives where people purchase a “share” of a development of housing from a nonprofit and have the right to occupy a dwelling unit. Limited-equity housing co-ops (LEHCs) can extend homeownership access to low and middle-income populations and guarantee permanent housing affordability.

providing stable homeownership and a supportive community. However, many people are unaware of how they work or whether they are permitted in a certain area.

The City could pursue its own cooperative housing project that allows residents to own shares of the building to encourage more development of cooperative housing and showcase its benefits. Although it would be a complex and high upfront cost, this could have a large impact for providing affordable housing to residents. Cities can also help with the upfront funding of an affordable cooperative project, as they can often be difficult to fund through traditional lending. Over time, members would gradually pay back mortgages to the City and become owners of their units. Middle housing cooperative units are often an efficient use of funding because they can be developed at a lower price point, meaning a lower subsidy per unit and delivery of affordable homeownership. For the City to pursue creating a housing cooperative, a high level of staff capacity would be required compared with other actions-- but the effort would have long-term benefits for residents, with reduced need for staff involvement over time. The City could also help to facilitate conversations with local banking institutions, as financing for housing cooperatives is often a significant barrier.

**Lease Purchase Programs.** Lease purchase programs are another type of support for homeownership which allows participants (called 'lease purchasers'), to select a home that a local housing finance agency or non-profit buys on their behalf. The agency then serves as the initial owner of the property, mortgagor, and property manager for the lease period. After the lease purchaser demonstrates they can make timely payments, they are able to purchase the home from the finance agency or non-profit by assuming the unpaid principal balance of the mortgage. These are often complex but can deliver homeownership at a lower barrier for moderate income households.<sup>56</sup> Most examples for lease purchase programs around the country are operated by a private firm or nonprofit such as Home Partners of America or Trio, but policymakers can support programs through setting clear standards and providing technical support.<sup>57</sup>

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<sup>56</sup> Puget Sound Regional Council. (2020). Alternative Homeownership Models. Retrieved from [www.psrc.org/sites/default/files/hip-alt-homeownership.pdf](http://www.psrc.org/sites/default/files/hip-alt-homeownership.pdf).

<sup>57</sup> Michael Stegman, Jeb Mason, and Mark Zandi, "Lease to Purchase: How to Build Homeownership," Moody's Analytics, July 2022, <https://www.moodyanalytics.com/-/media/article/2022/lease-to-purchase-how-build-homeownership.pdf>.

## Evaluation

**Category:** Stretch Action

**Action Type:** Direct Support for Residents

**Impact on Housing Availability:**

- Housing Production: 🏠🏠
- Housing Type and Income Level: All, Moderate / Middle Household Income Level

**Staff Resources Needed:** 👤👤👤

### Best Practice: OPAL Community Land Trust

Orcas Island's community land trust is a successful regional example which has scaled up to include 110 permanently affordable ownership homes, 82 permanently affordable rental properties, affordable office space, and community gardens. Their properties are distributed around the island, providing a variety of diverse housing options within the trust. OPAL combines private donations, state and federal grants, low-interest mortgage loans, as well as extensive staff and volunteer hours that help to continue operations at a low cost.



Image: [San Juan County Home Fund](#)

### Best Practice: Lopez Island Community Land Trust

Lopez Island Community Land Trust combines the model of land trusts with a limited-equity housing cooperative model in six different projects on the island. They also incorporate environmental stewardship into their communities with community farming and on-site renewable energy production.

Lopez Island Community Land Trust uses a combination of traditional financing from their local bank located on the island, grants, public subsidies, and sweat equity from members to contribute to each project. The limited equity cooperative units are targeted at a maximum of 120 percent of area median income.

Lopez Island CLT also has a revolving fund that is used to loan the cost of the share price to residents, and most residents don't need financing to move in.



Image: [Built Green](#)

## Action 4.4. Pursue a social impact investment fund for affordable housing.

### Background

Local governments sometimes work with private sector partners to create a ‘social impact investment fund.’ These are tools where the private sector contributes to building a fund that developers can use for gap financing of affordable housing projects, as traditional sources such as the Low-Income Housing Tax Credit can often fall short of fully funding these projects. Social impact investment funds can be used flexibly (like an affordable housing trust fund) to support development of affordable housing. Often, cities will seek to partner with a major local employer, then seek broader community participation as momentum builds to crowd-source contributions.

#### Best Practice: Amazon Housing Equity Fund



Washington State has several examples of social impact investment funds, including the Amazon Housing Equity Fund, which has raised over \$500 million for affordable housing in the Seattle area.

The Amazon Housing Equity Fund leverages contributions from a large local employer and provides capital grants as well as low interest loans to affordable housing providers. In December 2022, Amazon announced an additional \$150 million investment to develop or preserve about 1,700 affordable housing units. A total of 20 affordable housing projects in the Puget Sound region have been funded with assistance from the Amazon Housing Equity Fund.<sup>58</sup>

Private sector partnerships can also be formed with financial institutions, such as a local credit unions or bank and the funds they generate. The funds can be used to directly provide gap financing for affordable development, leverage greater bonding capacity with other funding opportunities, or support ongoing programs that help achieve housing goals. When used to directly support development, they are not restricted like other funds may be, allowing for acquisition and preservation projects, rehabilitation, or new construction.<sup>59</sup> However, local private sector participation is not guaranteed, nor is accountability for businesses that do participate to ensure continued contributions as an ongoing source.

### Evaluation

**Category:** Stretch Action; **Action Type:** Partnerships; **Staff Resources Needed:** 

**Impact on Housing Availability:** Housing Production: Uncertain  to  and Housing Type and Income Level: Supported, Low to Moderate Household Income Level

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<sup>58</sup> ULI Northwest and Housing Development Consortium of Seattle-King County, “Affordable Housing Toolkit: A Guide for Cities, Counties, and Advocates in Washington State,” January 31, 2023.

<sup>59</sup> Ibid.

## Strategy 5. Pursue Policy Updates to Support Diverse Middle Housing Development



Middle housing types provide a greater range of housing choices, allows for lower-cost homeownership opportunities, and helps to meet some distinct housing needs of a community. Middle housing describes a range of housing options (e.g., triplexes, townhouses, cottage homes) that can be owned or rented closer in scale to a typical single-family home than an apartment building. This type of housing has been *missing* from many neighborhoods outside of urban cores largely due to zoning and development regulations (emerging around the mid 20<sup>th</sup> Century) severely restricting where and how middle housing could be built. Nowadays, much of America’s middle housing can be found in older neighborhoods, urban areas with medium to high residential densities, and in communities where regulations have been updated to allow for more housing diversity and single-family housing conversions. Middle housing development can include remodeling single-family homes into duplexes or triplexes, building cottage clusters or smaller multiplex buildings, or a mix of different types of housing in a new subdivision.

While middle housing can look different in different places, many jurisdictions are trying to figure out how, where, and when to incorporate more middle housing into their communities. We heard that middle housing types like duplexes, townhomes, cottage housing, and tiny homes/ADUs were among the most popular preferred types of new housing during the engagement for this project. The actions within this strategy can moderately densify neighborhoods without significantly changing their existing character. This would not guarantee a certain level of affordability, as many types of middle housing serve moderate income households or higher. However, these actions would expand opportunities for unregulated housing types that may be lower cost than single family detached housing.

**Missing Middle Housing**

Examples: Duplexes, triplexes, quadplexes/multiplexes, townhomes, Accessory Dwelling Units (ADUs)/backyard homes, cottage housing, and small courtyard apartments, though there is not universal consensus that each of these housing types fits the category. This type of housing has been missing from many neighborhoods outside of urban cores largely due to zoning/development regulations limiting where and how it can be built.

Image: ECONorthwest

### Equity Review:

Strategies for missing middle housing typically enable market rate units for moderate to high income households rather than low-income households. Although middle housing is not typically able to serve those with the greatest cost burdening for housing, it can help moderate- and middle-income households to attain homeownership. This strategy would help achieve more equitable outcomes by providing smaller homes (ideal for smaller households) and more diverse housing options that would meet a broader range of housing needs. This strategy could also potentially reduce down-renting or down-buying by higher income households that could not afford a detached single-family home but instead find lower cost options in apartments or condos.

### Benefits:

Middle housing is smaller in size, often built as infill development, and provides gentle increases in density, which can help the City to meet its goals for more compact sustainable development more efficiently using infrastructure. These actions benefit: workers, small households, younger persons, families, and seniors. Other benefits are described in the adjacent inset box.

### Anticipated Challenges

Changes to the development code may require extensive outreach, public feedback, and coordination with City departments, but do not guarantee that the market will deliver these units. Developers may not choose to build to the maximum density allowed and may instead choose to continue building single-family homes. This tool depends upon the availability of vacant or underdeveloped parcels large enough to develop/redevelop under the City's development code.

### Key Benefits of Middle Housing

- Unique form of housing often smaller in size than single family detached housing, offering options for those wanting less yard and indoor space to maintain, but who don't wish to live in larger apartment buildings.
- Mixes well with other building types and can be designed to be well-integrated into existing predominantly single-family residential neighborhoods.
- Provides additional rental opportunities sorely lacking on Bainbridge Island.
- Helps expand homeownership opportunities. Homeowners tend to benefit from security of tenure, the ability to use tax deductions (such as for mortgage interest), and economic mobility.
- Smaller units and attached housing tend to be more energy efficient and sustainable due to factors such as efficient use of land, and less water and energy use than single family homes. When built near urban centers and transit, middle housing can expand opportunities to live in walkable communities with a shorter commute.
- Certain types of middle housing can serve as a living option for family members (multigenerational housing) or caregivers.
- New middle housing tends to be more affordable than new single family detached housing, since it spreads the cost of land and other fixed costs over more units.
- Integrating middle housing within high-opportunity neighborhoods can enable a wider range of residents to benefit from the resources and amenities in these communities.
- Infill development builds more housing in areas with less buildable land and can diversify housing options available in a broad range of neighborhoods. The small footprint and broad range of possible configurations of middle housing (such as stacked) helps developers use small or irregularly shaped lots that would otherwise be vacant or underutilized.

## Action 5.1. Implement a middle housing code update to encourage duplexes, triplexes, and quadplexes.

### Background

Encouraging certain types of smaller sized, more compact housing than single family detached housing units can help to increase housing supply and choice within neighborhoods. In theory, these units tend to be more affordable than single-family units because they are often smaller in size and in their footprint on land. Encouraging middle housing types can support diverse and more inclusive communities and accommodate new growth while complementing and blending in with the existing housing in neighborhoods. Middle housing can also support the City's affordability goals by providing smaller-scale housing alternatives that cost less to construct and maintain than detached single family housing. The following section provides key middle housing considerations and best practice guidance.

Washington State House Bill 1110 recently passed in 2023 to increase the amount of middle housing development in the state. The City is evaluating how the new law would apply.<sup>60</sup>

**Definitions.** "Middle housing" options such as duplexes and triplexes do not have a specific definition in the City's current code, other than the multifamily dwelling definition ("a building or portion of a building containing two or more dwelling units or more than one dwelling unit on one lot" (BIMC 18.36.030)). In seven of the City's ten residential zones, multifamily housing is a conditional use rather than permitted outright. Updating the code to explicitly allow for these types of small scale multifamily residential buildings outright rather than requiring a conditional use process could include the following key regulatory improvements to support middle housing development.

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<sup>60</sup> Summary of HB 1110: <https://lawfilesexternal.wa.gov/biennium/2023-24/Pdf/Bill%20Reports/House/1110-S2.E%20HBR%20PL%202023.pdf?q=20230501123511>. This bill requires cities with more than 25,000 persons to allow the development of duplexes on lots currently zoned for residential use and fourplexes in areas less than one-fourth mile of a major transit stop or if one the housing units is set aside for affordable housing (defined as affordable to 60 percent AMI for a rental or 80 percent AMI for an ownership housing unit). A "major transit stop" is defined as light rail, commuter rail, and bus rapid transit, thus there would be no major transit stops on Bainbridge Island. These requirements do not apply to lots with critical areas or their buffers, watersheds serving as a reservoir for potable water if that watershed is listed as impaired or threatened under the federal Clean Water Act, or for lots that have been designated urban separators by countywide planning policies. The Department of Commerce is required to provide technical assistance to cities implementing the requirements.

Exhibit 23. Use Table in the Bainbridge Island Municipal Code (Table 18.09.020)

Source: Bainbridge Island Municipal Code

ZONING DISTRICT	R-0.4	R-1	R-2	R-2.9	R-3.5	R-4.3	R-5	R-6	R-8	R-14
<b>USE CATEGORY/TYPE</b>										
<b>Household Living</b>										
Single-Family Dwelling	P	P	P	P	P	P	P	P	P	P
Single-Family Dwelling existing on April 15, 1996										
Multifamily Dwellings	C	C	C	C	C	C	P	C	P	P

**Dimensional Regulations.** Even when middle housing types are permitted outright, dimensional standards such as maximum density, maximum lot coverage, and building heights can make middle housing types difficult or impossible to build. On Bainbridge some of these include the following.

**Maximum Density.** The Bainbridge Code regulates housing densities by providing a base density standard and potential bonus densities in residential (R) zones. In most cases, the requirement in the code is a 1:1 ratio of lot area per dwelling unit with the minimum lot area. In R-8 and R-14 zones, there are options for bonus density that can change the minimum lot area to accommodate some higher density development. The regulations in most R-zones are restrictive for development of middle housing, as they would require a greater parcel area and unit size than are generally associated with middle housing types. Other general best practices for middle housing density include:

- Generally, density allowances for middle housing should allow for densities that are two to four times that allowed for single-family detached housing, up to about 20 to 35 dwelling units per acre.
- Townhouses generally work well between about 18 and 32 dwelling units per acre.
- Minimum lot size should be regulated as an average for the development and should generally be no more than 2,000 sq. ft. per unit (lot sizes as small as 1,200 sq. ft. can work well for townhouses in some cases).
- Duplexes should generally be allowed on the same size lots as single-family homes and should not be restricted to corner lots.
- Triplexes and quadplexes can often also be allowed on the same size lots as single-family homes, except in zones that allow very small lots for single-family detached (e.g., under 5,000 sq. ft.).
- Cottage cluster densities can vary substantially based on unit size and site layout. See Action 7.3 for additional discussion.
- Scale standards so that smaller units are allowed at higher densities than larger units, and/or exempt units under a certain size from density standards.

**Maximum Lot Coverage.** In Bainbridge’s residential zones, maximum lot coverage is generally low, ranging from 10 to 40 percent of the lot area. This requirement can restrict middle housing types which may require more coverage of the lot for types such as side-by-side duplexes or townhomes.

**Building Height.** Current standards for most residential zones on Bainbridge cap building heights at 25 to 35 feet. This is within the range such that some middle housing types can be built, but other types may be limited (particularly in zones with a 25-foot height limit). For several types of middle housing, including townhomes and some triplexes, being able to build a full three stories can make a difference in viability. This generally translates to a height limit of 35 feet, depending on how roof heights are measured.

**Parking.** The City could also ease current parking restrictions for these types of housing to make them more financially feasible. Currently, homes in single-family residential zones must have two parking spaces. Most units in multiunit residential zones must have one parking space for studio or one-bedroom units, and two spaces for larger units (BIMC 18.15.020.C). If the City chooses to implement a middle housing code, it should consider scaling the parking relative to the housing unit size, generally no more than one parking space per dwelling unit and for smaller multi-unit housing, the City could consider counting on-street parking.

### Best Practices for Enabling Middle Housing

**Review Existing Conditions and Development Regulations.** This builds an understanding of lot size distribution within each residential zone, the existing zoned capacity, and helps identify how different housing types are regulated in each zone.

**Analyze Financial Feasibility.** Understanding the impacts of land values and development regulations can help determine the feasibility of middle housing development. Local market data can also be used to conduct proforma analyses on specific middle housing prototypes to inform the regulatory strategy.

**Evaluate the Context.** Evaluating the urban design characteristics of different neighborhoods will identify appropriate middle housing applications based on existing physical character. This analysis also allows for different prototypes to be tested in different contexts and provides a visual understanding of the impact or coexistence of different middle housing types.

**Develop a Regulatory Strategy.** The above steps can work together to inform an effective and feasible implementation mechanism that respects existing development patterns.





Cottage cluster concept plan developed as part of a middle housing context analysis for Auburn, WA (Image: Framework)

## Evaluation

**Category:** Stretch

**Action Type:** Policy Change

**Impact on Housing Availability:**

- Housing Production:  
- Housing Type and Income Level: Market Rate, Moderate to Middle- and High-Income Levels

**Staff Resources Needed:**  

Action 5.2. Ease the process for conversion of single dwelling units into subdivided multiple dwellings (i.e., duplexes) and study adaptive reuse opportunities on Bainbridge.

## Background

Alongside new middle housing considerations, the City could include ways for single family homes to be converted by right (as a permitted use) to small scale multifamily housing like duplexes rather than having to go through a long land use permitting process. This strategy could help moderately densify neighborhoods without significantly changing the character of existing buildings.

Currently, most residential zones on Bainbridge only allow multifamily dwellings as a conditional use. This means that to renovate and convert a single-family home to a middle housing type (such as a duplex), the property owner must go through a site plan review and conditional use permit to convert to multifamily. Such a project would also be subject to maximum densities under the current development code. This may only require a minor conditional use process if the conversion is deemed “clearly consistent and compatible with other uses in the same zone or vicinity” (BIMC 2.16.050). However, the property owner may need to go through a major conditional use permit process for the proposed change in certain circumstances (BIMC 2.16.110).<sup>61</sup>

The City could create more flexibility for conversion of single dwelling units into middle housing by allowing uses like duplexes, triplexes, etc. by right, exempting such conversions from zone density limits, or creating more clarity for the conversion process in zones where they remain a conditional use.

Due to building code thresholds (discussed below) and complexities of internal subdivision, the likeliest conversion is that of a single-family home into a duplex. Beyond the necessary flexibilities required in use and density limitations, the City should also waive other standards, like minimum off-street parking requirements, to make conversions financially viable. On-street parking, for example, may be able to satisfy additional parking means or the City could allow applicants to use one of the two required parking stalls (required for single-family homes on their own). The potential for easy lot-splitting and fee-simple ownership is another incentive for single-family conversions on Bainbridge Island. Under current

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<sup>61</sup> Section BIMC 2.16.110 requirements include but are not limited to: proposed use or expansion that covers 50 percent or greater of the total lot area, proposed use that is accessed by a local or private road, proposed use or expansion that generates more than 36 total trips per day, or proposed use or expansion contains four or more units in a multifamily dwelling.

regulations, property owners must undergo a complete short subdivision approval process to conduct a lot-split. This process includes many layers of review, which add time and complexity.<sup>62</sup>

The City has adopted the standard International Building Code, which can present challenges for internal conversions of a single-family home particularly to a triplex or quadplex. A 2016 report by DECA Architecture as part of Portland’s Residential Infill Project noted: “Conversion of a single-family house into three or more units often involves navigating complex and/or challenging issues such as:

- Transition from the residential to the commercial building code, changes in occupancy from single family to apartments.
- Upgrading walls and floors/ceilings to achieve fire ratings, adding sprinkler systems.
- Upgrading walls and floors/ceilings to achieve sound ratings and reducing exterior wall openings to meet commercial code.
- Addressing ADA and accessibility issues, energy efficiency requirements.”

Additional known issues include meeting egress requirements for sleeping rooms and meeting Washington State Energy code. Issues like these should be explored to help identify needed local amendments to International Building Code.

## Evaluation

**Category:** Quick Win **Action Type:** Policy Change

### Impact on Housing Availability:

- Housing Production: 
- Housing Type and Income Level: Market Rate, Moderate, Middle, to High Income Levels

**Staff Resources Needed:** 

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<sup>62</sup> Washington State Legislature bills have been introduced that would make lot-splitting easier in communities such as SB 5364. More information: [www.sightline.org/2023/01/24/washington-lot-split-bills-would-create-starter-homes-support-community-stability/](http://www.sightline.org/2023/01/24/washington-lot-split-bills-would-create-starter-homes-support-community-stability/)

## Strategy 6. Promote Sustainable Housing Development



One of the key themes from our community survey and engagement events was that housing growth should be environmentally sustainable and adhere to the conservation goals in the City's Comprehensive Plan. Residents showed a concern for the climate crisis and desire to see incentives for green buildings and dense development in the Winslow area to reduce emissions from driving. Preservation of existing buildings or promoting "infill" residential development can also help to reduce carbon emissions associated with new building, while aligning with goals to preserve affordable housing units.

### Equity Review:

Sustainable housing programs often have overlapping co-benefits with affordable housing. In general, efficient land use, preservation of older buildings, smaller types of housing, and reducing transportation emissions by creating more accessible mixed-use areas can all align well with affordable development that serves low-income households. Residential units with added energy and water efficiency could reduce monthly utility bills. This strategy and the corresponding actions (along with Action 3.3 supporting the weatherization of housing and other actions supporting smaller housing) provide greater access to housing with higher energy efficiency and lower costs which has an indirect impact on equity by promoting housing stability.

### Benefits:

The Bainbridge Climate Action Plan includes a number of relevant actions, particularly Buildings Goal A, which seeks to "Reduce greenhouse gas emissions from all residential buildings." It includes strategies and actions around establishing green building practices, green affordable housing, and implementing a green building code. These actions benefit everyone, particularly small households, small families, young persons, and seniors. Other actions within this Housing Action Plan promote smaller residences and infill development, which can result in energy and water conservation and help to preserve open spaces.

### Anticipated Challenges:

Although it is not always the case, adding sustainability and affordability requirements to a development adds costs to that development, albeit in different ways. Developers sometimes need to make tradeoffs between providing affordable units and including green building features in a project. Local incentives can help to encourage affordable green housing, but it may not always be financially feasible.

**Action 6.1. Make the Housing Design Demonstration Program permanent, not subject to replacement.**

## Background

The Housing Design Demonstration Project (HDDP) program is available for projects within the Winslow Sanitary Sewer System Service Area and is intended to increase overall housing supply, choice of styles, affordable units, and smaller, more sustainable homes by providing incentives such as a density bonus and flexible development standards for projects that meet program criteria.<sup>63</sup> Allowances include modifications to lot dimensions and coverage, natural areas, parking requirements, setbacks, and height. The current version of the HDDP program, updated recently, requires at least half of the project to be rentals serving households earning 60 percent AMI or less, or for ownership, the housing must serve households earning 80 percent AMI or less (Ordinance 2021-01).<sup>64</sup>

The HDDP is codified to be in place until a more comprehensive affordable housing program (e.g., revisions to the City's current voluntary inclusionary zoning program) is adopted. Rather than removing this program, the City could look for opportunities to preserve the program and extend it to other areas of the island beyond the Winslow Sanitary Sewer System Service Area. The outcomes of Action 1.3 (inclusionary housing) and Action 9.1 (increased density in Designated Centers) should be considered in relationship to this program to determine how to recalibrate it to ensure there are sufficient incentives for continued participation in the HDDP program. In addition, the City could examine ways to simplify the program and provide technical assistance or online tools/ education to help broaden program usage. Lastly, the City could collect program participant testimonials to share in monitoring/housing related annual reporting and they should interview those who have used the program or were considering using the program to identify potential program improvements.

### Best Practice: Grow Community

Bainbridge's Housing Design Demonstration Project program has resulted in housing projects that provide ultra-energy efficient single-family homes, townhomes, and multifamily units, such as the Grow Community. The Grow Community includes compact single-family homes in the Winslow Area with solar-ready roofs, community gardens, and a community center.



Source: [David Cohen Photography](#)

<sup>63</sup> The City of Bainbridge's Housing Design Demonstration Project (HDDP, BIMC 2.16.020.S) was originally set with an expiration date and only applies within a specific area.

<sup>64</sup> HDDP website: <https://www.bainbridgewa.gov/156/Housing-Design-Demonstration-Projects>

**City-Led Projects.** New exploratory projects can demonstrate sustainable housing best practices and how to achieve them at cost and within regulations. A city-led project would both provide sustainable housing and a model for other developers. Although it would be complex and high cost, this could have a large impact for providing sustainable housing that meets other City goals.

## Evaluation

**Category:** Quick Win to extend the program, City-led HDDP project would be a Stretch Action

**Action Type:** Policy Change/ Incentive

**Impact on Housing Availability:**

- Housing Production:  to 
- Housing Type and Income Level: All, Low to High Household Income Levels

**Staff Resources Needed:** 

**Action 6.2. Explore regulatory changes to encourage co-locating housing with other complementary development and uses (e.g., religious facilities).**

## Background

Co-locating new housing units with existing, complimentary uses can efficiently use land and leverage available space already owned by community-serving organizations such as churches, parks, or other public facilities. These organizations may already provide various services for individuals and have adjacent land that is able to be developed for housing. In addition to providing affordable units connected with services, moderate density increases on existing parcels can help the City's land conservation goals.

The City's current code explicitly allows for affordable housing development on property owned or controlled by a religious organization (BIMC 18.21.050) and provides a density bonus scaled to existing density. The City's code could be amended to make clear that housing is permitted to be co-located with other uses, including public spaces or facilities, outside of the City's mixed-use districts.

The City can advance this action by working to both increase knowledge of this option, extend it to nonreligious organizations providing affordable housing on existing parcels, or adapt it to allow for moderately higher densities explored in other strategies in the plan (such as middle housing or accessory units).

## Evaluation

**Category:** Quick Win

**Action Type:** Policy Change

**Impact on Housing Availability:**

- **Housing Production:** 
- **Housing Type and Income Level:** Supported, All Household Income Levels

**Staff Resources Needed:** 



## **Strategy 7. Support More Diverse Housing Options by Promoting ADU, Cottage Housing, and Tiny Home Development**

Tiny homes, cottage clusters, manufactured homes, and accessory dwelling units (ADUs) can all provide right-sized units for a variety of households. These types of housing can also increase the number of infill units available in high opportunity neighborhoods, while matching the general character of a single-family neighborhood. Accessory dwelling units and tiny homes can sometimes provide less expensive housing options, but they do not guarantee lower rent in the same way as regulated affordable housing. However, they do provide housing that often meets the needs of multigenerational households, young adults, and seniors. By providing rental income to property owners, ADUs can inversely assist affordability for property owners. During engagement activities, cottage housing and accessory dwelling units were among some of the most popular choices for new housing types on Bainbridge.

The actions listed below include potential policy changes and technical assistance activities that the City could pursue to enhance and encourage development of these housing types.

### **Equity Review:**

Tiny homes, cottage clusters, manufactured homes, and ADUs often meet specific needs for individuals and households, including multigenerational households, young adults, and seniors. Some types of smaller-sized housing like tiny homes can also alleviate barriers and provide more paths to affordable homeownership for moderate income households, but they do not necessarily equate with affordability. This strategy would help achieve more equitable outcomes by providing smaller homes (ideal for smaller households) and more diverse housing options that would meet a broader range of housing needs.

### **Benefits:**

Tiny homes, cottage clusters, manufactured homes, and ADUs increase diverse housing options in line with Comprehensive Plan Goal HO-3 to “Promote and maintain a variety of housing types that meet the needs of present and future Bainbridge Island residents at all economic segments and encourage more socio-economic diversity.” These actions benefit: workers, small households, younger persons, families, and seniors.

### **Anticipated Challenges**

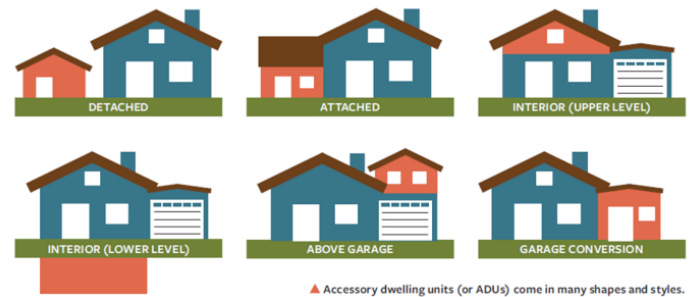
- Like duplexes and triplexes, code changes do not necessarily mean that these unit types will be built. Although actions in this section seek to reduce constraints, upfront investment required from individual property owners for unit types like ADUs and tiny homes can still be high.
- These housing types can sometimes provide cheaper housing options, but they do not guarantee lower rent in the same way as regulated affordable housing.

Action 7.1. Add an allowance for up to one detached and one attached Accessory Dwelling Unit on a single property. Remove or reduce regulatory and fee related constraints for Accessory Dwelling Units.

## Background

An Accessory Dwelling Unit (ADU) is a separate living space, within or detached from a single-family dwelling.<sup>65</sup> Although the City has allowed ADUs for many years, the number of constructed ADUs has remained limited overall. Recent HNA analysis showed that approximately 79 ADUs had been permitted from 2012 to 2022, which is almost 8 percent of total permitted units during this time. This possibly indicates higher growth in development in the past decade when compared to the total number of ADUs permitted.<sup>66</sup>

Exhibit 24. Types of Accessory Dwelling Units  
Source: [AARP Livable Communities](#)



Although the City has made progress with promoting ADU development, there are a few existing policies that the City could modify to further promote ADU development such as reducing parking or lot coverage requirements, lowering the transportation impact fee for ADUs, and allowing up to two ADUs (one attached and one detached) per parcel. The AHTF (2018) report also suggested evaluating the ADU building application process to identify ways to shorten the process along with deferring the building permit and sewer/water hookup fees (deferments are proposed under Action.1.2 for affordable housing, the City already allows primary residences and ADUs to share common utility connections, which lowers

<sup>65</sup> ADUs provide an additional dwelling unit— typically with its own sleeping, bathing, and cooking facilities—on properties allowing a primary home, in a way that blends in with the existing neighborhood. BIMC Section 18.09.030.I.5 provides guidance on ADUs, noting that only one ADU can be created per parcel. The City requires that ADUs be designed to maintain the appearance of the primary dwelling as a single-family dwelling, containing 900 square feet of floor area or less. However, if the ADU is located within a building existing as of the approval date of Ordinance No. 2015-16 (for example, in a basement) the City may allow an increased size to efficiently use all floor area. The City does not require owner occupancy of an ADU and does allow some impact fee exemptions (BIMC 15.28).

<sup>66</sup> The AHTF (2018) cited 196 total permitted ADUs on the island according to City records.

the up-front cost that would need to be deferred). Washington State House Bill 1337 recently passed in 2023 in support of ADU housing development.<sup>67</sup> The City is evaluating how the new law would apply.

**Multiple Accessory Dwelling Units.** The City's zoning code currently allows for one ADU on a property, either an attached or detached unit. The City's code could be expanded to allow for a second accessory dwelling unit as an attached or internal conversion on a property. These types of accessory units typically have minimal impact on the external appearance of the primary home and often have lower associated costs. This addition could increase the number of available housing units in high opportunity areas in a way that blends in with existing residential neighborhoods.

**Parking.** ADUs currently must provide for one off-street parking space. Removing or reducing this requirement in certain zones or providing exemptions for shared parking solutions could make ADUs more feasible.<sup>68</sup> ADUs tend to be dispersed throughout a neighborhood, are commonly located in areas with on-street parking and tend to be located at a residence with a driveway that could provide shared parking. Research has shown that a portion of ADU residents tends to not own a car.<sup>69</sup>

**Transportation Impact Fee.** Offering the City's impact fee reduction/waiver program for ADU development could also incentivize more households to build these units. Currently, the City categorizes ADUs with the same ITE code as apartment units in their methodology, for a base fee of \$1,123. While ADUs can sometimes function similarly to apartment rentals, they can have a wider variety of uses, including accommodating family members within a multigenerational household. The City could choose to waive these fees entirely for ADUs or offer a substantial reduction in the amount required.<sup>70</sup>

**Dimensional Standards.** Increasing the ADU size limit and/or allowing variances for increased size could help to increase the development of ADUs.

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<sup>67</sup> Key provisions in HB 1337 is legalizing two ADUs per lot in any configuration of attached/detached; capping impact fees at 50 percent of those charged on houses; lifting parking mandates less than 1/2-mile of 15-min. transit stop; legalizing ADU size up to at least 1,000 sf with a height up to 24 feet (or the max. height for primary homes under 24 feet); and prohibiting design standards or other restrictions that are more stringent than what applies to the main house. The City is researching the applicability of these requirements in environmentally protected areas. Sightline summarizes HB 1337 as including provisions such as: *prohibiting owner occupancy requirements, legalizing two ADUs per lot in any configuration of attached/detached and ADU development on any lot size that is legal for housing development; capping impact fees at 50 percent of those charged on houses; lifting parking mandates less than 1/2-mile of 15-min. transit stop; legalizing ADU size up to at least 1,000 sf with a height up to 24 feet (or the max. height for houses if < 24 feet); prohibiting design standards or other restrictions that are more stringent than what applies to the main house; and legalizing the sale of ADUs as condominiums.* Source: <https://www.sightline.org/2023/01/21/washington-bill-would-boost-in-law-apartments-throughout-the-state/>

<sup>68</sup> Cities could consider reducing off-street parking requirements if the ADU is within 1/2 mile of public transit or when there is a nearby car-share vehicle (Brown, A, et. al. (2018). Practice Garage Apartments. Issue No. 5. Zoning Practice, American Planning Association).

<sup>69</sup> A study of ADUs in Los Angeles found that 40 percent of the ADU occupants did not own a car (Gerecke, S., et al., 2022).

<sup>70</sup> The City of Portland restricts impact fee waivers to not be used for short-term rental. Source: [www.portland.gov/bds/adu-sdc-waiver](http://www.portland.gov/bds/adu-sdc-waiver)

**Sprinklers.** Lastly, the City should evaluate ways to possibly exempt ADUs from fire sprinkler requirements, considering alternative measures, incentives, and implications particularly related to cost (this influences the affordability of housing), safety, enforcement, and impact, in consultation with the Fire Department.<sup>71,72</sup>




## Evaluation

**Category:** Continuing Work

**Action Type:** Policy Change

**Staff Resources Needed:** 

**Impact on Housing Availability:**

- Housing Production:  to  
- Housing Type and Income Level: Market Rate, Middle to Moderate Household Income Level

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<sup>71</sup> The Bainbridge Island Fire Department requires sprinklers for ADUs in certain circumstances related to the size, building configuration, and distance from fire infrastructure. If the ADU is a stand-alone structure and has fire flow available from a hydrant within 1,000 feet as measured along an approved access roadway, then sprinklers are not required. However, if an ADU is above a detached garage or above a garage attached to a single-family home and the total square foot is over 3,600 (area of detached garage not included) then it is required to have fire sprinklers. ADUs part of new development may be required based on the above factors and if the grade of the driveway is 15% or greater ([www.bainbridgewa.gov/DocumentCenter/View/14760/Ordinance-No-2021-01-Updating-City-Fire-Code---Approved-022321](http://www.bainbridgewa.gov/DocumentCenter/View/14760/Ordinance-No-2021-01-Updating-City-Fire-Code---Approved-022321)).

<sup>72</sup> The City of Olympia requires all new residential units to be protected with fire sprinklers. The City recognized there may be greater impact when sprinklers are required as part of a retrofit, thus they relaxed sprinkler requirements for ADUs. If the primary home is not sprinkled, the ADU will not be required to be sprinkled, however, if the primary home is sprinkled, so will the ADU. Source: [https://www.olympiawa.gov/government/codes,\\_plans\\_\\_\\_standards/housing\\_action\\_plan.php](https://www.olympiawa.gov/government/codes,_plans___standards/housing_action_plan.php).

## Background

Providing pre-approved ADU designs can help to reduce the costs for architectural and design fees when property owners build ADUs. Making ADU development more affordable can encourage more households to pursue ADU projects, and potentially result in lower cost rentals. Pre-approved designs can reduce the timeline and costs of city approvals by preemptively vetting them for compliance with local building codes. This can also reduce potential strain on staff capacity for processing ongoing ADU applications and could speed up construction. The City could also explore providing technical consultations covering how much the ADUs may cost, and how they may finance it, and then help connect homeowners to additional resources.<sup>73</sup>

In Seattle, the typical permitting time for a detached ADU is 4-8 months but is cut to just 2-6 weeks for any of the 10 ADU designs already pre-approved by the City (approved in 2020).<sup>74</sup> The program does charge fees, but they are much lower than the typical cost of a custom design, ranging from \$70 to \$1,000. An expedited permitting timeline combined with a less complex permitting process reduces risk and uncertainty for someone building an ADU.

Efforts to increase predictability and efficiency and alleviate any unnecessary obstacles to approving ADU development can help maximize the potential to create affordable housing. Efficiencies can help decrease labor costs and shorten loan repayment periods, etc. Pre-approved plans might need to be updated periodically if regulations associated with ADUs change.

Exhibit 25. Pre-Approved ADUs in Seattle  
Source: [Building Connections](#), [Microhouse](#)



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<sup>73</sup> The AHTF (2018) report recommended that pre-approved prototype ADU designs be made available to property owners.

<sup>74</sup> City of Seattle. (2020). ADUniverse. Note: The City of Raleigh, North Carolina also recently introduced a Fast Track plan in 2022 where residents can purchase plans from the designer at a lower cost than typical. The effectiveness of this program should be evaluated in a few years given the newness of this program. Source: <https://raleighnc.gov/permits/building-accessory-dwelling-unit-adu>

## Evaluation

**Category:** Continuing Work

**Action Type:** Technical and Financial Assistance

**Impact on Housing Availability:**

- Housing Production: 🏠
- Housing Type and Income Level: Market Rate, Moderate to Middle Household Income Level (ADUs)

**Staff Resources Needed:** 👤 👤

### Best Practice: Olympia, Lacey, Tumwater

Various cities have successfully used ADU guidebooks and pre-approved designs to streamline development and reduce costs around design and approvals with the City.

In Washington, the cities of Olympia, Lacey, and Tumwater offer four pre-approved designs that property owners can choose from, which comply with existing building codes. These designs are free to property owners and customizable to match the character of existing buildings. They also include accessibility considerations in their design.



Image: [City of Olympia](#)

### Action 7.3. Adopt cottage housing code by allowing development of multiple units per parcel.

## Background

Like ADUs, 'cottage clusters' are a housing type that can increase the number of infill units in high opportunity neighborhoods while matching the general character of a neighborhood. Cottage housing is typically defined as a grouping of small, detached dwelling units clustered around and oriented toward a common area of open space.<sup>75</sup> Some jurisdictions allow cottage clusters to include a mix of attached and detached units, and some allow ADUs next to a cottage home. The units may be located on individual lots or on a shared lot, depending on the regulations. These developments provide multiple small-sized, detached units with a common yard.<sup>76</sup> This type of housing has been built to increase access to sustainable, affordable homes for those aging in place (especially for retirees that do not yet need assisted living).<sup>77</sup>

Underlying development standards in the City's code would allow a typical 'cottage-style' development in some zones. The City's Housing Design Demonstration Project program (BIMC 2.16.020.S), applicable to the Winslow area, includes cottage housing in the type of housing choices, which is defined as a dwelling unit no larger than 1,200 square feet, with a maximum building height of 20 feet. Elsewhere, like triplexes in residential zones, it's not that these types of units aren't allowed; obstacles tend to be related to whether the City's development regulations are conducive to cottage housing development.

As mentioned in Action 5.1, the current minimum lot area per dwelling unit and the maximum density standard requirements generally prohibit the development of cottage cluster housing with multiple cottage units. The City could develop explicit standards in its code to allow for multiple cottage-sized units on the same lot with a shared outdoor area and allow cottage-style housing in more areas. In addition, the City could allow cottage housing by right in targeted residential areas. Cottage cluster densities can vary substantially based on unit size and site layout. Regulations should allow for more units if the units are smaller. Ideally, regulations should also allow for homes to be located on individual lots so that they can be sold fee-simple and allow flexibility on lot size (as well as street frontage requirements—see below) to make more individual lots work with a cottage cluster design. Focusing on site design rather than density

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<sup>75</sup> Municipal Research and Services Center, [cottage housing overview](#). Cottage housing is a variation on cluster development, a concept explored in detail by William H. Whyte in his book "Cluster Development" (1967) which is a type of low impact development that groups housing closer together with the goal of preserving the rest of the land for open-space, recreation, or agriculture. [Model Ordinance: Cottage Housing Development](#), Lehigh Valley Planning Commission.

<sup>76</sup> The AHTF (2018) report included a strategy to adopt a new Cottage Housing ordinance.

<sup>77</sup> The City of Beaverton Oregon has an example of a retirement community cottage cluster development with single-level homes, outdoor patios, and courtyard gardens. Source: [www.propelstudio.com/project/aging-in-place-cottage-cluster](http://www.propelstudio.com/project/aging-in-place-cottage-cluster)

is particularly important for cottage clusters, as the layout will often drive the number of units that will fit on the site.

Bainbridge Island could consider best practice guidance from other communities. The City of Langley (Whidbey Island) has increased density limits to enable cottage housing, specifically by allowing up to 9 dwellings on a single lot with common space facing front entrances (LMC 18.13 Multifamily Infill Form Based Code Overlay). The City of Eugene (see below) also offers best practice guidance.

## Evaluation

**Category:** Continuing Work; **Action Type:** Policy Change

**Impact on Housing Availability:** Housing Production: 🏠 and Housing Type and Income Level: Market Rate, Middle to High Household Income Level

**Staff Resources Needed:** 👤



**Action 7.4. Identify barriers and opportunities for tiny home development on foundations and tiny home villages and evaluate best practices for tiny homes on wheels.**

## Background

Like accessory dwelling units (ADUs) and cottage clusters, tiny homes (typically under 200 square feet) are generally a lower cost and may have shorter timelines than other kinds of units due to the availability of “kits”. The City of Bainbridge Island allows tiny homes on foundations, but no permits have been finalized for tiny homes yet, and no tiny home villages have been constructed in the City. Identifying barriers that have prevented development thus far can lead the City towards developing relevant code changes. Currently, a tiny home could count as an ADU on a property with a primary home but would otherwise count towards a property’s base density in the same way a single-family home would, making it difficult to locate multiple units on one parcel.

**Tiny homes** are permitted by the same City zoning code that enables accessory dwelling units. In 2019, the Bainbridge Building Code adopted Appendix Q of the International Residential Code regarding tiny homes (BIMC 15.04.020(B)), which does allow for dwelling units below 400 square feet in-lieu of a traditional-sized ADU. However, there are no explicit provisions for tiny home villages in the code.

The code also explicitly states that no recreational vehicle (RV) shall be an ADU (BIMC 18.09.030.I.5.i). The City’s development code currently considers tiny homes on wheels as RVs. However, tiny homes on wheels differ from recreational vehicles based on their size, mobility, and average costs and they can provide an additional option for flexible housing units that serve similar purposes.

The City could add an explicit allowance for tiny homes on wheels, while considering implications for utilities and services. Best practices are evolving for tiny homes on wheels in Washington, which the City

### Bainbridge High School Tiny Homes Project

In summer of 2022, 32 Bainbridge High School students participating in Wood Technology, Construction, and Advanced Architecture classes worked alongside the Low-Income Housing Institute and Clark Construction to build two tiny homes for houseless individuals. These classes are part of a Career and Technical Education (CTE) program to teach professional skills. Students worked for four weeks to construct two 96 square foot homes, and learned new practical skills related to construction and architecture such as framing and insulation. These tiny homes were then transported to Seattle as part of a larger project to provide transitional shelter.

Source: [Kitsap Sun](#), [Bainbridge Island Review](#)



Image Credit: Bainbridge Review

could also continue to examine to support tiny home development. The City could evaluate the applicability of tiny home villages as temporary housing for transitional housing needs on the island.

**Tiny Home Villages** are typically made up of multiple single-detached homes with a shared outdoor space (such as a yard) or other communal areas and services and can be used as transitional emergency housing. They are typically operated by a nonprofit or mission-based organization, in some cases in partnership with local jurisdictions. Development and use standards can also prevent tiny home villages through limitations on density.<sup>78</sup>

**Planned Unit Developments (PUDs)** can be a tool to explore in support of the development of tiny home communities since these policies can incorporate the flexibility needed for tiny homes.<sup>79</sup> PUDs tend to be considered if a city does not intend to tailor zoning codes to accommodate tiny home communities. This allows for municipalities and developers to strike a balance between retaining control over design and promoting non-traditional development patterns. Tiny home PUDs can help form a marketplace for tiny homes—one that doesn't currently exist—by creating extremely small properties that can be bought and sold by those owning the tiny homes. For tiny home PUDs, municipalities often need to adjust minimum lot sizes to allow larger lots to be subdivided into smaller lots where residents could site their tiny homes.

## Evaluation

**Category:** Continuing Work; **Action Type:** Research and Monitoring

**Impact on Housing Availability:** Housing Production: 🏠 and Housing Type and Income Level: Market Rate, Moderate to Middle Household Income Level

**Staff Resources Needed:** 👤

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<sup>78</sup> A nearby nonprofit organization referred to as the Low Income Housing Institute (LIHI) developed and now operates 19 tiny house villages located in Seattle, Tacoma, Olympia, Skyway, and Bellingham for the benefit of low-income households and persons in homeless situations. Each tiny house has electricity, lighting, insulation, and a heater and each village has a kitchen, bathroom and laundry facilities, offices for on-site case managers, ample storage, and a check-in house for security. Source: <https://www.lihihousing.org/tinyhouses>

<sup>79</sup> City of Bainbridge Island staff reported that they currently do not have Planned Unit Development (PUD) policies.

Action 7.5. Improve tracking of short-term rentals on Bainbridge to analyze their impact on the local housing market.

## Background

In some areas, Short-Term Rentals (STRs) can exacerbate conditions when there is a low supply of housing in an area.<sup>80</sup> STRs can affect the city's housing supply by limiting the number of homes available to rent or buy within a market. Regulating short-term rentals could help alleviate the shortage of housing supply and possibly help fund affordable housing initiatives through fees associated with new regulations. However, many local STR owners depend on the supplemental income generated by their STRs to afford the high housing costs. Within the next five years, the City should evaluate the impact of STRs on the housing market to determine whether City-specific regulation or fees are warranted, and, if appropriate, to advance goals.

On Bainbridge, STR operators are required to have a business license, but the inventory of these units is not explicitly tracked. In December 2022, City staff estimated that there were 92 licensed short-term rentals (which is less than one percent of total housing units on Bainbridge Island). As this analysis only includes licensed rentals, the actual number could be higher if non-licensed units were included. Although STRs currently are not taking up a substantial portion of housing on Bainbridge Island, the City could take actions to recognize this form of rental through their housing monitoring work.

This action includes potential steps to better understand the inventory of STRs on Bainbridge and potentially explore regulations on these units to ensure there is an adequate supply of long-term housing available for Bainbridge residents.

**Short Term Rental Tracking.** STRs are typically defined as housing units that are used temporarily (for 30 days or less) by visitors. STRs can be difficult to track and understand in terms of their impact on the rental market. The City switched over to using the State Business License system several years, which does not allow for easy tracking of such licenses. The City could establish an ongoing system to allow for easier future tracking to help comprehend the prevalence of STRs and pro-actively monitor issues such as reductions to units available to permanent residents and workers. An additional way the City could track STRs could be through an assessment of STR contributions to tourist lodging tax revenue.

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<sup>80</sup> Short Term Rentals (STRs) or vacation rentals are typically defined as residential units rented out to guests for a short duration, less than 30 days. Examples: furnished condominiums, single-family homes, cottage in a backyard, and bedrooms or suites in a home.

Once the City has a clear picture of the current inventory of vacation rentals, the City may wish to develop regulations addressing STRs.<sup>81</sup> An STR ordinance could consider reduced tax incentives for new ADUs being used as short-term rentals, which would not restrict homeowners from renting accessory units, but prioritize public incentives for longer term rentals.<sup>82</sup> Regulating the number of units available for STRs could put more units back onto the rental market for residents and increase supply without new construction. However, the City should consider tradeoffs and avoid disincentivizing landlords to rent units on Bainbridge. Some units currently rented as short-term vacation stays may not be those which would be affordable to low-income households if they were put on the traditional rental market, such as large waterfront homes.

## Evaluation

**Category:** Quick Win; **Action Type:** Research and Monitoring/Policy Change

**Impact on Housing Availability:** Housing Production: N/A and Housing Type and Income Level: N/A

**Staff Resources Needed:** 

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<sup>81</sup> Adopting a vacation rental ordinance was a quick win recommendation identified in the 2019 Affordable Housing Task Force Report for Bainbridge, but the City has not yet started this work. If an ordinance is pursued, the City should consider limitations on the number of guests and restrictions on gatherings, list a site host contact located within a reasonable proximity, and ensure the host is paying all relevant taxes, safety provisions. The recently passed Washington State House Bill (HB) 1798 requires that the host maintain primary liability insurance, provide safety provisions, and pay the tourist lodging tax (2019): <https://lawfilesexternal.wa.gov/biennium/2019-20/Pdf/Bills/House%20Passed%20Legislature/1798-S.PL.pdf>.

<sup>82</sup> Example: In Portland, the City provides a waiver for its System Development Charges for new ADUs but exempts units that are used as STRs from this program. This still allows property owners to rent out accessory units but introduces a policy to prioritize longer term rental units for receiving public incentives.

## Strategy 8. Address Transitional & Supportive Housing Needs



Transitional and supportive housing serves individuals who are vulnerable to experiencing homelessness. This type of housing can serve emergency purposes for those experiencing housing insecurity and during disaster events. Washington State recently passed legislation directing jurisdictions to enhance their work on transitional and supportive housing through House Bill 1220, which states that communities must “plan for and accommodate housing affordable to all economic segments of the population of the state” and explicitly includes emergency housing in consideration of the lowest economic segment.

The Washington State Department of Commerce has recently provided housing projections and allocation estimates for 2020-2044 for a range of different household income levels at the county level. Based on the version released in March 2023, the Kitsap County Regional Coordinating Council moved towards using Methodology A which generates emergency housing needs for each jurisdiction within Kitsap County. According to this analysis, Kitsap County (countywide total) will need approximately 2,646 new units of permanent supportive housing for households earning under 30 percent of median income and 909 emergency housing (temporary).<sup>83</sup> Among this total, Bainbridge’s allocation of permanent supportive housing is estimated at 166 new units and 83 emergency housing (temporary) by 2044.

The City of Bainbridge Island currently has no units of permanent supportive housing. These needs must be accounted for in local Housing Elements as part of the Comprehensive Plan under House Bill 1220’s modification to the Growth Management Act. The City’s existing Comprehensive Plan Housing Element has goals and policies supporting this type of housing. Kitsap County also includes strategies in their Countywide Planning Policies to incentivize transitional housing, as well as the 2019 Kitsap Homelessness Crisis Response and Housing Plan. The County’s plan includes a variety of actions, including resources, programs, and opportunities that the City of Bainbridge could pursue for partnership.

**Equity Review:** Transitional and supportive housing serves populations who have significant housing needs that are unable to be met by market rate housing. Often, these housing types may be co-located with critical services (or close to) for those at risk of or experiencing homelessness.

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<sup>83</sup> Washington State Department of Commerce, “Updating GMA Housing Elements,” February 2023, [www.commerce.wa.gov/serving-communities/growth-management/growth-management-topics/planning-for-housing/updates-gma-housing-elements/](http://www.commerce.wa.gov/serving-communities/growth-management/growth-management-topics/planning-for-housing/updates-gma-housing-elements/). “Permanent supportive housing” (PSH) is subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy and utilizes admissions practices designed to use lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors. Permanent supportive housing is paired with on-site or off-site voluntary services designed to support a person living with a complex and disabling behavioral health or physical health condition who was experiencing homelessness or was at imminent risk of homelessness prior to moving into housing to retain their housing and be a successful tenant in a housing arrangement, improve the residents health status, and connect the resident of the housing with community-based health care, treatment, or employment services. Permanent supportive housing is subject to all the rights and responsibilities defined in chapter 59.18 RCW. Source: RCW 36.70A.030. “Emergency housing” means temporary indoor accommodations for individuals or families who are homeless or at imminent risk of becoming homeless that is intended to address the basic health, food, clothing, and personal hygiene needs of individuals or families. Emergency housing may or may not require occupants to enter into a lease or an occupancy agreement. Source: RCW 36.70A.030.

**Benefits:** Like housing stability tools and Housing Element, actions to address transitional and supportive housing align with the Comprehensive Plan Human Service Element Goals HS-2 and particularly HS-3. Policy HS 2.2 explicit seeks to “Support programs that meet the critical needs of vulnerable populations, particularly those most at risk of homelessness.” This action supports those without homes or at risk with losing their homes, seniors, and persons with disabilities.

**Anticipated Challenges:** Transitional housing requires a large amount of subsidy, which can make it difficult to provide the number of units needed in an area. The County relies on funding sources from federal and state programs as well as partnership with mission-based organizations.

Action 8.1. Review and refine definitions in code related to transitional housing, occupancy intensity of use, and spacing, and identify potential ways to increase the supply of emergency housing.

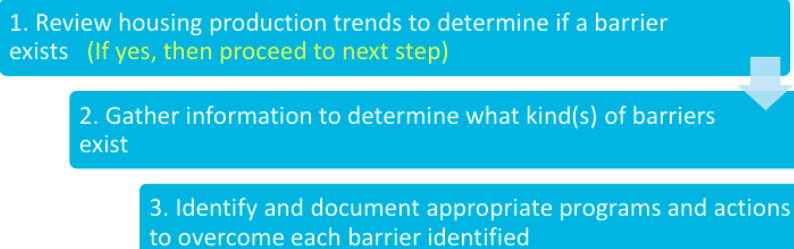
## Background

Transitional and emergency units provide critical housing for community members who are in danger of becoming homeless. House Bill 1220 amended Washington State's Growth Management Act (GMA) in 2021 and requires jurisdictions to plan for and accommodate housing affordable to all income levels, including specific considerations for transitional housing, permanent supportive housing, emergency shelters and emergency housing. This requires that cities plan for zoning and development regulations related to transitional housing and permanent supportive housing for people who are homeless or at risk of homelessness. Cities may impose reasonable occupancy, spacing, and intensity of use requirements.

The HNA found that there is currently little to no housing located on Bainbridge Island that provides emergency housing and currently no shelters for those without homes available. Organizations like Housing Resources Bainbridge and Helpline House offers rental assistance and case management services, but there is a need to make emergency housing units available on Bainbridge to serve households experiencing instability.

Refining code language for permanent supportive housing, emergency housing, and emergency shelters is also a best practice recommended by state legislation and can create a clearer path for transitional housing providers. Bainbridge does not currently have explicit definitions for 'transitional housing' or 'permanent supportive housing,' or separate guidelines related to occupancy, spacing, or intensity of use. Providing further clarity in the code and avoiding restrictive standards for these housing types can ease their development. It would also allow the City to make the steps recommended by the Department of Commerce for documenting programs and actions to achieve housing availability:

Exhibit 26. Recommended Steps for Documenting Programs and Actions to Achieve Housing Availability  
Source: Washington Department of Commerce



## Evaluation

**Category:** Quick Win; **Action Type:** Policy Change; **Staff Resources Needed:** 

**Impact on Housing Availability:** Housing Production: N/A and Housing Type and Income: Supported, Low Household Income Level

## Action 8.2. Centralize a user-friendly platform for individuals to apply for affordable housing.

### Background

Conversations with stakeholders and community members have indicated that accessing affordable and permanent supportive housing can be difficult, especially for residents with limited access to technology or knowledge of navigating existing processes. Affordable housing providers on Bainbridge currently have long waiting lists of over 100 households seeking affordable units, and it can be difficult for some individuals and households to get connected with the right resources.

A central platform can reduce barriers for those in need of transitional, supported, and affordable housing to access those services and remove difficulties with navigating current processes. The City could explore partnerships with Kitsap County to help execute this action.

Kitsap County recently established a Housing Solutions Center, administered by Kitsap Community Resources, to offer a one-stop housing resource center for persons in need to access housing resources, referrals to shelter beds, rental assistance, and many other housing related programs. Various community services organizations across Kitsap County serve as partners to this center. There is a resource center already established for those experiencing homelessness or a housing crisis at the Bainbridge Island Helpline House. This action calls for coordination with this center to expand services and identify ways to help individuals and households get more effectively connected with the housing resources they need to effectively lower waiting time.<sup>84</sup>

### Evaluation

**Category:** Quick Wins **Action Type:** Partnerships

**Impact on Housing Availability:**

- Housing Production: 
- Housing Type and Income Level: Supported, Low Household Income Level

**Staff Resources Needed:** 

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<sup>84</sup> <https://www.kitsapgov.com/hs/Pages/HH-Housing-and-Homelessness-Landing.aspx>

**Action 8.3. Support improved housing accessibility through design, such as through incentives encouraging visitability design features for a portion of a housing development project.**

## Background

'Visitability' describes universal design features that make homes more accessible, particularly for older adults who wish to live in their home as they age. Although potentially not needed for every unit in a community, accessible-by-design features encourage equitable use by providing accommodations for seniors and people with disabilities. For example, a home can provide a barrier-free entrance (no more than one step), at least one first floor accessible bathroom, and adequate hallway widths and doorway entrances for a wheelchair. Jurisdictions can provide technical assistance to help with implementation and can encourage this type of design with voluntary design guidelines, or incentives like certifications or fast tracking for building permits. Enhanced visitability may be difficult for middle housing types like stacked duplexes and triplexes. Providing incentives (rather than requirements) for universal design can encourage more production or renovation projects that provide accessible options without mandates that could inhibit diverse housing types.

The City could explore whether to provide AARP HomeFit Guide type incentives and could consider providing developers with recommendations and information on universal design without an incentive or requirement, requiring minimal staff capacity.<sup>85</sup> Although it would require more extensive work, the City could also extend incentives such as fast-track permitting, full or partial impact fee waivers, and other tools (such as those detailed in Action 1.2) for accessible units to encourage more housing options for seniors and disabled residents.

### Best Practice: Portland, OR

Portland, Oregon included visitability standards in its Residential Infill Project to increase physical accessibility of dwelling units, particularly middle-housing types. The city implements visitability as both a requirement in some areas and an incentive in others. The requirement is limited in scope to multiunit buildings (with three or more units) in single-dwelling zones, where one third of units must meet visitability criteria. The City's incentive provides bonus floor area ratio (up to a 1.0 increase) in other areas when at least 25 percent of dwelling units on a site meet these standards:

- A visitable, no-step entrance
- At least one visitable bathroom
- A visitable living area accessible by ramp, elevator, or lift
- Visitable doors which are at least 34 inches wide

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<sup>85</sup> <https://www.aarp.org/livable-communities/housing/info-2020/homefit-guide.html>

## Evaluation

**Category:** Quick Win

**Action Type:** Technical Assistance, Policy Change

**Impact on Housing Availability:** Housing Production: N/A and Housing Type and Income Level: All, All Household Income Levels

**Staff Resources Needed:** 

## Strategy 9. Increase Housing Development Opportunities in Designated Centers



Increasing density in targeted areas can reduce greenhouse gas emissions associated with driving, encourage active transportation, and increase quality of life for residents. Moderate density increases have been successful in the Winslow area through regulatory initiatives and could be further enhanced with additional policies. This kind of intentional approach could be applied to other designated centers on Bainbridge to help meet climate goals, which were found to be a particularly important for residents during the community survey.

The City's Land Use Vision for 2036, articulated in its 2017 Comprehensive Plan defines Designated Centers as "compact, human-scaled and pedestrian-oriented, promoting a healthy lifestyle and are linked to each other and the region by a network of trails and transit." This work identified the Winslow Area as well as Lynwood Center, Rolling Bay, and Island Center as areas for concentrating cultural amenities, employment, and housing opportunities.

### Equity Review:

These actions to increase opportunities in designated centers likely will not provide immediate, direct support for low- or moderate-income households, as new housing development in designated centers has typically been for market rate units. However, these strategies could provide more options for middle income workers, enhance access to employment, and support climate goals for the Island, and reduce overall supply issues that indirectly affect households making lower incomes. Coupled with other identified actions, e.g., updating the City's inclusionary zoning program, this could result in development in designated centers across the income spectrum, which would support more equitable access to diverse housing options.

### Benefits:

Development in designated centers carry environmental benefits in line with Guiding Principle 7 of the City of Bainbridge Island's 2017 Comprehensive Plan, as well as Strategy 4.A.2 of the City's 2020 Climate Action Plan, which seeks to "Promote mixed use development and multi-family housing in core areas that enables greater use of non-motorized transportation options and prioritize transit-oriented new development." These actions benefit: smaller households, seniors, small families, and younger persons.

### Challenges:

There is a limited amount of available developable land in Designated Centers on Bainbridge Island and these areas tend to be conducive to other types of non-residential types of development such as commercial development. Additionally, not all Designated Centers have sewer infrastructure and therefore have limited growth potential.

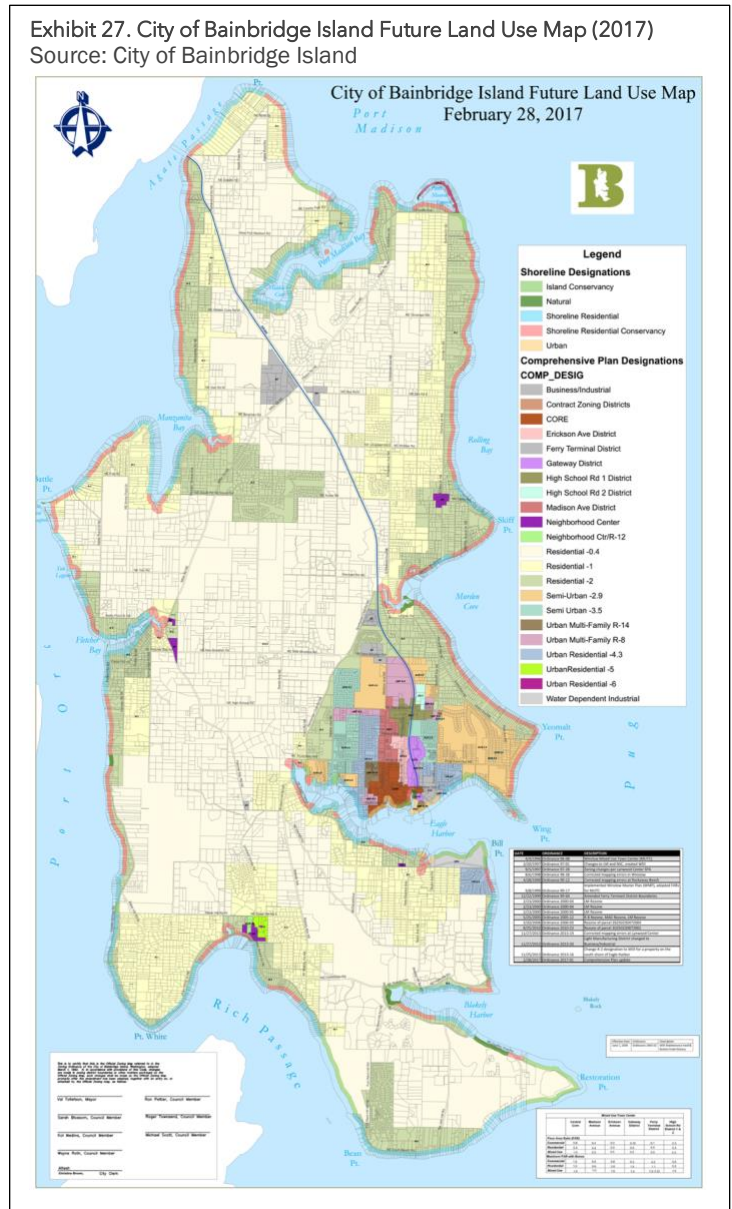
Action 9.1. Increase residential density in Designated Centers with sewer infrastructure (existing or planned).

### Background

Increasing residential density aligns with existing plans for certain areas of Bainbridge, including the Winslow area and other centers around the island. Increasing density in targeted areas can reduce greenhouse gas emissions associated with driving, encourage active transportation, and increase quality of life for residents. This action focuses on increasing the residential density in areas that are being addressed in the Winslow Subarea Plan and where there are Centers, acknowledging that there may be refinements with the upcoming 2024 Comprehensive Plan Periodic Update process.

**A. Winslow Area.** Increasing moderate density has been successful in the Winslow area through regulatory initiatives, such as the HDDP program; there is potential to see more success through increases to the base density as well as building height. Currently, the Bainbridge Island code standards for the Winslow Mixed Use Town Center Area allow:

- **Building Height** between 25 to 35 feet as the base standard, with variation between the Central Core, Madison Avenue, Ericksen Avenue, Gateway, and Ferry Terminal, and High School



Road. However, the code allows a bonus of 10 ft for locating parking underground or below the occupiable space of a planned building.

- **Floor Area Ratio (FAR)** varies based on use and zoning district. Generally, the Central Core Overlay allows for the greatest density as follows:
  - Residential: from 0.4 to 1.0
  - Commercial: from 0.6 (former bonus 1.0 commercial FAR currently not available)
  - Mixed Use: from 1.0 to 1.5

There are also existing **bonuses** for inclusion of affordable housing or ferry-related parking. For affordable housing, the difference between the base residential density and the maximum residential density must be dedicated to affordable housing. These may increase densities in the Winslow mixed use areas as follows:

- Residential: from 0.3 to 1.1
- Mixed Use: from 0.5 to 1.5

Additionally, the Residential zones in Winslow (R-2, R-2.9, R-3.5, R-4.3, R-8, and R-14) should be considered for moderate density increases.

**B. Other Centers.** Bainbridge also has other Designated Center areas. The 2017 Comprehensive Plan specifically highlights Lynwood Center, Rolling Bay, and Island Center as mixed use designated centers. In these areas, the City could begin to pursue changes to zoning and use standards that allow for more compact development. Currently, areas with the zoning designation 'Neighborhood Center' permit multifamily dwellings, but residential developments must follow the R-2 standards, which requires at least 20,000 square feet per dwelling unit. These areas can currently achieve bonus densities through affordable housing allocations, transfer of development rights, or mixed-use commercial/residential building; these allow up to five units per acre with the strongest incentives. Only Lynwood Center is served by public sewer, Sewer District 7, which has capacity limitations. Island Center and Rolling Bay have no sewer capacity whatsoever, making dense development unlikely at this time.

## Evaluation

**Category:** Stretch

**Action Type:** Policy Change

**Impact on Housing Availability:**

- Housing Production: varies from  (in the Neighborhood Center Areas) to  (Winslow)
- Housing Type and Income Level: All, Middle to High Household Income Level

**Staff Resources Needed:** 

## Action 9.2. Use tax increment financing in Designated Centers to fund infrastructure upgrades and affordable housing.

### Background

Tax Increment Financing (TIF) is a tool that can be used to facilitate private investment in a local area.<sup>86</sup> It is intended to capture appreciated property values by using increased taxes to finance infrastructure improvements, increase economic development opportunities, and support local job growth.

The newly updated Washington State TIF law has significantly improved local area infrastructure funding for local governments (chapter 39.114 RCW).<sup>87</sup> Tax increment financing captures property taxes generated from the increased assessed valuation that results from private development following infrastructure investment. In Washington, local jurisdictions wishing to utilize TIF will designate an "increment area" surrounding the site of the public improvements. In Washington, a local jurisdiction must pass an ordinance that designates the increment area that is expected to benefit from new development, identifies the infrastructure improvements to be financed, and states whether bonds will be issued.

Since the new TIF law allows funds to be used for infrastructure as well as to support the production of affordable housing, the City should explore where infrastructure improvements should be added to support housing development and use TIF revenues to support the creation of affordable housing, most likely within designated centers. The City could submit a Request for Proposals from private developers to develop a TIF site, identifying needed infrastructure projects which are eligible under state law. Additional work should be completed to detail the location of the district, public improvement costs, TIF revenues, proof development would not happen if the infrastructure was not constructed, and other elements required under the law.<sup>88</sup>

Given the newness of the TIF provisions, the City should thoroughly research different TIF options and eligibility requirements and analysis of future development potential, TIF revenues, and potential

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<sup>86</sup> TIF financing has become a viable tool to use in Washington cities due to new state legislation signed on May 10, 2021. TIF enables local governments to promote private development in targeted areas by financing public infrastructure and community improvements with the additional property taxes resulting from increased property values due to improvements. TIF is widely used across the nation, but Washington previously had barriers preventing traditional use of this tool. Now this tool can be used to capture all the additional local property tax revenue rather than previous restrictions associated with the One Percent Rule. Source: <https://www.jdsupra.com/legalnews/washington-state-s-expanded-tif-4871064/>

<sup>87</sup> ESHB 1189 establishes that the earliest time for increment area to into effect would be June 1, 2022. Source: <https://www.jdsupra.com/legalnews/washington-state-s-expanded-tif-4871064/>

<sup>88</sup> Requirements for TIF, <https://mrsc.org/Home/Stay-Informed/MRSC-Insight/September-2021/Tax-Increment-Financing-Now-Available-in-WA.aspx>. Once an increment area is established, the boundaries cannot be modified.

mitigation needs. Example relevant eligible infrastructure improvements associated with housing development can include:

- Street and road construction
- Water and sewer system construction and improvements
- Stormwater and drainage management systems



There are also limitations to TIF set by the state which the City should consider in its planning. Local governments can have up to two active increment areas within a community, which are not allowed to overlap. The assessed value can only reach \$200 million or 20 percent of the jurisdiction's total assessed value. An increment area can use TIF for up to 25 years after the first allocation revenues are collected.<sup>89</sup> Since the City may only have two of these areas, it's important to carefully decide where and when to select increment areas. The City can work to prioritize areas where infrastructure improvements could attract housing development which benefits the community. On Bainbridge, designated centers are likely the most advantageous areas to implement a TIF area that can support housing development because they have the most potential for providing a greater number of new units located close to employment, transit, and services.

The City could also potentially connect this with Action 1.1 to expand the MFTE program on Bainbridge. Some residential zones could be eligible for MFTE now (R-8 and R-14), and other zones may be eligible in the future if up-zoning occurs. However, these areas must also have adequate public facilities such as streets, sidewalks, lighting, transit, domestic water, and sanitary sewer systems to qualify for MFTE per state regulation. If the City finds that there are areas lacking in areas where MFTE would otherwise have high potential but lack needed infrastructure, it could consider those needs strategically when designating increment areas.

## Evaluation

**Category:** Stretch Action; **Action Type:** Financial Support

**Impact on Housing Availability:**

- Housing Production:  
- Housing Type and Income Level: Supported types of housing, Low to Middle Household Income Levels

**Staff Resources Needed:**   

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<sup>89</sup> [https://mrsc.org/explore-topics/finance/revenues/tax-increment-financing-\(tif\)](https://mrsc.org/explore-topics/finance/revenues/tax-increment-financing-(tif))

Action 9.3. Evaluate parking requirements to support workforce housing near ferry terminal and in the greater Winslow area, and Neighborhood Center (NC) areas.

## Background



The current Ferry Terminal Overlay zone has been somewhat effective in encouraging denser development around the Winslow area. Its purpose as outlined in BIMC 18.06.030.A.5 describes the district as a pedestrian- and transit-oriented, mixed-use neighborhood that complements the character and vitality of the core and serves the neighborhood and commuters. Aligning land use regulations with the ferry terminal location and other transit connections can support residents and workers by providing flexible options for employment and housing. In the Ferry Terminal Overlay zone, evaluating and easing parking requirements and adjusting affordability incentives could encourage more transit-oriented development. Current parking standards in the Winslow and NC areas require 2 spaces per dwelling unit, which can be reduced to one space for units above commercial space, no larger than one-bedroom, or within ½ mile of the ferry terminal. There are transit stops throughout Winslow and the NC areas. The City could consider eliminating parking minimums entirely or reduce the number of spaces required per unit.

**Parking.** Current zoning in the Ferry Terminal Overlay district requires slightly different parking space allocations compared with other overlay districts in the Winslow area. Commuter-oriented retail must provide one space per peak shift employee and between one and three spaces per 1,000 square feet of commercial uses (BIMC 18.15.020.C). Comparatively, most other overlay districts in the Winslow area aside from the Central Core must provide between four to five parking spaces per 1,000 square feet of floor area. For residential uses, all overlay districts must provide one parking space per studio or one bedroom unit, and two parking spaces for all other dwelling units. The code also incentivizes developers to provide ferry parking through an additional 10 feet of building height and an additional 0.2 floor area ratio (FAR) for relocating existing legal surface ferry commuter parking on site to under-building or below-grade parking (BIMC 18.12.030.E.2).

Transit-oriented development best practices suggest reducing the parking requirements to require no more than one space per dwelling unit for areas within walking distance (around ½ mile) from a transit route or stop (ferry and bus transit). Surface level parking spaces can easily add \$5,000 to \$7,000 per space to the cost of development, pushing the development costs to be infeasible, making reductions in requirements a potentially powerful tool when it comes to reducing barriers for development.

## Evaluation

**Category:** Quick Win; **Action Type:** Policy Change; **Staff Resources Needed:** 

**Impact on Housing Availability:** Housing Production:  to  (depends on the availability of developable land in target areas) and Housing Type and Income Level: All types, mostly targeting housing for middle household incomes

### 4.3 Summary of Actions

The following table helps to summarize all the strategies and actions to help understand how effectively the plan includes a broad range of actions to meet diverse housing needs. The table describes the type of action and its rating, how it impacts the housing supply, whether it helps with market and/or supported housing (low to moderate income subsidized housing), and the applicable geographic area. In total, the housing action plan includes 9 strategies and 30 actions. Most of the actions were rated as involving “continuing work” (approximately 13, or 43 percent), 10 were considered “quick wins” (33 percent) and the remaining 7 were considered “stretch” actions (23 percent). In general, the stretch actions might take longer to implement due to the need for additional resources or political will, while in contrast, the quick wins could be implemented in the immediate future. An effective housing action plan should include a balance of quick wins, continuing work, and stretch goals.

- HAP Guiding Principles**

  1. Provide More Diverse Types of Housing
  2. Increase Affordable Housing for Low to Moderate Household Income Levels
  3. Stabilize Households & Prevent Residential Displacement
  4. Provide Supportive Housing for Seniors and Special Populations
  5. Increase Housing for Bainbridge Workers
  6. Encourage Sustainable Development

Exhibit 28. Comprehensive Comparison of Proposed Actions

Description	Actions			Housing			Area	Guiding Principles					
	Strategies and Actions	Type	Rating	Cost	Production, Rental	Market- Rate		Supported	1	2	3	4	5
<b>Strategy 1. Enact Affordable Housing Incentives and Policies. (3 Actions)</b>													
Action 1.1. Add improvements to the Multifamily Tax Exemption Program to increase program use including expanding the levels of income served (including low to moderate income level households).	Incentive and Research, Monitoring	Continuing Work	\$	Medium Rental Housing Potential	✓ Mixed income housing	✓ Low to Moderate	Eligible Areas in Winslow, Lynwood, and other Centers	✓	✓			✓	✓
Action 1.2. Extend affordable housing fee exemption to other permit fees and defer payment of select development fees. Introduce fast-track permitting and provide more clarity and consistency in the design review process for supported affordable housing.	Incentive and Policy Change	Continuing Work	\$\$	Low to Medium Rental Housing Potential		✓ Low	Citywide, eligible areas for rent-restricted affordable housing	✓	✓				

Description	Actions			Housing				Guiding Principles					
Strategies and Actions	Type	Rating	Cost	Production, Rental	Market- Rate	Supported	Area	1	2	3	4	5	6
Action 1.3. Revise the existing voluntary inclusionary housing policy that includes an affordable housing density bonus to promote greater program usage; evaluate a mandatory program.	Incentive and Policy Change	Continuing Work	\$-\$	Medium Rental Housing	✓ Mixed Income housing	✓ Low to Moderate	Eligible Areas in Winslow, Lynwood, and Centers	✓	✓			✓	✓
<b>Strategy 2. Allocate Resources and Funding for Affordable Housing. (4 Actions)</b>													
Action 2.1. Allocate existing funds and expand the pool of resources for the City's Affordable Housing Trust Fund.	Financial Support	Continuing Work	\$\$\$	Low Rental Housing		✓ Low to Moderate	Citywide, eligible areas for rent-restricted affordable housing	✓	✓	✓	✓		
Action 2.2. Dedicate surplus city-owned land for supported affordable housing development.	Financial Support	Stretch	\$\$\$	Medium Rental Housing		✓ Low to Moderate	Select city owned parcels		✓	✓	✓		
Action 2.3. Strengthen relationships and support between the City and nonprofit and mission-based developers and consider facilitating or participating in a local affordable housing coalition.	Partnership	Continuing Work	\$	Medium Rental Housing		✓ Low to Moderate	N/A		✓	✓	✓		
Action 2.4. Examine the use of a local affordable housing levy to support affordable housing production.	Financial Support	Stretch	\$-\$	High Rental Housing		✓ Low to Moderate	N/A	✓	✓	✓	✓		
<b>Strategy 3. Implement Housing Stability Tools. (4 Actions)</b>													
Action 3.1. Identify anti-displacement policies suitable for Bainbridge Island that would help reduce the displacement of existing low to moderate income households.	Policy Change / Direct Support to Residents	Continuing Work to Stretch	\$	N/A Rental Housing	✓	✓ Low to Moderate	Citywide		✓	✓	✓		

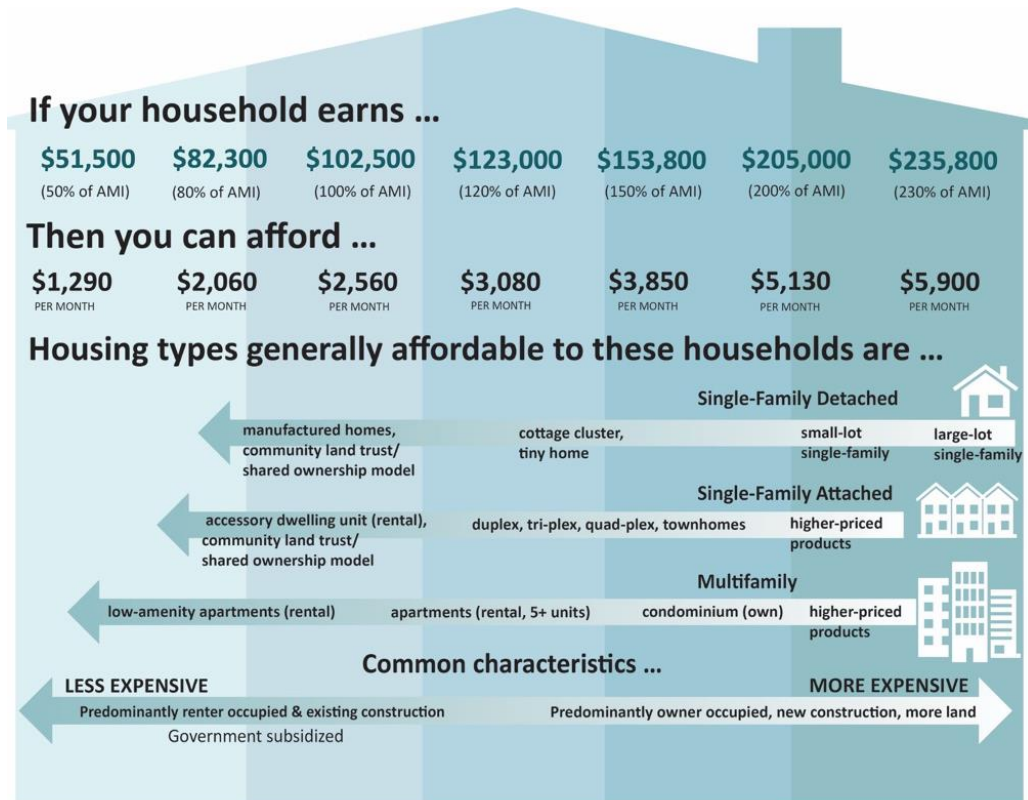
Description	Actions			Housing			Area	Guiding Principles						
	Type	Rating	Cost	Production, Rental	Market- Rate	Supported		1	2	3	4	5	6	
Action 3.2. Examine a potential human services funding program that would include the expansion of emergency rental/utility support to alleviate impacts for seniors and low-income homeowners. Expand direct resources supporting housing stability for tenants, landlords, and low-income homeowners.	Direct Support	Continuing Work	\$\$\$	N/A	✓	✓ Low to Moderate	N/A			✓	✓			
Action 3.3. Partner with nonprofits to support broader access to home rehabilitation, weatherization, and accessibility improvement programs.	Partnership, Financial Support	Continuing Work	\$\$-\$	Low	✓	✓ Low to Middle	Citywide			✓	✓		✓	
Action 3.4. Track the supply of regulated and naturally occurring affordable housing and engage with current operators to support continued affordability.	Research and Monitoring	Continuing Work	\$	N/A Rental Housing	✓	✓ Low to Moderate	N/A			✓	✓			
<b>Strategy 4. Promote Housing for Employees Working on Bainbridge Island. (4 Actions)</b>														
Action 4.1. Create partnerships with employers and local businesses to provide worker housing and work with the Chamber to identify scale and needs for the workforce. Monitor and consider options for scaling up effective worker housing initiatives and provide guidance for businesses on housing practices.	Partnership, Research and Monitoring	Quick Win	\$\$	Low Rental Housing	✓	✓ All, Low to Middle Income Levels	Select areas	✓					✓	✓
Action 4.2. Update code to support a broader diversity of unique small housing options.	Policy Change	Quick Win	\$	Medium	✓	Moderate to Middle Income Levels	Select zones, Designated Centers	✓			✓	✓	✓	
Action 4.3. Partner with mission-based developers to provide direct financial support for community land trust housing and housing cooperative development that is providing more affordable home ownership opportunities.	Direct Support	Stretch	\$\$-\$\$\$	Medium	✓	✓ All, tends to serve Moderate to Middle Income Levels	Select areas	✓		✓		✓	✓	

Description	Actions			Housing			Guiding Principles						
Strategies and Actions	Type	Rating	Cost	Production, Rental	Market- Rate	Supported	Area	1	2	3	4	5	6
Action 4.4. Pursue a social impact investment fund for affordable housing.	Partner-ship	Stretch	\$	Uncertain, Low to High		✓ Low to Moderate	To be Determined		✓	✓		✓	
<b>Strategy 5. Pursue Policy Updates to Support Diverse Missing Middle Housing Development. (2 Actions)</b>													
Action 5.1. Implement a middle housing code update to encourage duplexes, triplexes, and quadplexes.	Policy Change	Stretch	\$\$-	Medium	✓	All, tends to serve Moderate to High	Select areas	✓				✓	✓
Action 5.2. Ease the process for conversion of single dwelling units into subdivided multiple dwellings (i.e., duplexes) and study adaptive reuse opportunities on Bainbridge.	Policy Change	Quick Win	\$\$-	Low Rental Housing	✓	All, tends to serve Moderate to High	To be Determined	✓				✓	✓
<b>Strategy 6. Promote Sustainable Housing Development. (2 Actions)</b>													
Action 6.1 Make the Housing Design Demonstration Program permanent, not subject to replacement.	Policy Change/ Incentive	Quick Win to Stretch	\$	Low to Medium	✓	All	Eligible areas	✓	✓				✓
Action 6.2 Explore regulatory changes to encourage co-locating housing with other complementary development and uses (e.g., religious facilities).	Policy Change	Quick Win	\$	Low Rental Housing		✓ All	Select areas		✓		✓		✓
<b>Strategy 7. Support More Diverse Housing Options by Promoting ADU, Cottage Housing, and Tiny Home Development. (5 Actions)</b>													
Action 7.1. Add an allowance for up to one detached and one attached Accessory Dwelling Unit on a single property. Remove or reduce regulatory and fee related constraints for Accessory Dwelling Units.	Policy Change	Continuing Work	\$	Low to Medium Rental Housing	✓	Moderate to Middle	Eligible Areas	✓				✓	✓
Action 7.2. Develop and provide pre-approved ADU designs and guidebook.	Technical Assistance, Financial Support	Continuing Work	\$\$	Low Rental Housing	✓	Moderate to Middle	Eligible Areas	✓				✓	✓
Action 7.3. Adopt cottage housing code by allowing development of multiple units per parcel.	Policy Change	Continuing Work	\$\$-	Low	✓	Middle to High	Eligible Areas	✓				✓	✓
Action 7.4. Identify barriers and opportunities for tiny home development on foundations and tiny home villages and evaluate best practices for tiny homes on wheels.	Research and Monitoring	Continuing Work	\$	Low	✓	Moderate to Middle	Eligible Areas	✓		✓			✓

Description	Actions			Housing			Area	Guiding Principles						
	Type	Rating	Cost	Production, Rental	Market- Rate	Supported		1	2	3	4	5	6	
Action 7.5. Improve tracking of short-term rentals on Bainbridge and analyze their impact on the local housing market.	Research / Monitoring, Policy Change	Quick Win	\$	N/A		All	Citywide	✓						
<b>Strategy 8. Address Transitional and Supportive Housing Needs. (3 Actions)</b>														
Action 8.1. Review and refine definitions in code related to transitional housing, occupancy intensity of use, and spacing, and identify potential ways to increase the supply of emergency housing.	Policy Change	Quick Win	\$\$\$	N/A		✓ Low	Citywide	✓				✓		
Action 8.2. Centralize a user-friendly platform for individuals to apply for affordable housing.	Partnership	Quick Win	\$\$	Low Rental Housing		✓ Low	Select areas			✓	✓			
Action 8.3. Support improved housing accessibility through design, such as through incentives encouraging visitability design features for a portion of a housing development project.	Technical Assistance, Policy Change	Quick Win	\$	N/A	✓	✓ All	Citywide	✓				✓		
<b>Strategy 9. Increase Housing Development Opportunities in Designated Centers. (3 Actions)</b>														
Action 9.1. Increase residential density in Designated Centers with sewer infrastructure (existing or planned).	Policy Change	Stretch	\$	Low to High Rental Housing	✓	Middle to High	Designated Centers	✓					✓	✓
Action 9.2. Use tax increment financing in Designated Centers to fund infrastructure upgrades and affordable housing.	Financial Support	Stretch	\$\$	Medium Rental Housing	✓	✓ Low to Middle	Designated Centers	✓	✓					✓
Action 9.3. Evaluate parking requirements to support workforce housing near ferry terminal and in the greater Winslow area, and Neighborhood Center areas.	Policy Change	Quick Win	\$	Low to Medium	✓ Mixed income	All, mostly tends to serve Middle	Winslow Area						✓	✓

The following exhibit (Exhibit 29) provides a comparison of the Housing Action Plan actions with the broad range of household income levels and the housing types generally affordable to these households. This exhibit illustrates how there is a tendency to need more actions supporting low to moderate household incomes compared to high income households due to the scarcity of housing being provided for the lower to middle ranges.

Exhibit 29. Housing Action Plan Actions Compared to a Range of Household Income Levels



Extremely Low, Very Low, and Low Income (80% AMI or less)	Moderate (81 to 95% AMI)	Middle (96 to 120% AMI)	All Income Levels including 120%+
<p>Many strategies in the plan primarily support low-income households, who often face the highest levels of cost burdening and have the fewest market rate housing options.</p> <ul style="list-style-type: none"> <li>Affordable housing incentives (density bonus, fee reductions, fast-track permitting, etc.)</li> <li>Affordable housing levy</li> <li>Allocating funds for affordable housing</li> <li>Support for nonprofit developers</li> <li>Updating code language and tools for transitional housing</li> <li>Social impact investment fund</li> <li>Inclusionary zoning</li> <li>Expansion of the MFTE Program</li> <li>Surplus land donation</li> <li>Creating a user-friendly platform for affordable housing applications</li> <li>Emergency rents/utility support</li> <li>Tiny home villages</li> <li>Transitional/emergency housing</li> </ul>	<p>Some strategies in the plan primarily support moderate-income households, who are also struggling to find affordable housing options.</p> <ul style="list-style-type: none"> <li>Scaling up workforce housing initiatives</li> <li>Enhancing policies for manufactured homes and ADUs</li> <li>Home rehabilitation and weatherization programs</li> <li>Tracking the supply of naturally occurring affordable housing</li> <li>Expanding community land trust and housing cooperatives</li> <li>Expansion of the MFTE Program</li> <li>Inclusionary zoning</li> <li>Social impact investment fund</li> <li>Partnerships with employers to provide housing</li> <li>Code updates for diverse small housing options</li> </ul>	<p>Some strategies in the plan are targeted towards middle income households, particularly those focusing on affordable homeownership, including:</p> <ul style="list-style-type: none"> <li>Enabling missing middle ownership housing (duplexes, triplexes, etc.) and conversion of single-family units into multiple dwellings</li> <li>Improving opportunities for tiny homes, cottage clusters</li> <li>Code updates for diverse small housing options</li> <li>Expanding community land trust and housing cooperatives</li> <li>Evaluate parking and density requirements to encourage housing development in Designated Centers</li> <li>Parking requirements near ferry and in Winslow</li> </ul>	<p>Several strategies in the plan support all households regardless of income, including high-income households. These strategies include:</p> <ul style="list-style-type: none"> <li>A portion of the Housing Design Demonstration Program could be at any income level (emphasizing sustainable housing).</li> <li>Accessible housing design incentives</li> <li>Short term rental tracking</li> <li>Tax increment financing to support a range of housing types.</li> <li>Increase residential density in Designated Centers with sewer infrastructure</li> </ul>

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## SECTION 5: IMPLEMENTATION PLAN

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## 5.1 Proposed Implementation Plan Framework

The Bainbridge Island Housing Action Plan is a comprehensive approach for how to address housing needs and align these efforts across the City and with key partners. This section will provide an implementation blueprint showing the timing of actions, who will implement, and potential monitoring and performance measurements. Since Bainbridge is in the process of updating its Comprehensive Plan by 2024, actions involving amendments to the Comprehensive Plan should be included as a part of this update process to be as efficient as possible. In general, actions should be sequenced with other actions, plan updates, and work priorities to support feasibility.

The City could consider prepare an annual or bi-annual report (such as a scorecard) to evaluate HAP progress towards meeting the performance objectives (strategies), priorities for actions, and plan goals (such as the guiding principles). This report could describe prioritized areas of focus and a proposed work plan for the next several years. The action priorities could be discussed with partners and shared as a part of community outreach/involvement to ensure alignment with the plan of action. The City should complete an economic feasibility review when considering actions to stimulate housing or affordable housing production, e.g., updating development standards. This will help to ensure that the action can be structured in a way that is effective.

The following section outlines the approach to achieve effective implementation. The implementation plan also considers the level of resources needed, both in staff and other costs (e.g., consultant support). The detailed implementation plan, provided below, includes:

- A timeframe for implementing various actions.
- A list of departments and partners who are responsible for implementing different actions.
- A list of potential resource needs and opportunities, and housing effects.

For the timeframe, the planning horizon is six years commencing from 2024 and completed by 2030.

- **Short-term:** 1 year (2024 to 2025), 9 actions are currently included in this category
- **Medium-term:** 2-3 years (completed by 2027), 13 actions are currently included in this category
- **Long-term:** 4-6 years (completed by 2030), 8 actions are currently included in this category

**City Staff Resources:** How labor-intensive is this action?

- Minimal Staff Resources
- Moderate Staff Resources
- Intensive Staff Resources

**Costs:** How much would it cost to implement this action? This provides the estimated funding required to implement the strategy relative to other strategies.

- \$ Minimal Investment
- \$\$ Moderate Investment
- \$\$\$ Significant Investment

## 5.2 Detailed Implementation Plan

Implementation of Actions	Notes on current Comprehensive Plan (CP) consistency, 2024 CP Update, Winslow Subarea Plan (WSP) Update	Time frame	Who	City Staff Resources	Costs	Housing Production
<b>Action 1.1. Add improvements to the Multifamily Tax Exemption Program to increase program use including expanding the levels of income served (including low to moderate income level households).</b>	Related to WSP. CP: This action is related to Policy HO 4.4 ( <i>Partner with the for-profit sector to create affordable housing through the targeted use of the multifamily property tax exemptions in designated centers.</i> )	<b>Medium</b> (Continuing Work)	City of Bainbridge Island (COBI) Planning	Minimal	\$	<b>Medium</b>
<b>Action 1.2. Extend affordable housing fee exemption to other permit fees and defer payment of select development fees. Introduce fast-track permitting and provide more clarity and consistency in the design review process for supported affordable housing.</b>	CP: This action is related to Policy HO 4.5 (impact fee reduction part) and Policy HO 4.2 ( <i>Increase the efficiency of the review process and revise development standards for the High School Road and Ferry Terminal districts and other portions of the Winslow Area Master Plan to encourage the transformation of these areas from auto-oriented, low-rise, homogeneous commercial land use districts into walkable, transit-served, mid-rise, mixed-use areas with affordable housing.</i> )	<b>Long</b> (Continuing Work)	COBI Planning	Intensive	\$\$	<b>Low to Medium</b>
<b>Action 1.3. Revise the existing voluntary inclusionary housing policy that includes an affordable housing density bonus to promote greater program usage; evaluate a mandatory program.</b>	Related to WSP. CP: This action is related to Policy HO 6.2 ( <i>pursue effective strategies to reduce the land cost component of affordable housing which may include alternative land use zoning, density bonuses and other incentives.</i> )	<b>Medium</b> (Continuing Work)	COBI Planning, City Council	Moderate	\$\$-\$	<b>Medium</b>
<b>Action 2.1. Allocate existing funds and expand the pool of resources for the City's Affordable Housing Trust Fund.</b>	This action supports Policy HO 9.4 ( <i>Increase City support of the Housing Trust Fund and explore new sources of funding for the development and preservation of affordable housing.</i> )	<b>Medium</b> (Continuing Work)	City Council, COBI Finance	Moderate	\$\$\$	<b>Low</b>
<b>Action 2.2. Dedicate surplus city-owned land for supported affordable housing development.</b>	Related to WSP. CP: This action is related to Policy HO 4.3 ( <i>Partner with non-profit or for-profit housing sectors to create new multifamily housing in designated centers including a significant percentage of affordable housing through the joint or exclusive use of surplus publicly owned property.</i> ) This action also is connected to Policy HO 9.5 ( <i>Consider the options for making City-owned land or air-space available through long-term leases or other mechanisms for the purpose of creating income-qualified housing and support other public entities that wish to use publicly-owned land for this purpose. Take into consideration however, the full range of uses that City-owned properties may serve over the long-term.</i> )	<b>Long</b> (Stretch)	COBI Planning, City Council, possibly involve nonprofits and Kitsap County	Intensive	\$\$\$	<b>Medium</b>
<b>Action 2.3. Strengthen relationships and support between the City and nonprofit and mission-based developers and consider facilitating or participating in a local affordable housing coalition.</b>	Policy HO 4.3 (see above).	<b>Medium</b> (Continuing Work)	COBI Planning	Minimal	\$	<b>Medium</b>

Implementation of Actions	Notes on current Comprehensive Plan (CP) consistency, 2024 CP Update, Winslow Subarea Plan (WSP) Update	Time-frame	Who	City Staff Resources	Costs	Housing Production
<b>Action 2.4. Examine the use of a local affordable housing levy to support affordable housing production.</b>	This action is related to various HO policies and goals. In particular, this action could support increased progress towards meeting goals associated with increasing the supply of low to moderate income housing (discussed under Goal HO-1).	<b>Long</b> (Stretch)	COBI Planning	Moderate	\$-\$\$	<b>High</b>
<b>Action 3.1. Identify anti-displacement policies suitable for Bainbridge Island that would help reduce the displacement of existing low to moderate income households.</b>	Required by HB 1220 (relates to Policy HO-7). This action promotes Policy HO 7.3 ( <i>Explore measures and the merits of source-of-income discrimination controls</i> ).	<b>Short</b> (Continuing Work to Stretch)	COBI Planning	Moderate	\$	<b>N/A</b>
<b>Action 3.2. Examine a potential human services funding program that would include the expansion of emergency rental/utility support to alleviate impacts for seniors and low-income homeowners. Expand direct resources supporting housing stability for tenants, landlords, and low-income homeowners.</b>	This action relates to Policy HO 8.3 ( <i>Support programs that provide assistance to low-income, elderly and disabled persons to repair, rehabilitate or retrofit homes to be more accessible and safe.</i> )	<b>Long</b> (Continuing Work)	COBI Human Services, Kitsap County Resources	Minimal	\$\$\$	<b>N/A</b>
<b>Action 3.3. Partner with nonprofits to support broader access to home rehabilitation, weatherization, and accessibility improvement programs.</b>	This action is related to Policy HO 3.4 ( <i>Partner with non-profit housing organizations, churches, the development community, local lending institutions, elected officials and the community at large to assist in meeting affordable housing goals and implementing strategies</i> ). This action promotes Policy HO 8.3.	<b>Medium</b> (Continuing Work)	Kitsap County Resources, nonprofits	Minimal	\$-\$\$	<b>Low</b>
<b>Action 3.4. Track the supply of regulated and naturally occurring affordable housing and engage with current operators to support continued affordability.</b>	This action could support Goal HO-5, addressing the need to maintain the existing affordable and rent-assisted housing.	<b>Short</b> (Continuing Work)	COBI Planning	Minimal	\$	<b>N/A</b>
<b>Action 4.1. Create partnerships with employers and local businesses to provide worker housing and work with the Chamber to identify scale and needs for the workforce. Monitor and consider options for scaling up effective worker housing initiatives and provide guidance for businesses on housing practices.</b>	Related to WSP. CP: This action is related to CP Goal EC-5 ( <i>Provide a variety of affordable housing choices so that more people who work on Bainbridge Island can live here</i> ) and Policy HO 3.4.	<b>Medium</b> (Quick Win)	Local employers, Bainbridge Chamber	Minimal to Moderate	\$\$	<b>Low</b>
<b>Action 4.2. Update code to support a broader diversity of unique small housing options.</b>	Related to WSP. CP: This action is related to Policy HO-6 ( <i>Develop standards to encourage development of small to mid-size single-family housing units. These provisions may include a framework to permit small-unit housing development such as tiny houses, micro units and cottage housing.</i> ) This action also relates to Policy HO 5.3 ( <i>Support water-based (live-aboard) housing as a viable component of the present and future housing stock of Bainbridge Island, subject to applicable environmental protection, seaworthiness, sanitation and safety standards, and authorized moorage.</i> )	<b>Short</b> (Quick Win)	COBI Planning	Minimal	\$	<b>Medium</b>

Implementation of Actions	Notes on current Comprehensive Plan (CP) consistency, 2024 CP Update, Winslow Subarea Plan (WSP) Update	Time-frame	Who	City Staff Resources	Costs	Housing Production
<b>Action 4.3. Partner with mission-based developers to provide direct financial support for community land trust housing and housing cooperative development that is providing more affordable home ownership opportunities.</b>	This action is related to HO 6.1 ( <i>Encourage housing created by agencies such as a community land trust</i> ) and Goal EC-5 and Policy HO 3.4.	<b>Long</b> (Stretch)	COBI Planning, Nonprofits, mission-based developers	Moderate	\$\$- \$\$\$	<b>Medium</b>
<b>Action 4.4. Pursue a social impact investment fund for affordable housing.</b>	This action is related to CP Goal EC-5.	<b>Long</b> (Stretch)	Nonprofit, private sector entities, partnership with COBI Planning	Moderate	\$	<b>Uncertain, Low to High</b>
<b>Action 5.1. Implement a middle housing code update to encourage duplexes, triplexes, and quadplexes.</b>	Related to WSP. CP: This action is related to Goal HO-3 (housing diversity).	<b>Medium</b> (Stretch)	COBI Planning	Moderate	\$\$-\$	<b>Medium</b>
<b>Action 5.2. Ease the process for conversion of single dwelling units into subdivided multiple dwellings (i.e., duplexes) and study adaptive reuse opportunities on Bainbridge.</b>	Related to WSP. CP: This action is related to Policy HO 3.1, encouraging innovative zoning regulations that increase the variety of housing types and choices to a range of household size and incomes that is compatible with existing neighborhoods.	<b>Medium</b> (Quick Win)	COBI Planning, City Council	Moderate	\$\$-\$	<b>Low</b>
<b>Action 6.1 Make the Housing Design Demonstration Program permanent, not subject to replacement.</b>	This action is related to Policy HO 3.1. This action is also Policy HO 6.3 (mentioning the need to maintain an innovative housing program).	<b>Short</b> (Quick Win to Stretch)	COBI Planning, City Council	Minimal	\$	<b>Low to Medium</b>
<b>Action 6.2 Explore regulatory changes to encourage co-locating housing with other complementary development and uses (e.g., religious facilities).</b>	Related to WSP. CP: This action is related to Policy HO 3.1, encouraging innovative zoning regulations that increase the variety of housing types and choices to a range of household size and incomes that is compatible with existing neighborhoods.	<b>Medium</b> (Quick Win)	COBI Planning, City Council	Minimal	\$	<b>Low</b>
<b>Action 7.1. Add an allowance for up to one detached and one attached Accessory Dwelling Unit on a single property. Remove or reduce regulatory and fee related constraints for Accessory Dwelling Units.</b>	Related to WSP. CP: This action is related to Policy 4.6 ( <i>Allow accessory dwelling units in all residential zones, except at Point Monroe, the Sandspit (R6). Review and revise regulations as appropriate to create reasonable flexibility regarding development standards including lot coverage, setbacks, parking requirements and Health District requirements for water and sewage.</i> )	<b>Medium</b> (Continuing Work)	COBI Planning, City Council	Minimal	\$	<b>Low to Medium</b>
<b>Action 7.2. Develop and provide pre-approved ADU designs and guidebook.</b>	This action is related to Goal HO-3 (housing diversity).	<b>Medium</b> (Continuing Work)	COBI Planning, consultant support	Moderate	\$\$	<b>Low</b>

Implementation of Actions	Notes on current Comprehensive Plan (CP) consistency, 2024 CP Update, Winslow Subarea Plan (WSP) Update	Time-frame	Who	City Staff Resources	Costs	Housing Production
<b>Action 7.3. Adopt cottage housing code by allowing development of multiple units per parcel.</b>	Related to WSP. CP: This action is related to Goal HO-3 (housing diversity).	<b>Medium</b> (Continuing Work)	COBI Planning	Minimal	\$-\$-\$	<b>Low</b>
<b>Action 7.4. Identify barriers and opportunities for tiny home development on foundations and tiny home villages and evaluate best practices for tiny homes on wheels.</b>	This action is related to Goal HO-3 (housing diversity).	<b>Short</b> (Continuing Work)	COBI Planning	Minimal	\$	<b>Low</b>
<b>Action 7.5. Improve tracking of short-term rentals on Bainbridge and analyze their impact on the local housing market.</b>		<b>Short</b> (Quick Win)	COBI Planning and Finance	Moderate	\$	<b>N/A</b>
<b>Action 8.1. Review and refine definitions in code related to transitional housing, occupancy intensity of use, and spacing and identify potential ways to increase in the supply of emergency housing.</b>	Required by HB 1220.	<b>Short</b> (Quick Win)	COBI Planning	Minimal	\$-\$-\$	<b>N/A</b>
<b>Action 8.2. Centralize a user-friendly platform for individuals to apply for affordable housing.</b>	This action relates to Policy HO 8.3.	<b>Medium</b> (Quick Win)	COBI Planning, nonprofits	Minimal	\$\$	<b>Low</b>
<b>Action 8.3. Support improved housing accessibility through design, such as through incentives encouraging visitability design features for a portion of a housing development project.</b>	This action supports Policy HO 4.8 ( <i>Evaluate the efficacy of existing regulations in facilitating the provision of assisted and independent living senior housing and take action to amend development regulations as needed.</i> )	<b>Short</b> (Quick Win)	COBI Planning	Minimal	\$	<b>N/A</b>
<b>Action 9.1. Increase residential density in Designated Centers with sewer infrastructure (existing or planned).</b>	Directly related to WSP. CP: This action is related to Policies HO 4.1 ( <i>encourage new multifamily housing in a variety of sizes and forms in designated centers</i> ) and HO 3.7 ( <i>Expand opportunities for infill in the residential neighborhoods of the Winslow Subarea Plan study area and the Neighborhood Centers.</i> )	<b>Long</b> (Stretch)	COBI Planning	Intensive	\$	<b>Low to High</b>
<b>Action 9.2. Use tax increment financing in Designated Centers to fund infrastructure upgrades and fund affordable housing.</b>	Related to WSP. CP: This action is related to Policies HO 4.1 and HO 3.7.	<b>Long</b> (Stretch)	COBI Planning, City Council	Intensive	\$\$	<b>Medium</b>
<b>Action 9.3. Evaluate parking requirements to support workforce housing near ferry terminal and in the greater Winslow area, and Neighborhood Center (NC) areas.</b>	Related to WSP. CP: This action is related to Policy 4.5.	<b>Short</b> (Quick Win)	COBI Planning	Minimal	\$	<b>Low to Medium</b>

### 5.3 Monitoring Implementation Progress

This section provides a set of options for measuring the performance of different strategies such as developing a dashboard which monitors Bainbridge Island’s action plan progress. The City should track its progress towards achieving its housing goals by developing a set of indicators to track on a regular basis. Determining the exact indicators and monitoring frequency will require additional research on availability of data, availability of staff time and tracking systems, as well as discussions with City leaders and the community to ensure that the chosen indicators adequately gauge equitable housing progress. The Exhibit below provides examples of potential indicators that the City could track.

Exhibit 30. Potential Indicators to Consider for Monitoring Action Plan Progress

General Plan Performance Metrics	Potential Indicators and Data Sources
Increase affordable housing units	Number of properties or units acquired/preserved by City, Kitsap County, or other organizations/housing providers (report by AMI). Potential Data Sources: City of Bainbridge Island, Kitsap County, etc.
	Share of rent-burdened residents. Potential Data Source: Census (ACS) and HUD.
	Number of requests the City and County receives for tenant assistance (waiting list information). Potential Data Sources: HRB, Kitsap County, Housing Kitsap
	Share of racial and ethnic diversity as compared to Kitsap County and region. Race and ethnicity could be compared to housing tenure (ownership vs. rental), median household income, cost burdening, and type of housing. Potential Data Sources: Census.
	Number of new affordable housing units built via MFTE, Inclusionary Housing/Zoning policy (report by AMI), and other key housing programs. Potential Data Sources: City of Bainbridge Island
	Number and description of affordable housing projects and partnership driven projects (describe partners and contributions). Potential Data Sources: Various such as City of Bainbridge Island, Kitsap County, HRB, etc.
Increase both market-rate and affordable housing production	Number and location of new market-rate and affordable homes on Bainbridge Island. Potential Data Sources: Kitsap County, City of Bainbridge Island, Washington State Office of Financial Management.
Increase housing options and choices	Number and type of new homes produced and total within the City over time - location, tenure, size, sale price/asking rent, and unit type (ADUs, backyard homes, condos, apartment, duplex, triplex, quadplex, townhome, etc.). Potential Data Sources: City of Bainbridge Island, Kitsap County Assessor, CoStar, Census, or Washington State of Office of Financial Management.
Increase in education and awareness on housing topics	Number of factsheets and educational materials released. Potential Data Sources: City of Bainbridge Island
	Number of meetings, training/educational workshops, events. Potential Data Sources: City of Bainbridge Island
	Number of participants, views to city website, requests for information. Potential Data Sources: City of Bainbridge Island

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# APPENDIX

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## A-1. State and Federal Affordable Housing Funding

This section describes the main state and federal affordable housing funding sources available to those looking to construct affordable housing properties on Bainbridge Island. This section focuses solely on the main funding sources and indirect financing sources that provide financial benefits to affordable housing projects via reduced costs. Many of the funding sources could be allocated by federal government but are administered by state and local housing finance agencies.

### *Washington State Funding Sources*

As shown below, the Washington State Housing Finance Commission offers several funding programs to build multifamily affordable housing.

- **The Low-Income Housing Tax Credit (LIHTC)** program is the largest source of funding established for affordable housing and is an indirect subsidy (in the form of a reduced federal income tax liability) for private companies to invest in affordable housing. This program is administered by state and local housing finance agencies in accordance with U.S. Treasury Department stipulations. Generally, LIHTC recipients receive the credit over one decade and in exchange, the housing units must be kept affordable for at least three decades (states can stipulate a longer period). In Washington State, the Housing and Finance Commission provides two types of LIHTC programs: the 9 percent tax credit and the 4 percent bond tax credit program. The 9 percent tax credit program is more valuable, but limited, and is awarded competitively through annual funding applications.<sup>90</sup> Large renovation projects tend to use the 9 percent option while smaller preservation and acquisition-rehab projects tend to take advantage of the 4 percent option. The 4 percent bond tax credit program is less valuable for project financing, but the program is not always competitive. This option is available if more than half the project is financed with tax-exempt Multifamily Bonds. Any project that can make the funding program work can access the tax credits up to a certain bond cap across the state. These programs typically fund housing units that are affordable to households earning below 60 percent of AMI. A few drawbacks for this program are the competitive nature of the 9 percent option and the complex application process (can take several months) and reporting requirements.<sup>91</sup>
- **The 80/20 Private Activity Bond** program can fund construction and development costs for eligible affordable housing projects (e.g., multifamily rental housing, limited equity cooperative, assisted living, single room occupancy housing). The interest on the funding is tax exempt (also known as private activity bonds), thereby reducing total development costs and increasing project feasibility. This program typically funds housing units that are affordable to households earning below 60 percent of AMI. In return for this incentive, the developer must set aside a certain percentage of units for low-income residents.<sup>92</sup>
- **Non-Profit Housing Bonds** can assist 501(c)(3) non-profits in financing numerous housing developments. These funds are more flexible than other types of financing programs. Non-profit bonds cannot be

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<sup>90</sup> Source: Washington State Housing and Finance Commission, <https://www.wshfc.org/mhcf/9percent/index.htm>.

<sup>91</sup> Although the 4% bond tax credit program tends to not be competitive, there could be competition for the bonds during certain years when demand exceeds availability. Sources: Washington State Housing and Finance Commission, <https://www.wshfc.org/mhcf/4percent/index.htm> and Local Housing Solutions: <https://www.localhousingolutions.org/fund/federal-funding-for-affordable-housing/>.

<sup>92</sup> Source: Washington State Housing and Finance Commission, <https://www.wshfc.org/mhcf/BondsOnly8020/index.htm>.

combined with the LIHTC program incentives, but they can be used to finance a broader range of eligible activities and facilities (such as emergency shelters for the homeless).<sup>93</sup>

The Washington State Department of Commerce offers three key funding programs for developing affordable housing.

- **The Washington State Housing Trust Fund (HTF)** provides loans and grants to affordable housing projects through annual competitive applications. This program funds housing units that are affordable to households earning below 80 percent of AMI.<sup>94</sup> The Washington State Department of Commerce recently announced an additional \$26.6 million for the HTF to support specific projects.<sup>95</sup>
- **The Housing Preservation Program** provides funding for affordable housing rehabilitation, preservation, and capital improvement needs. It is only available for projects that have previously received Housing Trust Funds.<sup>96</sup> Buildings must be under an existing Housing Trust Fund contract and the funding cannot be used to expand properties.<sup>97</sup>
- **The HOME Program** is a federal block grant program funded through the U.S. Department of Housing and Urban Development used to preserve and build rental housing affordable to low-income households. The Washington State Department of Commerce runs the HOME Rental Development program for Washington State HOME Investment Partnerships Program. This program offers funding for the preservation and development of affordable rental housing to non-profit organizations, public housing authorities, and local and tribal governments. HOME Funds typically build units that are affordable to households earning below 50 percent AMI. Action plans are developed every spring to describe how the state will allocate funds for the next year. Participating jurisdictions must set aside at least 15 percent of their HOME funds for housing that is developed, sponsored, or owned by Community Housing Development Organizations.<sup>98</sup>

### *Federal Government Funding Sources*

The U.S. Department of Housing and Urban Development (HUD) offers several different programs for developing affordable housing. Select programs are described below.

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<sup>93</sup> Source: Washington State Housing and Finance Commission, <https://www.wshfc.org/mhcf/nph/index.htm>.

<sup>94</sup> Source: Washington State Department of Commerce Housing Trust Fund, <https://www.commerce.wa.gov/building-infrastructure/housing/housing-trust-fund/>

<sup>95</sup> Penny Thomas, “Commerce Invests Additional \$26.6 Million to Strengthen Affordable Housing Development,” Washington State Department of Commerce, September 21, 2022, <https://www.commerce.wa.gov/news/commerce-invests-additional-26-6-million-to-strengthen-affordable-housing-development/#:~:text=As%20construction%20costs%20rise%2C%20Housing>.

<sup>96</sup> Source: Washington State Department of Commerce Housing Preservation Program, <https://www.commerce.wa.gov/building-infrastructure/housing/housing-preservation-program/>

<sup>97</sup> <https://deptofcommerce.app.box.com/s/dg21kyh5y2ldsv4kyimqxzqoyrvdqbsa>

<sup>98</sup> Through the federal HOME program, the King County Housing and Community Development Department administers a Housing Finance Program (HFP) to provide capital funds for acquisition, rehabilitation, site improvements, new construction, and other costs related to housing development. Projects must apply for program benefits and the process is competitive. The HFP includes funds from King County’s local Housing Opportunity Fund. Sources: Washington State Department of Commerce HOME Rental Development Program, <https://www.commerce.wa.gov/building-infrastructure/housing/housing-trust-fund/home-program/> and ARCH, <https://www.archhousing.org/developers/other-funding-options.html>.

- Since 1974, HUD has provided **Community Development Block Grants (CDBG)** for the improvement of the economic, social, and physical environment and quality of life for low- and moderate-income residents. Generally, these grants can address a wide range of community development needs including infrastructure improvements, housing rehab loans and grants as well as other benefits targeted to low- and moderate-income persons. A competitive process is typically used to allocate grants for individual projects and the amount of federal funding for CDBG has diminished over the past few years.
  - Funding levels are determined by HUD after the federal budget is finalized. The estimated funding for the 2023 application schedule for Kitsap County is \$675,597 for the capital and microenterprise funding source and \$155,907 for the public service funding source. In 2022, Housing Resources Bainbridge was awarded \$235,347 and Helpline House BI was awarded \$30,000 (public service funds).<sup>99</sup>
- The HUD Section 8 Loan Guarantee Program is one mechanism available for CDBG (block grant) recipients to increase the capacity to assist with economic development, housing, public financing, and infrastructure projects by enabling a community to borrow up to five times its annual CDBG allocation. Communities can use these loans to either finance projects or to start loan funds to finance multiple projects over several years. The program has flexible repayment terms and is often layered with other sources of financing such as LIHTC.<sup>100</sup>
  - Section 8 vouchers help people with low incomes rent homes on the private market. With a voucher, you pay at least 28 percent, but not more than 40 percent (in the first year), of your household income for rent and utilities. This voucher pays the difference between your portion of the rent and the amount your landlord requests. If you qualify for a voucher, you can use it to rent in Kitsap County. Once you have had your voucher for at least a year, you may use it to rent anywhere in the United States.
- HUD also provides two Section 8 funding programs that assist with rent payment. The Section 8 funding programs do not provide financial support to build affordable housing; rather, they provide support for households earning up to 80 percent AMI by paying the rent balance above 30 percent of the household income. HUD has a tenant-based Section 8 rental housing assistance offered primarily through the Housing Choice Voucher program and administered by the KCHA. Voucher holders gain a rental subsidy that can be used at any eligible rental housing. Consequently, this incentive moves with the eligible household rather than being tied to a housing development. The other Section 8 program is a project-based voucher program providing a subsidy to specific housing units providing consistent affordability. At least 40 percent of the units must be reserved for extremely low-income households (30 percent AMI or lower). Since the assistance is connected to the housing unit, this program can help create or preserve affordable housing in high-cost, gentrifying areas.<sup>101</sup>
- Another HUD program supporting affordable housing rehabilitation is the Choice Neighborhoods grant program. This program is the successor to the HOPE VI program. This program funds the redevelopment, rehabilitation, and new construction associated with severely distressed public housing and privately-owned HUD-assisted properties. A neighborhood revitalization plan describing the project goals and

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<sup>99</sup> Kitsap County CDBG Awards:

<https://www.kitsapgov.com/hs/HOUSINGBLOCK/2022%20CDBG%20HOME%20Funding%20Awards.pdf>

<sup>100</sup> HUD Section 108 Loan Guarantee Program.

<sup>101</sup> Source: [Local Housing Solutions](#).

how it will address community problems and increase opportunities for the residents and the surrounding neighborhood is required.<sup>102</sup>

- The 2021 Infrastructure Investment and Jobs Act (IIJA) included \$3.5 billion in funding for the federal Weatherization Assistance Program (WAP). This is a one-time source targeted towards long-term energy efficiency for low-income households. WAP grants are awarded through the US Department of Energy to states, tribes, and territories to contract with local organizations including nonprofit organizations and local governments.<sup>103</sup> In Washington, WAP is administered by the Department of Commerce. The program helps to fund services including insulation, air filtration, furnace repair, heating duct improvements, and energy conservation education. To access WAP, households must be at or below 200 percent of the federal poverty level, based on income level and household size. WAP gives priority to households with seniors, disabled residents, children under the age of 19, high energy use, and high energy burden.
- The American Rescue Plan Act was signed into law on March 11, 2021, to provide direct relief to cities, towns, and villages in the US. The City of Bainbridge Island may use the funds to cover eligible costs incurred from March 3, 2021, to December 31, 2024 (final spending occurring by the end of 2026). The City of Bainbridge Island Council provided principles for how to allocate funds such as to use the funds to achieve long-lasting benefits and results, avoid reoccurring expenses, and promote fiscal and environmental sustainability.<sup>104</sup>
  - Approximately \$2 million of ARPA funds are committed to Housing Resources Bainbridge for the Madison project. Another \$1.75 M of ARPA funds are “set aside” without a specific plan of use at this time. <https://cityofbainbridgeisland.civilspace.io/en/projects/american-rescue-plan-act-arpa-projects>

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<sup>102</sup> Source: [Local Housing Solutions](#).

<sup>103</sup> US Department of Energy, “Weatherization Assistance Program,” accessed February 3, 2023, <https://www.energy.gov/scep/wap/weatherization-assistance-program>.

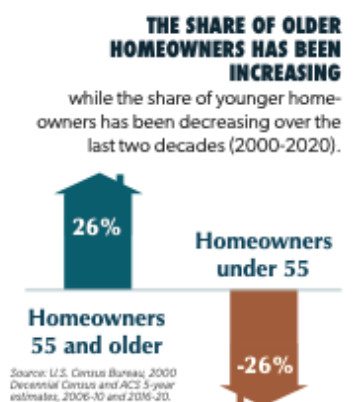
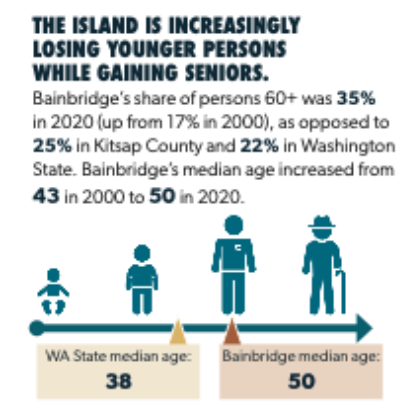
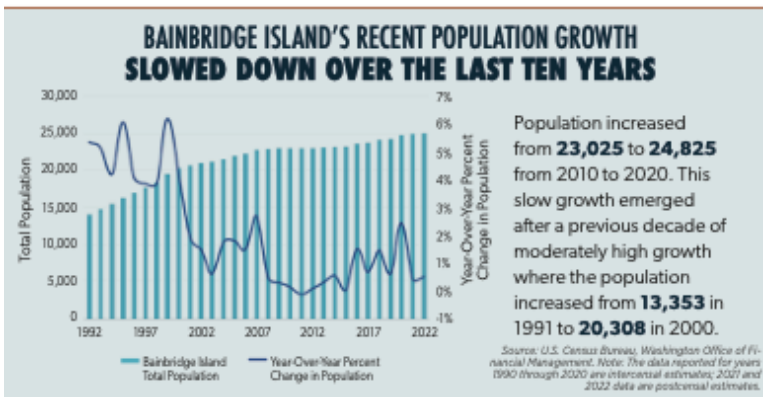
<sup>104</sup> Source: <https://www.bainbridgewa.gov/1317/American-Rescue-Plan-Act#:~:text=The%20City%20of%20Bainbridge%20will,occur%20by%20December%2031%2C%202026>.

## A-2. Housing Needs Assessment Factsheet

# BAINBRIDGE ISLAND COMMUNITY AND HOUSING Trends on the Island

This factsheet highlights key community changes on Bainbridge Island emerging over the past few decades. This features part of the housing needs assessment work being completed as a part of the *Bainbridge Island Housing Action Plan* project.

Bainbridge Island is developing a *Housing Action Plan* to identify actions that can help Bainbridge Island meet diverse housing needs of today and for the next twenty years. Check out Bainbridge's Housing Action Plan webpage to learn more: <https://cityofbainbridgeisland.civilspace.io/en/projects/housing-action-plan>.



**40%** of Bainbridge Island households earn more than **\$150k** per year

### BAINBRIDGE IS INCREASINGLY BECOMING DOMINATED BY HIGH-INCOME EARNERS

The share of Islander households earning over **\$150,000** per year increased from **27%** in 2010 to **40%** in 2020. During this same period, the share earning under \$50,000 per year **decreased from 28% to 20%**.

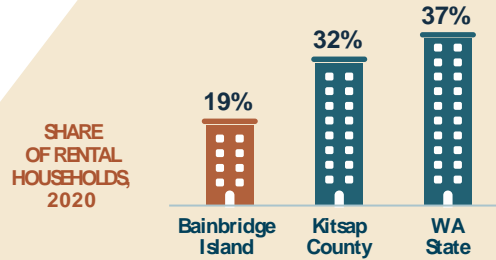
Median household income has increased by **19%** from **\$105,373** in 2000 to **\$125,861** in 2020. In comparison, Kitsap County and the state only saw household income increase by **12%** (adjusted for inflation).

## COMMUNITY & HOUSING Trends on Bainbridge Island

### RENTING A HOME IS INCREASINGLY BECOMING CHALLENGING ON BAINBRIDGE ISLAND.

Bainbridge Island's rental households were low to begin with in 2000, with only 22 percent renting and it has continued to decline. The 2020 share of rental households was **19%** on Bainbridge Island, compared to **32%** in Kitsap County and **37%** in the State.

Source: U.S. Census Bureau, 2000 Decennial Census (DEC Summary File 2 - Table DP1) and ACS 5-year estimates (DP04).

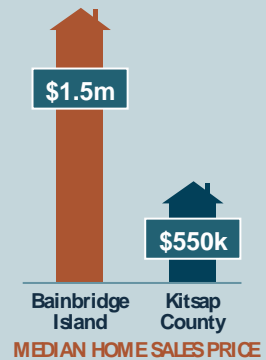


Average rent for a 2-bedroom apartment: **\$2,605/ mo**  
 Median sales price for a house: **\$1.5 million**

### HOUSING COSTS HAVE INCREASED FASTER THAN THE COUNTY.

The median sales price of homes has increased across the region, in part because of high demand for a small supply of housing and increased construction costs. In 2022, the median sales price of single family homes on Bainbridge Island was just over **\$1.5 million**: almost three times greater than the median sales price of the County.

Rental prices are also increasing. On Bainbridge, the average asking rent for a 2-bedroom apartment is estimated at **\$2,605** (as of mid-2022) which is much higher than the average asking rent estimated at **\$1,484** in 2000 (about a 76% increase).



Sources: Redfin, CoStar (historical rent data) and HUD (MF2-Bed affordability data). Data notes: 0-30 percent is very low income, 30-50 percent is low income, and 50-60 percent is moderate income.

### IF YOUR HOUSEHOLD EARNS...

<b>\$51,500</b> 50% of MFI	<b>\$82,300</b> 80% of MFI	<b>\$102,500</b> 100% of MFI	<b>\$123,000</b> 120% of MFI	<b>\$153,800</b> 150% of MFI	<b>\$184,500</b> 180% of MFI	<b>\$205,000</b> 200% of MFI
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### THEN YOU CAN GENERALLY AFFORD...

<b>\$1,290</b> per month	<b>\$2,060</b> per month	<b>\$2,560</b> per month	<b>\$3,080</b> per month	<b>\$3,850</b> per month	<b>\$4,610</b> per month	<b>\$5,130</b> per month
OR	OR	OR	OR	OR	OR	OR
<b>\$155K- \$180K</b> home sales price	<b>\$288K- \$329K</b> home sales price	<b>\$359K- \$410K</b> home sales price	<b>\$431K- \$492K</b> home sales price	<b>\$538K- \$615K</b> home sales price	<b>\$646K- \$738K</b> home sales price	<b>\$718K- \$820K</b> home sales price

THE MEDIAN HOUSEHOLD INCOME ON BAINBRIDGE ISLAND IN 2020 WAS:

**\$125,861**  
PER YEAR

### Occupational employment, annual mean wage for Bremerton-Silverdale MSA

Postal Service Clerk \$52,270	Middle School Teacher \$82,750	Construction Manager \$94,190	Software Engineer \$115,430	Architectural & Engineering Manager \$143,850	Chief Executive \$218,670	Physician \$244,140

If you are a family of two adults working the same occupation identified above, your annual income (before taxes) would be:

\$104,540	\$165,500	\$188,380	\$230,860	\$287,700	\$437,340	\$488,280
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Sources: HUD Income Limits for Bremerton-Silverdale MSA, FY 2022; U.S. Bureau of Labor Statistics, Occupational Employment Statistics (OES) for the Bremerton-Silverdale MSA, May 2021. Data notes: The occupational annual wage data is not net of taxes or other living expenses. The reported HUD MFI income limits are based on a family of four persons.

The values for what you can afford are general estimates. The range of home sales prices are based on the 2022 HUD household income limit documentation and general housing affordability guidance. Interest rates and down payment amounts vary, thus these were not included. These are general estimates provided to help compare household incomes with general housing costs.

Check out Bainbridge's Housing Action Plan webpage to learn more: <https://cityofbainbridgeisland.wa.gov/projects/housingactionplan>. We would like to hear about your experiences with housing on Bainbridge Island. There are many ways to get involved, we look forward to hearing from you.

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