



Appendix A.1

Housing Needs Assessment

Housing Needs Assessment Contents

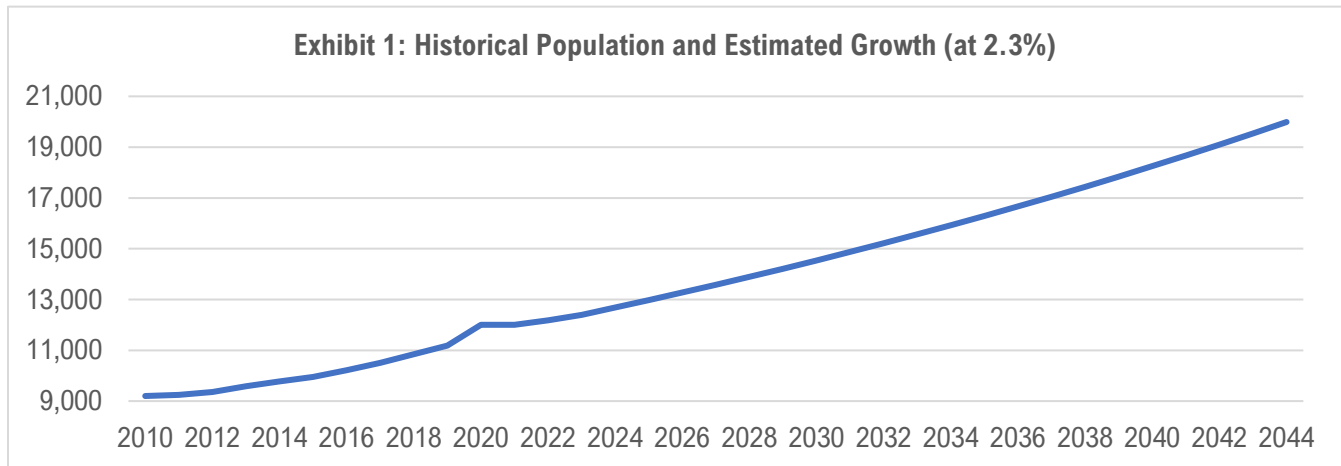
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Community Profile

POPULATION

To better understand Poulsbo’s housing needs, it is critical to understand Poulsbo’s population growth first. As of 2023, the estimated population of Poulsbo is 12,000. Since 2010, the City of Poulsbo has grown at an average annual rate of 2.3%, which is well above the countywide average annual growth rate of 0.81%. Assuming an average growth rate of 2.3%, the population in Poulsbo is projected to reach 19,990 by 2044.



Source: Washington State Office of Financial Management. 2023. "April 1 population estimates."

Exhibit 2 below reviews the population change in Washington State and Kitsap County, as well as cities within the county. The table displays the percent population change from 2010-2023. Poulsbo and Port Orchard have seen significant growth since 2010.

Exhibit 2: Percent Population Change 2010-2023	
Washington State	18.24%
Kitsap County	12.77%
Poulsbo	34.78%
Bainbridge Island	9.36%
Bremerton	18.32%
Port Orchard	56.67%

Source: Washington State Office of Financial Management. 2023. "April 1 population estimates."

AGE OF POPULATION

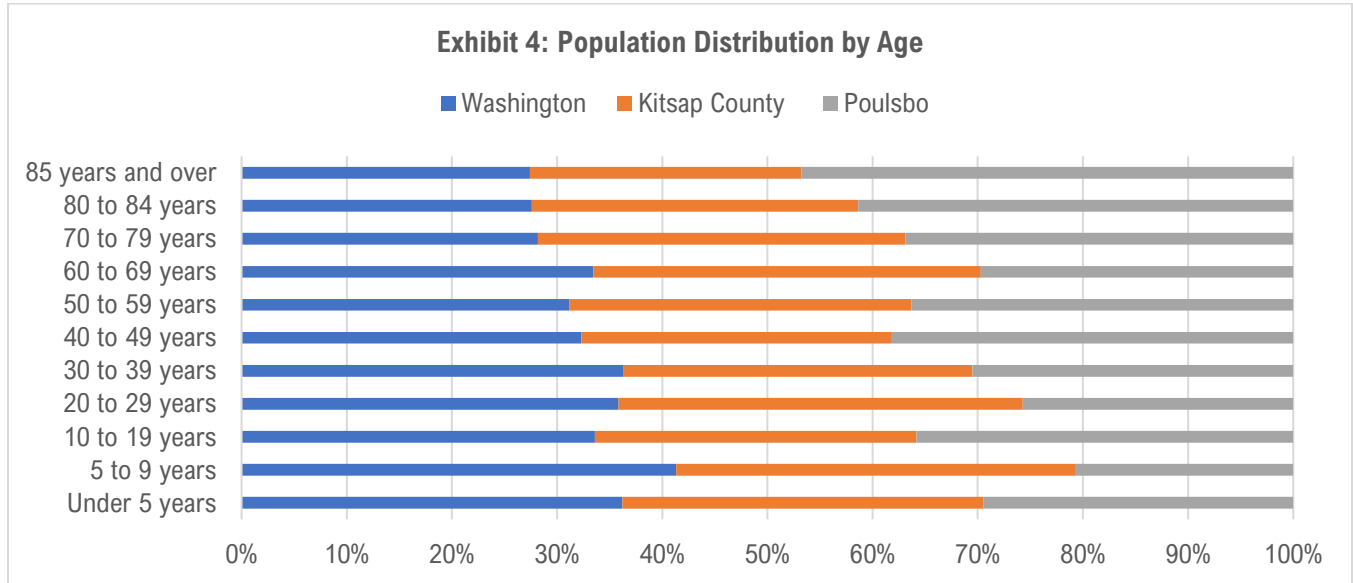
The median age in Poulsbo is 43.7, which is above the Kitsap County median age of 39.7 and well above the state median age of 38. Poulsbo has seen a steady increase in the median age of residents since 2010, as shown in Exhibit 2 below. However, there was a slight decrease from 2021 to 2022.

Exhibit 3: Median Age Change 2010-2022				
2010	2015	2019	2021	2022
38.4	38.1	42.5	43.8	43.7

Source: U.S. Census Bureau. 2022. American Community Survey 5-year Estimates.

Residents 65 years and over make up a larger portion of the population in Poulsbo than in Kitsap County and the state as a whole: 21% of Poulsbo residents are aged 65 and over, compared with 18.6% of Kitsap County residents, and 16% in Washington. In addition, 2.7% of Poulsbo residents are 85 years and over, compared to 1.7% in Kitsap County.

Nearly 25% of Poulsbo’s population is over age 60 and an additional 14.2% of the population will reach age 60 within the next 10 years. Many of these residents will have specific and changing housing needs as they age. A diversity of housing types can be an important asset to support independent adults that are aging in place. Single-family homes may work for some aging adults, but others may require or desire maintenance-free housing or need accommodations for limited mobility or sensory impairments. Services, health care, social opportunities, shopping, transportation, and other needs may be more accessible to older adults who live in denser neighborhoods with those opportunities nearby. While many of the older households in Poulsbo have the financial means to afford adequate housing and services, many others will not.



Source: U.S. Census Bureau. 2022. American Community Survey 5-year Estimates.

As shown in Exhibit 5 below, from 2010 to 2022, Poulsbo saw a 37% decrease in residents under 5 years of age and 68% decrease in 30 to 39 years of age. Significant increases were seen in 50 to 59 (129%) and 79 to 79 (124%) years of age.

Exhibit 5: Percent Population Change by Age Group 2010-2022	
Under 5 years	-37%
5 to 9 years	+11%
10 to 19 years	+12%
20 to 29 years	+2%
30 to 39 years	-68%
40 to 49 years	+18%
50 to 59 years	+129%
60 to 69 years	+58%
70 to 79 years	+124%
80 years and over	+19%

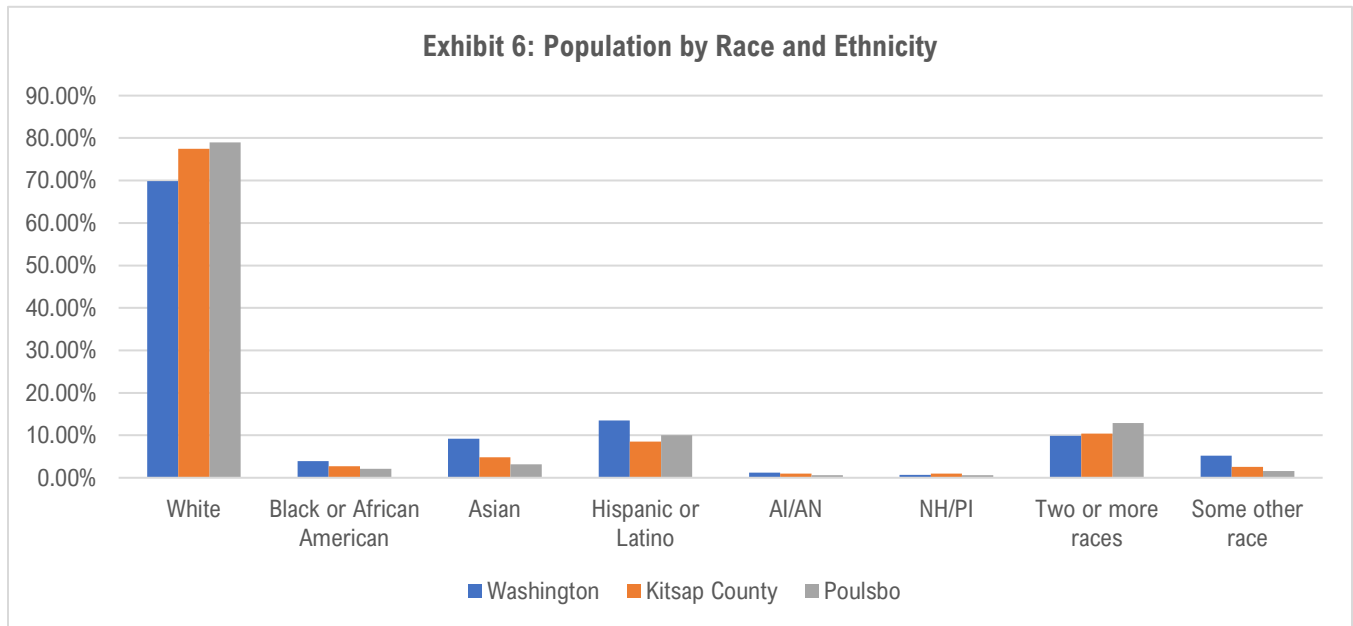
Source: U.S. Census Bureau. 2022. American Community Survey 5-year Estimates.

The old-age dependency ratio is the ratio of the number of elderly people at an age when they are generally economically inactive (i.e. aged 65 and over), compared to the number of people of working age (i.e. 15-64 years old). In 2022, Poulsbo has an old-age dependency ratio of 36%, which is above Kitsap County (30%) and Washington State (26%).

ETHNICITY AND RACE

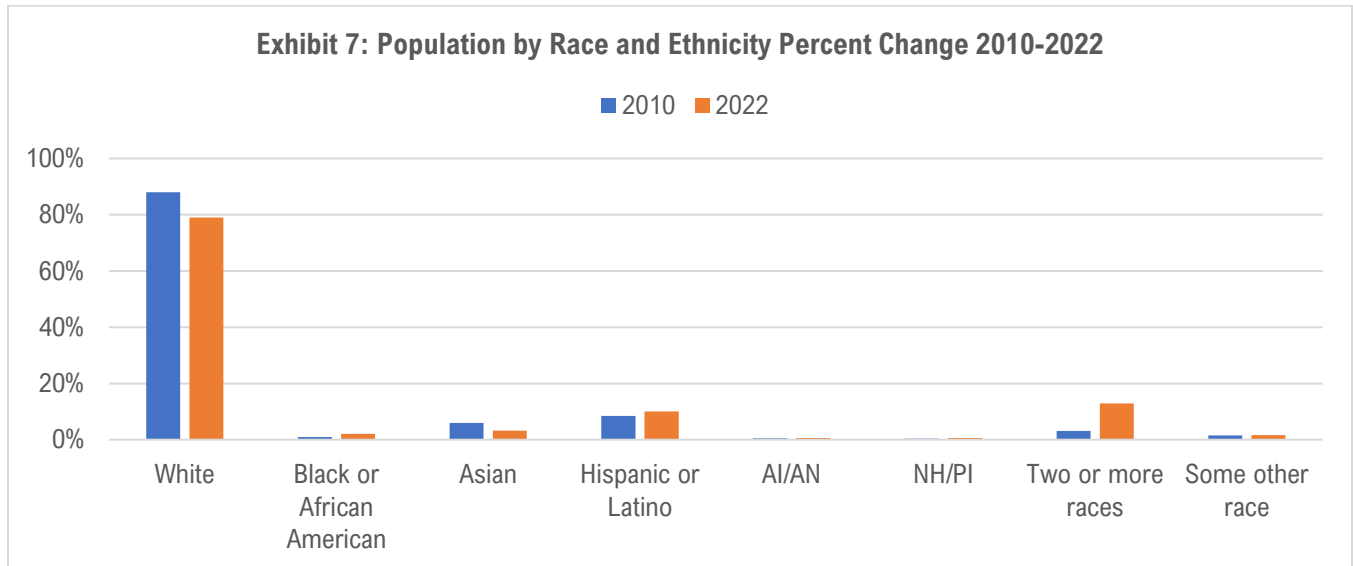
Race and ethnicity are two different concepts in the Census. Race refers to a person's self-identified category (White, Black, Asian, etc.), while ethnicity refers to whether a person is of Hispanic or Latino origin. Hispanic/Latino population can be of any racial group.

The Poulsbo population is less racially and ethnically diverse than the population of Kitsap County and Washington State, as shown in Exhibit 6. 79% of the Poulsbo population is white, 10% is Hispanic or Latino, 12.9% is two or more races, 3.2% is Asian alone, and 2.10% is Black or African American.



Source: U.S. Census Bureau. 2022. American Community Survey 5-year Estimates.

As shown in Exhibit 7 below, Poulsbo has become more diverse since 2010. While still a small percentage of the overall population, the black or African American population has increased by 198%, while the Native Hawaiian/Pacific Islander population has increased by 109%. The city’s Asian representation has decreased by 28% during that same time. Moreover, those of two or more races increased by 449%.



Source: U.S. Census Bureau. 2010 and 2022. American Community Survey 5-year Estimates.

Housing Units/Households

As of 2023, there were an estimated 5,345 housing units in the City of Poulsbo. This represents an increase of nearly 30% since 2010, when the estimated total was 4,115. As with population, Poulsbo and Port Orchard have seen significant increases in housing units since 2010.

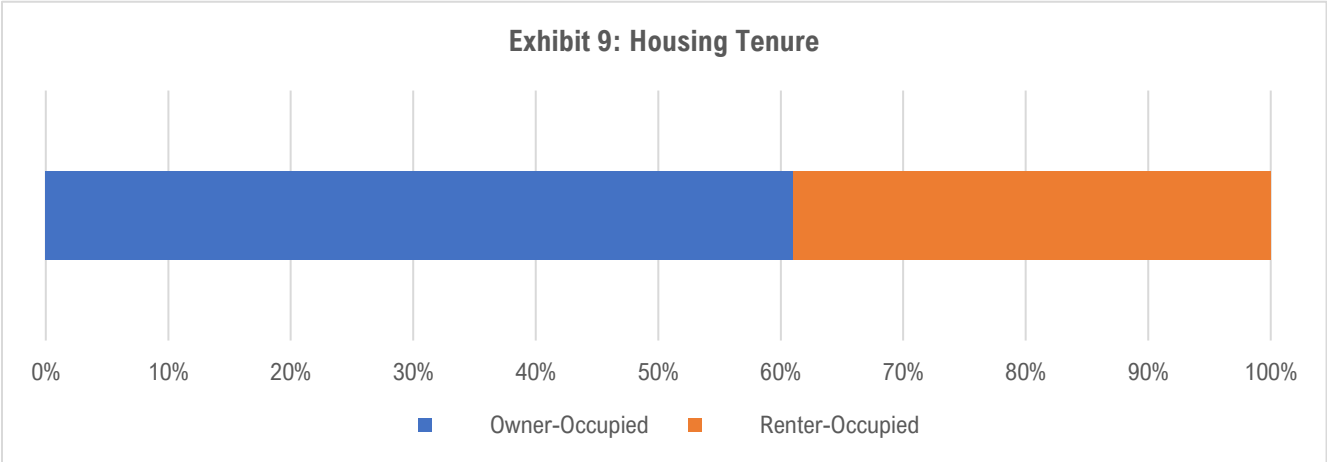
Exhibit 8: Percent Housing Unit Change 2010-2023	
Washington State	15.7%
Kitsap County	7.9%
Poulsbo	29.9%
Bainbridge Island	8.1%
Bremerton	12.3%
Port Orchard	52.5%

Source: Washington State Office of Financial Management. 2023. "April 1 population estimates."

HOUSING TENURE

As of 2022, an estimated 61% of households in the City of Poulsbo owned their home, while 39% were renting (Exhibit 9 below). This represents a decline in the proportion of owner household units since 2010, when 68% of Poulsbo households were homeowners and 32% were renters.

A healthy housing market includes a mix of both ownership and rental housing types to meet the needs of a diversity of households and income levels. Not all households can afford homeownership or desire to own a home. There is some evidence that higher rates of homeownership in a community are associated with a higher median length of residence (amount of time living the same housing unit). Higher rates of homeownership are also linked to higher property values, though that relationship may work in reverse, with higher property values leading to higher ownership rates.

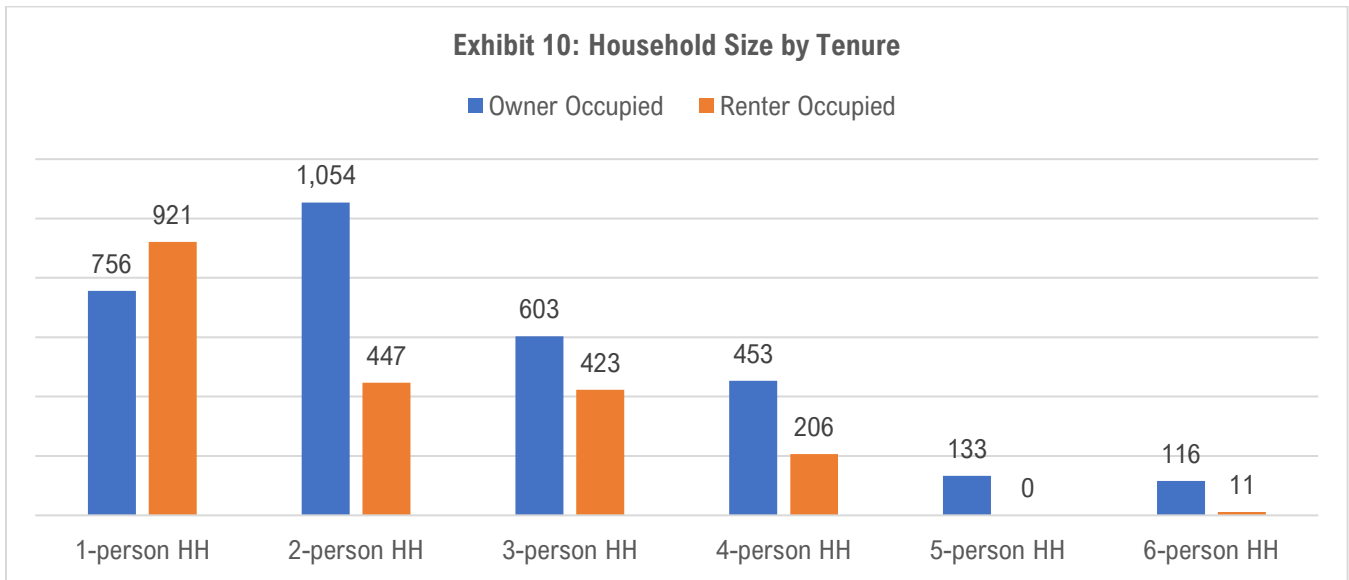


Source: U.S. Census Bureau. 2022. American Community Survey 5-year Estimates.

HOUSEHOLD SIZE

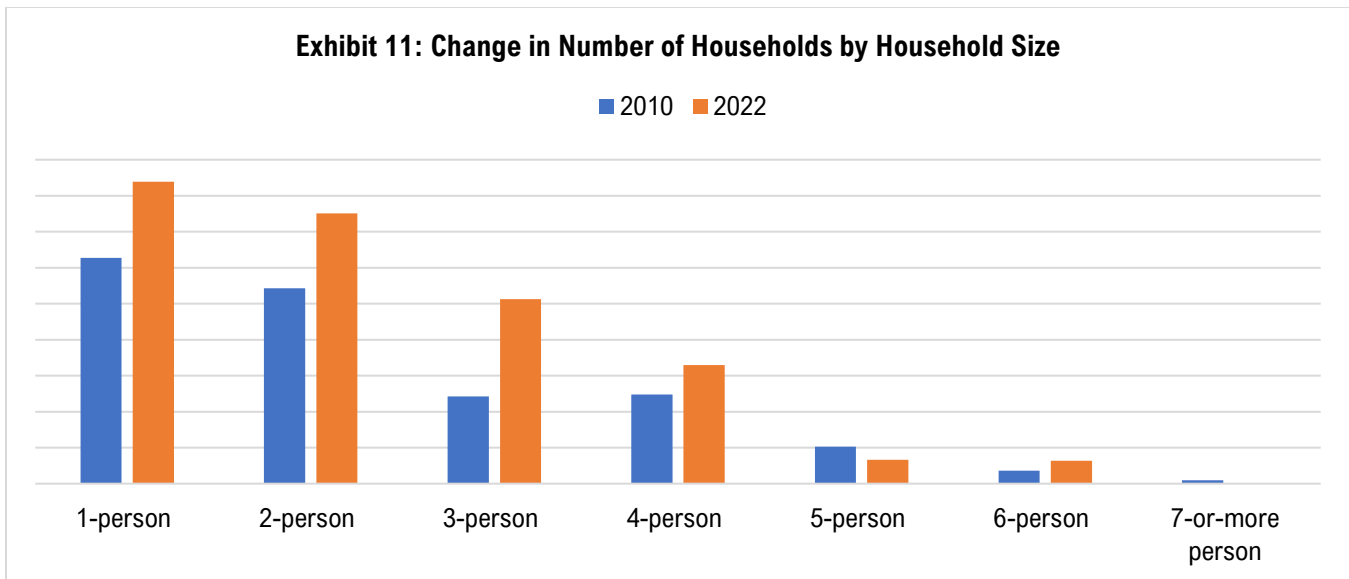
The term “household” refers to a group of people living together in a single housing unit. As of 2022, the average household size in the City of Poulsbo is 2.23 individuals (2.45 for owner-occupied households and 2.01 for renter-occupied households), slightly lower than the Washington State and Kitsap County average of 2.48 individuals per household.

As shown in the graphic below, one- and two-person households are the most common household size overall in Poulsbo. Among owner-occupied households, two-person households are the most common size and among renter households, one-person households are the most common size. While smaller households are more common, there are still a significant number of larger households in Poulsbo. More than 1,900 or 38% of households have three or more members.



Source: U.S. Census Bureau. 2022. American Community Survey 5-year Estimates.

The breakdown of households by size has changed over the past decade, as shown below. The city experienced an increase in all household sizes except 5-person and 7-person households. The greatest increase was seen in 3-person households with 112% increase from 2010 to 2022.



Source: U.S. Census Bureau. 2010 and 2022. American Community Survey 5-year Estimates.

HOUSEHOLD INCOME

In 2022, the median household income (MHI) in the City of Poulsbo was \$121,425 for homeowners, \$49,732 for renters, and \$85,579 across all households. Poulsbo is just below the median household income for Kitsap County (\$86,668) and Washington State (\$85,936).

Exhibit 12: Median Household Income by Tenure, Poulsbo				
Housing Tenure	2010	2019	2022	Change 2010-2022
Renter	\$33,056	\$47,321	\$49,732	50%
Owner	\$72,366	\$89,333	\$121,425	68%

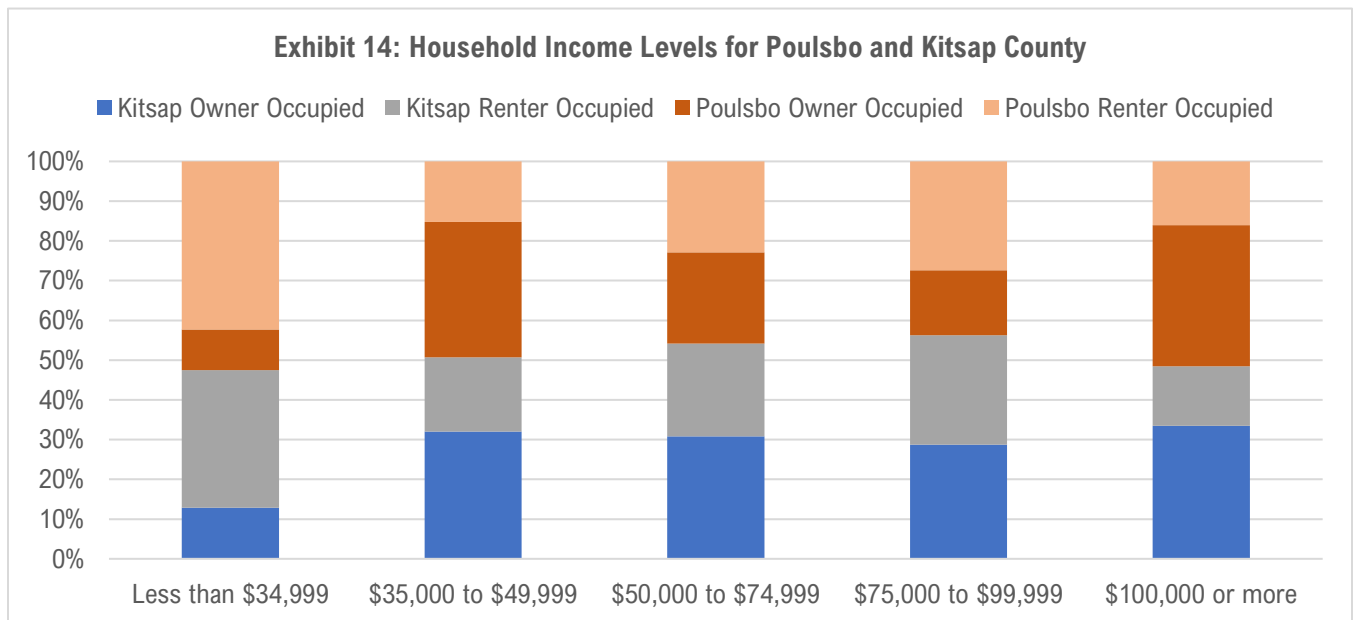
Source: U.S. Census Bureau. 2010, 2019, 2022. American Community Survey 5-year Estimates

However, as shown below in Exhibit 13, Poulsbo has a higher MHI for owner-occupied households than Kitsap County and Washington State and a lower renter occupied MHI.

Exhibit 13: Median Household Income by Tenure, Comparison			
Housing Tenure	Washington State	Kitsap County	Poulsbo
Renter	\$60,941	\$63,089	\$49,732
Owner	\$110,930	\$110,247	\$121,425

Source: U.S. Census Bureau 2022. American Community Survey 5-year Estimates

As shown below in Exhibit 14, households that own their homes are more likely to have higher incomes. Relative to Kitsap County, Poulsbo has a higher proportion of residents with annual incomes less than \$35,000 and a higher proportion of residents with annual incomes above \$100,000. In addition, Poulsbo has a lower proportion of residents making between \$35,000 to \$99,999 per year than the county. 32% of renters in Poulsbo make less than \$35,000 per year, while 58% of owners in Poulsbo make more than \$100,000 per year.



Source: U.S. Census Bureau. 2022. American Community Survey 5-year Estimates

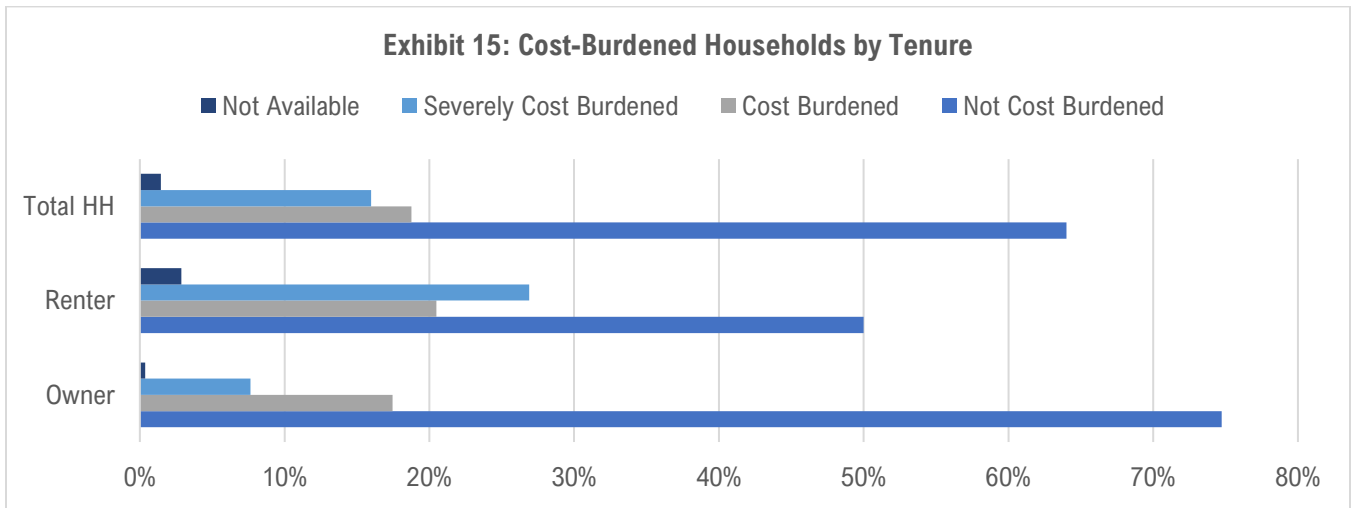
Exhibit 14 above illustrates that there is an income gap in Poulsbo. Poulsbo has a higher proportion of households making less than \$35,000 and households making more than \$100,000 when compared to Kitsap County.

As stated above, Poulsbo has a larger retirement age population (65 and over) than that of Kitsap County and Washington State. Nearly 35% of households have retirement income. The mean retirement income in 2022 was \$40,474, while the mean social security income is \$21,831.

COST-BURDENED HOUSEHOLDS

Cost-burdened households are those that spend more than 30% of their monthly income toward housing costs while severely cost-burdened households spend more than 50% or half of their incomes on housing costs. When households face high rates of cost burden, they often must make difficult choices in prioritizing purchases for other necessities such as food, healthcare, and childcare.

As shown in Exhibit 15 below, about 35% of Poulsbo households are either cost burdened or severely cost-burdened. Overall, renters are substantially more likely to be cost-burdened or severely cost-burdened than owners. 47% of renters are either cost burdened or severely cost-burdened, while 27% of owners are either cost burdened or severely.



Source: HUD CHAS (based on ACS 5-year Estimates, 2016-2020)

It is important to understand that cost burden is a housing supply issue. Most communities have a spectrum of households with low, medium, and high incomes. Without an adequate supply of housing that is affordable to households in each income category, households will experience cost burden. Households at the lower end of the income scale have the fewest resources to balance cost burden because there simply is not enough money to meet basic family needs after housing costs.

Area Median Income (AMI) is a metric calculated by the Department of Housing and Urban Development (HUD) to determine the income eligibility requirements of federal housing programs. AMI is the midpoint of a region's income distribution, meaning that half of households in a region earn more than the median and half earn less than the median. A household's income is calculated by its gross income, which is the total income received before taxes and other payroll deductions. AMI is calculated on an annual basis by HUD, which refers to the figure as MFI, or median family income.

Exhibit 16: HUD Chas Income Levels*	
Extremely Low Income	(≤30% AMI)
Very Low Income	(30-50% AMI)
Low Income	(50-80% AMI)
Moderate Income	(80-100% AMI)
Above Median Income	(>100% AMI)

*A percentage of the AMI based on the specific geographic area where the household is located.

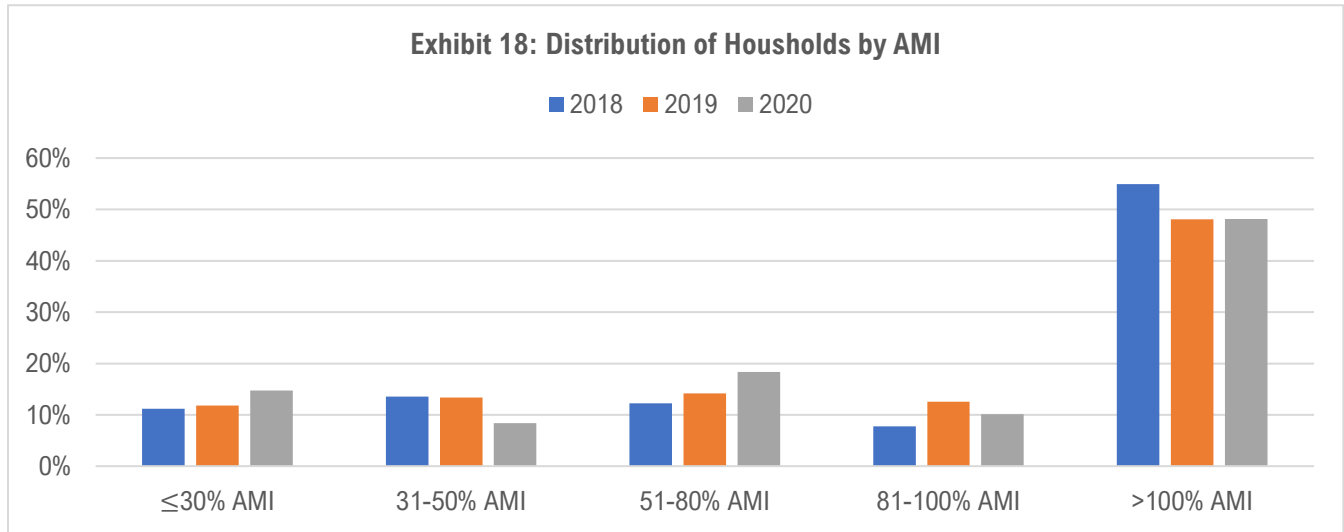
While there are households struggling with housing costs across the entire income spectrum, the greatest number are among households with incomes below 30% of HUD Area Median Income (AMI). The greatest need is among small families (39%) and elderly living alone (26%). HUD defines family as “related individuals living in the same household” and elderly as “individuals 62-74”. Exhibit 17 below is Poulsbo’s household by type and income level.

Exhibit 17: Cost-Burdened Households by Type and Income Level							
	≤30% AMI)	30-50% AMI	50-80% AMI	80-100% AMI	>100% AMI	All Cost-Burdened Households	Percent of Total Cost-Burdened Households
Elderly Family	0	20	110	120	370	620	13%
Small Family	250	75	190	95	1295	1905	39%
Large Family	15	20	90	10	125	260	5%
Elderly Living Alone	415	230	150	190	265	1250	26%
Other	40	60	350	75	305	830	17%

Source: HUD CHAS (based on ACS 5-year Estimates, 2016-2020)

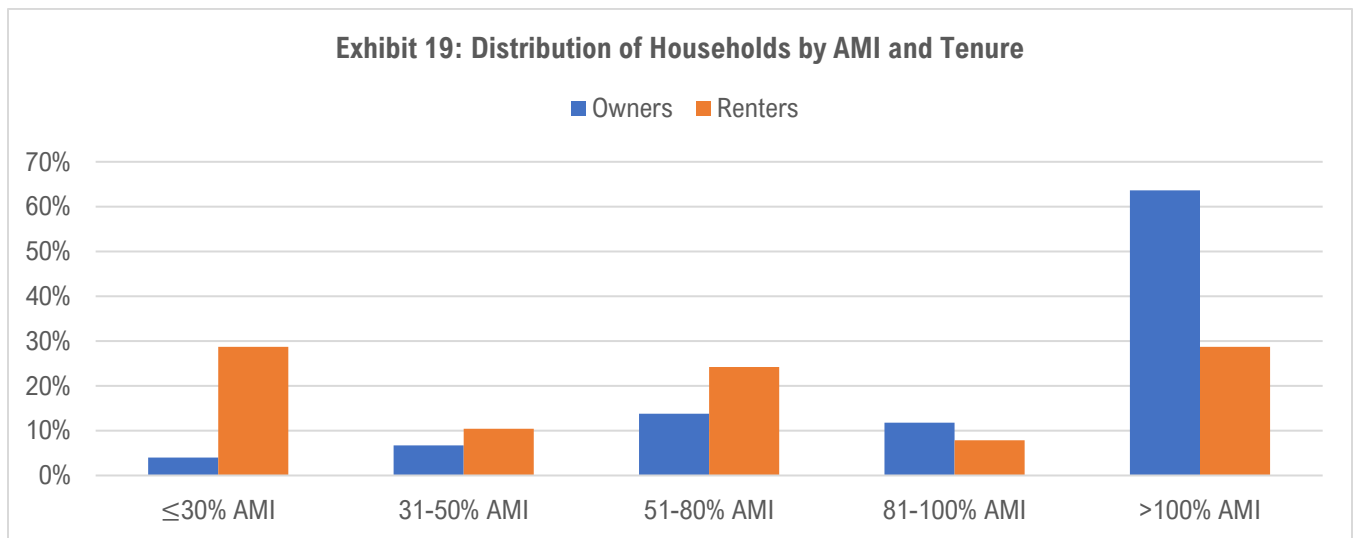
Cost burdens, especially severe cost burdens, affect wellbeing and health in significant ways. This is especially true for households with older residents or children who need medical care and nutrition. When these households face cost burdens they have less money to spend on food, healthcare, and transportation. Spending an outsized amount of the family budget on housing is especially problematic for low-income households, where higher housing costs affect the family’s ability to meet basic needs.

Exhibit 18 below shows the distribution of households in Poulso by household income as a percentage of AMI. In 2020, an estimated 51% of households in Poulso had incomes at or below the AMI, while 49% had incomes greater than the AMI.



Source: HUD CHAS (based on ACS 5-year Estimates, 2014-2018, 2015-2019, 2016-2020)

As shown in Exhibit 19 below, households that own their homes in Poulso are more likely to have higher incomes: 64% of homeowners have incomes above the AMI compared with just 29% of renters. This is an indicator that homeownership may be unaffordable for many moderate-income households in Poulso. More information about homeownership affordability is provided later in this assessment.



Source: HUD CHAS (based on ACS 5-year Estimates, 2016-2020)

Employment Profile

EMPLOYMENT AND WAGES

As of 2020, there were 6,661 jobs based in Poulsbo, which is an 11% increase from 2010. The largest numbers of jobs in Poulsbo are available in the sectors of health care and social assistance (1,436), retail (1,274), and educational services (1,121).

Exhibit 20: Largest Number of Jobs per Sector and Average Annual Wage		
Sector	Share	Average Annual Wage
Retail Trade	20.7%	\$ 40,611
Health Care and Social Assistance	19.6%	\$ 55,874
Educational Services	15.1%	\$ 39,584
Accommodation and Food Services	13.9%	\$ 25,692
Professional, Scientific, and Technical Services	8.7%	\$ 93,816
Construction	3.8%	\$ 64,197
Finance and Insurance	3.5%	\$ 89,053
Administration & Support, Waste Management and Remediation	2.9%	\$ 51,928
Other Services (excluding Public Administration)	1.9%	\$ 42,021
Manufacturing	1.7%	\$ 63,730
Wholesale Trade	1.2%	\$ 79,185
Real Estate and Rental and Leasing	1.1%	\$ 48,526
Utilities	1.1%	\$ 114,558

Source: U.S. Census OnTheMap, 2021 (Poulsbo) and Employment Security Department/LMEA, 2020 (Kitsap County)

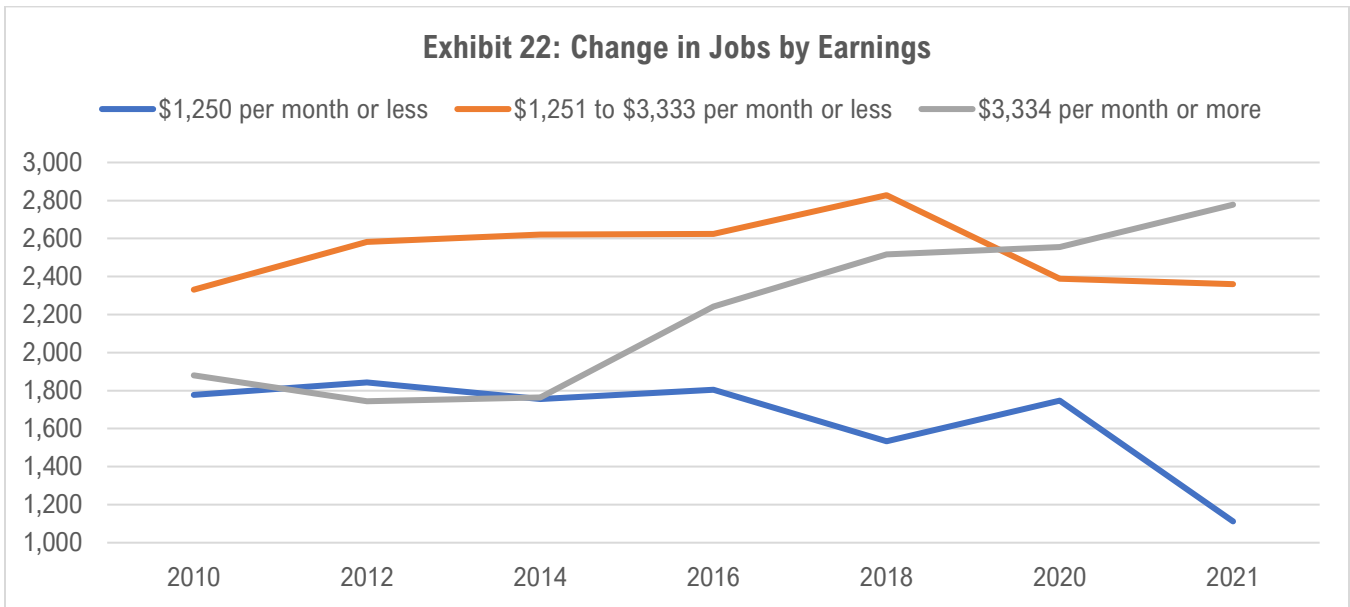
In 2020, the average annual wages in the four largest employment sectors in Poulsbo, accounting for nearly 70% of the workforce, range between approximately \$25,000 and \$56,000.

As shown in Exhibit 21 below, on average, people who work in Poulsbo (but do not live there) earn less than residents of Poulsbo, with 56% of Poulsbo workers earning less than \$40,000 a year, compared to 45% of residents (see below). Many people who work in Poulsbo may face difficulties obtaining affordable nearby housing.

	Poulsbo Residents		Poulsbo Workers	
	Count	Share	Count	Share
\$1,250 per month or less	617	14.6%	1,112	17.8%
\$1,251 - \$3,333	1,183	28.1%	2,360	37.8%
More than \$3,333	2,416	57.3%	2,778	44.4%

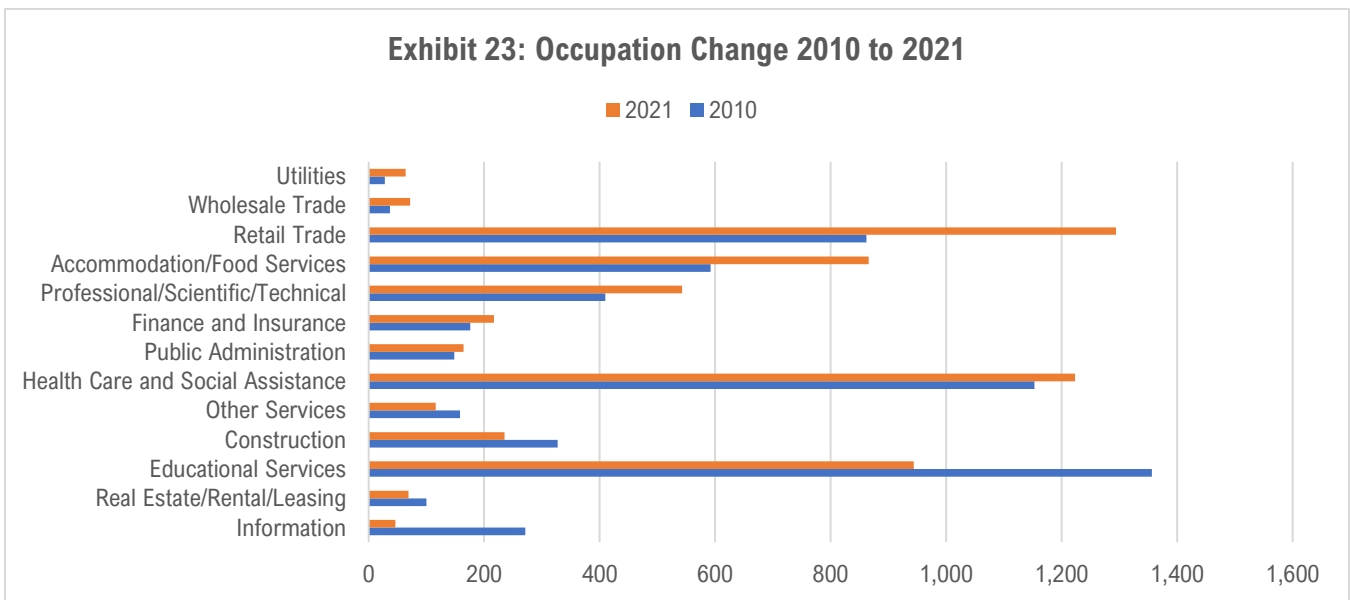
Source: U.S. Census OnTheMap, 2020

As shown in Exhibit 22 below, the number of jobs in the city that pay \$1,250 per month or less (roughly \$15,000 per year) has declined by 37% since 2010, while the number of jobs paying more than \$3,333 per month has grown by 48%. The number of jobs in the city that pay \$1,250 to \$3,333 per month has remained consistent, with an overall increase of 1%.



Source: U.S. Census OnTheMap, 2010-2021

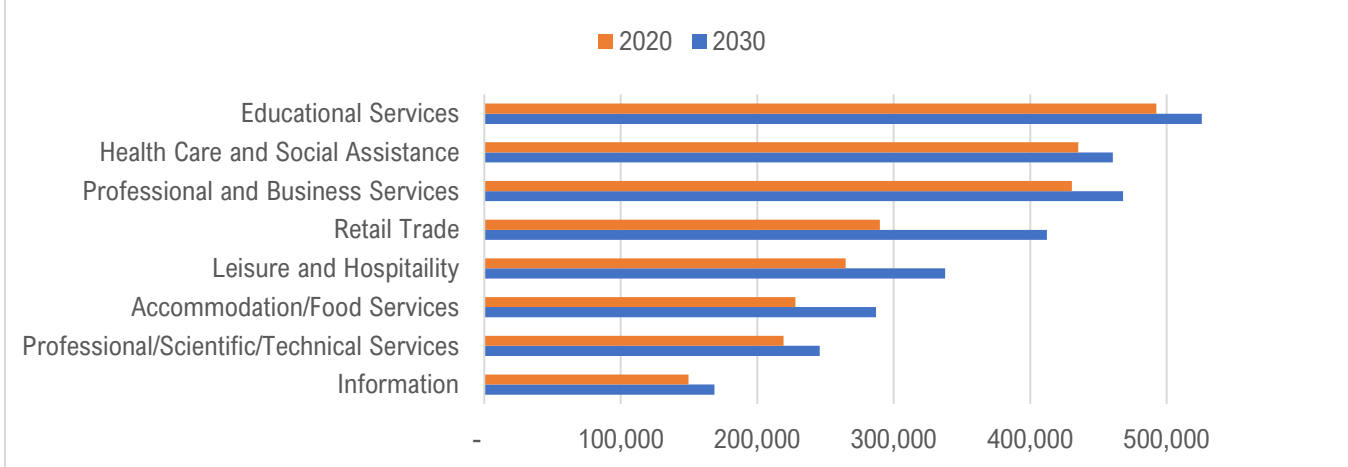
When examined by occupational employment category, Poulsbo’s mix of occupations saw a significant increase to Utilities (129%), Wholesale Trade (95%), and Retail Trade (50%). During the same time, significant decreases were found in Information Services (-83%), Real Estate/Rental/Leasing (-31%), and Educational Services (-30%).



Source: U.S. Census OnTheMap, 2021

Regional employment projections can provide important information to shed light on potential future demand for housing. Washington State Employment Security Department (ESD) provides short-, medium-, and long-term employment projections by Workforce Development Areas (WDA). Poulsbo is located in WDA1 or Olympic, which includes Clallam, Jefferson, and Kitsap Counties. Exhibit 24 below outlines industries anticipated to see the most growth over the 2020 to 2030 period.

Exhibit 24: Projected Top Five Growth Industries in WDA 1, 2020 – 2030



Source: Washington State Employment Security Department, 2020

JOBS TO HOUSING RATIO

Based on 2020 numbers, as shown in Exhibit 25, Poulsbo has a jobs-housing ratio of about 1.17. This is inside what's generally considered to be a "good" balance (0.75 - 1.5). A jobs-housing ratio in the range of 0.75 to 1.5 is considered beneficial for reducing vehicle miles traveled. Ratios higher than 1.5 indicate that there may be more workers commuting into the area because of a surplus of jobs. The jobs-housing ratio indicates whether an area has enough housing for employees to live near employment centers and sufficient jobs in residential areas. An imbalance in jobs and housing potentially creates longer commute times, more single driver commutes, loss of job opportunities for workers without vehicles, traffic congestion, and poor air quality.

Exhibit 25: Jobs to Housing Ratio, 2020

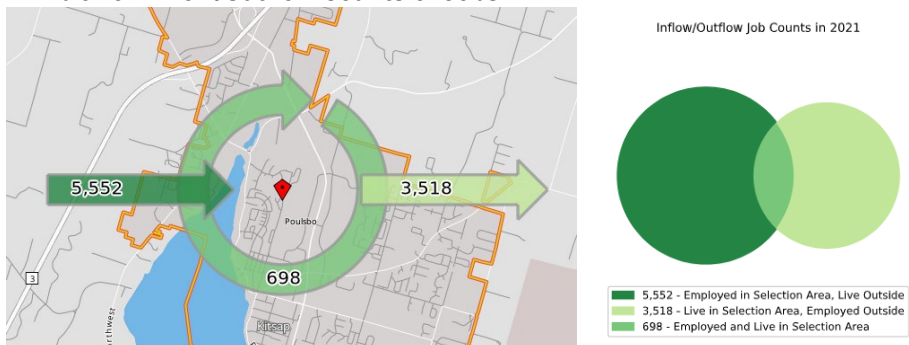
	Jobs	Housing	Ratio
Poulsbo	6,250	5,345	1.17

Source: OFM Estimates, 2023, and OnTheMap, 2021.

Using the Inflow/Outflow Analysis tool in Census OnTheMap it's easy to show that this ratio isn't resulting in the desired benefit of reduced commute distances. Of the 6,250 jobs located in Poulsbo, only 698 workers live in Poulsbo, or just 11%. Instead, nearly 89% of people working in Poulsbo commute in from home locations outside the city. And 83% of working residents of Poulsbo commute to jobs outside of the city.

The Venn diagram below shows this situation clearly. One reason for this outcome could be that over 61% of the jobs in city limits are lower wage (earning less than \$3,333 per month). It would be very difficult to find an affordable unit at this wage level in Poulsbo.

Exhibit 26: Inflow/Outflow Counts of Jobs



Source: U.S. Census OnTheMap, 2021

Out of the 3,518 residents employed outside of the city, 16.6% commute to Seattle, while 8.4% commute to Bainbridge Island, as shown in Exhibit 27.

Exhibit 27: Where Poulsbo Residents Are Employed	
Location	Percent
Seattle	16.8%
Bainbridge Island	8.4%
Bremerton	6.7%
Silverdale	6.5%
Suquamish	3.0%
Bellevue	2.5%
Tacoma	1.9%

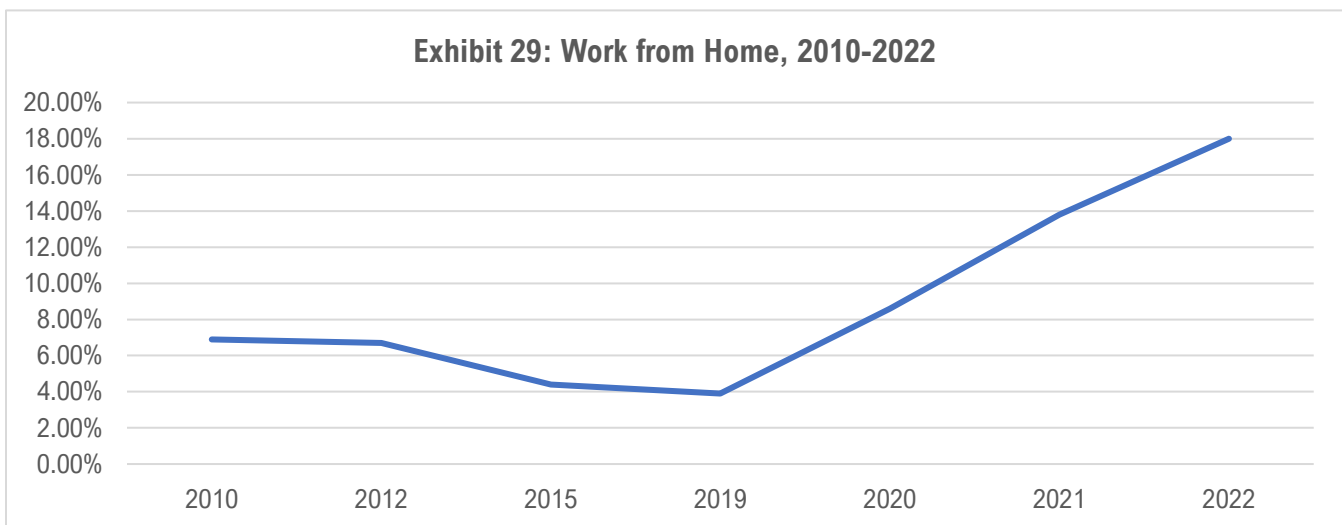
Source: U.S. Census OnTheMap, 2021

As shown in Exhibit 28 below, over 42% of Poulsbo residents travel less than 10 miles to their place of employment and an additional 39% travel 10-24 miles.

Exhibit 28: Job Locations by Distance	
Less than 10 miles	42.3%
10-24 miles	39.3%
25-50 miles	12.1%
Greater than 50 miles	6.2%

Source: U.S. Census OnTheMap, 2021

The COVID-19 pandemic dramatically accelerated the adoption of remote work, and many companies and employees discovered the benefits of flexible work arrangements. As of 2022, 18% of Poulsbo residents were working from home (see Exhibit 29), which was up from 13.8% in 2021. The long-term prevalence of remote work will depend on several factors, such as company policies, type of industry, technology, and employee preference. It's challenging to provide a specific percentage as it will vary widely across different regions and industries. Some experts predict that a significant portion of the workforce will continue to work remotely in some capacity even after the pandemic subsides, but the exact percentage will depend on the factors mentioned above. Additionally, the hybrid work model, which combines in-office and remote work, is becoming increasingly popular as it allows for greater flexibility and work-life balance.

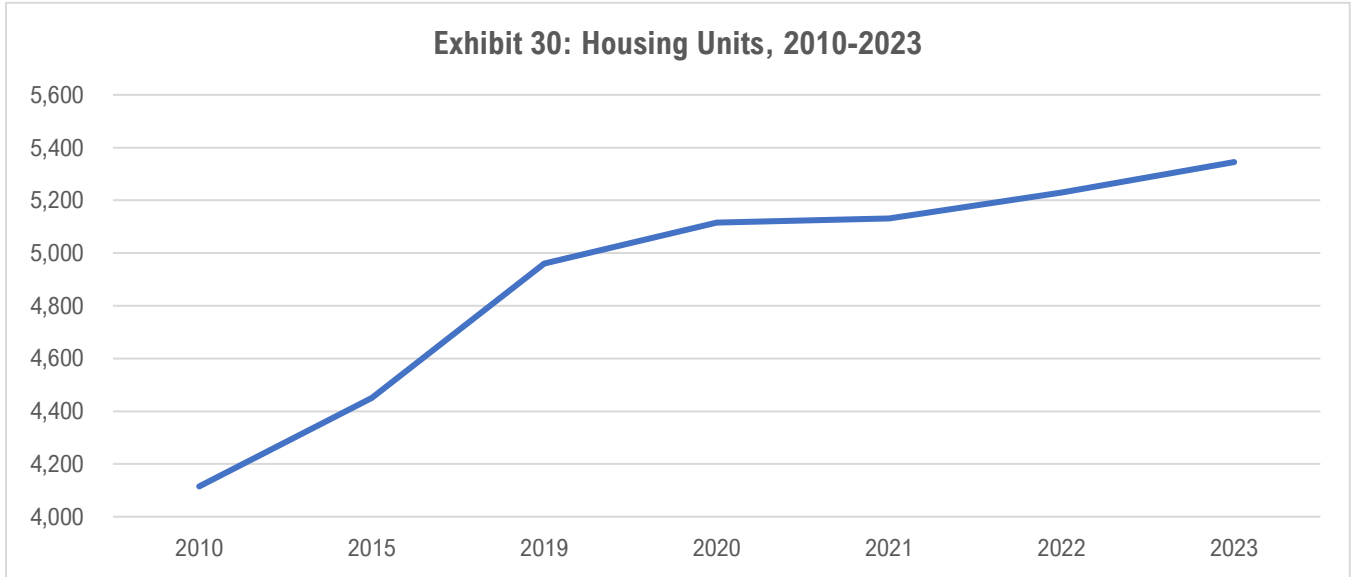


Source: U.S. Census Bureau. 2022. American Community Survey 5-year Estimates

Housing Inventory

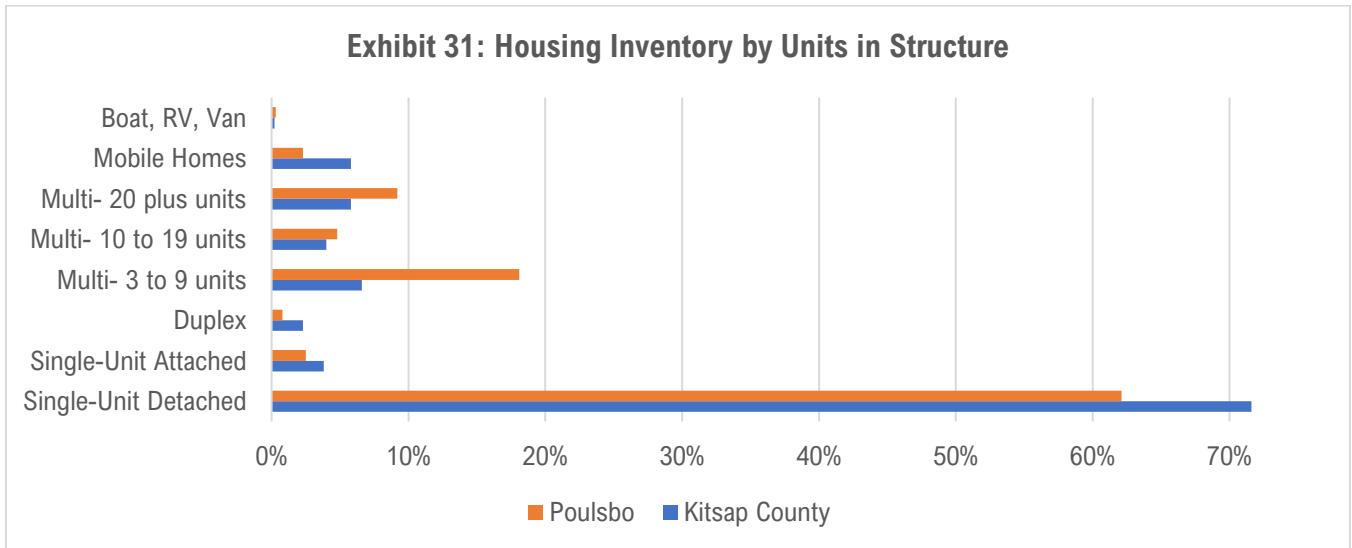
HOUSING UNITS BY TYPE AND SIZE

There is a lack of diversity in the housing options available to local households. As of 2023, there were an estimated 5,345 housing units in Poulsbo. Since 2010, there has been a 30% increase in the number of housing units in Poulsbo.



Source: Washington State Office of Financial Management. 2023. "April 1 population estimates" - Housing

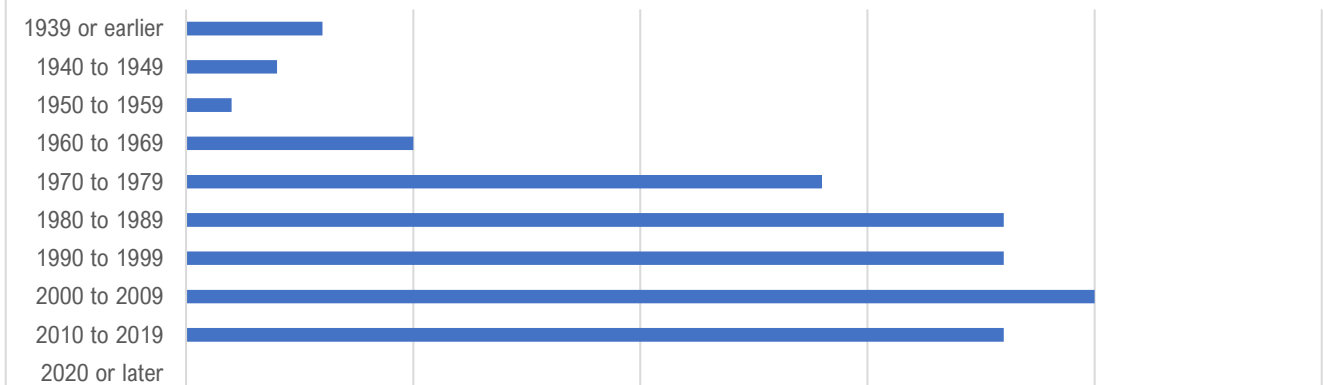
As shown in Exhibit 31, the distribution of housing types for Poulsbo and Kitsap County is relatively consistent. However, proportionally, Poulsbo has a significantly larger number of multi-3 to 9 units and 20+ units.



Source: U.S. Census Bureau. 2022. American Community Survey 5-year Estimates

As shown in Exhibit 32, 38% of occupied housing units in Poulsbo have been built since 2000, with 36% being constructed in the 20 years prior (1980-1999).

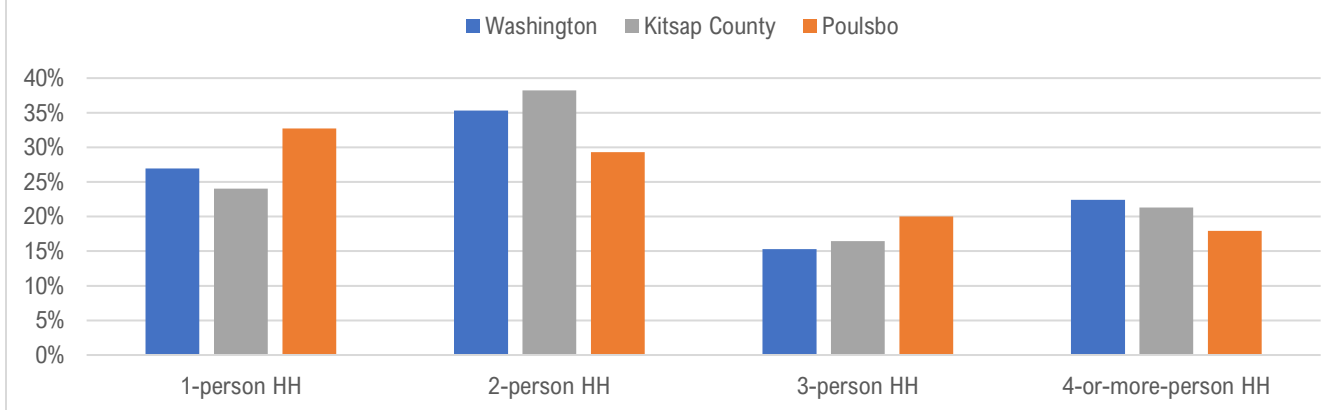
Exhibit 32: Year Built, Occupied Housing Units



Source: U.S. Census Bureau. 2022. American Community Survey 5-year Estimates.

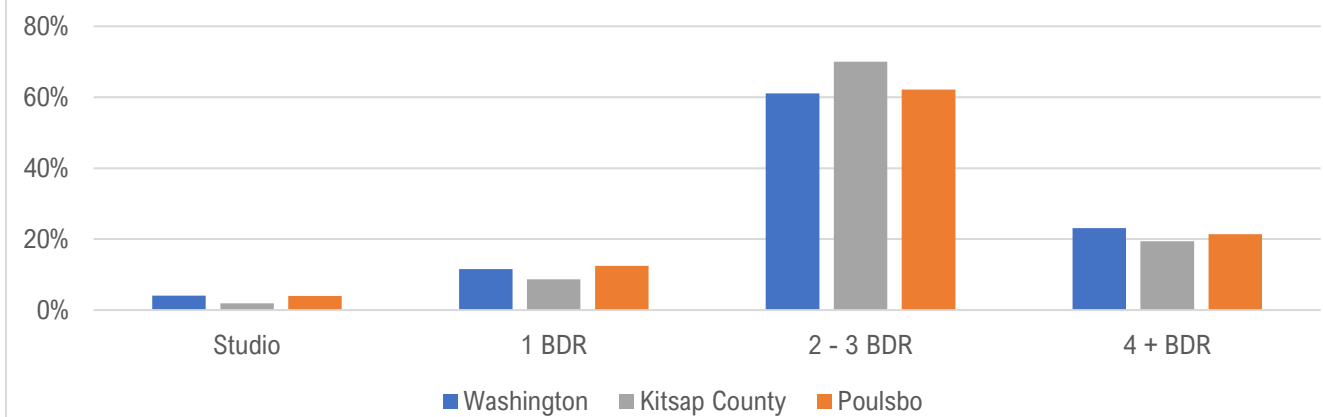
Poulsbo’s current housing stock is not aligned well with its population in terms of unit size. As shown in Exhibit 33, many households in Poulsbo (62%) have one or two members, but most housing units in Poulsbo are built for larger households: 83% of all units have two or more bedrooms (Exhibit 34).

Exhibit 33: Household Size



Source: U.S. Census Bureau. 2022. American Community Survey 5-year Estimates.

Exhibit 35: Housing Unit Size



Source: U.S. Census Bureau. 2022. American Community Survey 5-year Estimates.

It is likely that many of the larger (2-3+ bedroom) homes in Poulsbo are occupied by households with only one or two members. For example, this can happen when there are “empty nester” owner households living in single-family housing stock. This reduces the number of larger homes available for larger households.

PUBLIC AND SUBSIDIZED HOUSING

Public and subsidized housing is housing that is guaranteed to be affordable to people who meet certain income criteria. Often this type of housing is built with the help of federal, state, or local programs that contribute financing, incentives, or other forms of support for the construction of the housing units. Sometimes units are built to serve specific vulnerable populations such as older adults, low-income families, people with disabilities, veterans, or people transitioning out of homelessness. State and federal rules require that housing created under such programs remain affordable to the intended group for a defined length of time, sometimes in perpetuity. A list of public and subsidized housing complexes in Poulsbo is shown in Exhibit 36.

Public housing is run by a government agency or housing authority, such as Housing Kitsap, which provides housing to some of the most vulnerable people in Kitsap County. Housing Kitsap programs preserve housing, whether owned or under construction, and owns and operates over 900 units across Kitsap County, supporting the construction of 24 new homes per year.

Subsidized housing is owned and operated by private owners, often non-profit organizations. In addition to programs that help these owners build subsidized housing projects, the costs of renting units to people with low or moderate incomes can also be subsidized. Such subsidies pay the owner the difference between the market rate rent and the price the tenant pays, enabling the landlord to maintain and operate units with lower rents. Voucher-based programs are a common type of subsidy. Project-based vouchers ensure that a particular housing unit remains affordable within a certain income range and require that tenants are income qualified (show proof of income) to live there. These are often awarded when subsidized units are created. A tenant-based subsidy is awarded to a particular household. This allows the household to choose a housing unit on the private market that meets their needs, but only pay what they can afford. The Section 8 program is a popular type of tenant-based voucher.

Exhibit 36: Public and Subsidized Housing Complexes in Poulsbo			
	Assistance Program	Low Income/Rental Assistance Units	Managed By
Fjord Manor	USDA-RD	32	Housing Kitsap
Fjord Vista II	LIHTC, USDA-RD	16	Housing Kitsap
Windsong	LIHTC, USDA-RD	36	Housing Kitsap
Hostmark at Village Cove	Section 8, LIHTC	119	Hostmark Investors LLC
Winton Woods I	HOME	39	Post Winton LLC
Winton Woods II	LIHTC	42	Post Winton II LP

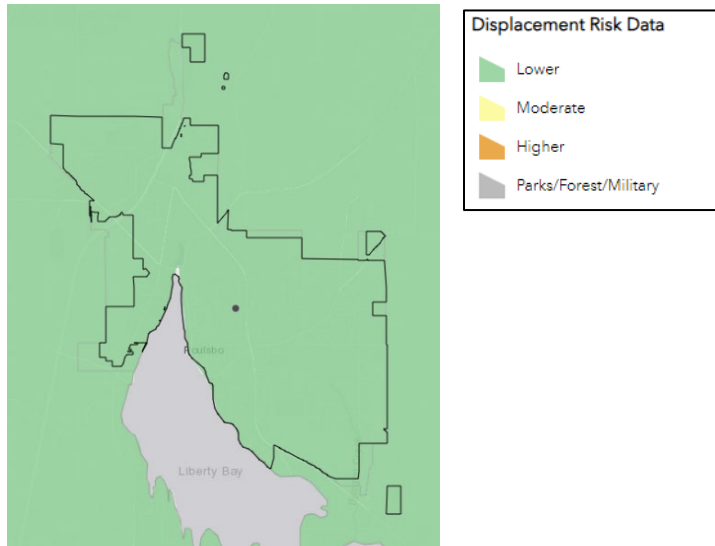
Source: Policy Map

DISPLACEMENT RISK

Displacement refers to instances when a household is forced or pressured to move from their home against their will. Direct, physical displacement occurs in cases of eviction, the termination of a tenant’s lease, or public land claims through eminent domain. Physical displacement can also occur when a property owner decides to renovate units to appeal to higher-income tenants or when buildings are sold for redevelopment. Another cause might be the expiration of an affordability covenant and resulting conversion of the unit to market rate housing. Economic displacement occurs when a household relocates due to the financial pressure of rising housing costs. Renters are more vulnerable to economic displacement, particularly those who are low-income, although some homeowners can experience this as well with significant increases to property tax bills. Cultural displacement is the result of the loss of social nets. When physical and/or economic displacement affects community businesses and a concentration of racial or ethnic minority households, other households affiliated with the affected cultural group may begin to feel increased pressure or desire to relocate.

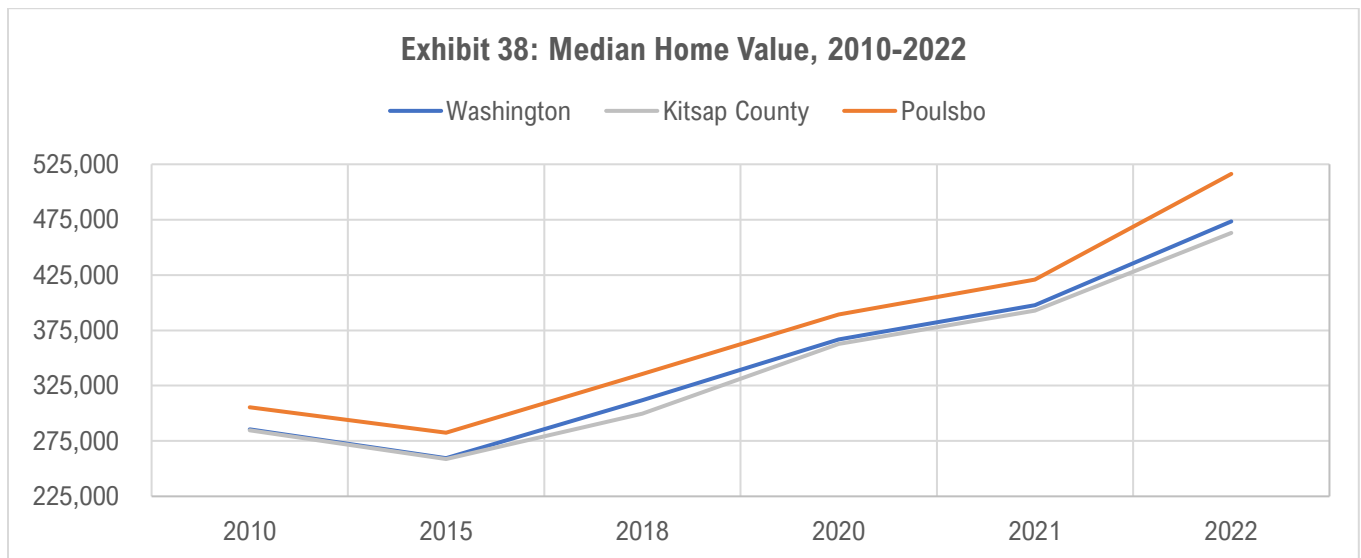
The Puget Sound Regional Council has developed a strategy to determine the risk of displacement of census tracts. Each census tract in Poulsbo has received a place on the displacement index by analyzing factors in the following categories: socio-demographics, transportation qualities, neighborhood characteristics, housing, and civic engagement. Poulsbo is shown to have a low level of displacement risk (see Exhibit 37 below).

Exhibit 37: PSRC Displacement Risk Mapping



HOMEOWNERSHIP AFFORDABILITY

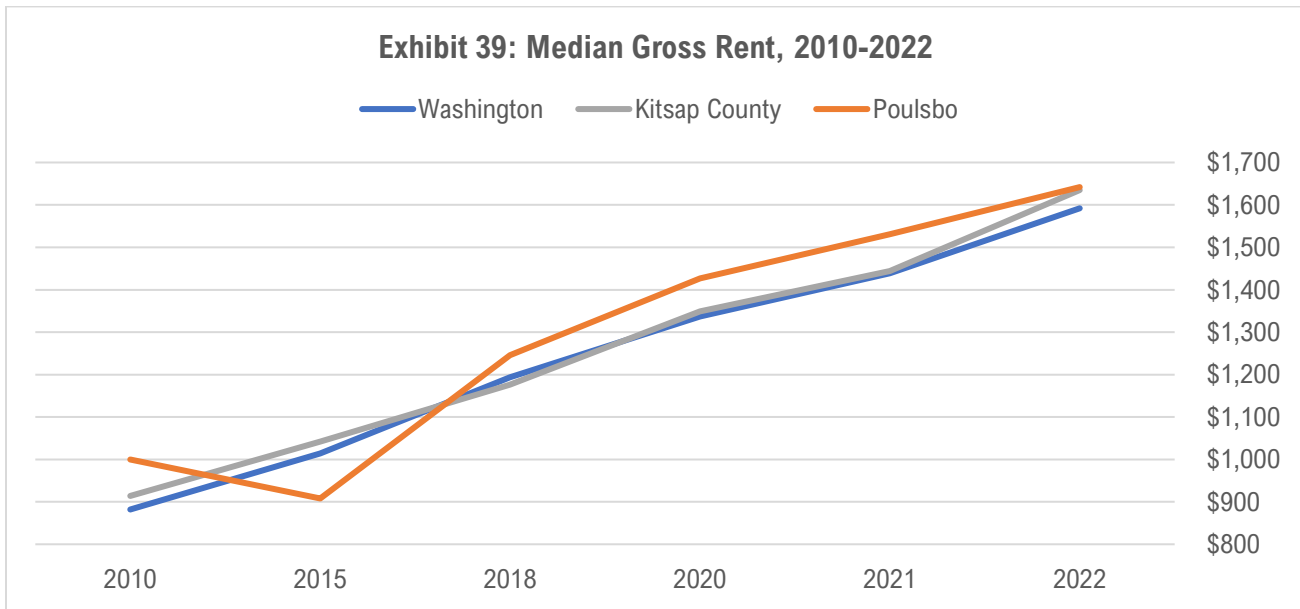
Homeownership is increasingly out of reach for many residents in Poulsbo. Between 2015 and 2022, the median home value of occupied housing units in Poulsbo went from \$282,500 to \$516,300, which was an 83% increase. During that same time Kitsap County experienced a 79% increase in median home value, while Washington State saw a 82% increase during that same time frame.



Source: U.S. Census Bureau, 2022. American Community Survey 5-year Estimates.

RENTAL AFFORDABILITY

As discussed previously, 47% of renters are either cost-burdened or severely cost burdened. From 2015 to 2022, median rent increased by 81% from \$1,000 to \$1,642. The median rent in Kitsap County and Washington State increased by 57% during the same period.



Source: U.S. Census Bureau. 2022. American Community Survey 5-year Estimate.

Exhibit 40: Rental Affordability, 2010-2022		
	2010	2022
Median Rent	\$1,000	\$1,642
Income Needed to Afford (at 30% of MHI)	~ \$40,000	~ \$66,000
Median Household Income (renters)	\$33,056	\$49,732

Source: U.S. Census Bureau 2010 and 2022 American Community Survey 5-year Estimates.

As shown in Exhibit 40, median rent in Poulsbo in 2022 was \$1,642 which means that a household earning the median household income for a renter of \$49,732 per year and living in an average priced apartment has a little over \$2,500 per month to cover food, healthcare, transportation, education, childcare, and any discretionary spending.

The cost-of-living composite consists of grocery, housing, utilities, transportation, and miscellaneous goods and services. The national average is normalized at 100. Cost of living for Kitsap County in Q3 2023 is 115.3. The cost of living in Kitsap is lower than Seattle (145.7), and other Puget Sound urban areas (C2ER Cost of Living Index Q3 2023 Report). Kitsap experiences notably higher transportation costs likely attributed to ferry travel.

HOUSING PRODUCTION

According to the Kitsap County’s 2021 Buildable Lands Report (BLR), between 2013 and 2019, Poulsbo permitted a total of 875 new housing units, as shown in Exhibit 41. Roughly one-third (32%) of these units were in multifamily buildings, compared to one multifamily permit in the previous evaluation period of 2006-2012.

Exhibit 41: Residential Building Permits, 2013-2019				
Zone	Single-Family	Multi-Family	Accessory Dwelling Units	Total Units
Residential Low (RL)	561	32	9	602
Residential High (RH)	27	246	0	273
Total	588	278	9	875

Source: Kitsap County Buildable Lands Report, 2021

Since 2019, as shown in Exhibit 42 below, Poulsbo permitted a total of 577 new housing units, 58% of which are single-family units and 42% multi-family units.

Exhibit 42: Residential Building Permits, 2020-2023				
Zone	Single-Family	Multi-Family	Accessory Dwelling Units	Total Units
Residential Low (RL)	328		5	333
Residential Medium (RM)		160		160
C-1/Downtown		84		84
Total	328	244	5	577

Source: City of Poulsbo Building Department, 2023

LAND CAPACITY

As part of the 2021 BLR, the city analyzed buildable land capacity based on current zoning and development standards. The study identified parcels that are vacant or have potential for redevelopment. Exhibit 43 below summarizes the findings.

Exhibit 43: Housing and Population Capacity (2019)			
Zoning	SF Unit Capacity	MF Unit Capacity	Population Capacity
Residential Low	1,564		3,928
Residential Medium		482	998
Residential High		300	620
Total			5,546

Source: Kitsap County Buildable Lands Report, 2021

Since 2019, as shown in Exhibit 44 below, and after updating the 2021 BLR for future Land Capacity, Poulsbo has capacity for 1,583 units of single-family development and 1,908 units of multifamily development.

Exhibit 44: Housing and Population Capacity (2023)			
Zoning	SF Unit Capacity	MF Unit Capacity	Population Capacity
Residential Low	1,583		3,974
Residential Medium		766	1,601
Residential High		630	1,317
C-1/Downtown		129	269
C-3/SR 305 Corridor		383	800
Total			7,961

Source: BLR Land Capacity Analysis (2023 Update)

Allocations and Projections

The Comprehensive Plan periodic update must plan to accommodate a portion of the overall growth (population, employment, and housing) that is forecast for the Central Puget Sound region (i.e. Kitsap, Pierce, King, and Snohomish Counties). Growth allocations are determined through a regional process coordinated through the Puget Sound Regional Council (PSRC) and the Kitsap Regional Coordinating Council (KRCC). Poulsbo actively participates in both coordination organizations. Within the context of this regional allocation process, Kitsap County and its jurisdictions adopted 2044 growth targets that will be used as the basis for the 2024 Comprehensive Plan Update, as shown in Exhibit 46, along with capacity after updating the 2021 BLR for future Land Capacity.

Exhibit 45: 2044 Growth Targets and Capacity			
	Current	Allocation for 2044³	Capacity⁴
Population	12,000 ¹	5,646	7,961
Housing Units	5,116 ²	1,977	3,491
Jobs	6,691 ²	4,000	4,099

¹ Washington State OFM 2023 Projections | ² Source: Census (2020)
³ Per Kitsap County Countywide Planning Policies | ⁴ Poulsbo BLR Land Capacity Analysis (2023 Update)

In 2021, the Washington Legislature changed the way communities are required to plan for housing. House Bill 1220 amended the Growth Management Act instruct local governments to “plan for and accommodate housing affordable to all economic segments of the population of the state.” These requirements include an inventory and analysis of existing and projected housing needs, including “units for moderate, low, very low and extremely low-income households” as well as “emergency housing, emergency shelters and permanent supportive housing (PSH).

Poulsbo must plan to accommodate 1,977 permanent housing units by 2044. Poulsbo staff followed the Washington State Department of Commerce guidance to conduct a land capacity analysis to determine if there is sufficient capacity to meet future housing needs under current planned zoning and development regulations. This analysis first identifies the net developable acres and planned density in each land use zone to determine total capacity in zone categories. Land use zones, for this analysis, are grouped into the following four zone categories:

- Low Density: Residential Low
- Moderate Density: Residential Medium
- Low Rise: Residential High

Exhibit 46 compares the aggregated housing needs of each income level to the total, existing, capacity in each zone category. This analysis finds there is a deficiency in projected permanent housing needs at 0-80% AMI income levels under current zoning and development regulations. Poulsbo will need to do additional work to show how it can provide capacity to meet all housing needs.

Exhibit 46: Comparison of Projected Housing Needs to Capacity, Current Zoning					
Income Level	Projected Housing Needs	Zone Categories Serving These Needs	Aggregated Housing Needs	Total Capacity in Zone Category	Capacity Surplus or Deficit
0-30% AMI PSH	166	Low Rise	1139	396	-743
0-30% AMI Other	377	Low Rise			
>30-50% AMI	324	Low Rise			
>50-80% AMI	272	Low Rise			
>80-100% AMI	140	Moderate Density	278	491	+213
>100-120% AMI	138	Moderate Density			
>120% AMI	560	Low Density	560	1512	+952
Total	1,977		1,977	2,399	

Exhibit 47 shows capacity building through planned updates to the Comprehensive Plan and Development Regulations. This analysis finds no deficiencies projected.

Exhibit 47: Comparison of Projected Housing Needs to Capacity, Planned Capacity Building					
Income Level	Projected Housing Needs	Zone Categories Serving These Needs	Aggregated Housing Needs	Total Capacity in Zone Category	Capacity Surplus or Deficit
0-30% AMI PSH	166	Low Rise/Mid Rise	1139	1552	+386
0-30% AMI Other	377	Low Rise/Mid Rise			
>30-50% AMI	324	Low Rise/Mid Rise			
>50-80% AMI	272	Low Rise/Mid Rise			
>80-100% AMI	140	Moderate Density	278	541	+236
>100-120% AMI	138	Moderate Density			
>120% AMI	560	Low Density	560	1425	+865
Total	1,977		1,977	2,399	