



HOUSING AFFORDABILITY

Understanding Costs. Exploring Tools. Shaping Poulsbo's Housing Future.

March 4, 2026 / Workshop 4



WHY ARE WE HERE?

This workshop series is designed to build a shared understanding of the factors that influence housing affordability in Poulsbo, identify the tools and incentives within the City's control, and guide Council in setting clear policy direction for 2026 (and beyond).

Through 4 workshops, we will explore local cost drivers, evaluate feasible affordability programs, understand fiscal and administrative trade-offs, and ultimately determine which strategies the City should pursue to support a wider range of housing options for our community.



WORKSHOP 4: POLICY DIRECTION AND NEXT STEPS

Goal: Translate discussion into next steps.



*Creating housing is complex.
Creating affordable housing is even more
complex. It requires patience, partnership,
fiscal discipline, and policy clarity.*

IMPLEMENTING THE COMPREHENSIVE PLAN

- *Policy HS-1.11 Expand housing capacity for moderate density housing to bridge the gap between single-family and more intensive multifamily development and provide opportunities for more affordable ownership and rental housing that allows more people to live in neighborhoods across the city.*
- *Policy HS-3.1 Identify and implement strategies to meet affordable housing targets identified in the Kitsap County Countywide Planning Policies*
- *Policy HS-3.5 Promote and encourage private developers and nonprofit organizations that seek to create increased housing and home ownership opportunities for low- and moderate income households , such as Housing Kitsap's Self-Help Housing program, Habitat for Humanity, shared or limited-equity housing, lease-purchase options, cohousing, and land trusts and cooperatives.*
- *Policy HS-3.6 Provide density bonus opportunities and other incentives for development proposals that provide low- to moderate -income housing units . Provide criteria and process for ensuring that those units remain affordable over time.*
- *Policy HS-3.7 Research emerging housing options or development incentives that are appropriate to be included in the City's zoning ordinance that will provide an increase of affordable housing units into the City's housing stock.*

WORKSHOP 1 – WHAT DRIVES HOUSING COSTS?

- Housing affordability in Poulsbo is shaped by both market forces and local policy choices.
- Rents and home prices have risen faster than incomes, leaving many households cost burdened and pricing moderate-income families out of ownership.
- The City cannot control interest rates or labor costs, but it does control development standards, fees, timelines, and land planning decisions.
- Local cost drivers matter most for smaller projects and workforce-oriented housing.
- Workshop 1 established a shared factual baseline so that future policy decisions are grounded in data, fiscal awareness, and realistic trade-offs.



WORKSHOP 2— TOOLS WITHIN MUNICIPAL AUTHORITY

- Shifted the conversation from understanding cost drivers to examining the tools available within municipal authority to influence housing outcomes.
- Reviewed a range of regulatory, financial, and partnership-based strategies that cities use to support housing affordability across different income levels.
- Reinforced that deeply affordable housing typically requires direct financial participation or land leverage, while workforce housing may respond to regulatory flexibility or cost adjustments.
- A consistent theme was the need for calibration, recognizing that incentives must be meaningful enough to influence feasibility without undermining infrastructure funding or fiscal stability.
- Administrative capacity was emphasized as a critical consideration, with recognition that many tools require monitoring, compliance oversight, and long-term coordination.
- The outcome of Workshop 2 was not adoption, but direction, narrowing the field to a focused group of strategies for deeper analysis.

WORKSHOP 3 – THE HARD PART- TRADE-OFFS

- Shifted the focus from identifying tools to evaluating whether those tools are fiscally responsible, administratively realistic, and sustainable over time.
- Examined how fee adjustments, incentives, or funding participation may improve project feasibility while also affecting infrastructure funding and long-term revenue streams.
- Reinforced that housing affordability strategies cannot be evaluated in isolation from parks, transportation, utilities, and capital planning obligations.
- Revenue timing matters, and deferrals differ significantly from permanent reductions in their long-term fiscal impact.
- Administrative capacity is as a central constraint, with recognition that oversight, eligibility verification, compliance monitoring, and reporting require sustained staffing resources.
- The importance of pilotable, adjustable, and measurable approaches emerged as a guiding principle to reduce risk while maintaining flexibility.

DELIBERATE. DISCIPLINED. FORWARD-LOOKING.



- Housing affordability is one of the most complex policy challenges facing cities today, and it will not be solved in a single budget cycle or ordinance amendment.
- Over the past four workshops, we have moved from understanding the problem to identifying tools, evaluating trade-offs, and clarifying priorities grounded in data and fiscal awareness.
- As a small city, our responsibility is not to overextend, but to act intentionally, protect infrastructure funding, and align housing policy with long-term sustainability.
- Progress will come from clear direction, careful sequencing, strategic partnerships, and measurable implementation steps.
- The work ahead is steady and ongoing, but the foundation has been laid.
- With shared understanding and disciplined action, Poulsbo can continue advancing housing opportunities in a way that reflects our values, our capacity, and our commitment to the community.

GUIDING THEMES

- Feasibility Focused Policy
- Fiscal Responsibility
- Administrative Realism and Capacity
- Targeted Approaches by Income Level
- Adaptability Over Time



PROGRAM PROFILES AND IMPLEMENTATION STRUCTURE

LOCAL HOUSING FUND (0.1% AFFORDABLE HOUSING SALES TAX)



- **Purpose** . Its core purpose is to create a predictable local funding source that can leverage state, federal, and nonprofit resources to expand or preserve housing serving households with the greatest affordability needs. The Fund provides a way for the City to participate financially in housing outcomes without acting as a housing developer. Mechanism to deploy the authorized 0.1% affordable housing sales tax.
- **Target Housing Types and Income Focus**. Discussion centered on prioritizing housing serving households at or below 60% of AMI. Workforce housing may be supported when modest local funding meaningfully improves feasibility.
- **Considerations for Poulsbo** . The revenue source is already in place, so the focus is on governance, eligibility, and accountability. Funding decisions must align with fiscal capacity and infrastructure obligations.
- **Relationship to Partners and Other Tools** . The Fund can complement other strategies and help leverage outside funding. Layering tools together may produce greater impact than relying on one large intervention.
- **Implementation Structure** . A clear governance and review process would guide funding decisions and track outcomes. Council would retain oversight and periodically adjust priorities as conditions change.

LAND BANKING (DONATION -ONLY)



- **Purpose** . Land banking is a voluntary, donation-based strategy focused on evaluating donated properties for alignment with housing goals. The approach avoids speculative acquisition and limits fiscal exposure.
- **Target Housing Types and Income Focus**. Housing outcomes would depend on site characteristics, zoning, and feasibility. The strategy emphasizes flexibility rather than a fixed income target.
- **Considerations for Poulsbo** . Donated sites must be realistically developable and aligned with Comprehensive Plan policies. Careful feasibility review is essential due to land and infrastructure constraints.
- **Relationship to Partners and Other Tools** . Development would remain partner-led, with the City acting in an evaluative and facilitative role. Donated land may complement funding tools or external grants.
- **Implementation Structure** . A clear process would guide evaluation of voluntary donations. Acceptance of any property would remain subject to Council consideration.

PRESERVATION (PARTNER-LED READINESS)



- **Purpose** . Preservation focuses on supporting income-restricted housing at risk of conversion, while remaining partner-led. The City's role would be supportive and catalytic, not as a property owner. Funding would occur through the Local Housing Fund when opportunity and resources align.
- **Target Housing Types and Income Focus** . Primary focus discussed: housing serving households at or below 60% AMI. Funding decisions would align with adopted priorities and available resources.
- **Considerations for Poulsbo** . This strategy emphasizes preparedness rather than ongoing acquisition. Integration under the Local Housing Fund ensures governance, oversight, and fiscal discipline.
- **Relationship to Partners and Other Tools** . Preservation would remain partner-led at all times. City participation would typically involve limited financial support to leverage outside funding.
- **Implementation Structure** . Funding would follow the governance framework of the Local Housing Fund. Any commitment would be opportunity-driven and subject to Council authorization.

FEE DEFERRALS



- **Purpose** . Fee deferrals shift the timing of certain fees to ease upfront financing burdens. Revenue is preserved while improving short-term feasibility.
- **Target Housing Types and Income Focus** . Deferrals may apply to income-restricted housing, workforce housing, or specific housing forms. Eligibility would depend on policy direction and affordability objectives.
- **Considerations for Poulsbo** . Impact fees and utility charges represent significant upfront costs. Clear eligibility standards and repayment terms are essential for fiscal responsibility.
- **Relationship to Partners and Other Tools** . Deferrals may complement other strategies by helping close feasibility gaps. Layering moderate adjustments may create greater impact than a single tool.
- **Implementation Structure** . Clear policy parameters and interdepartmental coordination would be required. The approach must balance administrative simplicity with accountability.

URBAN GROWTH AREA (UGA) SWAP

- **Purpose** . UGA adjustments are a long-term land capacity strategy, not a direct affordability subsidy. The focus is on evaluating whether expanded capacity supports future housing opportunity.
- **Target Housing Types and Income Focus**. Boundary changes may accommodate a range of housing types and densities. While not income-targeted, increased capacity may influence long-term supply conditions.
- **Implementation Structure** . Boundary review would require regional coordination, infrastructure analysis, and GMA compliance. This is inherently long-range and dependent on broader alignment.



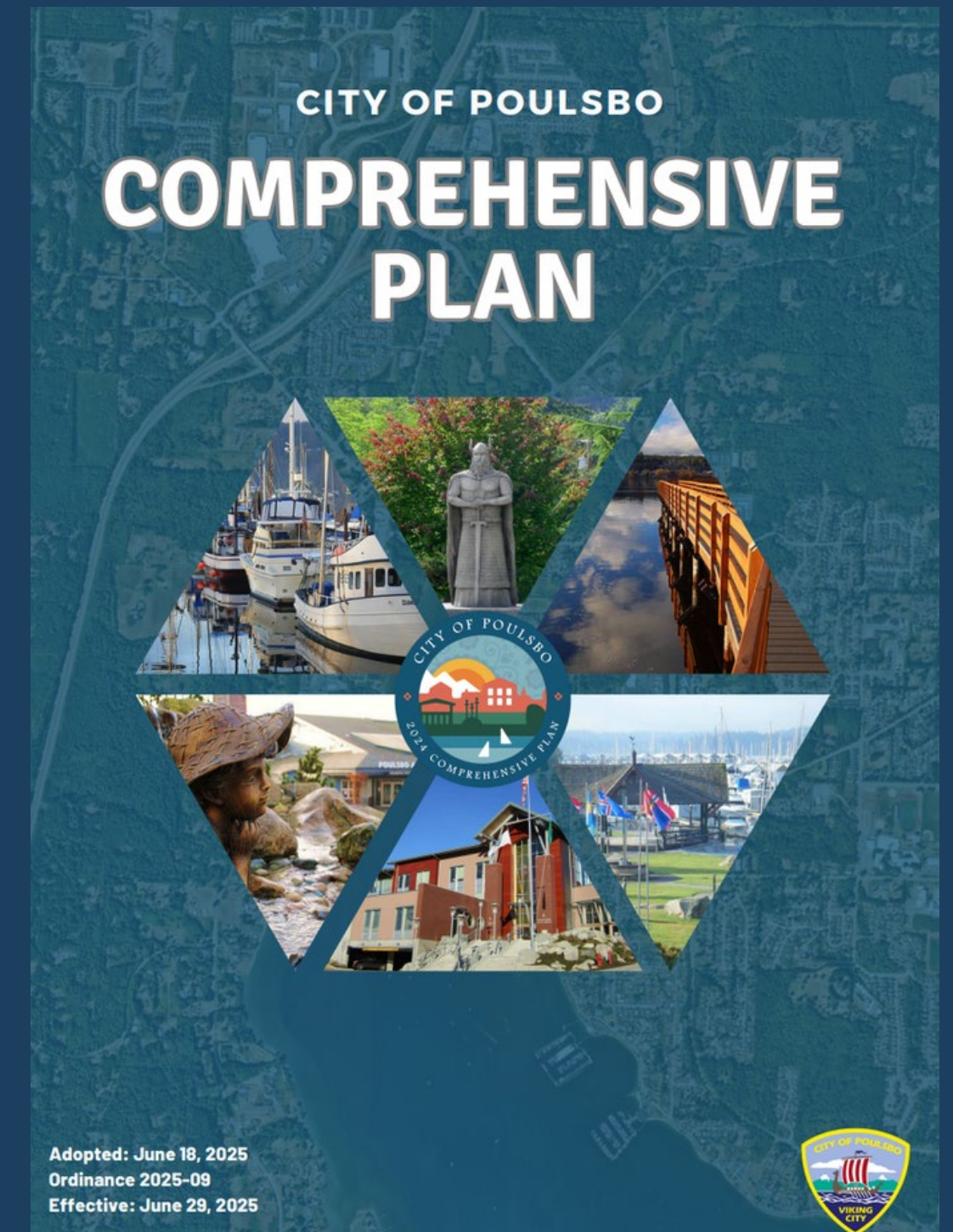
ANNEXATION

- **Purpose** . Annexation is a long-term structural supply strategy focused on expanding municipal boundaries where services are feasible. It is not a direct affordability subsidy.
- **Target Housing Types and Income Focus**. Annexation may create opportunity for a range of housing types depending on land use and infrastructure. While not income-targeted, it can influence long-term housing capacity.
- **Considerations for Poulsbo** . Annexation affects service delivery, infrastructure obligations, and fiscal sustainability. Careful evaluation is required before advancing boundary changes.
- **Implementation Structure** . Annexation would require fiscal analysis, infrastructure review, public engagement, and formal procedures. It is a long-range consideration rather than immediate action.

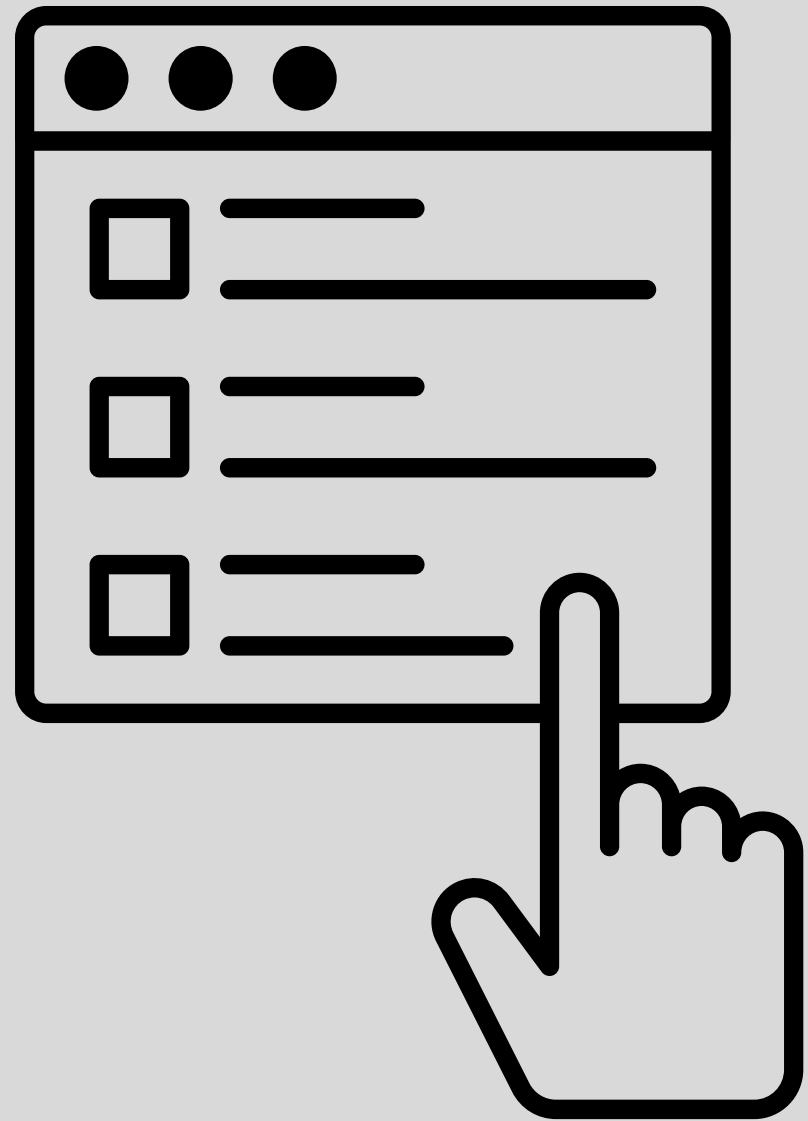


ALIGNING HOUSING ALLOCATIONS WITH IMPLEMENTATION TOOLS

- The Comprehensive Plan establishes income-segmented housing allocations the City must plan to accommodate under the Growth Management Act.
- These allocations distribute required capacity across specific AMI categories rather than a single total number.
- The Housing Land Capacity Analysis demonstrates theoretical zoning capacity, but capacity alone does not guarantee production in each income band.
- Different income levels respond to different market conditions and policy tools.
- Market-rate production may occur under existing regulations, while lower-income segments often require subsidy, partnership, or targeted intervention.
- Aligning income allocations with implementation tools helps clarify where regulatory flexibility is sufficient and where deeper policy action may be needed.



AMI Income Band	0–30% AMI (Non-PSH)	0–30% AMI (PSH)	>30–50% AMI	>50–80% AMI	>80–100% AMI	>100– 120% AMI	>120% AMI
2044 Housing Unit Allocation	377	166	324	272	140	138	560
<i>Primary Implementation Tools</i>							
<i>Local Housing Fund</i>							
<i>Preservation</i>							
<i>Land Banking</i>							
<i>Fee Deferrals</i>							
<i>UGA Swap</i>							
<i>Annexation</i>							
<i>Secondary Implementation Tools</i>							
<i>Dimensional/Design Flexibility</i>							
<i>Density Bonus</i>							
<i>Public-Private Partnerships</i>							
<i>Grant Partnerships</i>							
	Direct / Primary Impact		Secondary / Conditional Impact				



TIME FOR A
BREAK



A MARATHON, NOT A SPRINT



- Housing affordability is not a sprint toward a single solution.
- It is a long-term commitment to thoughtful policy, fiscal responsibility, and community balance.
- Tonight is not the end of the conversation.
- It is the beginning of disciplined implementation.



NEXT STEPS

- Additional focused workshops will examine prioritized programs in greater detail, including governance, eligibility, fiscal calibration, and administrative structure.
- Council direction from those discussions will inform development of the Housing Implementation Plan as the roadmap for sequencing and implementation.
- Any future ordinances or funding decisions will proceed through separate Council deliberation and public process.

THANK YOU

