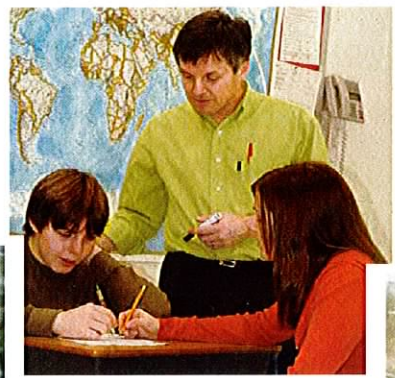
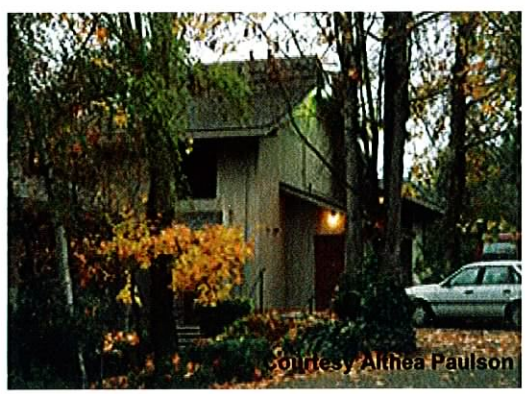
Community Housing Coalition

FINAL REPORT

December 2007





The Community Housing Coalition encourages the preservation and creation of a spectrum of housing options to support Bainbridge Island's goal of being a diverse, sustainable community. It does so by assessing and tracking needs, acting as a central clearinghouse for community housing information, providing best practice research, and contributing to the development of effective public policy.

Community Housing Coalition
Final Report
December 2007

Community Housing Coalition Members (current and former)

Richard Beckman
Donna Dahlquist
Steve Davis
Carl Florea
Tina Gilbert
Don Heppenstall
Els Heyne, Co-Chair
Carmella Houston, Chair
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Joanne Tews
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Member Organizations

Health, Housing and Human Services Council
Helpline House
Housing Resources Board

City of Bainbridge Island Liaisons

Kathy Cook
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Staff

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Partner Organizations/Committees

Elder Friendly Community Committee
Kitsap County Consolidated Housing Authority
Supported Housing Committee
Trust for Working Landscapes

CHC Development Task Force

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Final Report

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Executive Summary

Purpose

This Summary highlights the priority recommendations from the Community Housing Coalition to the City of Bainbridge Island. The following Section of this Final Report, and Appendices, provide essential details to facilitate the transfer of work from the Community Housing Coalition to the City, as recommended in the CH2MHILL Report.[1] We trust that this work will receive appropriate priority and allocation of resources.

In January 2005, and as one of the recommendations from the 2004 Mayor's Affordable Housing Task Force,[2] the City Council endorsed the creation of the Community Housing Coalition under the umbrella of the Health, Housing and Human Services Council. The CHC, functionally formed in late June, 2005, was charged with the mission to "encourage the creation and preservation of a spectrum of housing options to support Bainbridge Island's goal of being a diverse, sustainable community, by:

1) Acting as a central clearinghouse for community housing needs and information;
2) Encouraging collaborative partnerships to develop diverse housing options; and
3) Providing best practice research and contributing to the development of effective public policy related to housing."[3]

The CHC inherited the full list of recommendations from the Mayor's Affordable Housing Task Force, which became the basis for CHC's Work Plan.

State of Housing on Bainbridge Island

When the Community Housing Coalition was formed in 2005, the median sales price of a single family home on the island was $569k (December 2005, year-to-date); the median sales price for condominiums was $383.2k. At the end of 2007, year-to-date figures indicate a 19 - 20% increase for single family homes, to $680k, and condominiums, to $456.5k.[4]

CHC's first task was to identify the income levels that are under-served by the open market on Bainbridge Island, according to the federal definition of "affordability," which states that housing expense (rental fee, including utilities and garbage, or mortgage payment, including property taxes and hazard insurance) equates to no more than one-third of gross household income

In 2007, Kitsap County median income was $65,700, for a family of four. Based on the federal definition of "affordability," people on Bainbridge Island earning up to (and over) 120% of the area median income have been under-served by the market for several years. To put this in perspective, a family earning $75,840 a year can afford a rent or a mortgage payment up to $1,896 per month, which equates to a mortgage of approximately $300,000. This reflects the significant, and growing, gap between the median home price and what many can afford.

The CHC created the Housing Solutions Matrix[5] to focus efforts on multiple solutions that would serve a range of income levels.

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[1] CH2MHILL Final Report, 2007. Appendix 1, Page 3.
[2] Mayor's Affordable Housing Task Force Executive Summary. Appendix 1, Page 5.
[3] Community Housing Coalition Charter Agreement. Appendix 1, Page 9.
[4] Real Estate Report, Windermere; Appendix 1, Pages 45-47.
[5] Housing Solutions Matrix; Appendix 1, Page 19.

Recommendations

The Housing Element of the Bainbridge Island Comprehensive Plan provides policy guidance as follows: *"The underlying assumption is that the marketplace will guarantee adequate housing for those in the upper economic brackets, but that some combination of appropriately zoned land, regulatory incentives, financial subsidies, and innovative planning techniques will be necessary to make adequate provisions for the needs of middle and lower income persons."*[6]

In this context, the CHC submits the following key recommendations to advance the work on "diverse housing." While each of these recommendations carries priority for immediate implementation, CHC assigns the highest priority to items 1-4.

1. **Implement the recommendation from the CH2MHILL Report to hire a full-time housing planner to coordinate and carry on the work started by the Community Housing Coalition.** (Page 3)

2. **Complete and adopt the Inclusive Housing Ordinance (aka the Affordable Housing Ordinance) as developed by the Community Housing Coalition.** (Page 7)

3. **Adopt the key provisions and criteria developed by the CHC for a contract/agreement between the City and the Community Land Trust for the purpose of implementing certain aspects of the Inclusive Housing Ordinance.** (Page 17)

4. **Continue the new Accessory Dwelling Unit (ADU) Program and create a conditional "amnesty" program ADUs which are or will be rented to income-qualified tenants but do not conform to current zoning/regulations.** (Page 21)

5. Adopt code changes that will allow existing Non-conforming Structures to be "grandfathered" and to be rebuilt at the same or greater density, if they are lost due to a natural disaster. (Page 27)

6. Adopt the Cottage Housing Ordinance. (Page 29)

7. Restructure and revise policy and procedures for the Housing Trust Fund and expand its capacity by marketing and encouraging contributions from multiple community sources. (Page 4, Item 8)

8. Continue facilitation of collaborative working relationships among housing organizations and advocates, and expand community awareness and involvement activities. (Page 5, Item 12)

[6] City of Bainbridge Island, Comprehensive Plan – Housing Element, Goals and Policies; Appendix 1, Page 22.

Major Accomplishments

To put CHC's work in context, the following list includes some of the significant accomplishments the CHC has achieved since they began their work in late June 2005. Events and activities on this list proved to be extremely valuable with respect to development of work products, increased public awareness and advocacy, and coordination with and among local housing organizations.

- Convened a successful **Community Housing Summit** (April 2006) attended by more than 100 people. (Appendix 1, Page 31 - Summit Summary)

- Established a **Community Land Trust** for housing, in conjunction with the Housing Resources Board, to hold land in trust in perpetuity for sustained affordability.

- Partnered with the developers of **Vineyard Lane** so that four affordable condominiums created under the current Affordable Housing Ordinance were sold to income-eligible buyers in the Community Land Trust Program.

- Collaboratively organized a **joint Planning Commission/City Council Affordable Housing Workshop** (February 2007) to enhance communication and address strategic issues.

- Developed the **Housing Solutions Matrix** to guide and focus CHC's work on solutions that would serve a range of income levels. (Appendix 1, Page 19)

- Drafted a new **Inclusive Housing Ordinance (aka Affordable Housing Ordinance),** which remedies the difficulties of the previous Ordinance, for adoption by the City. (Appendix 2, Page 7)

- With Trust for Working Landscapes and Housing Resources Board, organized and hosted a series of public workshops with Michael Brown from Burlington Associates on the **Community Land Trust** approach to housing and land stewardship. (Appendix 1, Page 33 – Event Flyer.)

- Developed a brochure and video to promote **Accessory Dwelling Units** as a viable affordable housing option; convened an ADU Workshop attended by more than 60 people. (Appendix, Page 35 – Event Poster; copy of the ADU brochure is included at the end of this Report.)

- Developed **Community Awareness** of affordable housing issues through: a Faces & Places poster marketing campaign (to be released in January); newspaper coverage; Bainbridge Island broadcasting coverage; outreach to Chamber of Commerce, Inter-faith Council and others.

- Advocated and coordinated community participation for the project to preserve the **Quay Bainbridge Apartments**; initiated communication to inform and engage residents.

- Developed recommendations for revisions to the draft **Cottage Housing Ordinance** for the City's review. (See Page 29 of this Section for details.)

- **Engaged diverse stakeholders** in deliberations about housing policies and recommendations by hosting a Developer's Forum, a Funding and Finance Workshop and a series of Environmental Round Table discussions.

- In partnership with the Chamber of Commerce, completed a **Survey of Large Business Employers** and a **Local Workforce Housing Survey**. (Appendix 1, Page 37 - Survey Highlights)

- **Strengthened collaborative working relationships** among CHC member organizations, and established a leadership forum for Board Chairs and Executive Directors of the HHHS Council, HRB, KCCHA, Helpline House, and the CHC as well as the Senior Planner and Planning Director for the City. (Appendix 1, Page 13 – Chart of Housing Organizations)

- **Established working connections and partnerships** with Trust for Working Landscapes, Chamber of Commerce, Elder Friendly Community Committee and the Supported Housing Committee (for special needs citizens).

- Conducted **extensive research** on housing legislation, policies and programs, and studied **best practices** and leading-edge thinking in communities across the region and the country.

- Actively participated in the development of recommendations for the **2025 Citizens Advisory Committee** and the **Winslow Tomorrow Incentive Program.**

- Initiated outreach to learn from and share with **regional and national entities**, e.g., Northwest CLT Network, National CLT Network, individual CLTs, Bellingham/Whatcom County Affordable Housing Task Force, Puget Sound Regional Council, Policy Link, etc.

- Organized a Funding and Finance Workshop to explore the need and resources for funding affordable housing projects/programs. (Appendix 1, Page 39)

- Recommended policy and procedural improvements as well as considerations for fund allocation for the **Housing Trust Fund**. (Appendix 1, Page 41)

- Provided critical input to the Shoreline Management Master Plan/**Open Water Marina** debate.

Lessons Learned

Throughout the term of the Community Housing Coalition, a number of themes were constant, affirming the recommendations from the 2004 Mayor's Affordable Housing Task Force and a multitude of housing programs/projects in communities in our region and across the country:

- Housing is a complex problem that requires systemic change and multifaceted solutions (there is no "silver bullet")

- Certain solutions to the affordable housing crisis on Bainbridge Island, e.g., Cottage Housing, Accessory Dwelling Units, Community Land Trust and inclusive housing programs, have been revisited several times over the course of the past 10 years, resulting in repeated recommendations that these programs be adopted and implemented.

- To turn the tide on housing issues, a long-term commitment and a consistent, steadfast effort is required. (Continual improvement requires ongoing attention and time for relationships to develop; crisis management, short-sighted funding and stop-start attempts do not produce sustained results.)

- "Affordability" is not only an issue for people of meager means; the future of our community lies in our ability – and willingness – to provide a wide range of rental and ownership options for people of all economic circumstances.

- The City's leadership and full involvement in development of policy and code solutions is essential, especially for technical expertise, the crafting of technical ordinances, access to the City's internal resources and the authority to usher new code through the maze of internal City processes and essential public involvement.

- If "diverse housing" is to be a priority for the City, it must be funded and supported by administrators, legislators and staff, with clear roles and responsibilities, open and clear lines of communication, transparency, and strong, clear policy direction based on commonly held community values.

- Clear, long-term vision and strategies, developed collaboratively with key stakeholders "at the table," are essential to guide the community toward sustainable housing solutions.

- The best solutions and most successful programs are those which are, also, created collaboratively and garner the support from policy makers, City Staff, housing organizations and advocates.

- "Diverse housing" carries with it social, environmental and economic factors and implications that must be considered in setting policy and constructing programs.

Introduction

This report includes background information and recommendations developed by the Community Housing Coalition. It reflects the knowledge and insights gained through extensive research, deliberations, stakeholder involvement and due diligence on the parts of 15 committed community volunteers and CHC staff over the course of two and one-half years..

The intention is to provide enough background and details so that the City will have a firm foundation upon which to base the next phase of development; essential functions of this next phase, in particular, relate to moving forward with new or revised ordinances, establishing a community point of contact for housing programs within the City and continuing to invite and facilitate collaborative working relationships.

In this Section, discussion on each "recommendation" outlined in the Executive Overview will be expanded, with background, descriptions of CHC's processes and conclusions. Additional details are contained within the extensive "library" of materials compiled from CHC's research, which will be transferred to the City's Planning Department.

Appendix 1 provides a complete history of the Community Housing Coalition and the foundation upon which the work is based, as well as information related to specific accomplishments.

Appendix 2 contains information specifically related to the Inclusive Housing Ordinance; Appendix 3 contains information related to Cottage Housing.

NOTE: With the closure of the Community Housing Coalition at the end of 2007, all questions and comments on this Report can be directed to the City of Bainbridge Island, Planning and Community Development - Brent Butler, Senior Planner (206) 780-3763.

CHC Transition to City Hall

This recommendation speaks to the essential "next steps" for the City, as it takes on expanded leadership and responsibility for "diverse housing" community initiatives.

Background

The Community Housing Coalition was established as an entity through which a comprehensive, collaborative approach to affordable housing would be implemented, and specific recommendations from the Mayor's Affordable Housing Task Force would be further developed and implemented.

Early in 2007, the City engaged CH2MHILL to conduct a "performance review" of the Health, Housing and Human Services Council (HHHS) and the CHC. (See excerpts relevant to the Community Housing Coalition, Appendix 1, Page 3.)

The following recommendations reflect a desire to see that the work CHC has done in several areas continues and, in some cases, is expanded and accelerated. The key areas include: strengthening relationships and building partnerships among the organizations involved in housing in our community; conducting research into successful housing programs across the region and the country; developing recommendations for policies and ordinances; advocating for a full range of housing options and resources; and increasing the visibility of affordable housing within the community.

Recommendations

The City has implemented one part of CH2MHILL's Action Plan, which is to close the CHC by year end 2007; the second part of the Plan, to allocate the necessary resources to take over and continue the work within the City, has not, as yet, been implemented. To make steady progress, the City must provide dedicated staff and funding. The CHC endorses the CH2MHILL Action Plan and asserts that the following priority Actions must be implemented without delay:

1. Fund and hire a **full-time housing specialist**.

2. **Accept and move critical CHC projects forward**, especially the Inclusive Housing Ordinance, ADU Program, Non-Conforming Structures Ordinance, Cottage Housing Ordinance and community awareness activities. CHC also recommends that ample opportunities be created for the public and key stakeholders to be involved in the next steps of processing these work items.

3. Establish a short-term "**transition team**" consisting of members from City Planning staff, City Council, Executive, CHC (member/staff), and others deemed necessary. The CHC recommends that this transition team, as a first step, review, affirm (or adjust) the City's long-term, high-level strategic goals and priorities for "diverse housing" for our community. It is essential that City decision-makers (legislators, executive and staff) and community housing organizations be "on the same page" and work together, from a solid foundation, to plan, implement and support "diverse housing" initiatives. CHC recommends that explicit support be secured for the following fundamentals, which guided CHC work:

   - A clear vision for "diverse housing" in our community (See Appendix 1, Page 15.)

   - The range of income levels that need to be served. The CHC remains steadfast in its support for housing options that serve a range of income levels, up to and

including moderate and middle income residents (< 120% of Kitsap County Area Median Income), who are not served by the market.

- A continuum of housing options, including reasonably priced rental units AND home ownership, through the marketplace and the work of local housing organizations. Expanding ownership options (e.g., "starter" homes, clusters of small homes, etc.) will help reduce the risk of losing (or not attracting) young families, "empty nesters" and elders who want to stay on the Island and "downsize," and people for whom stepping into the housing market is part of improving their financial security.

4. To reinforce the CHC2MHILL Action Plan, agree upon clear and universally accepted roles and responsibilities for Staff, Council, Executive, non-profit housing organizations, advisors, etc. In addition, the working relationships, as cultivated by the CHC, will continue to evolve, and an effective system of communication between and among these entities, and the City, needs to be established to ensure open dialogue and transparency and to facilitate partnerships.

5. Designate a City Council Member and/or Standing Council Committee as an active participant/liaison on the development of policies and strategies for housing.

6. Per the CH2MHILL Action Plan, form an on-going "advisory" panel to provide ongoing, high level guidance on matters related to "diverse housing." The CHC recommends that local housing organizations, City Council, Housing Trust Fund Executive Committee, Planning Commission, the housing professions, and economic, social and environmental advocacy be represented on this advisory panel. (The "L6" group, which is comprised of Executive Directors and Board Chairs from key housing entities. HRB, HHHS Council, Helpline House, KCCHA, and the City Planning Department, might be a source for representatives to sit on the advisory panel.)

7. Establish a connection between the "advisory" group and the Housing Trust Fund (HTF) Executive Committee, keeping the operation of the Executive Committee separate to preserve their critical focus on the allocation of the City's funds for specific projects and to maintain objectivity.

8. Further explore opportunities to provide financial support for "diverse housing," including those identified by participants in a CHC Funding/Finance Workshop (see Appendix 1, Page 39), perhaps as part of an expanded leadership role of the Housing Trust Fund Executive Committee. "Opportunities" include innovative funding mechanisms beyond the City's Housing Trust Fund, e.g, property tax relief and fee deferrals/waivers for ADUs and rental property projects; partnerships with local financial institutions, private investment vehicles (e.g., CDFI), etc.

9. Develop a 10-year projection of the numbers and types of housing units (rental and ownership) needed to serve households of diverse economic means. (These estimates will serve as guideposts for legislation and the allocation of City funds and other resources.)

10. In conjunction with HHHS, manage the "faces & places" poster campaign to continue to raise awareness, and consider convening public forums for open, constructive conversation on this subject.

11. Measure the community's support for policies and public funding for "diverse housing" through a mechanism such as a new survey of community values. It will be important to

develop survey tools which invite responses regarding the underlying community values at stake, such as the social and economic diversity, which is seriously threatened by the current and projected state of housing.

12. Partner with and support the existing and emerging housing organizations and groups in the community, and create ample opportunities to sustain and deepen the collaborative relationships the CHC has cultivated. This includes the nonprofit housing development/property management organizations as well as human services agencies and committees, e.g., the Elder Friendly Community Committee (a program of HHHS) and the Supported Housing Committee for people with special needs. The Comprehensive Plan – Housing Element, H 1.3, states: "The City shall partner with non-profit organizations, the development community, local lending institutions, elected officials, and the community at large to assist in meeting affordable housing goals and implementing policies." (Appendix 1, Page 23.)

Inclusive Housing Ordinance

This recommendation addresses the further development of the draft Inclusive Housing Ordinance (aka Affordable Housing Ordinance), which has been the focus of significant CHC time and energy.

Background

Wide ranges of housing stock and prices, in any community, are essential to the preservation – and growth - of healthy social/economic diversity. Housing on Bainbridge Island, with the median sales price for single family homes increasing steadily to a current high of $680k, and condominiums at the median sales price of $456.5k (December 2007, year-to-date),[7] is out of reach for an ever increasing number of families.

From a purely financial view, the market precludes the majority of the local work force, young people, artists, and people living on fixed incomes, from purchasing a home; people of moderate financial means who require (or prefer) small, sensible homes will find few, if any, houses that meet their size and price criteria. Young families who want to avail themselves of excellent schools, parks, open space and a strong sense of community, will find nothing that resembles a "starter home." While some condominiums advertise "affordable" units, an income of at least $50,000 is required to purchase a $205k unit; many are built small to accommodate households of one or two people, leaving fewer options for larger families.

While rental units have remained reasonably priced for people of many income levels, the vacancy rate on Bainbridge Island hovers between one and two percent, and waiting lists for the most affordable units continue to grow.

The original Affordable Housing Ordinance (AHO), BIMC Chapter 18.90, requiring that new residential developments include a percentage of affordable housing, was enacted in 1997; amendments to BIMC Sections 18.40.040 and 18.40.050 were adopted in September 1999 to create affordable housing requirements specific to the Mixed Use Town Center and High School Road Zones.

This program, considered an "inclusionary zoning (or housing) program," was the first of its kind in Washington, demonstrating the leadership necessary to make a significant impact and adopt an innovative, yet proven, approach. The vision of this program was to enable teachers, firefighters, public employees and young families to own homes on the Island; the goals were to 1) disperse "income-eligible" housing throughout all geographic and economic segments of the community, 2) provide a mixture of housing types and sizes, and 3) avoid "economic enclaves." The AHO applied to most new subdivisions and multifamily developments; units created were to serve "moderate income" households (80 – 95% of the median household income for the Seattle metropolitan area).

With time and experience, the City determined that the Affordable Housing program, while producing some results, was not working as originally intended and overall goals were not being met.

- Affordability was not sustained (with first resale, units reverted to market rate prices)
- Legal challenges were raised regarding the cost off-set for the developer.
- Income-eligible and qualified buyers (with sufficient down payment and credit rating) were difficult to find; buyers often became "cost-burdened" by multiple refinances and over extending credit.
- Qualified buyers opted out due to the restrictions on resale that seemed onerous.

[7] Real Estate Date, Windermere; Appendix 1, Page 45-47.

- Units built were not sold quickly.
- Extensive investment of City staff time and resources did not yield corresponding results; process for subsidy recapture at resale was complicated to administer.
- Developers found the process difficult to work with and some opted to develop just below the threshold to avoid affordable housing requirement.

The requirements of the 1997 Affordable Housing Ordinance were repealed in April 2005, while the optional affordable housing program stayed in tact.

The new Inclusive Housing Ordinance, is intended to meet the over-arching Goals of the Housing Element of the Comprehensive Plan and state laws/regulations, including the Growth Management Act. The ordinance is in compliance, as well, with HB 2984, which was passed in the 2006 Washington State legislative session and establishes minimum standards for local jurisdictions that adopt affordable housing incentive programs.

These Goals provide the foundation for the development of the new Inclusive Housing Ordinance:

- Ensure perpetual affordability for income-eligible buyers and renters.
- Promote and facilitate the provision of diverse housing options in all geographic areas of the community.
- Serve the needs of people of diverse income groups, up to and including moderate and middle income levels
- Interface/collaborate with COBI Staff, Winslow Tomorrow and 2025 committees, all of which have embraced "affordable housing" as a priority, to ensure that policies and programs related to the provision of "affordable housing" are in alignment.
- Secure public and private support/assistance for policy development, implementation and ongoing operation of housing "infrastructure."

Research - A significant amount of energy was directed toward learning about housing programs in other cities; the CHC learned from some of the most successful "best practice" communities as well as from those who have struggled to create and update codes that are relatively easy to administer and yield affordable housing stock. (A partial list of resources in provided in this Section, beginning on Page 12. CHC's complete "library" of materials will be on file in the City's Planning Department. This documentation includes extensive material on inclusive housing programs in other cities, as well as studies and papers produced by public and private institutions, and provides the basis for CHC's critical analyses of "inclusionary zoning/housing.") A matrix of programs in smaller cities, which includes the number of units produced, can be found in Appendix 2, Pages 3-4.

Among the most successful programs in communities similar to Bainbridge Island, in size or other characteristics, are Highland Park, IL, Chapel Hill, NC, Boulder, CO and Burlington, VT; additionally, study of jurisdictions such as Montgomery County, MD, where inclusive zoning has been a practice since 1974, and many cities in California, particularly near the shoreline, has been exceptionally valuable.

Planning Commission and Legal Review – The provisions of the new ordinance were developed by the CHC in 2006. The key elements of the program, and later, the draft ordinance, were brought before the Planning Commission for discussion and guidance in four study sessions in 2006 - June 22, July 27, September 21 and October 26. The key points brought up in these meetings, e.g., income levels served, fee in lieu provision, mandatory vs. voluntary programs, role of the Community Land Trust, concerns about density, among others, were considered by the CHC and, with few exceptions, have been addressed in the final

recommendations. (Meeting minutes from the Study Sessions are available through the City's website.)

The CHC also responded to a number of questions raised by citizens during public comment periods at Planning Commission and City Council meetings, which are available from the City's Planning Department.

In August, 2006, the draft ordinance underwent a legal review by Attorney for the City, Rod Kaseguma; this review included a strong recommendation that a nexus analysis be conducted to demonstrate the relationship between new construction and the need for affordable units. The City implemented an RFP process to select the consultant, and funds for the consultant's contract were approved in May 2007. Completion of the analysis by Keyser Marston Associates, with a related Fee In-Lieu recommendation, is pending.

Community Involvement

At the 2006 Community Housing Summit, attended by more than 100 citizens, housing advocates and building professionals, the CHC presented ideas for the new Inclusive Housing Ordinance and surveyed participants regarding their support for this type of program. Results reflected that 85% believed the ordinance was "good for the community," and 62% said they would personally support it.

The ordinance, while in development, was also brought directly to key stakeholders for their involvement, ideas and suggestions. CHC convened a Developers' Forum, which was attended by 12 developers and other interested parties, in January 2007. This constructive conversation yielded a number of issues and suggestions, including:

- Application of the ordinance in all zones, rather than in high density areas only, can be problematic
- "Stacking" of inclusive housing requirements on top of open space, critical areas, public amenities, etc. presents a challenge for developers
- Accommodating additional density (required affordable units as well as off-set and bonus market rate units) can be problematic with existing restrictions on height, setback, parking, etc.
- Initial and re-sale prices of affordable units need to be set up front and sale/purchase processes must be timely and well managed
- The program needs to serve those we need to serve and providing financial support for buyers should be considered.

(See Appendix 2, Page 17, for the complete list of issues and suggestions generated at the Developers' Forum.)

In addition, the CHC initiated a meeting with the Chair and Executive Director of the Home Builders Association, and made a focused effort to learn about industry concerns and criticisms regarding inclusive zoning. The National Association of Home Builders has produced a document, *"Policy, Practical, and Legal Challenges to Inclusionary Zoning: A Resource Manual for NAHB Members,"* which challenges some of the fundamental principles of inclusive zoning and advocates for certain provisions should a jurisdiction elect to develop and adopt an ordinance. According to this document, *"the single biggest failing of adopted inclusionary ordinances is that they leave important details vague or entirely unaddressed, and thus are ineffective due to resulting confusion or uncertainty."*[8]

[8] "Policy Practical, and Legal Challenges to Inclusionary Zoning: A Resource Manual for NAHB Members," June 2007.

A "best practice' discovered through CHC's research is "A Joint Policy Brief" on inclusionary zoning, which was co-produced by the Home Builders Association and the Nonprofit Housing Association of Northern California,[9] and affirms/strengthens points raised in local conversations with developers.

To these points, the CHC committed to provide a clear, consistent framework for developers and present options that would facilitate ease of implementation and maximum participation.

Four environmental "round table" discussions were held to invite input and ideas from environmental advocates. These sessions proved to be invaluable for the constructive ideas that were generated, the "big picture" thinking, and the underlying acceptance of the interdependence of "environment" and housing for people. (A summary of key points from these discussions can be found in Appendix 2, Page 19)

The 2025 Growth Advisory Committee expressed support, in their Final Report, for "incentive zoning:"

> *Rather than granting blanket density increases to encourage growth in certain areas, the City would grant the increases only when landowners qualify by providing features that benefit the community. In other words, the City would use the added density as an incentive to encourage development that includes affordable housing, high-quality open space, community gardens or other amenities. Landowners who elected not to provide these features would be held to existing zoning.*[10]

The CHC developed a decision matrix to reflect the primary alternatives considered (Appendix, 2, Page 21).

The CHC recommends that the following provisions be included in the new Inclusive Housing Ordinance (IHO). (See Appendix 2, beginning on Page 7 for the full DRAFT of the IHO.)

1. Set-aside requirement – 15%. The CHC studied and deliberated extensively on the merits of "required" and "voluntary" programs. The consensus of Members was that, to make progress from the point of our previous Affordable Housing Ordinance, which produced few results, and learning from experiences in other communities, a program that <u>requires</u> a portion of development to be "affordable" must be adopted.

2. Threshold/Application – This requirement applies:
   - In single family residential zones and Neighborhood Service Centers, to projects of five or more units.
   - In areas measured by FAR (Mixed Use Town Center/High School Road Districts), to residential development of 6,000 sq ft or more.
   - Developments of new rental and for-sale projects; in addition, developments that preserve or rebuild affordable dwelling units on site may count these units toward the inclusive housing requirement and be eligible for the increased density allowance.

3. Cost off-set/Incentives

[9] "On Common Ground: Joint Principles on Inclusionary Housing Policies," July 2005
[10] Final Report, Mayor's 2025 Growth Advisory Committee; Appendix 1, Page 29

- Density allowance – developer will receive one additional market rate unit for each affordable unit built
- Expedited processing will apply to projects with 50% affordable units or more; allowances/adjustments up to 30% will also be made for set-back, height and lot coverage

4. Building permit fees and/or fees for City sewer/water hook up will be deferred on affordable units until occupancy.

5. Alternative Equivalent Proposals – Developers may comply with the requirement, if on-site construction is not possible, by one of these methods of equivalent value:
   - Construction of inclusive housing units on another site
   - Dedication of land and/or structures to the Community Land Trust or other nonprofit housing developer

6. Fee in lieu Proposal – Developers may propose to pay a fee in lieu of building the units if site conditions prevent compliance. (The amount of the fee is to be determined with the completion of the analysis by Keyser Marston.)

7. Adjustment or Waiver – The applicant may apply for a reduction, adjustment or waiver of the inclusive housing requirement if the requirements preclude the construction of one or more of the market rate bonus units.

8. Optional Program – If the developer exceeds the 15% affordable unit requirement, the project is eligible for additional density at the rate of one market rate unit for each affordable unit built.

9. Target populations – The basic requirements of this ordinance will serve residents earning ≤ 80% of Kitsap County Area Median Income (AMI); the "optional" program (more than 15% affordable units) may serve ≤ 120% of Kitsap County AMI.

10. Duration of Affordability – Affordable for-sale units created as a result of this ordinance will be "perpetually affordable" to owners through a Community Land Trust program which is based on a 99-year ground lease on the land and a limited equity resale formula.

11. Community Land Trust (CLT) – The City will contract with a Community Land Trust to perform the following duties related to the ordinance:
    - Set maximum sales price and rental rates on affordable units
    - Provide advice regarding the types/sizes of units in demand (during pre-application conference)
    - Manage income eligibility requirements and work with pool of eligible/qualified buyers
    - Establish resale formula for sustained affordability
    - Market the units to eligible buyers
    - Hold land in trust and exercise first right of refusal to purchase for-sale units when appropriate

    NOTE: Further discussion of these duties and the CHC's recommendation for criteria to guide the City in drafting an agreement/contract with the CLT can be found beginning on Page 17.

Production of Affordable Units - Based on data provided by the City in 2006, the CHC estimates that the IHO will produce eight units per year in single family residential areas and 25-

30 units among the high density areas (MUTC, HSR Districts). Conservatively, over the course of 10 years, the IHO could produce 300 units of diverse housing.

Recommendations

The CHC recommends that these "next steps" be taken to move forward on the Inclusive Housing Ordinance (IHO):

1. Complete the nexus analysis and fee in lieu study with Keyser Marston Associates.

2. Resolve "open issues." While the CHC recommends the provisions as drafted, we acknowledge that there are a few issues that remain in question and one for which the CHC has not reached a solution. These include the following, and will require special attention:

   - Required vs. voluntary nature of the program
   - Application of IHO requirement to all zones
   - Density Cap (the CHC did not reach a conclusion)

   Resolution of these issues will best be accomplished in a collaborative fashion among City Staff, Planning Commission, Council and further involvement with key stakeholders.

3. Based on 1 and 2 above, complete the drafting of the Inclusive Housing Ordinance and additional reviews as required, and forward it to the Planning Commission for another study session. Additional work will be needed to align the IHO with code revisions proposed for the Winslow Core, and update the corresponding code for the High School Road District and Neighborhood Service Centers.

4. Develop (update) a manual for developers, including a description of options and the step-by-step application process, definitions, etc.

Selected Resources

(These references are generally available on-line; the CHC "library" will be on file with the City's Planning Department.)

Washington State

"Incentive Zoning in Seattle," Seattle Planning Commission White Paper, February 2007.

"Policy Guide to Inclusionary and Bonus Housing Programs in Washington," The Housing Partnership, August 2007

Washington State House Bill 2984 – Authorizing cities, towns, and counties to implement affordable housing incentive programs. (Effective June 7, 2006)

General

"Expanding Affordable Housing Through Inclusionary Zoning: Lessons From the Washington Metropolitan Area," Brookings Institute, by Karen Destorel Brown, October 2001; http://www.brookings.edu/es/urban/publications/inclusionary.htm

"*Field Guide to Inclusionary Zoning*," National Association of Realtors, by Frederik Heller, WIRC Manager, http://www.realtor.org/libweb.nsf/pages/fg806

"Inclusionary Zoning and Community Organizing," Center for Community Change, http://www.knowledgeplex.org/showdoc.html?id=41764

"*Inclusionary Zoning Now in 131 Communities*," David Rusk, Dec 6, 2003; http://www.gamaliel.org/DavidRusk/Intro%20to%20IZ%20laws.pdf

"*Inclusionary Zoning: Lessons Learned from Massachusetts*," National Housing Conference Affordable Housing Policy Review, Jan 2002, by Brian Blaesser, Mark Bobrowski, Robert Engler, et al.; http://www.mhp.net/termsheets/zoning_12_14_01.pdf

"*Inclusionary Zoning: The California Experience,*" National Housing Conference Affordable Housing Policy Review, Feb 2004, by Nico Calavita, California Affordable Housing Law Project, California Coalition for Rural Housing, and Housing Association of Northern California; http://www.calruralhousing.org/Publications/Inclusionary%20Housing%20-%20NHC%20Report.pdf

"*Inclusionary Zoning: Ideas You Can Use,*" HUD – Regulatory Barriers Clearinghouse; http://www.huduser.org/rbc/pdf/Inclusionary_Zoning_Slideshow.pdf

"Inclusionay Zoning: Legal Issues," California Affordable Housing Law Project of the Public Interest Law Project and Western Center on Law and Poverty, Dec 2002; http://www.wclp.org/files/IZLEGALFINAL.December2002-1.pdf

"*Linkage Fees and Inclusionary Zoning: Growing Smarter through Affordable Housing*," 1000 Friends of Florida, (Foresight, Fall 2000), by Jaimie Ross, Affordable Housing Director; http://www.1000friendsofflorida.org/Affordable_Housing/Growing_Smarter.asp

"*On Common Ground: Joint Principles on Inclusionary Housing Policies,*" Home Builders Association and Nonprofit Housing Association of Northern California, July 2005; http://www.nonprofithousing.org/attachments/Inclusionary_Principles.pdf

"*PICO's Work on Inclusionary Zoning,*" PICO (formerly Pacific Institute for Community Organizations), Denise Collazo, April 2004; http://www.piconetwork.org/linkeddocuments/Inclusionary_Zoning_Concept_Paper.pdf

"The Inclusionary Housing Debate: The Effectiveness of Mandatory Programs Over Voluntary Programs," Nicolas Brunick, Zoning Practice, September 2002 (American Planning Association); http://www.planning.org/affordablereader/znzp/ZPSep04.pdf

"*The Inclusionary Zoning Toolbox*," American Planning Association – 2005 Conference Session, by Stephen Sizemore, AICP; http://www.planning.org/conferencecoverage/2005/tuesday/inclusionaryzoning.htm

"*Zoning for Housing Justice*," National Housing Institute (NHI), Shelter Force Online, Issue 131, Sept/Oct 2003 –by Miriam Axel-Lute. http://www.nhi.org/online/issues/131/inclzoning.html

The other side of the story:

"*Affordable Housing Mandates and Inclusionary Zoning*," The Free Liberal, by Fred Foldvary, Oct 2004; http://www.freeliberal.com/archives/000292.html

"*Inclusionary Zoning Makes Housing Less Affordable*," The Independent Institute, by Edward P. Stringham, Benjamin Powell, published in San Francisco Business Times, Nov 22, 2004; http://www.independent.org/newsroom/article.asp?id=1416

"*Affordable Housing Mandates Causing Higher Prices, Less Construction,*" The Reason Foundation, study by Stringham and Powell, June 2004; http://www.reason.org/growth/

"*Inclusionary Zoning: A Public Policy Failure*," California Building Industry Association, The Issue Brief; http://www.biasup.org/IssueBrief.pdf

"*Out of Control: Sarasota County Eyes Inclusionary Zoning*," Sarasota, AL, Dec 2004 http://www.rppi.org/outofcontrol/archives/000744.html

"*Inclusionary Zoning Strikes Out*," Realty Times, by Lew Sichelman http://realtytimes.com/rtcpages/20040623_inclusionaryzoning.htm

City-Specific

Andover, MA

- City Community Development Plan - http://andoverma.gov/planning/commdevplan/
- City Code Section VIII, Zoning By-Law; http://gcp.esub.net/cgi-bin/om_isapi.dll?clientID=71806&infobase=andover.nfo&softpage=Browse_Frame_Pg42

Barnstable County, MA

"Inclusionary Housing Bylaw/Ordinance for Towns in Barnstable County, Massachusetts" http://www.capecodcommission.org/bylaws/affordhous.html

Boulder, CO

City of Boulder - "*A General Introduction to Inclusionary Zoning*," Aug 29, 2003 http://www.ci.boulder.co.us/hshhs/planning/General%20IZ%20Introduction.pdf

Burlington, VT

City of Burlington – Article 14: Inclusionary Zoning/Density Bonus http://www.ci.burlington.vt.us/planning/zoning/znordinance/article14.html

Chapel Hill, NC

- City's Land Use Development Ordinance - http://www.ci.chapel-hill.nc.us/documents/Planning/Miscellaneous%20Documents/Development%20Ordinance%20October%202002.pdf
- City's Land Use Management Ordinance - http://www.ci.chapel-hill.nc.us/documents/Planning/Land%20Use%20Management%20Ordinances/LUMO%20Cover%20and%20Table%20of%20Contents.pdf

Highland Park, IL

- City of Highland Park – Article XXI. "*Inclusionary Housing*" http://www.cityhpil.com/pdf/ordinances/article21.pdf

- Introduction About Highland Park - http://www.highlandpark.org/hpg_about_intro.htmAmerican
- Planning Association, Zoning News, October 2003, *"Affluent Community Sets Precedent with Inclusionary Zoning Ordinance," by Lynn M. Ross;*
http://www.planning.org/affordablereader/znzp/znoct03a.htm (article)

Madison, WI
"Madison Mayor Offers Changes to Inclusionary Zoning Law as Housing Market Cools and Support for Ordinance Wanes;"
http://www.smartgrowth.org/news/article.asp?art=5116&state=50&res=1024

Montgomery County, MD
The Moderately Priced Dwelling Unit Program: Montgomery County, Maryland's Inclusionary Zoning Ordinance;
http://www.montgomerycountymd.gov/dhctmpl.asp?url=/content/dhca/housing/housing_P/mpdu/summary.asp

Palo Alto
Association of Bay Area Governments – Theory in Action, "*Below Market Rate Housing Provided Through Inclusionary Zoning*;"
http://www.abag.ca.gov/planning/theoryia/houspaloalto.htm

Santa Cruz
Community Action Board of Santa Cruz County – "*Inclusionary Zoning: A Viable Solution to Affordable Housing Crisis*?"
http://www.cabinc.org/Research/inclusionaryzoning.htm (will link to multiple documents, including code)

Walnut Creek
City of Walnut Creek, Inclusionary Zoning Ordinance;
http://www.walnut-creek.org/planning/Housing/Housing%20Pages/iz_ord.htm

Westchester, NY
"Inclusionary Zoning Helps Build Housing," (Q&A);
http://www.westchestergov.com/housing/inclzoning.htm

Community Land Trust

Background

A Community Land Trust is an approach (and an entity) that is based on holding a piece of land in trust, removing the cost of the land from the price of the home and selling the home to an income-eligible household.

Nearly 200 Community Land Trusts, many of which have decades of experience, are operating in the U.S., with at least 30 in the Northwest. CLTs generally adopt a set of operational and governance guidelines that have become "standard" for the "classic CLT" model, as developed over time by the national network. Success stories about CLTs and "best practices" are abundant; the CHC became part of the national and regional CLT networks, which have provided a wealth of information and insight from seasoned CLT founders, directors, boards and communities. (The "library" of material file compiled by the CHC will be on file with the City's Planning Department.)

The Mayor's Affordable Housing Task Force recommended that the Community Land Trust approach on Bainbridge Island be "expanded" to create more housing.[11] The CHC accepted this recommendation and established a Work Group to explore the CLT model specifically related to the creation of housing options. A connection was made with founders of the Trust for Working Landscapes, an existing CLT established to "shepherd farming and farm culture on Bainbridge Island," who generously shared their experiences and access to CLT resources. The CHC conducted extensive research to fully understand the CLT approach as it has been, and is being implemented regionally and nationally to provide affordable housing and a fundamental sense of community.

As the CLT Work Group and the Inclusive Housing Ordinance (IHO) Work Group progressed through the development of their recommendations, it became evident that a "marriage" of the CLT approach with the IHO provided an opportunity to address some of the weak spots in the previous (repealed) Affordable Housing Ordinance, particularly related to preserving long-term affordability and the marketing and resale of the homes.

The CHC facilitated a connection between HRB and the Trust for Working Landscapes; as a result, discussions regarding opportunities to partner in the development of housing on agricultural land are in progress.

In a survey of participants in the 2006 Community Housing Summit, 95% indicated that the CLT approach was "good for the community." In May 2007, the Mayor's 2025 Growth Advisory Committee endorsed the CHC's position on Community Land Trusts as a "powerful tool" for ensuring permanently affordable housing on Bainbridge Island."[12] In July 2007, CHC organized a public discussion series on the subject of CLTs, featuring Michael Brown from Burlington Associates, the premiere consulting and resource center for CLTs.[13] Additionally, seeds have been planted to consider the use of public land, e.g., the Suzuki Property, for a multi-purpose CLT project (agriculture, housing, open space, parks), in the spirit of the Troy Gardens Project in Madison, WI.[14]

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[11] Mayor's Affordable Housing Task Force, Executive Summary; Appendix 1, Page 7, Item 8.
[12] Final Report, Mayor's 2025 Growth Advisory Committee; Appendix 1, Page 29.
[13] Community Land Trust, Community Discussion Series; Appendix 1, Page 33.
[14] Friends of Troy Gardens, www.troygardens.org

Recommendations

The CHC developed descriptions of roles and responsibilities, based on the "classic" CLT model, to be performed in conjunction with the Inclusive Housing Ordinance; these descriptions will help guide the selection of a CLT and for establishing the working agreement/contract between the City and the CLT to perform said duties. (While the CHC refrains from recommending a particular organization with which the City will enter into an agreement, the Housing Resources Board is currently the only local housing CLT on Bainbridge Island that is committed to this particular mission and is growing the capacity to perform these functions. In 2006, the HRB stepped forward to expand their mission to include CLT functionality and the Board hired a new executive director, who has extensive background in housing and Community Land Trusts.)

Legal Status

The Community Land Trust (CLT) entity must be an independent, 501(c)3 nonprofit corporation, legally chartered in Washington state, whose mission is to provide housing opportunities to people who are not served by the market.

In compliance with Federal Law (H11966, Section 212), the CLT entity "acquires parcels of land, held in perpetuity, primarily for conveyance under long-term ground leases, transfers ownership of any structural improvements located on such leased parcels to the lessees; and retains a preemptive option to purchase any such structural improvement at a price determined by formula that is designed to ensure that the improvement remains affordable to low- and moderate-income families in perpetuity."

Description of Roles/Responsibilities

The CLT entity, as landowner/trustee, and the building/home owner will enter into a long-term, renewable ground lease, which protects the interests of both parties by defining the following:

Roles/responsibilities and rights of the landowner/trustee, including but not limited to:

- Holds the land in trust, in perpetuity
- Has the right to step in and force repairs in order to safeguard structural integrity of the buildings
- Establishes and administers the resale formula
- Holds an option to step in to cure default on owner's mortgage
- Holds an option to purchase building at initial sale and resale if no eligible buyer is available
- May charge a fee for the administration of the ground lease

Roles/responsibilities and rights of the building owner, including but not limited to:

- Meets income and asset eligibility requirements
- Owner-occupation of the building
- Upkeep of the building
- Restriction on resale to income qualified buyer with an option for the CLT to purchase
- May will the property to rightful heirs

The CLT entity will certify income and asset eligibility of prospective buyers (and renters), and advise prospective buyers that they will need to be credit/mortgage qualified.

The CLT entity will actively "market" the CLT homes, provide CLT and first-time homebuyer education to prospective homebuyers, build and maintain a list of income/asset eligible buyers for units produced as a result of the Inclusive Housing Ordinance.

The CLT entity will set the initial maximum sales prices of any structures to be sold based on the amounts households of various sizes and incomes can pay for housing without exceeding one-third of their household income; the maximum sales prices for the various sizes and types of structures will be determined annually and made public. (These prices will also be conveyed to developer/applicants in the pre-application conferences)

To ensure perpetual affordability, the CLT entity will formulate resale prices of the units to ensure perpetual affordability, and monitor the resales. The formula will be designed to provide present homeowners the benefits of homeownership (income tax deductions, principal amortization, control over improvements, etc.), while giving future homebuyers fair access to housing at an affordable price; the formula will be reviewed periodically and documented in the ground lease.

The CLT entity will create and maintain all of the legal documents associated with the land purchase, ground lease and home sales/rentals. The CLT entity will develop and adopt policies and procedures for proper administration and operation of their duties.

The CLT entity will operate as a community-based enterprise. As such, it will:

- Reflect the Values and intentions of the community and the City as expressed in the Comprehensive Plan, Values Surveys, Needs Assessments and other relevant surveys/studies.
- Establish a governance policy and organizational structure that includes representation from people who lease land from the CLT and others who represent the community/public interest.

Through extensive research and involvement with CLTs nation-wide, the CHC finds that CLTs generally embrace the following as standards for CLT governance and recommends the following:

- The CLT is a membership organization that welcomes any citizen to support, advocate for, volunteer for and/or serve in some other capacity.
- Two-thirds of the CLT entity's Board of Directors may be nominated by, elected by people who either live on the CLT's land or people who reside in the community.
- "Tripartite governance" - One-third of the seats held by people who lease land from the CLT; one-third by people who represent the interests of the entire community, but are not lease holders; and one-third by people who speak for the public interest (e.g., public officials, local funders, nonprofit providers of housing or social services and other individuals

The CLT entity will have an active acquisition and development program, aimed at expanding the CLT's holdings of land and increasing the supply of affordable housing under CLT's stewardship throughout the community.

The CLT entity is committed to the sustainable stewardship of the land it owns, the development of structures that suit the land and match the character of the neighborhood, and the long-term efficiency of the buildings. This will be accomplished, to the extent possible, through the integration of conservation strategies, open space preservation, low impact development, healthy and energy-efficient building methods, materials and installed features.

The CLT entity may submit requests for "start-up" operational costs to the City via the Housing Trust Fund, following appropriate policies and procedures. The CHC recommends that the City recognize and support the CLT as an essential partner in the administration of the IHO and as an independent entity contributing to the stock of affordable housing (rental and ownership), by way of a City Council resolution and allocation of funds from the Housing Trust Fund for pre-

development and building management/development capacity. (Comprehensive Plan – Housing Element - H 1.4 "The City supports the efforts of community non-profit housing organizations and local and regional public and private entities in developing and managing affordable housing on Bainbridge Island."[15])

The CLT entity will actively seek and obtain development and operational funds from a variety of local, regional and national sources to leverage taxpayer dollars; the CLT will also work with local and national lenders to explore mortgage financing options for homebuyers, and work with local organizations/donors on creative strategies to subsidize homeowners and renters when necessary.

The CLT entity will actively seek and engage in collaborative partnerships for the purpose of acquiring land, and developing or rehabilitating homes. The CLT entity will coordinate and work with local entities, e.g., the Kitsap County Consolidated Housing Authority, the Trust for Working Landscapes, private landowners and developers and relevant Citizen Commissions and Committees, e.g, Open Space Commission.

The CLT entity will submit an annual report to the City Council, providing data on the number of affordable dwelling units sold or rented, the income levels of households served, and other relevant information as requested by the City Council.

Selected Resources

Burlington Associates Resource Center – http://www.burlingtonassociates.com/

"Community Land Trusts Come of Age," Washington State Housing Finance Commission Newsletter, April 2006; http://www.wshfc.org/Newsletter/Apr2006/index.htm

Institute for Community Economics - http://www.iceclt.org/clt/

Kulshan Community Land Trust, Bellingham - http://www.kclt.org/index.htm

National CLT Network - http://www.cltnetwork.org/index.htm

National Housing Institute, "*Shared Equity Homeownership,*" by John E. Davis; www.nhi.org/policy/SharedEquity.html

OPAL (Of People and Land) CLT, Orcas Island - http://www.opalclt.org/

Policy Link - http://www.policylink.org/EDTK/CLT/

The E. F. Schumacher Society - http://www.schumachersociety.org/clts.html

Thistle Community Housing, Boulder County - http://www.colorado-housing.net/thistle/common/default.asp

[15] City of Bainbridge Island Comprehensive Plan, Goal 1.4; Appendix 1, Page 23.

Accessory Dwelling Units

Background

The Housing Element of the City's Comprehensive Plan points to Accessory Dwelling Units as an "innovative approach" to increase the variety of housing choices.[16]

ADUs, as rentals, provide benefits to property owners, renters and the community. They provide a source of income for owners, while making efficient use of land and resources; for tenants, they offer a safe, affordable place to live, a sense of "neighborhood," and the possibility of helping to care for the land and build relationships.

An Accessory Dwelling Unit is 800 square feet (or less) of separate living space, contained within or detached from a single-family residence on a single lot. An ADU has a kitchen, bathroom and a place to sleep; it has one off-street parking space and shares the driveway with the primary dwelling.

The Mayor's Affordable Housing Task Force found that City code discouraged the use of Accessory Dwelling Units as affordable housing by requiring that the primary dwelling on the property be owner-occupied. To eliminate this disincentive, the Task Force recommended that City code be changed to allow primary dwellings on lots which have Accessory Dwelling Units (ADU) to be non-owner occupied.

On August 3, 2005, Council passed Ordinance 2005-20, striking the language that prevented owners from renting their primary dwelling as well as their ADU.

The CHC established an ADU Work Group in January 2007 to create a public awareness campaign and develop recommendations to facilitate the building and renting of ADUs on Bainbridge. Four key deliverables were produced:

- A tri-fold brochure, designed to educate property owners on the benefits of renting ADUs, provide a few basic steps to get started, and contact information. (See brochure at end of this Report.)
- A 10-minute video, featuring several ADU owners and tenants, designed to inspire others with the personal stories of relationships and neighborhood. This video has been shown on BITV and will be rotated into their ongoing programming; copies are available through City Hall, the Housing Resources Board and the Public Library.
- A Community Workshop on ADUs, held on December 1, 2007 at City Hall. This event, which included presentations, exhibits, discussion and idea generation, attracted more than 60 people, representing a cross-section of the community - people in the housing "business," property owners and affordable housing advocates. (Appendix 1, Page 35 – Event Poster)
- As a result of the workshop, an additional package of information has been developed, providing more detail and resources, and will be available from the City's Planning Department. (Copies of this package will be sent to Workshop participants and posted on the City's website.)

The Mayor's 2025 Growth Advisory Committee endorsed the CHC's recommendation to promote ADUs as a strategy that makes efficient use of land and creates "modest" growth in neighborhoods.[17]

[16] City of Bainbridge Island Comprehensive Plan – Housing Element, Goal 1.5; Appendix 1, Page 23
[17] 2025 Growth Advisory Committee Final Report; Appendix 1, Page 29

Recommendations

CHC's work on the Accessory Dwelling Unit Program primarily focused on outreach and education. Through this effort a number of recommendations have emerged, which will enable the future production and renting of ADUs. This list is arranged in order of priority assigned, collectively, by participants in the Community ADU Workshop.

Highest Priority

1. **Streamline/expedite permitting process** - Evaluate the current building application process and documentation for ADUs and explore opportunities to shorten the process and prepare an abbreviated version of the application document for ADUs. CHC suggests that the existing ADU package be reviewed with a group of ADU owners, architects and builders, and revised/updated based on their input.

CHC also suggests that a set of three or four standard, pre-approved ADU designs be made available to property owners, and that that these plans be developed through a Request For Proposal process for local architects, designers and engineers.

2. **Provide property tax relief/reduction** for ADUs rented to income eligible renters. While this is a widely-supported action, it requires official coordination and cooperation among all taxing districts. (CHC proposes that this be part of new funding/finance strategies considered by the Housing Trust Fund Executive Committee; see Page 4 of this Section, Item 8.)

3. "**Grandfather**" or provide "**amnesty**" to certain existing non-conforming units - Create criteria and a process by which property owners, who commit to renting their ADUs to income-qualified tenants, could come forward, request inspection and commit to making the necessary changes. Additionally, the CHC recommends that the City, in partnership with private building professionals, help connect ADU owners with or provide assistance to bring the ADUs up to code (see item 7 below).

4. **Advocate for changes to Kitsap County Health District regulations** regarding the two-bedroom rule (minimum requirement for a septic system), and encourage a broader range of innovative on-site sewage systems that meet or exceed current requirements. This will entail research of state and county codes, new technologies available and negotiations to adjust regulations.

5. **Defer/waive building permit and/or sewer/water hookup fees** for ADUs that are rented to income-eligible person(s) for at least 5 years. Considerations must include:
   - Policy decision with respect to financial impacts for the City and appropriate funding sources
   - A method/mechanism for initial processing, reporting, tracking and administering income-eligibility. The CHC recommends that the City contract with an established local housing provider to perform this function. (The HRB has offered to perform this function as part of the process of matching tenants with property owners as part of their HomeShare Program.)

Moderate Priority

6. Revise BIMC 18.89.030 to increase maximum size from **800 to 900 sq ft**. This change aligns City requirements with those of the Kitsap County Health District, which includes a 900 sq ft maximum.

7. **Provide technical and financial assistance** for property owners who build ADUs for rental to income-qualified tenants

- Financial – While this is not a City function, per se, the CHC suggests that the Housing Trust Fund Executive Committee might provide leadership in the exploration of no- or low-interest loans or grants for owners who rent to income qualified people, and provide a directory of these resources. (Funding sources might include private institutions, foundations or a small allocation from Housing Trust Fund.)
- Technical – Create a directory of willing professionals (architects/designers and contractors) and suppliers offering low-cost and/or volunteer consultation, labor and/or materials.

Low Priority
While this item was deemed relatively low on the priority list by Workshop participants, the CHC suggests that further assessment and exploration, at some point, might contribute to an increase the stock of ADU rentals.

8. Create an **ADU manual for property owners** and provide **prototypes of designs/plans**
The CHC's research on ADU programs revealed two particularly outstanding efforts that serve as models:

- City of Santa Cruz, California – Funded by a grant and developed by consultants for the City in 2003, this program includes an extensive ADU Manual to assist homeowners in the process of developing an ADU, with design standards, building codes and prototype designs. Supplementary materials include prototype design plans, alternative roof plans, etc.[18]
- ARCH, A Coalition for Housing in East King County – Developed in 2001, this on-line Home Owner Packet provides basic steps and resources for Pre-Construction/Permitting, Construction Management and "After Construction," including finding tenants and managing the property.[19]

Additional CHC recommendations, which were not vetted with Workshop participants, include the following:

9. Continue to work with HRB to establish a **method by which property owners can find income-qualified tenants**. (HRB has committed to putting this in place by summer 2008, as part of their HomeShare Program.) CHC recommends that renting an ADU to someone who as been income qualified by HRB be the basis for an owner's eligibility for certain incentives and assistance, e.g., tax relief, fee deferral and/or other financial/technical assistance.

10. The major portion of the supply of **ADU brochures** produced by the CHC will be delivered to the City for display and easy access to all visitors to City Hall, particularly those who visit the Planning and Community Development counter. (These brochures were designed to not be limited by time; additional copies can be easily printed and, if content changes are necessary or desired, revisions can be made by contacting the contract designer, Linda Campbell.)

11. In order to measure the effects of the new ADU materials, the CHC requests that the City **track the number of inquiries and applications for new ADUs, and the types of questions** raised. This information can also be used to adjust/refine materials, guidelines, etc.

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[18] City of Santa Cruz, Accessory Dwelling Unit Program, 2003; www.ci.santa cruz.ca.us/pl/hcd/ADU/adu.html
[19] ARCH - Accessory Dwelling Unit – Basic Steps For Creating An ADU, www.archhousing.org/adu2/welcome.html

12. A "ripple" from the ADU Workshop and video production has reached the planning table for the Chamber of Commerce **Annual Home and Garden Show**, scheduled for March 22. Terry Moyemont, producer of the CHC's ADU video, is leading an effort to convene a panel discussion during the Home and Garden Show on the merits of ADUs. CHC encourages the City to **support this event and participate as requested**; this is an opportunity to provide information and convey the City's interest in and support for this sensible housing option.

13. Learning from the success of local home, garden and solar energy tours, the CHC recommends that an **Island tour of ADUs** be organized for Spring or Summer 2008. Many are the benefits of hearing, first-hand, the stories from homeowners and people who live in ADUs regarding their experience with the processes they followed, the barriers they overcame, and the joys they have experienced with their ADUs.

14. CHC suggests that an **annual (or semi-annual) gathering** be organized for homeowners and building professionals interested in ADUs. Design of such an event can range from a simple Q&A session to a more formal "workshop" or "forum" with presentations and exhibits.

Selected Resources

"Accessory Dwelling Unit: Add a Home to Your House," a home owners manual by ARCH (East King County Housing organization); http://www.archhousing.org/adu2/

City of Langley, A Bylaw to amend City of Langley Zoning Bylaw, 1996, No. 2100 to permit secondary suites in single family residential zones; http://www.city.langley.bc.ca/_pdf/BYLAW_2644.pdf

City of Mercer Island, Accessory Dwelling Unit Regulation http://www.ci.mercer-island.wa.us/Files/adu.pdf

City of Santa Cruz, Accessory Dwelling Unit Development Program and *"Accessory Dwelling Unit Manual"* (2003); http://www.ci.santa-cruz.ca.us/

City of Seattle, Department of Planning and Development Explores Alternative Housing Choices http://www.cityofseattle.net/dclu/CodeDev/HousingChoices/dadu.asp

City of Vancouver, "Secondary Suites Program," http://www.vancouver.ca/commsvcs/licandinsp/licences/ssp/

Kitsap County Health District
- Coordinated Regulatory Requirements for Accessory Dwelling Units, July 29, 2002 Memorandum (Updated September 17, 2004); http://www.kitsapcountyhealth.com/environmenta_health/onsite/docs/special_residential.pdf
- *"Homeowners Guide to Onsite Sewage Systems;"* http://www.kitsapcountyhealth.com/environmenta_health/onsite/docs/om_manual.pdf
- CURRENT Onsite Sewage Rules and Regulations; http://www.kitsapcountyhealth.com/environmenta_health/onsite/docs/oss_regs.pdf
- REVISED Onsite Sewage System and General Sewage Sanitation Regulations (Draft Ordinance 2008-xx); http://www.kitsapcountyhealth.com/environmenta_health/onsite/docs/20071228_draft_oss_proposal.pdf

Municipal Research and Services Center of Washington - *Accessory Dwelling Units*. October 1995 - Report No. 33 - www.mrsc.org

Design Resources for Small Homes

Websites

Katrina Cottages - www.katrinacottages.com
Little Green Buildings - www.littlegreenbuildings.com
The Cottage Company - www.cottagecompany.com
The Small House Society - http://resourcesforlife.com/groups/smallhousesociety/
Tiny Houses - http://www.tinyhouses.net/
Tumbleweed Houses - http://www.tumbleweedhouses.com/

Books

"Compact Houses": Cristina del Valle.
"Desert Works": Rick Joy.
"Democratic Architecture," Donald MacDonald.
"Design Like You Give a Damn," Architecture for Humanity books.
"House Annual Issues (s)," Fine Homebuiillding Magazine (Summer 2007)
"Little House on a Small Planet," Shay Salomon.
"Micro: Very Small Building," Ruth Slaud.
"Mini House," Colejandro Bahamer.
"Mini House Style," Ricorico.
"Modest Mansions," Donald Proule.
"Modular Houses," Kunz & Galindo.
"Pre-fab Modern,"Jill Herbes.
"Rural Studio," Dean & Hursley.
"Ten Houses: the Miller Hull Partnership," ed., Oscar Rura Ojeda
"The Big Book of Small Houses," ed., Black Dog & Leventhall.
"The Sea Ranch," Lyndon and Alexander.
"Tiny House," Lester Walker

Non-Conforming Structures

Background
The Mayor's Affordable Housing Task Force recommended that non-conforming multi-family structures containing subsidized housing units be legalized, to allow rebuilding/renovation at the same density.[20] Currently, according to BIMC 18.87.030, if a building is destroyed by more than 50% of its replacement value, the building must be reconstructed to comply with underlying zoning. Island Terrace, a property of the Housing Resources Board, for example, currently has 49 units on 3.15 acres; if a rebuild was necessary in this R.8 zone, 24 affordable apartment units would be lost.

Additionally, current code allows that a non-conforming use may be continued as long as "the use is not enlarged, increased or extended to occupy a greater area of land or structure than was occupied on the date of adoption of this code."

Recommendations
CHC suggests that the preservation of existing multi-family housing stock is essential for the community, for the nonprofit entities who develop and manage them and for current and future residents. While this matter has not been a top priority to the CHC, and resources were not expended to study it extensively, the following list of suggestions, supporting the MAHTF's position, was developed in a CHC work session and is submitted for consideration.

1. Study and make a determination regarding a change to BIMC 18.87 that exempts structures with subsidized units.

2. Study the opportunity to sustain the density on a "rebuild," as long as the original footprint is not exceeded. (For example Mercer Island Municipal Code 19.050.D.2 states that, in the Town Center, "A legally nonconforming structure which suffers a catastrophic loss may be reconstructed to its previous legally nonconforming configuration and appearance if the cost of the reconstruction equals or is less than 75 percent of the structure's current...assessed value...and is reconstructed within the same building footprint..." In situations other than Town Center and Single-Family, per MIMC 19.050.D3: "Any legally nonconforming structure that suffers a catastrophic loss may be reconstructed to its previous legally nonconforming configuration regardless of the extent of damage or reconstruction cost."

3. Explore how density might be increased on "interior remodels" to create additional units, as long as there are no exterior alternations or expansions involved.

4. Explore how Rezoning (BIMC 18.114) or a "contract zone option" might be used to facilitate preservation of density on a case-by-case basis.

[20] Mayor's Affordable Housing Task Force, Executive Summary; Appendix 1, Page 7, Item 9.

Cottage Housing

Background

A Cottage Housing project consists of four to 12 homes clustered around a central open area, offering an alternative to single family homes and condominiums. The projects, typically used for infill, are built to concentrate the density while preserving the privacy and personal space of a detached house in a smaller and less costly living unit. The homes are usually limited in size (800 to 1200 square feet) and have three or fewer bedrooms. One of the key benefits to Cottage Housing is that, while moderately increasing density, the overall building areas are reduced by as much as 50%.

Cottage Housing, once considered an innovative housing option, has gained popularity in the past decade and can now be found throughout the U.S. and the Puget Sound region; examples of cottage housing ordinances and developments can be found in Redmond, Langley, Shoreline, Edmonds, and Seattle. In most instances, cottage housing is allowed in several zones, where sewer and water are available. (Shoreline has since repealed their Cottage Housing Ordinance due, in large part, to an unresolved issue related to neighborhood acceptance of specific project. With a strong, joint commitment to community involvement in the planning process, by the developer and the City, this situation can be avoided.)

Cottage Housing is currently allowed on Bainbridge Island in commercially zoned land and in the high density zones in Winslow. In both cases the land is limited in supply and is very expensive. In 2001, the Planning Commission convened several study sessions on a draft citizen-initiated Cottage Housing Ordinance and amendments to the Comprehensive Plan and zoning code that would allow higher density for smaller unit development in selected zones. The draft Cottage Housing Ordinance was revised and presented to the Commission, again, in April 2002. Work on the Ordinance was suspended while the Comprehensive Plan revisions were underway; it was reintroduced for consideration by the Mayor's Affordable Housing Task Force, which supported the revisions, in 2003.

The Housing Element revisions, adopted in 2004, include the following direction:
H.1.6 – "The City should develop provisions to encourage development and preservation of small to mid-size single-family housing units. These provisions may include a framework to permit small-unit housing development known as cottage housing, with increased density in the residential zones included in the Winslow Master Plan study area (R-4.3, R-3.5, R-2.9) and the Neighborhood Service Centers. Standards shall be developed for cottage housing development that include, but may not be limited to, maximum allowable size and density and covenants to limit size in perpetuity."[21]

The Mayor's Affordable Housing Task Force recommended that a Cottage Housing Ordinance be considered for adoption;[22] further development of this recommendation became part of the CHC's Work Plan. Similarly, the 2025 Growth Advisory Committee endorsed the promotion of Cottage Housing as a strategy that "increases density in existing neighborhoods while preserving their single family character."[23]

The CHC established a Work Group to develop recommendations for Cottage Housing; their research revealed Cottage Housing approaches in several other cities in the region, and found support to be nearly universal. The Work Group produced a "white paper," which is included in Appendix 3, beginning on Page 3.

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[21] City of Bainbridge Island Comprehensive Plan, Housing Element, Goal 1.6; Appendix 1, Page 23.
[22] Mayor's Affordable Housing Task Force, Executive Summary; Appendix 1, Page 7, Item 11.
[23] Final Report, Mayor's 2025 Growth Advisory Committee, Appendix 1, Page 29.

Locally, acceptance from many is due, in large part, to the Ericksen Avenue Cottages project in Winslow, which demonstrates the marketability and the aesthetic "fit" for the neighborhood. During 2001 Planning Commission deliberations, Kathleen O'Brien, local founder and principal of O'Brien & Company, a sustainable building consulting firm, submitted memos to the Planning Commission regarding cottage housing as a necessary strategy; she suggested that, if viewed through the lenses of the economy, the environment and social equity, Cottage Housing contributes "significantly to the sustainability of our community as we grow."[24]

Concerns raised by the public have primarily revolved around the impact and appearance of increased density ("not in my neighborhood") and the "affordability" factor. Results from the survey from 2006 Bainbridge Island Community Housing Summit showed that 78% of the participants support Cottage Housing as "good for the community."[25]

Cottage Housing, by nature of the small size of lots and structures, is considered by some to be naturally affordable. On Bainbridge Island, however, where the price of land is high and spec developments tend to be marketed to the higher income levels, with high-end products and amenities, it cannot be assumed that Cottage Housing will be accessible to even middle income home buyers. This reality caused the CHC to decide to not bring the Cottage Housing Ordinance recommendation forward until after the Inclusive Housing Ordinance is adopted to ensure that a percentage of the units would be developed as "affordable."

Recommendation
Adopt the Cottage Housing Ordinance
The Community Housing Coalition believes that an effective Cottage Housing is a critical piece of the solution to provide housing options on Bainbridge at prices that fit the "lower/middle" affordability range.

The CHC recommends that Version II of the previously drafted Chapter for Cottage Housing (BIMC 18.92) (Appendix 3, Page 15) and related sections be further developed and adopted to encourage the creation of Cottage Housing.

The following key provisions are endorsed by the CHC:
1. Cottage Housing is permitted in selected zones, where sewer and water are available and as defined by the Housing Element. (When the technology for community on-site sewage systems has advanced, permission may be expanded.)
2. Cottage Housing will fit the scale and character of existing neighborhoods
3. While the underlying zoning does not change, qualified Cottage Housing projects will be allowed the additional density.
4. Requirements of the Inclusive Housing Ordinance apply to all Cottage Housing developments.

The CHC also recommends that planning for any Cottage Housing project will include neighborhood participation. Community acceptance will rest upon adequate information, open dialogue regarding the impact and appearance of cottage housing projects, and political support.

[24] Letters to the City of Bainbridge Island, July 24 and September 18, 2001; Appendix 3, Page 9.
[25] Community Housing Summit – Summary; Appendix 1, Page 31.

Resources

City of Port Townsend - Cottage Housing Development Design Standards (MC 17.34); http://www.codepublishing.com/wa/porttownsend.html

"Cottage Housing in Your Community: A Guide to Drafting a Cottage Housing Ordinance," The Housing Partnership, June 2001 (Michael Luis); http://mrsc.org/govdocs/S42CottageHousOrdGuide.pdf

Cottage Housing, Municipal Research Service Center of Washington, May 2005 (http://www.mrsc.org/subjects/planning/cottagehousing.aspx)

City of Shoreline, Municipal Code for Cottage Housing http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/112905m.htm

City of Langley – Municipal Code for Cottage Housing, Chapter 18.22.180; http://www.langleywa.org/documents/lmc/lmc-complete.pdf

City of Redmond – Cottage Housing (various codes; Cottage Housing allowed in specific planned unit developments); http://www.ci.redmond.wa.us/searchapp/search.aspx

Appendix 1

Contents

CH2MHILL Final Report

CRITICAL RECOMMENDATIONS AND ACTION PLANS (excerpt)[1]

A review of all of the background data, stakeholder interviews, and benchmarking data has brought four critical recommendations to the forefront.

1) Continue to make progress of critical recommendations from Benchmarking Study
2) Minor efficiency improvements to HHHS will allow improved focus on service providers
3) City to lead Affordable Housing with a consolidated citizen housing board
4) Establish expectations for communication and performance

3) Action Plan - City to Lead Affordable Housing

The recommendation is for leadership and staffing for affordable housing being placed into the City and consolidation of CHC, HTF, and L5 into one housing advisory committee. This advisory committee should be staffed in the Planning Department by a housing planning/programming specialist.

However, this change is not one that should happen overnight. The activities or steps to make this transition complete must be done in a way to take advantage of the work that has been accomplished by CHC to date and also allows time for the city to create the appropriate platform for assuming the affordable housing responsibility.

A. A transition team should be created with a minimum of the following members: CHC member, CHC staff person, City Planning Department Director, Executive Branch, and a Council representative. This team should be chartered to serve as the focal point for all actions and recommendations concerning this transition. The charter should include specific operating guidelines. This team should have a specific life-span and meet on a very regular basis (start with weekly and move to bi-weekly).

B. The transition team must first establish clear roles and responsibilities for Council, existing CHC staff, and the advisory board.

C. The next order of business for the transition team is to agree and commit to the level of city staff required, which will likely be one full time affordable housing program manager specialist.

D. This team should also review all of the efforts of the current CHC staff and create a work plan for completion of those current activities that must be finished. This work plan should include a timeline for completion of results and a description of the deliverables.

E. The team should then consolidate members from several housing boards, including CHC, Housing Trust Fund, and L5 into one community housing advisory board. This new advisory board could have very similar membership to the current membership of L5. This board would work with the City planning department to guide their affordable and community housing programs.

F. Housing Resources Board (HRB) is an integral partner in the City's affordable housing program, as one of the few housing developers in Bainbridge Island. The need to maintain their representation on the advisory board and will continue to work with the city directly through the planning department to move affordable housing projects forward. HRB should have a representative on the newly formed housing advisory board.

[1] CH2MHILL Final Report, 2007, Page 16, 18-19.

G. It is still uncertain what the citizens of Bainbridge Island are willing to pay for as far as Affordable Housing. It is essential that the City "test the will" of the community as far as how much they are willing to pay for Affordable Housing and what level they are willing to pay for. The transition team should develop a few ideas and pass on a recommendation to the Council.

H. Once Council has a better understanding of the community stance on affordable housing, Council needs to make a policy decision on focus of affordable housing for the City. What aspects of Affordable Housing is the City going to focus on? To what Median Housing Income (MHI) are the City's programs going to focus on? Several comparable cities including in this study are focusing on home ownership programs for "workforce housing".

I. The transition team should charter the housing program specialist person to define the role and clearly establish responsibilities, performance expectations, and communication requirements.

J. The final activity of the transition team should be a performance review of the affordable housing processes, communication, and roles of all those involved. This effort may yield improvements to ensure the completion of the transition. Once there is satisfactory transition, the transition team may disband.

EXECUTIVE SUMMARY

AFFORDABLE HOUSING TASK FORCE REPORT
May 2004

INTRODUCTION

The City of Bainbridge Island, as mandated by the Washington State Growth Management Act, has developed housing goals and policies that are "intended to encourage the availability of affordable housing to all economic segments of the population, promote a variety of densities and housing types, and encourage preservation of existing housing stock." In 1997 the City established an affordable housing program to implement several of the housing goals and policies.

In the fall of 2003, Mayor Darlene Kordonowy appointed the Mayor's 90-Day Affordable Housing Task Force. The Task Force was charged with reviewing the City's current housing program and recommending how the program could be revised to better meet the requirements of the Growth Management Act and goals and policies in the Comprehensive Plan. As part of their work the Task Force reviewed the Housing Element, including revisions recommended as part of the state-mandated update of the Comprehensive Plan, and the 2003 Housing Needs Assessment. In addition, the Task Force evaluated the City's existing programs, including the income-qualified for purchase and for rent programs and the fee in-lieu option. The Task Force also studied trends in the local housing market over the last several years.

IDENTIFICATION OF POLICY ISSUES

As an outcome of the review process the Task Force identified key policy issues that should be addressed in developing a housing program that is multi-faceted, flexible and sustainable.

1. Recognize the need to balance the concerns for environmental protections with the need for more density and diversity of housing that is affordable to a full range of income levels.
2. Make it easier for the marketplace to develop housing for income levels ranging from low to moderate income, using regulatory incentives, zoning changes, financial incentives and other strategies.
3. Strengthen the City's commitment to affordable housing leadership through housing program initiatives that include regulatory incentives, financial strategies, zoning changes and density bonuses, and that in general provides a more integrated approach to supporting affordable housing.
4. Simplify the existing housing program for the buyers and renters, as well as developers and the financial sector.
5. Identify how to best serve each income level with a range of housing options, including subsidized rentals, affordable rentals for low to moderate income levels, and homeownership programs for low to moderate level income groups.
6. Develop a city policy to minimize the loss of low cost housing and address the displacement of lower income people by legalizing non-conforming affordable housing sites and structures.
7. Identify the most effective and efficient strategy for implementing affordable housing concepts and goals for long-term sustainability, and provide adequate resources to this effort.

PRIORITY RECOMMENDATIONS

The following are the Task Force's recommendations for enhancing the City's affordable housing program. While the Task Force believes that completely meeting the need for affordable housing on Bainbridge is an unattainable goal, the group does believe that these priority options will provide the most

effective impact for the dollars invested in beginning to meet some of the need. Most of the options could be realized through modifications to existing City funded programs, policies and zoning codes. The Task Force felt it was important to continue with the programs in place while strengthening their effect.

1. Approve the revisions to the goals and policies of the Housing Element that have been proposed as part of the state-mandated update of the Comprehensive Plan. The scope of the Housing Element is not limited to affordable housing. Instead, in accordance with the Growth Management Act, the goals and policies should address providing a variety of housing types, sizes and choices that address the needs of different households. The proposed revisions broaden the policies to include more housing tools, and also provide flexibility so that the City's programs can be more easily revised to respond to changing circumstances.

2. Coordinate and focus the various housing programs in the City, and provide adequate resources for this effort.
At present, various organizations on the Island are working on housing programs and initiatives. These programs share common goals but often work independently of each other. Coordinating the efforts would increase visibility and efficiency and maximize available resources. The Task Force recommends that the City take the lead and provide the resources to develop a focused, coordinated housing program on the Island.

3. Revise the for-purchase affordable housing program that applies to the private development sector.
The Task Force recommends retaining the requirement that a percentage of new residential development be targeted as affordable, with density bonuses offered in return. However, the Task Force recommends against basing the program on income qualification. Instead, a maximum sales price would be established for the affordable units, based on what a targeted income group could afford. This calculation would be based on the HUD definition of "affordable" (a mortgage payment of no more than 30% of monthly income, or a mortgage not higher than three times annual income) and would be adjusted periodically to reflect interest rates. The homes would have to be owner-occupied for a minimum of five years. The City's involvement would be limited to verifying sales price, as opposed to the current program, which requires ongoing involvement in income certification, refinances, home equity loans, resales etc. The requirement that the buyer repay a subsidy or share appreciation with the City would be eliminated.

The Task Force recognizes that this program would only work in certain types of developments. Other developments would have the option of meeting the affordable housing requirement by using the fee in-lieu program.

4. Fee in-Lieu Program -- Continue the existing program, allowing developers to contribute cash in lieu of building affordable units in a given development. Expand fee in-lieu to areas outside Winslow, establishing a per unit fee rather than a per square foot fee.

5. Silent Seconds. – Under this program, which would require income-certification, a portion of the down payment on the purchase price would be provided as a "silent second" to enable income-qualified individuals to purchase market rate homes. Initially, the "silent second" would come from the fee in-lieu program. (Non-profit agencies, foundations, or government entities might also be a source for funds.) It's anticipated that this program would be used primarily to purchase existing housing stock, as opposed to new homes.

Example: An income-qualified individual pays 10% down on a market rate home, an affordable housing entity provides an additional 10% of the purchase price and the 80% balance of the purchase price is financed. At the time of resale, the seller returns the principal of the 10% second plus a specified interest amount to the original funding entity, providing a self-perpetuating fund. The reimbursement portion of the program plus the on-going fee-in-lieu program provides an opportunity for program expansion.

6. Revise the affordable for-rent program that applies to the private development sector – These proposed revisions are intended to ensure that the rents charged for affordable units are significantly lower than market-rate rents, and that the annual monitoring requirements are simplified. The income group targeted by the rental program should be dropped one level, from moderate income to low income. Require initial income certification and then require that the owner submit annual rent rolls to verify that the rents remain within the required range.

7. Expand the Housing Trust Fund (HTF) mission -- Currently, the Housing Trust Fund serves the housing needs of those whose incomes fall at or below 80% of the Kitsap County median income. This option proposes that a separate HTF program be created for the use of fee in-lieu funds, and that this program be geared to households at or below 80% of the Seattle median income.

8. Expand the Existing Community Land Trust (CLT) program -- The Community Land Trust model provides for perpetual affordable housing by removing land cost from the cost of housing. Land is included with housing purchase through a 99-year lease, with the land being permanently owned by a government or non-profit agency. Currently, the City is negotiating with the Trust for Working Landscapes to provide affordable housing on City-owned land. The CLT could be expanded to include the purchase of new land for the purpose of providing more affordable housing.

9. Legalize non-conforming structures containing subsidized housing units -- Many of the existing subsidizing housing units are in older buildings, which are now non-conforming. Under current code, the structures would have to be made conforming if they need to be replaced or extensively renovated. By exempting subsidized units from this requirement, the required construction work becomes more financially feasible and the stock of affordable units is maintained. In addition, the density of some of the subsidized housing projects exceeds current zoning, making them non-conforming uses. This impacts both the ability to rebuild at the same density and maintain insurance. Existing densities in affordable developments should be recognized as conforming, provided the affordability is maintained.

10. Allow non-owner occupied primary dwellings on lots which have an accessory dwelling unit -- Current codes allow ADUs on most lots, in an effort to encourage affordable housing. However, current code also requires that either the primary dwelling or the ADU must be owner-occupied. Both units may not be rented at the same time. The Task Force believes that this restriction discourages the use of ADUs as affordable housing. This recommendation is intended to eliminate this disincentive.

11. Cottage Housing – Adoption of a cottage housing ordinance would allow moderate density increases in selected residential zones in exchange for limiting the size of the residences. This type of ordinance has been created in several local communities as a method to encourage the creation of small size homes. Currently our zoning offers few incentives to build smaller homes for those who either can't afford or don't need a larger home. Because of the size limitations and open space requirements, the resulting intensity of development is equal to or less than the comparable residential development.

OTHER OPTIONS

The Task Force also recommends that the City consider the following options:

1) Allow multi-family development as a conditional use in Winslow residential zones - All residential zones outside of Winslow allow multi-family as a conditional use, except in the R-4.3, R-3.5 and R-2.9 zones (sometimes referred to as the "old Winslow" zones). The proposed zoning change would simply allow multifamily as a conditional use in the three residential zones currently excluded, thereby increasing the opportunity for expanded housing choices without changing the density.

2) Incentives for Small Size Market Rate Units - Currently the code only recognizes income-qualified units as meeting the definition of affordable. Part of the solution to affordable housing is creating more

small units as a means to increase the number of units provided, reduce cost and provide a variety of housing choices. This option would allow a proposed dwelling of 600 square feet or less to be defined as meeting the City's affordable housing requirements in the Mixed Use Town Center, without any other qualification. The reality is that the size will keep it affordable in relation to other units, whether for rent or for sale.

3) Transfer of Development Rights - The City's current transfer of development rights program theoretically allows increased density in selected areas if the density increase provides affordable housing. However, the TDR program is unworkable in its current format, primarily because the designated sending and receiving areas for development rights are very limited. The TDR program should be revised to expand sending and receiving areas, and to facilitate the process of transferring development rights.

CONCLUSIONS

The Task Force recognizes the strengths of our affordable housing programs currently in place. While the report has taken issue with each of them, it has also recommended that they be maintained with modifications. These first few years of experience with the City's programs have provided the opportunity to observe success and failures, and now make refinements. The Task Force has identified the critical role the market place should play, and the need to create stronger incentives. While the City should continue to set policy, it must provide a variety of options both for non-profit and for profit developers. We hope the options listed are considered for that purpose.

Many of the conclusions of this report are the result of the combined first hand experience of its members with affordable housing on the Island. While each member brings a unique perspective, there was simply not enough time to investigate the nature of the housing problem or the actual needs in a detailed manner. Furthermore, the creation of affordable housing and the programs that support it are in constant flux due to changing economic conditions. Issues we see today and the proposed solutions may be ineffective under different conditions. Therefore, it is essential to monitor the successes and failures and be willing to try new approaches.

While the community has stated its desire to have a diverse population, the reality of sustaining this will continue to be a challenge. The concept of an affordable project or home next door is unsettling to many, or so it would seem. Part of the solution is to recognize that most of the residents of these homes already are a part of the community and part of its stability. Well designed affordable homes look identical to conventional homes. Aside from community receptiveness, there will be limited opportunities for more housing without making more land available. This means higher densities or innovative land uses, which again may not be readily accepted. Bainbridge will always be faced with ever increasing land and home values, making it harder to maintain a semblance of diversity. We hope the City leaders and citizens can see the bigger picture where a variety of community goals must be balanced in order to make modest gains.

Community Housing Coalition
Charter Agreement

Introduction

In the fall of 2003, Mayor Kordonowy convened a "Mayor's Affordable Housing Task Force" ("MAHTF") to help the City of Bainbridge Island achieve and strengthen its goal of diversity in housing options. The MAHTF met over the subsequent months, developed recommendations and presented them to the Mayor and City Council. A key recommendation was the formation of a Housing Commission to serve as a "strong, independent, professionally staffed and well-funded board that is permanently devoted to this complex task". The City Council approved the recommendations and asked the MAHTF to determine the shape of the new organization and how it would function. In addition, the Mayor asked the MAHTF to work with the Health, Housing and Human Services Council (HHHS) to design an organizational structure that would strengthen HHHS' role in the housing arena, and ensure that housing issues were considered within the larger context of community values and integrated with the existing network of human service organizations.

In carrying out this charge, the MAHTF and HHHS worked with the Housing Resources Board ("HRB"), Helpline House ("Helpline"), and other interested community members. HHHS, HRB and Helpline decided to combine the strengths and perspectives of their respective organizations by forming a Coalition focused on the community's housing goals. These organizations and individuals developed a proposed organizational structure, goals and responsibilities, working budget, and preliminary work plan for a new "Community Housing Coalition". Their proposal to the City was based on a prior MAHTF recommendation to the Mayor that the new housing organization "be established within HHHS, and a full-time Housing Director position be funded within HHHS".

On January 19, 2005 the City Council "endorsed HHHS's expanded focus on housing issues and the creation of the Community Housing Coalition within HHHS" and allocated the requested funding for 2005 to HHHS. The MAHTF, HHHS, HRB, Helpline House and other interested community members then formed the CHC Development Task Force to guide the formation of the Community Housing Coalition. CHC Development Task Force members are: Charlie Wenzlau, Bruce Weiland and Peter O'Connor (MAHTF), Dana Quitslund, Stephen Davis, and Jan Lambert (HHHS), Carmella Houston (MAHTF and HHHS), Del Miller, Don Heppenstall and Bill Reddy (HRB), Joanne Tews (Helpline), Kathy Cook (City of Bainbridge Island), Bill Luria, and Ed Kushner. The CHC Development Task Force is charged with finalizing the structure and functions of the CHC, and with selecting the initial members of the Coalition.

Purpose of the CHC

Mission

The Community Housing Coalition encourages the creation and preservation of a spectrum of housing options to support Bainbridge Island's goal of being a diverse, sustainable community. It does so by acting as a central clearinghouse for community housing needs and information, providing best practice research, and contributing to the development of effective public policy related to housing.

Functions

The Community Housing Coalition seeks to achieve its mission by engaging in functions such as the following:

1. **Research and Information Gathering** -- both locally and nationally, including research of available funding sources & requirements, analysis of approaches that have worked elsewhere, regular evaluations of local conditions, etc.
2. **Education** -- disseminating information on housing issues to the community, the City, developers, etc., at both the island-wide level and the project specific level.
3. **Policy Review and Recommendations** -- including reviews independently generated and those undertaken at the request of—or in coordination with—the City.
4. **Policy Implementation** -- helping develop useful policies and garnering public support, including drafting, review of community initiatives and city ordinances, etc.
5. **Review and Consultation** -- focusing on encouragement of projects that create and support diverse housing options, and help with approaches that provide community benefits.
6. **Coordination** -- of both public and private housing efforts and related funding initiatives.
7. **Supplemental Support** -- to City Planning staff on issues relating to housing diversity.
8. **Initiation and Facilitation** -- of creative, community-building ideas and proposals.
9. **Advice and Advocacy** -- for housing opportunities from various sources.

CHC Council

The work of the CHC is performed by a council of citizen volunteers who broadly represent the needs and aspirations of the community, provide expertise and advocacy, formulate effective policy, and provide guidance to the City and community to achieve the purposes of the CHC.

Number of CHC Council Members

The CHC Council consists of up to 12 members. It is a goal of the CHC to maintain council membership at 8 members or above.

Appointment of CHC Council Members

The CHC Council members are appointed as follows:

Sustaining Organization Appointees:

Five members of the CHC Council are appointed by the boards of directors of the organizations represented in the CHC as follows:

- Two members are appointed by the HHHS Board of Directors.
- Two members are appointed by the HRB Board of Directors.
- One member is appointed by the Helpline House Board of Directors.

Community at large Appointees

Initially, one or two Members are former members of the Mayor's Affordable Housing Task Force.

The balance of the original CHC Council members are appointed by the CHC Development Task Force, taking into consideration the desirability for the CHC Council to have individuals with experience and backgrounds in design, development, real estate, finance, housing advocacy, and a broad range of other activities.

Subsequent to the appointment of the original CHC Council, individual Community at large appointees are appointed by the full CHC Council.

City Appointee
The City may appoint one non-voting member (such as a City Council member) to maintain a high level of communication between the CHC and City Government.
Ex-officio
The HHHS Executive Director may attend meetings (non-voting status).

CHC Council Voting

Consensus: The CHC Council operates by consensus as much as possible, but also votes on the adoption of policy recommendations and other positions, such as endorsement of—or concerns about—a project or approach.
Quorum: Adopting such a position requires a quorum (2/3 of the council's voting membership), with a majority of members voting in favor of the position.
Individual voting: Each individual CHC Council member has one vote.

Terms

CHC Council members serve one, two or three-year terms, determined by each member's ability to serve and measured from that member's first meeting. An individual member will serve no more than 6 years consecutively. At the conclusion of a term, a member may seek re-appointment by the CHC Council for an additional term that does not extend beyond the maximum consecutive years served.

Council Officers

The CHC Council annually elects a chair and vice-chair to preside at the meetings of the CHC Council and lead the work of the coalition. The CHC Council may identify such other officers as it deems appropriate.

Committees

The CHC Council may organize itself into such permanent or ad hoc committees as it deems necessary or expedient to carry out the work of the coalition.

Meetings

The CHC Council meets at regular intervals with a frequency to be determined by the CHC Council based on work load. All members of the CHC Council are provided notice of all meetings held by the Council or any committee of the Council.

Council Rules

The CHC Council governs its own proceedings, setting rules to ensure that members clearly understand their responsibilities and that the CHC Council works effectively for the good of the community. CHC rules are established by a 50% majority vote. Adherence to clear rules concerning conflict of interest is essential to maintaining the credibility of the Coalition in the community.

Representatives and Advisors

Non-voting representatives: The CHC Council solicits and welcomes the attendance of additional non-voting representatives from the City, such as members of the City's Planning or other departments, and from other private or public organizations involved with and interested in the work and goals of the CHC.

Advisory Panels: From time to time, the CHC Council may invite organizations and/or individuals to work with the CHC on specific issues. These may take the form of guests at CHC meetings or task groups to work on research, policy development, etc. The advisors

supplement the knowledge, expertise and/or viewpoints represented by the members of the CHC.

Oversight

The HHHS board provides oversight of the CHC as part of its fiduciary responsibility to the City and community. Specifically, the HHHS board reviews and approves the annual work plan of the CHC, and reviews progress on the work plan, and any changes in the plan, on approximately a quarterly basis. This oversight is limited to helping the CHC set goals that are achievable, fiscally responsible, and supportive of the CHC's mission.

Staff Support

Staff support is provided by a Housing Director and additional support staff, hired by HHHS with funding provided by the City. The Housing Director works directly with the members of the CHC Council and provides continuity in moving the Coalition's work forward.

The Housing Director is expected to play a leadership role in framing housing issues for the community and to serve as the public face for the Community Housing Coalition, as well as acting as a facilitator and long-range planner for the Coalition. The Director also provides the technical expertise necessary to work with the City on ordinance and zoning changes as well as a working understanding of public and private financing and best practice approaches to community housing.

The Housing Director reports to the Executive Director of HHHS, with the understanding that the Director's work priorities are reflected in the work plan set by the CHC Council. The initial Housing Director is selected by the CHC Development Task Force and any members of the CHC Council appointed at the time of interviews for the position, with final approval by the Executive Director of HHHS. Subsequent personnel decisions with respect to Housing Directors are made by the CHC Council, with the final approval of the Executive Director of HHHS and the HHHS board.

Decision-Making

Review Interval: Before presenting any recommendations for City policy changes or ordinances to the appropriate body within the City (Mayor, Planning Department, Planning Commission and/or City Council) for action, the CHC Council will allow two weeks time to pass so organization appointees, such as those from HHHS, HRB or Helpline, can discuss the proposed policy changes with their Boards of Directors. These organizations may ask the CHC Council to provide further information or address concerns during this two week time period, which may result in adjustments to the recommendations being brought forward to the City.

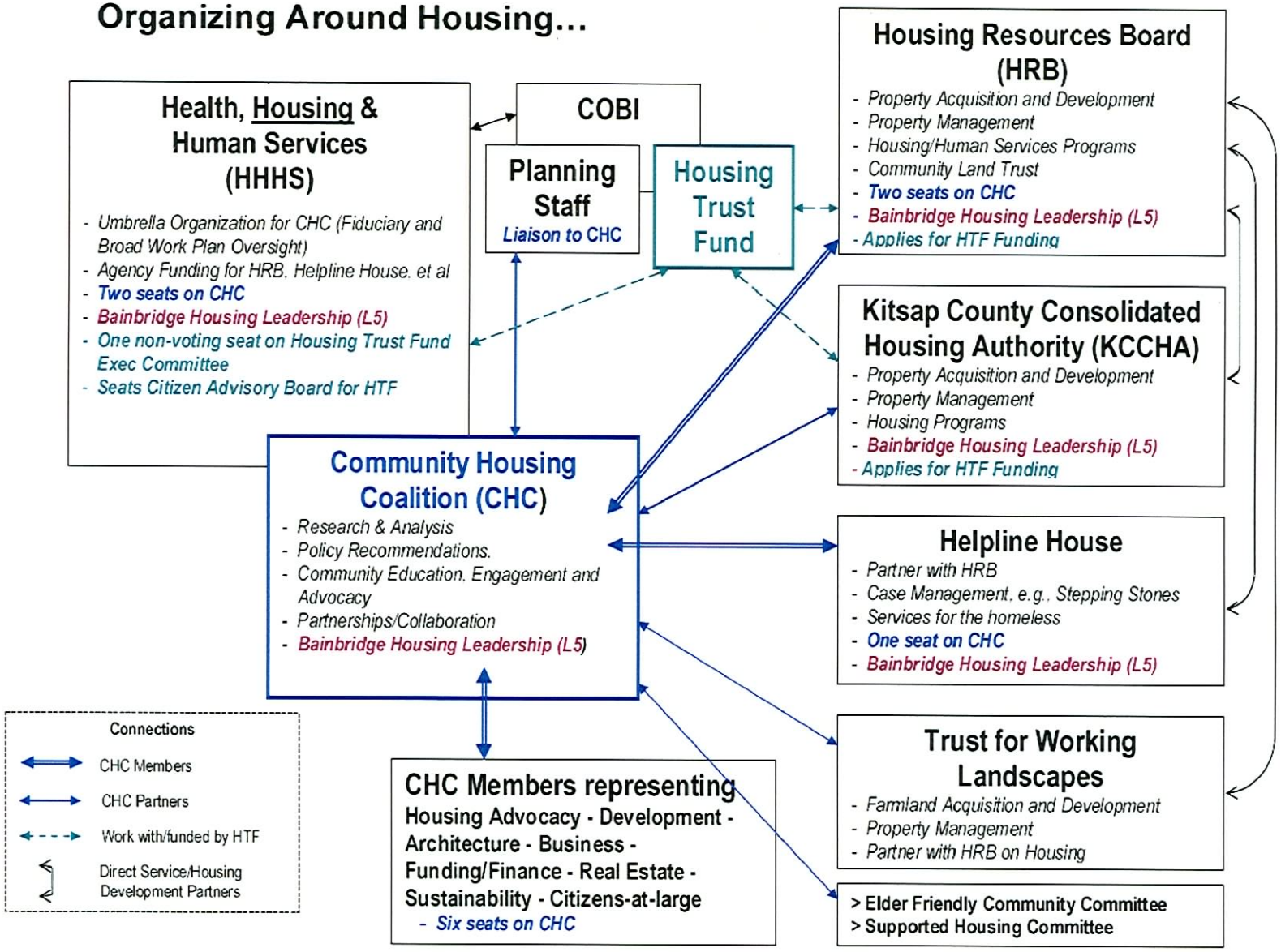
No organization has the power to modify, overrule or veto any recommendation of the CHC Council.

In the event that any CHC Council member disagrees with or takes exception to some feature of a recommendation that the CHC Council wishes to make to the City, the member has the right to have its disagreement or exception included along with the recommendation made to the City, in the form of a minority report or dissent.

Charter Agreement

To take effect, this Charter Agreement must be approved by the CHC Development Task Force. This agreement may subsequently be changed by the CHC Council once it is formed, with a 3/4 majority vote of all members and the approval of the HHHS board.

Organizing Around Housing...



CHC Plan

During the first weeks, the new Community Housing Coalition developed the framework for a Strategic Plan and the structure for approaching the work.

Vision Statement (July 2005)
Taking the lead from the Vision Statement in the City's Comprehensive Plan, which reads, "*Foremost, Bainbridge Island should preserve the diversity of one of its most precious resources--its people. The Island should remain a place where the business people, artists, farmers and long-time residents can all find a place to live,*" the CHC drafted the following statement to guide their planning:

Bainbridge Island is a place where "community" matters. The diversity of our community is what makes us strong and vibrant; we value differences in age, ethnicity, lifestyle, education, vocation, income, faith and gender; we...and our families...become better for what we learn from each other.

Citizens from all walks of life have contributed to the collective wisdom regarding what we want for our community. Support for diverse housing options is strong from the business community, social/human services organizations, environmental advocates, educators, civil service organizations, the interfaith community, and private citizens.

Everyone, representing a wide diversity of backgrounds and circumstances, is connected to each other and to the community; "neighborliness" shows itself in many ways, including friendliness, inclusiveness and lending a helping hand.
Emphasis is placed on building and sustaining neighborhoods and making easy connections for pedestrians and bikes between home, work, school, and businesses. Neighborhoods are comprised of a diversity of homes for families of various descriptions, and include opportunities for renting as well as ownership. Gathering places are plentiful, for neighbors to meet and play.

Housing options are available to young people, to elders and others on fixed incomes, to people whose families have lived here for generations as well as newcomers. People of any economic circumstance have options regarding where they live, and the options are available, appealing, financially viable, and sustainable.

Bainbridge Island has a strong preference for environmental preservation. Collaborative partnerships between conservationists, housing advocates and housing providers have resulted in innovative solutions to challenges of density, zoning and preservation of natural systems. Homeowners and builders work together to construct homes based on Universal Design standards and sustainable building practices, use earth-friendly materials and products, and integrate Low Impact Development methods to achieve the most efficient ecological footprint and long-term cost-effective energy-efficient homes.

Mission
This Mission Statement was adapted slightly from the original version drafted by the CHC Development Task Force:

The Community Housing Coalition encourages the preservation and creation of a spectrum of housing options to support Bainbridge Island's goal of being a diverse, sustainable community. It does so by assessing and tracking needs, acting as a central clearinghouse for community housing information, providing best practice research, and contributing to the development of effective public policy.

Key Strategies
These strategies provided consistent direction for the CHC.

1. **Act as a clearinghouse for community housing information**
   The CHC tracked housing trends (local, regional and national), conducted research on successful housing initiatives in other communities (best practices), and compiled a "library" of educational materials. Inquiries focused on ways in which other communities, in general, and communities similar in size, geography and demographics, have provided diverse housing options through, in particular, innovative policies and strategies and collaborative working relationships. In 2005, the CHC co-sponsored an update of available housing needs assessment information and, in 2006-2007, conducted surveys of large business employers and members of the local workforce.

2. **Develop a coherent framework and strategies**
   While taking action on short-term proposals, the CHC focused on the long-term vision for our community, developed strategies and work plans that promote social, environmental and economic sustainability, and developed a wide variety of solutions.

3. **Develop and recommend effective public policy**
   Working in collaboration with the City and key stakeholders, the CHC studied and formulated changes/additions to policies and regulations that encourage and provide incentives for the preservation and development of diverse, sustainable housing options.

   This strategy was fed, almost exclusively, by the list of recommendations inherited from the Mayor's Affordable Housing Task Force. (Page ___ of this Appendix)

4. **Establish collaborative partnerships**
   The CHC worked closely with local human services agencies and created opportunities to partner with housing providers, e.g., Housing Resources Board (HRB), Kitsap County Consolidated Housing Authority (KCCHA). The CHC initiated actions to integrate work with other public initiatives, e.g., Winslow Tomorrow and the 2025 Growth Citizens Advisory Committee, worked collaboratively with stakeholder groups, such as the Chamber of Commerce, and actively participated in housing-related initiatives/committees, e.g., the Elder Friendly Community and the Supported Housing Committees. (Appendix 1, Page 12 depicts the interconnectedness of the organizations working on community housing initiatives.)

5. **Develop a Community Engagement/Education Plan**
   Success is predicated on the awareness, involvement and support of policy makers, key stakeholders and the community at large. The CHC made connections with various sectors of the community, conducted stakeholder interviews and surveys, organized public forums, convened workshops, and developed materials to engage and educate.

Focus
From the beginning, the intention of the CHC was to focus on work items that would create and support a diversity of housing options. While some programs exist to provide assistance to residents who are "income eligible," and, obviously, those who have an abundance of financial resources are well served by the open housing market, there exists an ever widening gap between housing prices and earned household incomes typically considered "low, "moderate" and "middle."

In only four years, since the 2003 Housing Needs Assessment quoted an average home closing price of $478,000 on Bainbridge Island, the average sales price has climbed to $821.7 for single family homes and $485.4 for condominiums. (A report of 2007 year end real estate data can be found on Page 36 of this Appendix.) The same report indicates that 84 of 254 single family homes listed as of December 31, 2007 were priced at $1m or more, and only 13 homes listed were priced at $400k or less, which leaves even most middle income households out of the housing market. Only 36 of the 94 condominiums listed as of December 31, 2007 were priced at $400k or less.)

To determine how best to focus CHC resources given the reality of the housing situation, and to affirm the priorities established by the Mayor's Affordable Housing Task Force, the CHC reviewed the range of programs already in place and developed a matrix to lay out an array of housing options "affordable" to people in our community within each of the HUD-defined income levels.

This Housing Solutions Matrix (Page 17 of this Appendix), shows the relationships between income levels, various occupations, funds available to allocate to housing costs without spending more than one-third of gross income, and a range of "affordable" housing solutions.

The CHC elected to focus on solutions that would serve, primarily, the local work force, as well as young families and residents who want to "age in place," and, in general, households earning up to 120% of the Kitsap County Area Median Income. These solutions were consistent with the findings and recommendations of the Mayor's Affordable Housing Task Force.

CHC Work Plan

The Work Plan for the CHC was, initially, based on the list of priority recommendations inherited from the Mayor's Affordable Housing Task Force including:

1. Coordinate and focus various housing programs
2. Revise for-purchase affordable housing program
3. Revise the Fee-In-Lieu Program
4. Establish "Silent Seconds" program (down payment assistance)
5. Revise affordable for-rent program
6. Expand Housing Trust Fund mission
7. Expand existing Community Land Trust
8. Legalize non-conforming structures containing subsidized housing units
9. Revise Cottage Housing Ordinance

Implementation of a few of the MAHTF's recommendations was initiated prior to the establishment of the CHC, including:

- Approval of revisions to the Housing Element of the Comprehensive Plan – completed December, 2004.
- Allowance for primary dwellings with ADUs to be non-owner occupied – Council passed Ordinance 2005-20, August 3, 2005.
- Allowance for multi-family development as conditional use in Winslow – Council passed Ordinance 2005-21, September 28, 2005.

Another MAHTF recommendation, involving the revision to the Transfer of Development Rights (TDR) Program, was deferred to the City's 2025 Growth Advisory Committee and subject to a consultant's analysis and recommendation.

Over time, the Work Plan was adjusted to accommodate unforeseen circumstances (e.g., the requirement for a nexus analysis for the Inclusive Housing Ordinance), to address emerging priorities and to move projects forward in a more strategic order (e.g., scheduling the presentation of the Cottage Housing Ordinance after the approval of the Inclusive Housing Ordinance).

Structure
For the first year, the CHC met twice each month to conduct the business of the Coalition. It became quickly evident that the comprehensive nature of the work required a structure that enabled the group to focus on multiple tasks and topics simultaneously.

While the full CHC worked to prioritize the overall Work Plan, four Work Groups were initially established to focus on specific priority topics, each with work projects and deliverables.
Cottage Housing Ordinance

a. **Community Land Trusts** – Don Heppenstall, Donna Dahlquist, Steve Davis, Del Miller, Clara Manning
b. **Affordable Housing Ordinance** – Jim Laughlin, Del Miller, Heidi O'Brien, Charlie Wenzlau
c. **Cottage Housing Ordinance** – Steve Davis, Dwight Sutton, Charlie Wenzlau
d. **Community Engagement** – Carmella Houston, Donna Dahlquist, Dwight Sutton

Over time, this structure was adapted to support emerging issues; for example: the Community Land Trust Work Group merged with the Affordable Housing Ordinance Work Group, when a synergy between the two became evident; the Community Engagement Work Group initially constructed an overall plan and then reconvened to organize specific events; activities of the Cottage Housing Work Group were suspended after draft recommendations were presented to the full CHC in early 2006 and the CHC decided to delay submission of the Cottage Housing Ordinance to the City until after the Affordable Housing Ordinance was approved.

The **Accessory Dwelling Unit Work Group**, with Richard Beckman, Donna Dahlquist, Kate Smith and Merrill Robison, was established in January, 2007.

Each Work Group developed a plan, which included research and investigation to support the need, study of best practices and options, connections with and involvement from interested and involved stakeholders, and a due diligence process.

Decision-Making and Due Diligence
In the initial Plan, CHC gave priority to involvement of diverse stakeholders, integration of social, environmental and economic factors, serving the common good and open/transparent proceedings

Prior to submitting recommendations to the City, the CHC committed to completing a due diligence process which would clearly define the needs met, measure community support, pass environmental, economic and legal reviews and align with the Comprehensive Plan and other City mandates.

CHC Housing Solutions Matrix

HUD Income Categories	% Of Median	2006 Kitsap Median Income Equivalents *	Occupations	Monthly Housing / Rent Payment **	Types of Housing	Gap Solutions
Extremely Low	≤ 30%	≤ $18,960	Waitstaff, New High School Graduates, Caregivers, Senior Citizens	≤ $474	• Subsidized Rental (HRB, KCCHA, LIHI)	• Subsidized Rentals • Property Tax Exemption
Very Low	31-50%	$19,592 – 31,600	Bakers, Bank Tellers Retail Cashiers, School Bus Drivers, Disabled Persons	$490 – 790	• Subsidized Rental (HRB, KCCHA, LIHI) • Subsidized Purchase (Habitat)	• Subsidized Rentals • Property Tax Exemption
Low	51-80%	$32,232 – 50,560	Teachers, Firefighters, EMTs, Patrol officers, City Planners, Middle Managers, Fixed Income Sr. Citizens	$805 - 1,264	• Market rate rentals • Subsidized Purchase (KCCHA) • ***(mortgage up to $205,000)	• ADU rental • Market rate rentals • CLT purchase • Silent seconds, • Down payment assistance • Aging in Place Support
Moderate	81-95%	$51,192 – 60,040	Social & Community Service Managers, Police Detectives, Branch Managers	$1,280 – 1,501	• Market rate rentals • Small market rate purchase • Condo + fees ***(mortgage up to $243,780)	• Cottage or Cluster Housing combined with CLT • CLT Purchase • Creative Financing • Market rate rentals
Middle	96-120%	$60,672 – 75,840	Small Business Owners, Loan Officers, Human Resource Managers	$1,517 – 1,896	• Market rate rental • Subsidized purchase (e.g., silent second, down payment assist) • Small market rate purchase • Condo + fees ***(mortgage up to $307,933)	• Cottage Housing • CLT purchase • Market rate rentals

***Kitsap County 2006 Median Income: $63,200**
Note: 2000 Census B.I. median household income = $70,110
**HUD defined affordability (not rent burdened): rent or mortgage payment =< 30% of income.
***Based on a 30 year fixed rate loan at 6.25%

The median sales price of $275,000 countywide was up 10% from a year ago. Bainbridge Island median sales price is well over $700,000 as of October 2006.

Housing Element

INTRODUCTION

Decent and safe housing is a basic human need which has become increasingly unavailable to many Americans. This reality applies increasingly to certain segments of Bainbridge Island's population as well as to many of those who work on the Island. Kitsap County TRENDS Reports, which track the average home sale price in Kitsap County, document that between 1990 and 2003 the average Bainbridge Island home price escalated dramatically from $232,687 to $478,000.

The Growth Management Act (GMA) recognizes the importance of planning for adequate housing by requiring it as an element in Comprehensive Plans. Adequate housing is addressed specifically in one of the 13 major goals:

> "Housing. Encourage the availability of affordable housing to all economic segments of the population of this state, promote a variety of densities and housing types, and encourage preservation of existing housing stock."

The requirements for a housing element which are mandated by the Act are:

> "A housing element recognizing the vitality and character of established neighborhoods that: a) includes an inventory and analysis of existing and projected housing needs; b) includes a statement of goals, policies, and objectives for the preservation, improvement, and development of housing; c) identifies sufficient land for housing, and group homes and foster care facilities; and d) makes adequate provisions for existing and projected needs of all economic segments of the community."

The last item (d) in those requirements is echoed in the Vision for Bainbridge Island:

> " … Foremost, Bainbridge Island should preserve the diversity of one of its most precious resources – its people. The Island should remain a place where the business people, artists, farmers, newcomers and long-time residents can all find a place to live."

and, General Goals (excerpt):

- Foster the diversity of the residents of the Island, its most precious resource.
- Provide a variety of housing choices for all residents.
- Provide affordable housing.

The main objective in preparing a housing element is to identify and prioritize the community's housing problems and trends, and to develop short and long-term solutions. On Bainbridge Island, residential development is the predominant use of land. In 1992, 38% of all the land on the Island was listed as developed for residential use. In 2003, 41% of the land on the Island was listed as developed for residential use. In addition, housing costs are typically the largest expenditure for most households, while a community's housing stock is its largest long-term capital asset.

The costs of land and housing have risen dramatically over the last two decades. The composition of the community in terms of age and income has changed as well. The lack of affordable housing has resulted in the need for many people who grew up on the Island to look elsewhere. Furthermore, many people who work on the Island cannot afford to live here, and the number of homeless individuals and families is growing.

The Housing Element provides the citizens of Bainbridge Island with an opportunity to establish goals, policies, and strategies that present solutions to existing problems and provide direction to future housing development without negatively impacting the existing character of the community.

A major step in the formulation of strategies is to assess our current situation. This is done through a Housing Needs Assessment that includes documentation and analysis of community demographics and trends, existing housing stock and condition, and an estimate of future housing needs, including special needs populations such as homeless, disabled and domestic violence victims. This is followed with a summary of the findings of the data, which give direction to the formation of goals and policies. From these, strategies are then developed to direct the provision of adequate housing for all citizens of Bainbridge Island.

In 2002, the City of Bainbridge Island authorized the development of a comprehensive and up-to-date housing needs assessment for Bainbridge Island, including an in-depth analysis of affordable housing needs across all households. This document, *The City of Bainbridge Island Housing Needs Assessment, September 2003*, is included as Appendix A. The 2003 Needs Assessment updated and expanded upon the Housing Needs Assessment completed in 1995, which is included as Appendix B.

GOALS AND POLICIES

Discussion: In accordance with the definition provided in the Growth Management Act *(WAC 365.195-070(6))*, the term "affordable housing" as used in the Housing Element refers to "the adequacy of the housing stocks to fulfill the housing needs of all economic segments of the population. The underlying assumption is that the marketplace will guarantee adequate housing for those in the upper economic brackets, but that some combination of appropriately zoned land, regulatory incentives, financial subsidies, and innovative planning techniques will be necessary to make adequate provisions for the needs of middle and lower income persons."

GOAL 1

Promote and maintain a variety of housing choices to meet the needs of present and future Bainbridge Island residents at all economic segments, and in all geographic areas in a way that is compatible with the character of the Island, and encourages more socioeconomic

diversity. The City shall partner with community non-profit organizations and local and regional private and public entities in carrying out the following policies:

H 1.1

The City recognizes its role in the regional housing market and shall cooperate with the Kitsap Regional Coordinating Council to develop an equitable distribution strategy for affordable housing.

H 1.2

The City shall take a proactive role in maintaining and encouraging economic diversity on the Island by providing affordable housing opportunities on Bainbridge Island. Accordingly, the City should designate the appropriate staff effort or organizational entity to assist and advise the community, landowners, and private and public entities about options for affordable housing, financing strategies, and funding sources; develop and assist with the City's application and approval process for special housing projects; and initiate and support affordable housing opportunities.

H 1.3

The City shall partner with non-profit organizations, the development community, local lending institutions, elected officials, and the community at large to assist in meeting affordable housing goals and implementing policies.

H 1.4

The City supports the efforts of community non-profit housing organizations and local and regional public and private entities in developing and managing affordable housing on Bainbridge Island.

H 1.5

The City shall encourage innovative residential development types and zoning regulations that increase the variety of housing choices suitable to a range of household sizes and incomes in a way that is compatible with the character of existing neighborhoods. Examples of innovate approaches are cottage housing development, cluster housing development and accessory dwelling units.

H 1.6

The City should develop provisions to encourage development and preservation of small to mid-size single-family housing units. These provisions may include a framework to permit small-unit housing development known as cottage housing, with increased density in the residential zones included in the Winslow Master Plan study area (R-4.3, R-3.5, R-2.9) and the Neighborhood Service Centers. Standards shall be developed for cottage housing development that include, but may not be limited to, maximum allowable size and density and covenants to limit size in perpetuity.

GOAL 2

Maintain the stock of existing affordable and rent-assisted housing. In partnership with community non-profit organizations and local and regional public and private entities the City shall pursue the following policies:

H 2.1
The City shall develop a continuing strategy to maintain the Rural Development Agency and HUD subsidies on existing rent-assisted housing. The primary strategy shall be to support the Kitsap County Consolidated Housing Authority and non-profit agencies to purchase the units through the provisions of the 1990 Housing Act.

H 2.2
In the event of the potential loss of privately-owned subsidized housing, the City will work with the appropriate public agencies to pursue the preservation of the subsidized units, or relocation assistance for the residents.

H 2.3
Water-based housing (live-aboards) is a viable component of the present and future housing stock of Bainbridge Island, and shall be subject to applicable environmental protection, seaworthiness, sanitation and safety standards, and authorized moorage.

H 2.4
The City shall initiate and support programs that assist low-income homeowners and seniors to repair, rehabilitate, maintain and improve accessibility to and within their homes.

GOAL 3
Increase the supply of affordable multi-family housing each year through the year 2012, with goals based on data provided by the Housing Needs Assessment and the City's housing reports.

H 3.1
The City shall encourage new multi-family housing in a variety of sizes in areas designated for such use in the Land Use Element. All developments are subject to Health District requirements for water and sewage disposal.

H 3.2
Accessory dwelling units shall be permitted uses in all residential zones, except at Point Monroe, the Sandspit (R-6). All other applicable development standards including lot coverage, setbacks, parking requirements, and Health District requirements for water and sewage must be met.

H 3.3
The City shall encourage agencies whose mission is to develop affordable housing to create new subsidized multi-family rental housing by aggressively pursuing Kitsap County Community Development Block Grant Funds, state funds, donations from private individuals and organizations, public revenue sources and other available funding.

GOAL 4
Promote and facilitate the provision of the diversity of affordable housing stock in all geographic areas of the community.

H 4.1
To encourage the provision of housing that will remain affordable over time, the City shall pursue effective strategies to reduce the land cost component of for-purchase housing, which may include alternative land use zoning, density bonuses and other incentives.

H 4.2
The City shall encourage housing created by utilizing a mechanism such as a community land trust.

H 4.3
Manufactured homes and manufactured home developments shall be permitted in all residential districts. A manufactured home development will be subject to all applicable development regulations of the underlying zone in which it is located, including affordable housing density bonuses.

GOAL 5
Promote and facilitate the provision of rental and for-purchase housing that is affordable to income-qualified households with a variety of income levels.

H 5.1
Housing developments where all units are income-qualified to specified income groups should be exempt from City impact fees and other selected administrative development fees. Exemptions should be based upon standards that are developed to reflect the income group targeted.

H 5.2
The City shall develop a program for income-qualified, first-time home buyers to provide assistance in purchasing a home that may include, but is not limited to, down payment or second mortgage assistance, below market-rate loans, guaranteed loans, and tax or utility relief.

H 5.3
All income-qualified rental housing units created as a result of the policies of this Housing Element shall remain affordable to income-qualified households for a period of not less than 30 years from the time of first occupancy and shall be secured by recorded agreement and covenant running with the title of the land, binding all the assigns, heirs and successors of the applicant.

H 5.4
All income-qualified homeownerhip units created as a result of this Housing Element shall be sold at a price affordable to income-qualified households. These units may be subject to a mechanism that is specified in an appropriate administrative procedure allowing the City to capture a share of the appreciation if the unit is sold at market rate. The City's share of the proceeds shall be used toward an affordable housing program.

GOAL 6
Facilitate the siting and development of housing opportunities for special needs populations.

H 6.1
The City shall support the services of community non-profit organizations and local and regional public or private entities in providing shelter for temporarily homeless singles and families with children, adolescents and victims of domestic violence on Bainbridge Island.

H 6.2
The City shall support the development of programs that ensure that the housing needs of the developmentally, physically and emotionally disabled are met within the community.

H 6.3
The City shall support programs that provide assistance to low-income, disabled persons to retrofit their homes to be more accessible.

GOAL 7
Utilize the City's bonding capacity and other resources to support the creation of affordable housing.

H 7.1
The City recognizes the need to provide financing assistance for affordable housing. Accordingly, the City will actively pursue public and private funds that may include, but are not limited to, real estate excise tax, grants, and other available resources.

H 7.2
The City, in partnership with local agencies producing affordable housing, may issue a General Obligation Bond to increase the production of housing affordable to households at or below 80% of median income for Kitsap County.

H 7.3
The City Council may issue Councilmanic (Limited Tax General Obligation Bonds; also called councilmanic bonds, or non-voted debt) to support the development of housing affordable to households at or below 80% of median income for Kitsap County.

H 7.4
The City shall establish and maintain a Housing Trust Fund which will be used to support the development and preservation of affordable housing on Bainbridge Island.

H 7.5
The City may purchase and make City-owned land available through long-term leases or other mechanisms for the purpose of creating income-qualified housing, and shall support other public entities that wish to use publicly-owned land for this purpose.

GOAL 8
Provide a periodic report on the status of housing on Bainbridge Island and the implementation of the Housing Element in order to assess the effectiveness of the housing goals.

H 8.1

The City shall monitor by survey and/or other means, and prepare a report on, the following aspects of housing:

A. Housing in general and the types of housing encouraged in this Element, including affordable multi-family and single family, owned and rented; accessory dwelling units; subsidized housing; adaptable units; clustered housing and cottage housing.

Housing Element 8 December, 2004

B. The condition of the local housing market and the number of new housing units, publicly and privately funded.

C. The use of density bonuses and the number of for-purchase housing units provided in new developments.

D. A description of the various initiatives supporting affordable housing, including activities of community non-profit organizations and local and regional public or private entities.

E. Programs of housing repair and renovation that improve accessibility.

H 8.2

The housing report shall be issued at least every five years, in coordination with statemandated updates of the Comprehensive Plan, and shall be made available to the public in various ways, such as notice in the local newspaper, on the City's web page, and on local media outlets.

Ensure affordable housing

The 2025 Committee agrees with the Community Housing Coalition that several strategies could be powerful tools for ensuring permanently affordable housing on Bainbridge Island:

- *Creating a Community Land Trust.* A community land trust holds title to land for the common good and makes it available to individuals through long-term land leases. Income-qualified individuals can buy homes on the land, but because the trust owns the land, the houses sell at a lower price initially and do not rise in value as fast as houses on private land. On resale, the price stays affordable and only income-qualified buyers may purchase the homes. If the City grants developers extra density in return for building affordable units, it should require participation in a community land trust to ensure that the units remain affordable over the long term.
- *Encouraging Accessory Dwelling Units.* Also known as ADUs or mother-in-law units, these help cluster development and are one way to create modest growth in neighborhoods where there is already a house on each lot. The City currently allows ADUs in all zones. A wide array of strategies could encourage more of them:
    - Allowing ADUs to comprise a separate tax unit so they can be sold independently of the main house.
    - Working with the Health Department to adjust requirements for septic fields when ultra-efficient appliances are installed in both the main and accessory dwellings.
    - Launching a campaign to raise awareness of the benefits of ADUs and to promote them as a way for many people on the island to be part of the solution in creating affordable housing.
    - Providing technical, architectural or financial assistance to build new ADUs or to create them by dividing large houses into separate units.
    - Reducing property taxes or deferring building permit fees over a number of years when units are rented to income-eligible people.
- *Promoting Cottage Housing.* Cottage housing is another way to increase density in existing neighborhoods while still preserving their single-family character. These projects typically consist of a cluster of small houses with a shared central space. Cottages typically range from 800 to 1000 square feet, and the typical density is 10 to 11 units per acre. The Ericksen Avenue Cottages on Bainbridge Island are an example of this kind of housing. Cottage housing is typically used on infill lots in established neighborhoods.

Community Housing Summit
June 6, 2006
Summary

Included in this summary:
1) **Summit Program on BITV, and DVDs to borrow**
2) **Summit Highlights, Feedback and New Ideas**
3) **Planning Next Steps**

First, for those who attended the Summit, we deeply appreciate your active participation and commitment! The event exceeded our highest expectations, and there is great energy to move forward, individually and collectively.

1) Summit Program on BITV, and DVDs to borrow
BITV taped the entire Summit and produced a two-part program which will continue to air on cable Channel 12 for several more weeks. To relive the Summit, capture more of the details or share with colleagues, friends and family, check out BITV's schedule:

Part 1 (Summit Morning Session, including Opening/Introductions, Keynote Remarks by Rep. Mark Miloscia, and the presentation, "Current State of Housing")
View on Saturday mornings at 9:30am and Monday evenings at 6pm

Part 2 (Summit Afternoon Session, including presentations, "Island Solutions;" "Cottage Housing Ordinance, Community Land Trust and Affordable Housing Ordinance;" Special Projects - Bill Carruthers and Wini Jones; and New Ideas)
View on Sunday mornings at 9:30am and Tuesday evenings at 6pm

For those without television or cable, the two-DVD sets are also available to check out - at no charge - from the Community Housing Coalition Office (842-1206).

Also, watch for a 15-minute piece on "housing" to be aired on Channel 12 (between scheduled programs), beginning the week of June 12. This piece, produced by BITV and the Community Housing Coalition, and sponsored by American Marine Bank, features Carmella Houston, Els Heyne, Carmella Houston and Kat Gjovik speaking about the current housing situation and the implications for our community. (This will also be available on DVD to borrow from the CHC office.)

2) Summit Highlights, Feedback and New Ideas
Highlights:

- Attendance - 101 citizens (and two infants), representing a good cross section of the community, and elected officials from COBI (Debbie Vancil and Bill Knobloch), Kitsap County (Patty Lent) and WA State (Beverly Woods).

- Keynote Speaker, State Representative Mark Miloscia, stressed the urgency of the current situation, the need for multiple solutions, a variety of resources, public/private partnerships and involvement from everyone in the community. "This is not about charity for a few, but affordable housing for all."

- Focused on the current situation <u>and</u> on solutions.

- Shared data/information, engaged in lively discussion and generated new ideas.

- Bill Carruthers and Wini Jones inspired us with their private development projects.

Feedback:
We received more than 60 feedback forms, expressing strong support for the three main solutions on the table, and interest in getting involved.

(60 Responses)	Solution is Good for the Community?	Can Personally Support?	Interested in Helping?
Community Land Trust	95%	65%	48%
Cottage Housing Ordinance	78%	52%	28%
Affordable Housing Ordinance	85%	62%	43%

New Ideas:
Several new ideas emerged from the discussion and garnered common interest/support -- a community investment fund; a bond; property tax relief; shared housing arrangements; "government housing;" excise tax, and others.

3) **Planning Next Steps**
CHC has summarized the requests for more information and expressions of interest in working together on current solutions and new ideas. The current plan includes the following actions:

- **Summit materials** are available to those who could not attend. Please contact the CHC office at 842-1206

- **Public discussion groups and/or workshops** will be scheduled soon to explore housing solutions in general and specific areas of interest:
  - Community Land Trust concept/model
  - Innovative funding/financing solutions -- public funding and bonds; personal and community-based investment opportunities; etc
  - Alternative housing structures (Accessory Dwelling Units, "small, sensible homes," converted building, etc.)
  - Alternative living arrangements, e.g., shared housing
  - Housing for elders and people with disabilities
  - Innovative ideas that "push the envelope" on current public policy/ordinances (How can we best enable the development and use of land and structures that provide sensible housing options?)

- **Notices** will be sent when public hearings are scheduled on the Affordable Housing Ordinance and Cottage Housing Ordinance; briefing sessions for interested citizens/advocates will be held prior to public hearings with the Planning Commission and City Council.

Bainbridge Island

Community Land Trusts

A Public Discussion Series with Michael Brown

July 17 – 19, 2007

FOR THE LAND AND THE PEOPLE

Diverse, affordable housing options for the Island's working people, young families and elders are crucial to the vitality - and survival - of our community. We CAN simultaneously serve this important need, develop land wisely and preserve open spaces and farmland.

LEARN ABOUT THE CLT APPROACH!

Join us for one or more of these presentations and discussions.

Michael Brown is a partner with Burlington Associates in Community Development, LLC, a leading national consultancy and resource center for Community Land Trusts (CLT).

KEYNOTE PRESENTATION: COMMUNITY LAND TRUST - A COMMUNITY-BASED APPROACH

What are the key elements of a CLT? What makes a CLT an effective strategy for housing and land stewardship? How does this model work in other communities? How will it work on Bainbridge Island?

Tuesday, July 17, 7:00 - 9:00pm, City Hall Council Chambers

COMMUNITY LAND TRUSTS, CONSERVATION TRUSTS, OPEN SPACE and FARMLAND PRESERVATION

How does a community support multiple "land trust" and conservation programs? How do these efforts complement each other? What opportunities are there for partnering and collaboration? What works on Bainbridge?

Tuesday, July 17, 1:30-3:30pm
City Hall Council Chambers

BUYING and OWNING A CLT HOME

What eligibility requirements, benefits, and responsibilities are associated with CLT home-ownership? What opportunities exist or are planned for Bainbridge?

Wednesday, July 18, 11:30am - 1:00pm
City Hall Council Chambers
Bring a Brown bag lunch!

CLT – A STRATEGY FOR HOUSING DIVERSITY and PUBLIC POLICY

How does a CLT approach fit with multiple community housing strategies? How does it fit with public policies, such as "inclusive zoning" and Cottage Housing?

Wednesday, July 18, 2:00 - 3:30pm
City Hall Council Chambers

CLT – EDUCATION and MARKETING

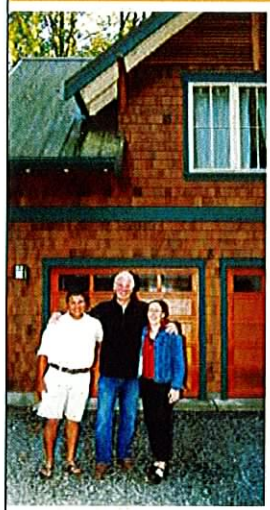
What outreach, education and marketing strategies are most effective for prospective CLT members, board, staff, community leaders, citizens and prospective buyers and renters?

Thursday, July 19, 10:00am - 12:00pm
Bainbridge Library

Presented by the **Community Housing Coalition**, in partnership with Bainbridge Island's CLTs - **Housing Resources Trust** and **Trust for Working Landscapes.**

CONTACT: Kat Gjovik • 842-1206 • chckat@blhhhs.org

Imagine a small, affordable place to live
...in your backyard



A Free Community Workshop

Accessory Dwelling Units

Exhibits, presentations and constructive conversation about building and renting your ADU

Saturday, December 1, 2007 » 9:30 a.m. to 12:00 p.m. » City Hall Council Chambers

Presented by The Community Housing Coalition

Accessory Dwelling Units ...*Building community on Bainbridge Island*

Bainbridge Island Chamber of Commerce – Community Housing Coalition Housing Surveys - Highlights

I. Survey of Large Business Employers

Overview: Six large businesses, with more than 50 employees each, plus one small business with 15 employees, participated; total number of employees represented – 700. Types of businesses included local government, manufacturing, publishing, finance, retail and medical. (A survey of Bainbridge Island School District was taken in 2005, with similar results.)

1. Wages/Salaries:
   - Over 15% of the 700 employees earn $21,000 per year or less
   - Another 36% earn $35,000 - $56,000 per year

2. Residency: Over 70% Live OFF Island

3. Effect on business when employees live OFF Island: Slightly Negative - 5 businesses; No Effect - 2 businesses.

4. Effect on business when employees live ON Island: No Effect - 1 business; Somewhat Positive - 5 businesses; Extremely Positive - 1 business

5. Difficulty filling job openings: Somewhat Difficult - 6 businesses; Extremely Difficult - 1 business

II. Survey of People Working on Bainbridge

Overview: 233 people working on the Island (large and small businesses, manufacturing, retail, professional services, finance, etc.) responded to a survey regarding working and living on Bainbridge.

1. Wages/Salaries:
   - 6% earn $25,000 per year or less
   - 42% earn $50,000 per year or less

2. Commute: 86% of respondents drive their cars to work; 44% commute 30 minutes or longer.

3. Reasons for working on the Island (respondents chose multiple answers)
   - Type of work – 52%
   - Employer reputation – 39%

4. Residency: 54% live OFF Island

5. Reasons for not living on Island (respondents chose multiple answers)
   - Housing Prices – 79%
   - Cost of Living – 49%
   - Lack of Housing Choices – 24%

Funding & Finance for Affordable Housing
Workshop - March 26, 2007
Key Points and Ideas

Participants: Melanie Benson, Jackie Terry, Morgan Terry, Ed Kushner, Carl Florea, Christian Hayes, Dana Quitslund, Carmella Houston, Andrew Torres, Joe Deets, Kat Gjovik

TYPES of FUNDING Discussed
Public – local (bonds, general funds), state (WSHFC) and federal (tax credits)
Private – loans, investments, donations/gifts, in-kind (land)
Other – land trust income, public/private load fund

NEEDS for MONEY (brainstorm)

1. Leverage public funds with private funds
2. Help people buy into Mobile Home Park
3. Need $$$ (big dollars!)
4. Workers cannot afford to live here – workforce housing
5. Potential for community *investment*
6. Administrative costs for land trusts, HRB, KCCHA; need on-going presence of organizations to act (earnest money)
7. Development costs for projects, including feasibility and land costs
8. Need $$ "ready" to act fast – a revolving bank account/fund
9. Housing for people who make $12 per hour
10. Big scale – lots of units
11. Down payment assistance (WSHFC will loan $10-15k, with limits and restrictions
12. Subsidized housing
13. Mortgage financing for CLT homes
14. Outreach to local mortgage financiers
15. Expertise on all funding sources (HRB, KCCHA)
16. Focal point for local residents
17. Incentives
18. Repair, weatherization, maintenance to enable aging in place
19. Funding for project feasibility and predevelopment
20. Community education
21. Land!

LIST of SOURCES (Brainstorm)
(Topics with high level of interest/energy are highlighted.)

1. ***Housing Trust Fund**
    a. Need renewable source; how identify and obtain funds?
    b. Need to expand what HTF will fund
    c. Attract voluntary contributions from businesses (real estate, development)
    d. Need to market HTF to new realtors, banks and define/describe what they will get for their contributions
2. Federal Home (very competitive)
    a. Loan Bank HP funds
    b. "Challenge" funds
3. Impact Capital
4. Housing Bond
    a. Planned for 2008
    b. Working with Mayor on pre-bond community poll
    c. Partner with Open Space and other prospective bond beneficiaries

5. ***Community Investment Fund**
    a. Explore Community Development Financial Institute (CDFI), e.g., Shore Bank, Pacifica and Cascadia (rather than establish new funding mechanism)
    b. Work with CDFI to focus our local funds to our community
6. Individual private loans to housing organizations (for gap financing)
7. Look at traditional institutions that fund Community Land Trusts and Mobile Home Park (e.g., Islander Angels, LLC, a 10-year commitment)
8. Community donors/investors
9. ***$10m offering**
    a. "Goodwill" fund to use for on-the-spot acquisition
    b. Revolving fund
    c. Work with Bainbridge Community Foundation re deposit to generate income
    d. CDFI buys out LLC, to keep fund rolling?
10. ***What are the successful programs for local banking institutions?**
    a. Loans on CLT homes; need pro forma
    b. Package of information to provide to banks re what we need
    c. "Round robin" – rotating opportunity to finance homes among local banks
    d. Loans to community that won't be sold to secondary market
    e. Hypothicated CDs
    f. Portfolio loans
11. Recognize and celebrate what each organization or business or individual contributes
12. ***Consider Business Development Corp (BDC)**
    a. Five partners, three of which are banks
    b. Pool resources
    c. Meets community reinvestment criteria
    d. Objective – fill an unmet need
    e. Needs approval from WA state
13. REET – Real Estate Excise Tax
14. Education – who is doing what in housing on Bainbridge Island?
15. Involve Bainbridge employers

HHHS
Health, Housing and Human Services Council
Community Housing Coalition
221 Winslow Way W, Suite 205
Bainbridge Island, WA 98110
(206) 842-1206

DATE: June 20, 2007

TO: Mayor Kordonowy
City Council Members

CC: Mary Jo Briggs
Elray Konkel
Kathy Cook

FROM: Kat Gjovik
For the Community Housing Coalition

RE: Housing Trust Fund

The Community Housing Coalition (CHC) and other interested parties from the CHC's Funding/Finance work group respectfully submit this letter as initial input to the process of reviewing and "revitalizing" the Housing Trust Fund. Last year, it became clear to us that an update to the HTF Policy Plan would be appropriate and timely, to adjust to changing conditions and growing demands for "diverse housing," and we began to advocate for a short-term task force to conduct the review/update.

The CHC continues to strongly support a focused, facilitated review and update process for the Housing Trust Fund vision and Policy Plan, and appreciate the City's efforts in this direction. We believe that the best outcome will result from involvement of key stakeholders with expertise in finance, development and management of "diverse housing," as well as representatives from housing/human services organizations who might apply for HTF funds, community/civic leaders, housing advocates, and interested citizens at-large, and well as key decision-makers at City Hall.

In the development of recommendations for City policy and code, the CHC has identified a number of conditions/situations that would benefit from a more expansive, flexible Housing Trust Fund Policy Plan. This initial input, in the form of suggestions for consideration, relates to two key areas – Funding and Management/Administration:

Funding Considerations

1. Establish a funding timeline that is responsive to competitive applications and provides flexibility for emerging/unanticipated needs. Consider a semi-annual cycle to bring competing proposals to a level playing field, and a supplementary process to handle interim requests that carry some degree of urgency. Establish clear guidelines and criteria for both.

2. Create an annual "allocation plan" based on defined/quantified and anticipated needs and a formula to address unanticipated, emerging needs.

3. Identify appropriate "set asides" for additional housing programs, in a manner consistent with current treatment of the Independent Living Program.

4. Explore use of funds for and eligibility of certain programs/projects, e.g.:
   A. Feasibility and pre-development studies
   B. Capacity building and operations support for local nonprofit housing providers
   C. Repair/maintenance and weatherization of single family residences
   D. Home buyer education
   E. Financial assistance for first time and/or CLT home buyers (e.g., loan, down payment assistance/silent seconds)
   F. Bridge loans
   G. Low interest loans for Accessory Dwelling Units (new construction, rehab and/or to make conforming)
   H. Housing projects/programs that provide "supported living" opportunities for special needs citizens

5. Expand income levels served to include moderate income for local work force (e.g., up to 120% of Kitsap County AMI, or 100% of Bainbridge MI), to align with new Affordable Housing Ordinance and help close the ever-increasing gap between housing prices and family income.

6. Refine/expand criteria used to evaluate projects/programs, to include, for example: long term affordability; support for innovative/entrepreneurial efforts; green building/sustainable development (consistent with WA State standards to be implemented July 2008), etc.

Management/Administration Considerations

1. Revisit need to conduct and fund annual Needs Assessment; use Needs Assessment to inform criteria by which applications are evaluated; clarify role of HHHS and/or CHC.

2. Expand and adjust the make-up of the governing body to reflect the diversity of the community, e.g., 1/3 "at large," 1/3 housing professionals and advocates, 1/3 COBI and civic leaders.

3. Revisit the application review process; maintain the objective, independent review performed by interested, semi-technical citizens (currently, the Citizens Advisory Board).

4. Establish tracking/reporting process for projects/programs funded to ensure effective utilization of funds over time.

5. Partner with private companies for innovative matching programs, e.g., title and escrow companies, real estate companies, banks, etc.

6. Consider moving HTF to an independent "umbrella" organization, e.g., Bainbridge Community Foundation, where it would be more easily "marketed" to prospective donors, attract more private contributions, and not be directly influenced by politics.

7. Wherever it resides, launch an aggressive marketing plan to attract private donations.

It will be important to have alignment between HTF policy and forthcoming CHC recommendations, and we are eager to work with the City on this review process. Please contact me with questions/comments; we are eager to hear details of the review plan and schedule.

2007 Real Estate Statistics (Windermere) December 2007

Residential (SF):	2007	2006		2007	2006		2007	2006	2005
Average Price Sold:	735,819	905,437	Average Listing:	1,090,624	978,408	YTD Avg Sold:	821,658	749,944	668,963
Median Price Sold:	605,000	773,597	Median Listing:	881,000	749,250	YTD Med Sold:	680,000	661,000	569,000
Units Sold:	15	20	Units Listed:	15	12	Units Sold	333	350	442
2007 List/Pend Ratio		2-Jan	13-Mar	18-Jun	18-Sep	15-Oct	16-Nov	3-Dec	31-Dec
Price Range: All Prices	# of Listings	163	197	276	266	254	243	235	207
	# Pendings	26	48	73	34	23	33	29	18
	Ratio:	0.16	0.24	0.26	0.13	0.09	0.14	0.12	0.09
Price Range: 0-400,000	# of Listings	6	7	10	9	8	13	14	13
	# Pendings	1	4	3	1	0	1	1	2
	Ratio:	0.17	0.57	0.30	0.11	0.00	0.08	0.07	0.15
Price Range: 400K-600K	# of Listings	53	57	62	61	59	57	54	43
	# Pendings	9	18	21	8	8	14	13	10
	Ratio:	0.17	0.32	0.34	0.13	0.14	0.25	0.24	0.23
Price Range: 600K-800K	# of Listings	31	44	63	49	46	43	40	37
	# Pendings	3	9	18	8	6	7	7	2
	Ratio:	0.10	0.20	0.29	0.16	0.13	0.16	0.18	0.05
Price Range: 800K-1M	# of Listings	26	32	48	38	37	37	36	31
	# Pendings	5	9	12	8	4	5	4	2
	Ratio:	0.19	0.28	0.25	0.21	0.11	0.14	0.11	0.06
Price Range: >1M	# of Listings	47	58	94	109	104	94	92	84
	# Pendings	8	8	19	9	5	6	4	2
	Ratio:	0.17	0.14	0.20	0.08	0.05	0.06	0.04	0.02

Condominiums	2007	2006		2007	2006		2007	2006	2005
Average Price Sold:	584,375	285,616	Average Listing:	487,909	500,927	YTD Avg Sold:	485,432	349,547	381,143
Median Price Sold:	485,432	349,547	Median Listing:	446,000	455,000	YTD Med Sold:	456,500	302,500	383,165
Units Sold:	4	3	Units Listed:	14	4	Units Sold	152	136	74
2007 List/Pend Ratio		2-Jan	13-Mar	18-Jun	18-Sep	15-Oct	16-Nov	3-Dec	31-Dec
Price Range: All Prices	# of Listings	155	156	118	114	111	106	91	94
	# Pendings	40	40	27	14	6	10	9	4
	Ratio:	0.26	0.26	0.23	0.12	0.05	0.09	0.10	0.04
Price Range: 0-400,000	# of Listings	54	55	50	43	36	37	38	36
	# Pendings	6	8	6	4	2	2	1	2
	Ratio:	0.11	0.15	0.12	0.09	0.06	0.05	0.03	0.06
Price Range: 400K-600K	# of Listings	60	61	44	43	45	42	35	36
	# Pendings	19	18	16	7	3	7	3	2
	Ratio:	0.32	0.30	0.36	0.16	0.07	0.17	0.09	0.06
Price Range: 600K-800K	# of Listings	29	29	14	16	17	17	15	15
	# Pendings	9	11	2	1	0	1	2	0
	Ratio:	0.31	0.38	0.14	0.06	0.00	0.06	0.13	0.00
Price Range: 800K-1M	# of Listings	10	9	7	8	8	6	5	5
	# Pendings	5	3	3	2	1	0	0	0
	Ratio:	0.5	0.33	0.43	0.25	0.13	0.00	0.00	0.00
Price Range: >1M	# of Listings	2	2	3	4	5	4	3	2
	# Pendings	1	0	0	0	0	0	0	0
	Ratio:	0.5	0.00	0	0	0.00	0.00	0.00	0.00

Appendix 2

Contents

Examples of Municipalities with Inclusionary Housing Programs

(Information is current as of July 2006 unless otherwise noted)

	Population (2000 Census)	Affordable Units Produced	Threshold Number Of Units and Income Target	Affordable Housing (Required Percentage)	In lieu Fee Payment/ Off-site Development	Density Bonus	Other Developer Incentives
Burlington, Vermont (1990)	38,889	150 units and 25 Rental Units completed since 1990 ($200,000 collected in fee in-lieu payments.)	Threshold: 5 or more units for new construction projects; 10 or more units for adaptive reuse or conversion of non-residential to residential projects Income Target: 65% of the AMI for rental units and 75% of the AMI for for-sale units	10-25% depending on the average sales price of project units in a development; the less affordable a development is, the higher the affordable requirement is (up to 25%)	Development Review Board can grant permission to build affordable units off-site, but density bonus is revoked and set-aside increases to 1.25 times the number otherwise required; developers are not allowed to build affordable units off-site if the project is located in a waterfront zoning district	15%-25% density bonus available depending on which zoning district the project is located in	None
Davidson, North Carolina (2002)	7,139	230 units approved since 2002	Threshold: 5 or more units must build on site (less than 5 units can either pay in-lieu fee or build on site) Income Target: 30% for homebuyers earning 50% or less of the median family income; 70% of the units for homebuyers earning 80% or less of the MFI	12.5% for all new development except farmhouse cluster, low-impact subdivisions, and conservation easement subdivisions	Ordinance does not provide for off-site construction or in-lieu fee payment for projects of 5 or more units; Ordinance gives projects of less than 5 units the option to pay an in-lieu fee of about $30,000 or less if needed	Affordable units don't count toward the density of the site	None
Highland Park, Illinois (2003)	31,365	17 Units Planned or Produced ($100,000 collected in fee in-lieu payments)	Threshold: 5 or more units Income Target: for for-sale units, at least 50% must be sold to low-income households. On average, the set-aside units must target 65% of the AMI; remaining units target, on average, 100% of the AMI. Rental units: no less than 33% target between zero and 50% of the AMI, no less than 33% of the units target between 51% and 80% of the AMI, and 33% target 81% and 120% of the AMI	20%	In-lieu fee determined by the City Council and deposited in the Affordable Housing Trust Fund. Developer may also construct units off-site or donate land	One additional market-rate unit for each affordable unit built; PUDs can receive up to 1.5 times the number of market-rate units for each affordable unit	Fee waivers (ex. impact, demolition, utility connection fees)
Newton, Massachusetts (1977)	83,829	500 ($2.1million collected in fee in-lieu payments)	Threshold: All developments more than two units Income Target: 50% AMI or below	25%	If a development is below 10 units, a developer can make a fee in-lieu payment, at 3% of the market value of market rate unit	20%	None

Source: Ben Clark, Northwestern University, School of Education and Social Policy, July 2006

Examples of Municipalities with Inclusionary Housing Programs

(Information is current as of July 2006 unless otherwise noted)

	Population (2000 Census)	Affordable Units Produced	Threshold Number Of Units and Income Target	Affordable Housing (Required Percentage)	In lieu Fee Payment/ Off-site Development	Density Bonus	Other Developer Incentives
Pleasanton, California (adopted mandatory ordinance in 2002 but has had voluntary inclusionary policies since the late 1970s)	63,654	635 units produced and planned ($14.84 million collected in fee in-lieu payments)	Threshold: 15 or more units, but projects under 15 units must pay an in-lieu fee Income Target: Very-low-, low-, and moderate-income households (based on HUD definition)	For new multiple-family residential projects, 15% for very-low- and/or low-income households; For new single-family projects, 20% for very-low-, low-, and/or moderate-income households (based on HUD definitions)	Developers can opt to construct affordable units off-site, make a land dedication, or pay an in-lieu fee. Fee calculated based on gap between affordable price and market price of housing, and is now $9,000 per unit of affordable housing required.	25%*	Fee waiver or deferral, design modifications, priority processing
Santa Fe+, New Mexico (1998)	62,203	Approx 500-600 units produced and planned (153 home ownership units created in 2005, 200-300 rental units are in the pipeline for the next 2-3 yrs.)	Threshold: All development are covered Income Target: 80% to 120% AMI	30% for sale 15% rental	Only permitted in case of economic hardship and when required affordable percentages create a fraction of a unit. Fee based on square footage and cost to build units.	Bonus of 15% over what the parcel is currently zoned	Waiver of building fees. Also, impact fees may be waived only for affordable units

+ current as of May 2006

* California state law requires the provision of a 25% density bonus, or "equivalent financial incentive," for developers who include certain percentages of units affordable to low-income and very-low income households. (California Government Code, Sec. 65915)

CHC DRAFT
October 19, 2007

INCLUSIVE HOUSING ORDINANCE
ORDINANCE 2007-XX

An Ordinance of the City of Bainbridge Island, Washington, establishing requirements and incentives to provide affordable housing in new residential developments; amending Section 18.06.565 of the Bainbridge Island Municipal Code; and replacing Chapter 18.90 of the Bainbridge Island Municipal Code with a new Chapter 18.90.

WHEREAS, the Housing Element of the Comprehensive Plan establishes goals and policies to encourage the availability of affordable housing to all economic segments, to promote a variety of densities and housing types, and to encourage preservation of existing housing stock; and

WHEREAS, Chapter 18.90 of the City Code provides for an optional (voluntary) affordable housing program for new single-family and multi-family residential developments; and

WHEREAS, to strengthen the City's housing programs, the City Council in January 2005 created a Community Housing Coalition responsible for research, analysis, education and advocacy regarding development and establishment of a focused and coordinated housing program; and

WHEREAS, the "_____ Report", prepared by _____ and dated _____, explains and quantifies the nexus and relationship between development in the City and low-income housing needs in the City; and

WHEREAS, after extensive research, the Community Housing Coalition recommended that the City establish inclusive housing requirements for new residential developments and prepared an ordinance establishing such requirements; and

WHEREAS, on _____, the Planning Commission held a public hearing on the Community Housing Coalition's recommendation and an ordinance to implement the recommendation; and

WHEREAS, after considering comments made at the public hearing on the Community Housing Coalition's recommendation and the draft ordinance, the Planning Commission recommended to the City Council that _____; and

WHEREAS, on _____, 2007, the City Council held a public hearing on the ordinance and the Planning Commission's recommendation, and concluded that _____; now, therefore,

THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. The City Council finds and declares as follows:

Note: The findings of fact supporting the need for the inclusionary requirement, as stated in the "nexus study," will be set forth in this section.

Section 2. Section 18.06.565 of the Bainbridge Island Municipal Code is amended to read as follows:

18.06.565 Affordable housing

"Affordable housing," "affordable dwelling unit" or "affordable units" means a dwelling unit for use as a primary residence by a household in any of the income groups described below, which may be rented or purchased without spending more than 30% of gross monthly household income including utilities (other than telephone and cable TV) for rentals, and 33% of gross monthly household income for purchased units, excluding utilities. The Community Land Trust shall calculate and publish annually the maximum purchase prices and maximum rents applicable to each of the following income groups~~:~~

Extremely low < 30% of median income household income
Very low income 31% – 50% of median household income
Low income 51% – 80% of median household income
Moderate income 81% – 95% of median household income
Middle income 96% – 120% of median household income
Note: Fractions will be rounded up to the next whole number.

"Median household income" means the amount calculated and published by the United States Department of Housing and Urban Development ("HUD") each year for the Kitsap County (Bremerton/Silverdale MSA) as the median household or family income, adjusted by HUD for household size.

Section 3. Chapter 18.90 of the Bainbridge Island Municipal Code is repealed and replaced with a new Chapter 18.90 to read as follows:

THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. The City Council finds and declares as follows:

Note: The findings of fact supporting the need for the inclusionary requirement, as stated in the "nexus study," will be set forth in this section.

Section 2. Section 18.06.565 of the Bainbridge Island Municipal Code is amended to read as follows:

18.06.565 Affordable housing

"Affordable housing," "affordable dwelling unit" or "affordable units" means a dwelling unit for use as a primary residence by a household in any of the income groups described below, which may be rented or purchased without spending more than 30% of gross monthly household income including utilities (other than telephone and cable TV) for rentals, and 33% of gross monthly household income for purchased units, excluding utilities. The Community Land Trust shall calculate and publish annually the maximum purchase prices and maximum rents applicable to each of the following income groups~~:~~

Extremely low < 30% of median income household income
Very low income 31% – 50% of median household income
Low income 51% – 80% of median household income
Moderate income 81% – 95% of median household income
Middle income 96% – 120% of median household income
Note: Fractions will be rounded up to the next whole number.

"Median household income" means the amount calculated and published by the United States Department of Housing and Urban Development ("HUD") each year for the Kitsap County (Bremerton/Silverdale MSA) as the median household or family income, adjusted by HUD for household size.

Section 3. Chapter 18.90 of the Bainbridge Island Municipal Code is repealed and replaced with a new Chapter 18.90 to read as follows:

Chapter 18.90

INCLUSIVE HOUSING

Sections:

18.90.010 Purpose.

The purpose of this chapter is to implement policies of the housing element of the comprehensive plan and to mitigate direct, indirect and induced impacts of market-rate residential development on the demand for affordable housing. The housing element reflects the City's goal to disperse diverse, affordable housing throughout all geographic and economic segments of the community. The City recognizes that the marketplace is the primary supplier of adequate housing for those in upper economic groups, but that combinations of appropriately zoned land, regulatory incentives and innovative planning techniques are necessary to provide adequately for the needs of households with incomes at or below middle income, as those terms are defined in BIMC 18.06.565. It is also the purpose of this chapter to ensure perpetual affordability of affordable housing on Bainbridge Island.

18.90.020 Definitions.

For purposes of this chapter, the following definitions shall apply:

1. "Applicant" means the owner of the land included in the application, or the person, corporation or organization designated by the owner in writing to act on behalf of the owner regarding the application.
2. "Application" means a written request for approval of the subdivision of land or the construction of single-family or multi-family dwelling units.
3. "Community Land Trust" is a nonprofit entity designated by the City to perform certain duties relative to this ordinance (Section 18.90.050)
4. "Dwelling unit" is the total square footage of living space of a home or apartment and means a single-family dwelling unit or multi-family dwelling unit, whether included in a residential building or a mixed use building.
5. "Inclusive housing unit" is the dwelling unit created as a result of the inclusive housing requirement.
6. "Living space" is the inside dimensions of a home, including unfinished rooms. Living space does not include garages or unfinished basements.
7. "Owner" means the person, corporation or organization that owns the land or affordable dwelling unit, as applicable.

18.90.030 Required inclusive housing for new construction.

A. Applicability of Requirement. The inclusive housing requirement shall apply to all zones, to all new construction of for-rent and for-purchase dwelling units, and to all rehabilitation construction that converts multi-family rental units to condominiums.

B. Exemption. This chapter shall not apply to applications for development of land that is located in the critical areas overlay districts of the comprehensive plan.

C. Special rules for Mixed Use Town Center and High School Road Districts and Neighborhood Service Centers.. In lieu of the inclusive housing requirements of this chapter, land located within the Mixed Use Town Center and the High School Road districts shall be governed by BIMC 18.40.070, and land located in the Neighborhood Service Centers shall be governed by Chapter 18.66 BIMC.

D. Required inclusive housing. Except as provided in Subsections B and C of this Section, at least 15% of the dwelling units in an application for construction of five or more dwelling units shall be inclusive dwelling units for households earning < 80% of Kitsap Area Median Income (Low income, as defined in BIMC 18.06.565), and at least 15% of the residential building lots in an application for subdivision of land into five or more residential building lots shall be used for inclusive dwelling units for households earning < 80% of Kitsap Area Median Income (Low income, as defined in BIMC 18.06.565). For purposes of this inclusive housing requirement, all applications for subdivisions on abutting parcels that are proposed as part of one development, and all applications for dwelling units that are proposed as part of one development, shall be deemed one application.

E. Increased Density Allowance. The applicant will be allowed an increase in the density for the buildings or land, subject to the requirement of Subsection D of this Section, by a number equal to the number of inclusive units required.

Examples of the inclusive housing requirement with the increased density allowance are as follows:

Example A Application to construct 5 market rate units:

5 market rate dwelling units
Plus 1 inclusive dwelling unit (15% of 5 = .75, rounded to 1)
Plus 1 additional market rate unit (15% of 5 = .75, rounded to 1)
Equals 7 dwelling units

Example B Application to construct 20 market rate dwelling units:

20 market rate dwelling units
Plus 3 inclusive dwelling units (15% of 20 = 3)
Plus 3 additional market rate units (15% of 20 = 3)
Equals 26 dwelling units

F. Preservation of Existing Affordable Dwelling Units.
An application that preserves or rebuilds existing affordable dwelling units on site may count such units toward the inclusive housing requirement and be eligible for increased density if the units will be rented or sold to low and moderate income groups as defined in BIMC 18.06.565

G. Applicability to Income Groups. A requirement of this chapter that applies to an income group as defined in BIMC 18.06.565 shall apply also to the full range of income groups with lower median household incomes as defined in BIMC 18.06.565. (A requirement specifying < 80% of Kitsap Area Median Income will apply to all income groups up to and including 80%.)

H. Duration of Affordability. All for-purchase inclusive dwelling units shall remain affordable to the targeted income groups for the long term, through a 99-year renewable ground lease. For-rent inclusive dwelling units shall remain affordable for ___ years.

I. Mixture and Appearance of Inclusive housing unit types and sizes. To ensure adequate distribution of inclusive housing units by household size, the bedroom mix of inclusive housing units in any project shall reflect the proportionality of the bedroom mix of the market rate units; in the pre-application conference, the Community Land Trust will advise the applicant of specific housing types and sizes needed to serve the current pool of qualified/eligible buyers, and the final plan shall be approved by the Director, Planning and Community Development. The size of the inclusive units may be smaller than market rate units; the exteriors of all inclusive dwelling units shall be similar in appearance, type and materials to the market rate dwelling units in the development.

J. Attached Housing. In single-family developments where there are two or more inclusive dwelling units, the Director may waive side yard setbacks to allow for attached housing units for the inclusive dwelling units only. The placement and exterior design of the attached units shall resemble, as closely as possible, a single-family dwelling.

K. Green building. Inclusive housing units shall comply with the City-wide green building code.

L. Phasing. If a project is constructed in phases, required inclusive dwelling units or inclusive residential building lots shall be allocated and completed by phase as determined by the Director, except under extraordinary circumstances, with approval of the Director.

18.90.040 Optional residential density bonus for inclusive housing above the 15% requirement.

A. Optional Density Bonus for Inclusive Rental Housing. The application that is subject to the requirement of BIMC 18.90.030 will be allowed additional rental market rate units equal in number to all inclusive housing units in excess of the 15% inclusive housing requirement of BIMC 18.90.030. The additional inclusive rental units will be rented to income groups up to and including 80% of Kitsap Area Median Income, as defined by BIMC 18.06.565.

B. Optional Density Bonus for Inclusive For-Purchase Housing. The application that is subject to the requirement of BIMC 18.90.030 will be allowed additional for-purchase market rate units equal to all for-purchase inclusive housing units in excess of the 15% inclusive housing requirement of BIMC 18.90.030. The additional inclusive housing units shall be sold to income groups up to and including < 120% of Kitsap Area Median Income, as defined in BIMC 18.06.565, based on the need as established by the Community Land Trust.

An example of the application of the optional inclusive housing density bonus is as follows:

Example C: Application to construct 20 market rate dwelling units:

	20 market rate dwelling units
Requirement	3 inclusive housing units (15% of 20 = 3)
Increase in density	3 additional market rate units (15% of 20 = 3)
Total	26 dwelling units
Optional +20%	*4 additional inclusive housing units (20% of 20 = 4)*
Bonus	*4 additional market rate units (20% of 20 = 4)*

Total Market Rate Units	***27***
Total Inclusive Housing Units	***7***
Total Units	**34**

C. Incentives. Applications for all development of inclusive rental dwelling units and developments in which for-purchase inclusive housing comprises more than 50 percent of the project shall be given priority status for processing with Planning and Community Development. Such applications shall also be allowed, upon approval by the Director, Planning and Community Development, a 30 percent additional height increase, a 30 percent reduction in side yard set back requirements, and a 30 percent greater lot coverage. If public transit is available at the location, a 30 percent reduction in the parking requirement shall also be granted.

D. Payment of fees. The applicant may, at its option, defer payment of the portion of City imposed fees, including sewer/water connection fees, which are applicable to the construction of required and optional inclusive dwelling units until the issuance of a certificate of occupancy for such units.

18.90.050 Community Land Trust.

A. Designation, powers and duties of Community Land Trust. The City Council shall by resolution establish the minimum qualifications, powers and duties of a nonprofit corporation and designate a Community Land Trust to administer and carry out the provisions of this chapter ("Community Land Trust"). Upon 12 months' advance notice, the City Council may by resolution change at any time the nonprofit corporation serving and the Community Land Trust.

The powers and duties of the Community Land Trust shall include but not be limited to the following:

1. Establish annually the maximum rent or sales price for inclusive housing units, based on BIMC 18.06.565.
2. Participate in pre-application conference and advise applicant of current needs regarding household size and bedroom mix for inclusive housing units.
3. Certify the income eligibility of prospective renters and/or purchasers of inclusive housing units.
4. Maintain a list of income-qualified renters and/or purchasers of inclusive housing units.
5. Market the inclusive housing units
6. Hold title (in trust) to the inclusive housing lots, with recorded 99-year ground lease agreements with buyers of inclusive housing units.
7. Purchase inclusive housing units, if desired.
8. Establish the formula for resale of for-purchase inclusive housing units to ensure sustained affordability
9. Submit an annual report to the City Council, providing data relevant to this ordinance on the number of inclusive housing units rented or sold, the income levels of households served, and other relevant information as requested by the City Council.

B. Rules and Regulations. The CLT is authorized to adopt rules and regulations for the proper administration and enforcement of duties as described in 18.90.050A.

C. Community Land Trust Contract for Administration. The City shall enter into a contract with the Community Land Trust to carry out the administration of the inclusive housing units produced by this Chapter. In holding title to the residential building lots and in overseeing the rental or purchase, resale, maintenance and/or operation of inclusive housing units, the CLT shall be an independent entity and shall not be considered or deemed to be an agent, employee or officer of the City. The contract may authorize the Community Land Trust to charge an administrative fee for maintaining and operating the inclusive housing units.

18.90.060 Transfer of residential building lots.

Transfer of Lots. Upon receiving certificate of occupancy, the owner of a residential building lot on which an inclusive housing unit has been constructed shall transfer title of the lot to the CLT by statutory warranty deed. The deed shall be accompanied by covenants that include the inclusive housing unit requirements of this chapter, as supplemented by the preliminary plat conditions. The deed and the covenants shall be prepared by a representative of the CLT and approved as to form by the City Attorney. Upon request, the applicant shall provide to the Director or the chief operational officer of the CLT a title report for the lot. The lot shall be transferred to the CLT free and clear of all liens and encumbrances, except those accepted by the CLT. The CLT, and its successors in interest, shall hold title to the lot in trust, subject to the inclusive housing requirements of this chapter, as supplemented by the preliminary plat conditions.

18.90.070 Purchase of inclusive housing units.

A. Purchase Commitment and Right of First Refusal. Upon receipt of the application, the Director, Planning and Community Development, shall submit a copy of the application to the CLT. Within 30 days after the date of complete application, the CLT shall execute and provide

to the applicant, with a copy to the Director, an option agreement (right of first refusal) to purchase the inclusive housing unit upon its completion.

B. Covenants. Prior to issuance of a building permit for an inclusive housing unit, the owner of the inclusive housing unit shall execute and deliver to the CLT a duly executed covenant running with the land, in a form approved by a representative of the CLT, identifying the inclusive housing units and describing the applicable inclusive housing requirements of this chapter. The applicant shall be responsible for the cost and recording of the covenant.

18.90.080 Alternative mechanisms for achieving inclusive housing requirements.

A. Alternative Equivalent Proposals. An applicant may propose to achieve the purpose of the inclusive housing requirements of BIMC 18.90.030 by an alternative equivalent action that furthers inclusive housing opportunities in the City to a greater extent than compliance with the inclusive housing requirements of BIMC 18.90.030. An alternative action includes, but is not limited to:

1. Construction of inclusive housing units on another site.
2. Dedication of land to the Community Land Trust or other nonprofit housing developer for the development of inclusive housing units
3. Dedication of land with existing dwelling units that shall be used as or converted to inclusive housing units.

The proposal shall be made as a formal request to the Director, Planning and Community Development, on a form approved by the Director. The request shall be filed with the application, shall be accompanied by a processing fee as established by City Council resolution and shall explain in detail how the alternate action will exceed the inclusive housing requirements of BIMC 18.90.030. The Director shall consider the request as an administrative decision in accordance with BIMC 2.16.095.

B. Fee In lieu. An applicant may propose to achieve the inclusive housing requirements of BIMC 18.90.030 by payment of a fee in lieu to the City's Housing Trust Fund as created by Chapter 3.38 BIMC. The fee in lieu shall be established by resolution of the City Council. The proposal shall be made as a formal request to the Director, Planning and Community Development on a form approved by the Director. The request shall be filed with the application and shall explain in detail:

1. The site conditions that prevent the applicant from complying with the inclusive housing requirements of BIMC 18.90.030 on site;
2. The facts and circumstances that cause compliance with the inclusive housing requirements of BIMC 18.90.030 to be unfeasible;
3. The facts and circumstances that prevent bonuses and benefits of this chapter from mitigating the impacts of the inclusive housing requirements of BIMC 18.90.030.

The Director shall consider the request as an administrative decision in accordance with BIMC 2.16.095. Any approved fee in lieu shall be payable to the City's Housing Trust Fund before final plat approval for residential building lots and before approval of a development or building application for non-subdivision applications.

The fee in lieu may also apply if, as determined by the Director of Planning and Community Development, creating the inclusive housing required by this chapter would not serve the fiscal, growth management, critical areas, or utilities/services interests of the City.

18.90.090 Processing requirements.

A. Pre-application Conference. Prior to submittal of the application that is subject to the requirements of this chapter, the applicant, a department representative and a Community Land Trust representative shall attend a pre-application conference in accordance with the purposes and procedures of BIMC 2.16.035. At the pre-application conference involving a subdivision, the department representative or the Community Land Trust representative shall advise the applicant of the lot transfer requirements of this chapter, if applicable.

B. Application. The application shall include all information and documents that are required by this chapter and that are necessary, in the opinion of the Director, to determine compliance with this chapter, including but not limited to a description or depiction of the residential building lots that will contain inclusive dwelling units, if applicable. The subdivision application shall not be considered complete unless such description or depiction is included in the application. The application shall set forth any proposed phasing, and shall include any requests or options authorized by this chapter, including but not limited to density bonuses, phasing and fees in lieu amount.

C. General review process. Review of the application shall be carried out in accordance with the applicable provisions of Chapter 2.16 BIMC.

D. Review process for subdivisions. During review of a subdivision application, the Director shall determine whether the residential building lots proposed by the applicant for inclusive housing units can be constructed on the lots in accordance with applicable City rules and regulations. The requirement to transfer ownership of residential building lots and to construct inclusive housing units shall be included as a condition of preliminary approval of the subdivision, and shall also be included in a covenant that is executed and filed with the final plat. The preliminary plat and the final plat shall identify the residential building lots on which inclusive dwelling units will be constructed and the market rate bonus lots granted pursuant to this chapter.

18.90.100 Reduction, adjustment or waiver of the inclusive housing requirements.

A. Right to Request Change. The applicant may apply for a reduction, adjustment or waiver of the inclusive dwelling unit requirement of this chapter because:

1. The requirements of this Code preclude the construction of one or more market rate bonus units; or
2. The inclusive dwelling unit requirement lacks a reasonable relationship or nexus to the impact of the development.

B. Procedure for Request. The request shall be filed with the Director, Planning and Community Development, on a form approved by the Director, with the application. The request shall be accompanied by a processing fee as established by City Council resolution, and shall state in detail the factual and legal basis for the reduction, adjustment or waiver, and shall be accompanied by all documents relied upon by the applicant. The Director shall consider the request as an administrative decision in accordance with BIMC 2.16.095.

Section 4. A new section 18.40.070 is added to the Bainbridge Island Municipal Code as follows:

18.40.070 Inclusive housing requirement in the Mixed Use Town Center and High School Road districts.

A. Required Inclusive Housing. Any proposed development with a base residential FAR of 6,000 or more square feet shall provide additional residential development equaling at least 15 percent of the base residential FAR, which will be used for inclusive housing as defined in BIMC 18.06.565. The total allowable residential FAR may be increased by an amount equivalent to the square footage provided for inclusive housing. This increase in FAR may be used for market rate dwellings.

B. Development of the required inclusive housing shall be in accordance with BIMC 18.90.030.

The inclusive housing requirements are summarized in the example below.

Example: Base Residential FAR = 6,000 square feet (market rate)
Inclusive Housing Requirement = 15% of 6,000 square feet = 900 sq. ft.
FAR Bonus = 900 sq. ft. (market rate)

TOTAL PROJECT = 7,800 sq. ft.

C. Applications for development that exceeds the 15% inclusive housing requirement will be eligible for the optional density bonus and incentives in accordance with BIMC 18.90.040

Section 5. If any section, sentence, clause or phrase of this ordinance shall be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 6. This ordinance shall take effect on and be in force five days from and after its passage, approval, and publication as required by law.

PASSED by the City Council this ____ day of _____, 2007.

APPROVED by the Mayor this ____ day of _____, 2007.

_____
Darlene Kordonowy, Mayor

January 17, 2007 Developers' Forum
Summary of Comments/Suggestions

1. One approach will not work in all zoning districts; suggest exploring different programs for different zones, e.g., MUTC, Neighborhood Service Centers and single family residential.

2. In R8 zones, 15% requirement is challenging, with height, lot coverage, setback and septic requirements/limits.

3. Major concern regarding overarching land use and zoning regulations, etc., and how realistic it will be to meet the requirements outlined in the Ordinance.

4. Concern about the full array of requirements (open space, critical areas, public amenities, affordable housing, etc.) "stacking up" and making compliance difficult, if not impossible.

5. Financial models need to be run on raw land, and a variety of sample parcels; if unworkable, adjustments need to be made. (Bill Carruthers, Dick Allen, Wini Jones and Bill Nelson offered to help by providing land/projects to model.)

6. Also, include definition of target income levels for "typical" buyers and prices for affordable units.

7. Developers need data -number of units, household makeup, type of units, number of bedrooms, square footage, amenities, etc.

8. It will be important to have a pool of qualified people ready to commit to purchase the units; some concern that there might be limited appeal for the Community Land Trust homes.

9. How will CLT acquire land?

10. Income, asset and down payment criteria need to be established.

11. There is interest in avoiding unnecessary complications with Community Land Trust transactions.

12. There is need to consider how poorly maintained structures and foreclosures will be dealt with.

13. Need to establish sales prices and be clear on formula used.

14. Need to establish realistic Fee In Lieu amount.

15. Some preference for the resale of the unit to be tied to income rather than appraisal.

16. Rentals should be addressed specifically and separately in the ordinance.

17. Property tax breaks are needed for rental units meeting the "affordability" criteria.

18. Rental affordability should be based on rents charged so each individual renter would not need to be "qualified." (Proof could be a copy of annual rent roll for the apartments provided to the City.

19. How might ADUs fit into this Ordinance? Consider adjusting square footage limit and septic requirements, and encouraging ADU condos.

20. Will there be a cap on density? If so, what?

21. Interest in programs to subsidize the buyer.

22. Suggest more community involvement, e.g., land trust and others

Other thoughts regarding incentives:
1. Change in lot coverage and height limits
2. Performance based projects
3. Waiver of staff time for appeals
4. Waiver of hook-up fees
5. Provide additional density bonus if project is 100% affordable

Environmental Round Table – March 27
Affordable Housing Ordinance – Issues/Suggestions

1. Don't do all affordable – do mixed income projects

2. Do it – even if it means density increases; just don't ruin the environment
   Concern about density outside of Winslow

3. Resolve perceived tensions between affordable housing and density, and affordable housing and loss of open space

4. Need to see that housing really is diverse

5. Review attitude on large lot zoning that precludes affordable housing; look at cost of land

6. Concern about inclusionary zoning and Scales' proposal; impact on taxpayers (school increases)

7. Role of rental housing

8. "Affordability" not sustainable at resale
   Community Land Trust!
   CLT model – preserves environment and provides affordable housing

9. Bonuses have minimum impact

10. Move forward through the legislative process

11. AHO leads to a minimum 30% increase in density

12. There should be no escape from the requirement via a fee in lieu; any fee in lieu should be an appropriate amount; call for a fee in lieu of development in outlying areas to fund housing in urban dense areas.

13. Need to consider proximity to transportation and infrastructure

14. Small is better
    Size of affordable units should be in prooportion to market rate units
    Need incentives and/or disincentives re size

15. Question bonus for increased FAR, height

16. Develop in Open Space areas? (It's the only land available)

17. Partner with business community for affordable projects; part of private development

Inclusive Housing Ordinance

Key Provisions	Recommendation	Comments
Base Requirement (Portion of development "set aside" for "inclusive" units)	15% of the number of market rate units in the project	Research reflects the range of percent set-aside is 5 – 35%; higher levels are, typically, found in cities with more advanced programs, and the majority settling on 10-15%. ("Inclusionary Zoning – Now in 131 Communities") The previous BI Affordable Housing Ordinance included a 10% requirement, which resulted in few affordable units being built; this modest increase is in alignment with the majority of effective programs.
Applicability (Types of development and zones to which Inclusive Housing requirement will apply)	Requirement applies to all rental and ownership projects in all zones.	Comp Plan Housing Element: *"Promote and maintain a variety of housing choices…in all geographic areas."* The number and size of projects in the MUTC/HSR and Neighborhood Service Centers, where higher density is allowed, will produce the majority of units. Application in Open Space Residential areas will result in more diverse neighborhoods and concentrated development.
Threshold – Open Space Residential (OSR) and Neighborhood Service Centers (Size of projects to which requirement will apply)	Project of five units or more	The previous Affordable Housing requirement applied to projects of eight or more units and produced little result, due in part, to the smaller number of houses per development. Lowering this threshold, which will apply to more of the applications, will result in a modest increase.
Threshold – MUTC/HSR (Size of project to which requirement will apply)	Projects with 6,000 square feet or more of residential development	Development in high density areas is ideal for people earning lower incomes, with access to services, transportation, etc. Projects typically produce smaller units (condos, apartments and cottages).
Target Income Groups (Income levels served by Inclusive Housing Program)	Base Requirement households earning ≤ 80% of Kitsap County Area Median Income	The previous Affordable Housing Ordinance served households earning up to 60% of Seattle Area Median Income. Market conditions over the past several years have put home ownership out of the reach of much of the Island's work force earning up to "middle" income. The few rentals built recently have also been priced above what many can afford. Kitsap County Area Median Income will be used to be more in alignment with the incomes earned on the Island.

Key Provisions	Recommendation	Comments
Off-set (% of units/density to offset requirement)	15%, or equal to the percentage of inclusive units built	For each inclusive unit built, the developer will be allowed one additional market rate unit to off-set the cost of building the inclusive unit.
Bonus (% of units/density allowed in addition	15%, or equal to the percentage of inclusive units built	Understanding that building the inclusive units presents challenges for the development, this "bonus" is included to further balance the cost/benefit. This is the most typical "incentive" provided in IZ ordinances nation-wide.
Additional "incentives" (Incentives applicable to development of inclusive units)	1. Priority processing for application 2. 30% reduction in standard requirements for height, side yard set backs, lot coverage and, if public transit is available, in parking. 3. Deferral of payment of the City's portion of fees, including sewer/water fees, applicable to the construction of the inclusive units	It is recognized that adding units to a development presents additional design and financial challenges; these modest "adjustments" will help alleviate some of the financial and design complications.
Alternative Equivalent Proposals (Alternatives if building inclusive units on site is not possible)	1. Off-site construction 2. Dedication of land 3. Dedication of land with existing housing units 4. Fee in lieu	One of these alternatives may be proposed by the developer if building the inclusive units on site is not possible. "Equivalency" will be determined by criteria established and administered by the Director of Planning.
Reduction, Adjustment or Waiver	Applicant may submit a proposal for reduction, adjustment or waiver if requirement precludes the construction of one or more market rate bonus units	Due consideration will be given to circumstances which prevent the acceptance of the bonus density; the proposal will be considered by the Director of Planning.
Affordable Sales Price	The sales prices for inclusive units will be set based upon the amount a person making < 80% of Kitsap County Area Median Income can afford without spending more than one-third of their gross income.	The sales prices for inclusive units built will be determined by a Community Land Trust, in concert with the City. The buyer will pay for the structure only, and enter into a ground lease for the underlying land with the Community Land Trust. (See "Administration," below.)

Key Provisions	Recommendation	Comments
Term of Affordability	The inclusive units will be "affordable" over the life of the unit by way of a long-term ground lease and resale formula.	The land will be held in trust (a 99-year lease) by the Community Land Trust (CLT); the resale formula, be determined by the CLT, will be based on an index (CPI) or increase in Area Median Income. (See "Administration.")
Administration and Marketing/Selling of New Units	The Community Land Trust (CLT) will: 1. Determine income eligibility of buyers/renters; create and administer the list of income-eligible, mortgage qualified buyers 2. Partner with the developer to market the inclusive units 3. Determine and administer the resale of inclusive units	Identifying a nonprofit entity to perform these functions removes this responsibility from the City Staff; a CLT has the skills and experience to work with buyers, renters and developers, and to create a sense of community among the owners of the affordable units. The CLT enters into a ground lease with each home buyer, which holds the buyer responsible for taking care of their property; the CLT will also have the right of first refusal to buy the affordable units if a qualified buyer is not available, and the option to force repairs and/or cure an owner's default on the mortgage.
Optional Program Incentives (above and beyond the 15% requirement)	Developments which include more than the 15% requirement will be allowed to increase the density up to a maximum (to be determined), with one additional market rate unit for each inclusive unit built. These additional units may be sold to households earning ≤ 120 % of Kitsap County Area Median Income.	This "optional" provision will allow a developer, who is so inclined, to add significantly to the stock of inclusive housing stock. NOTE: While it is not anticipated that the City will receive an abundance of applications proposing excessive density, due to current development, building and design standards (even with the "incentives" offered above), it is recommended that a "cap" on density be established for each zone.

Appendix 3

Contents

Community Housing Coalition

Cottage Housing – White Paper

The Cottage Housing Work Group submits the following overview of the Cottage Housing concept for consideration by the full membership of the Community Housing Coalition (CHC). It is anticipated that this will serve as a basis for the CHC's final recommendations to the City Council and the ultimate adoption of a new Cottage Housing Ordinance.

What is Cottage Housing?

Cottage Housing is small scale housing intended for infill sites in established residential neighborhoods. It provides an option that preserves the privacy and personal space of a detached house in a smaller and less costly living unit. In the ownership marketplace it offers an alternative to the two choices most often available: single family homes and condominiums. Its historical precedent is the bungalow courts found in many U.S. cities. Although it is similar to single family housing, in some respects it is more like multi-family housing. Cottage Housing projects generally range from 4 to 12 homes, often grouped around a shared central space. The homes are typically limited in size from 800 to 1200 square feet and have 3 or fewer bedrooms. The typical density for Cottage Housing is 10 to 11 units per acre.

Cottage housing, once considered an innovative housing option, has gained popularity in the past decade and can now be found throughout the U.S. and the Puget Sound region; examples of cottage housing ordinances and developments can be found in Redmond, Langley, Shoreline, Edmonds, and Seattle. In these instances, cottage housing is allowed in several zones, so long as sewer and water are available. Cottage housing has found strong acceptance among community members. On Bainbridge Island, the Ericksen Avenue Cottages are an excellent example of Cottage Housing, demonstrating both the marketability of the housing, as well as the aesthetic "fit" for our community, when done thoughtfully.

Need

Cottage housing is a critical component of a diverse and robust range of housing options, and should be available to current and future residents of Bainbridge Island. It can add to the supply of housing with minimal use of scarce land, as well as increase the diversity of housing types on the Island. Cottage housing will serve a segment of the Island's population that is increasing – single person households, couples without children, and older people who want smaller homes located near required services. Healthy communities recognize the importance of offering a full range of housing

diversity that accommodates all income levels, including its less affluent citizens. Cottages provide a way to trade quantity of space for quality of space.

The demographic makeup of Bainbridge Island suggests that Cottage Housing can serve a significant niche in the overall housing inventory. About 50% of the households consist of married couples without children (35%), or single persons living alone (22%). Over one-fifth of our population reports that they spend more than 35% of household income on mortgages. Among renters, over one-third spends more than 35% of household income on their housing. This snapshot offers strong support to the argument for expanding the supply of economical housing....a dimension that can be served by Cottage Housing.

Principle features and advantages of Cottage Housing:

- Cottage Housing (CH) provides a housing option that preserves the privacy and personal space of the detached home, but in smaller and less costly units.
- CH developments provide a strong sense of community.
- CH offer an alternative to the two primary traditional housing choices – single family homes and condominiums.
- CH developments provide a way to trade quantity of housing for quality of housing at a more reasonable cost.
- CH allows empty-nesters, seniors, and the newly-single, and people needing "starter" homes to get equity out of their larger homes
- CH allows young people to step into the housing market with a "starter home," and enjoy a detached home in a comfortable, community setting. (Locally, our housing situation makes it very difficult for young people beyond college age to find any small, affordable houses such as cottages.)
- CH consumes resources less intensively than traditional single family homes and makes more efficient use of land than conventional housing. It is "smart growth" in a resource-constrained world.
- CH provides moderate density increases (up to 2.5 times the existing densities) while reducing the overall building areas by as much as 50%.
- CH increases the density, but not the intensity (traffic, number of residents, total building area, etc.) of neighborhoods, while helping to reduce sprawl. (Smaller families have fewer cars, and cottage clusters are more readily served by public transit.)

- CH is designed to fit into existing neighborhoods by requiring multiple design features that emulate or complement the character of surrounding residences.

Potential Issues and Drawbacks

* Affordability – Cottage housing can serve the "mid-level" income resident, but is not "affordable" as the term is usually understood. However, as explained elsewhere in this paper it does provide a viable housing option to an increasingly significant portion of the Island's population.

* Density – By definition, cottage housing results in much more dense use of land with as many as 12 – 14 single family homes on one acre. This level of density may be opposed by some residents who are accustomed to much lower densities in most areas of the Island. Community acceptance will rest upon adequate information that demonstrates the overall impact of cottage housing projects avoids many of the consequences associated with conventional "high density" housing. This same educational effort is indicated at the local government level in order to reassure policy-makers that cottage housing should not be stigmatized solely on the perception of "density".

* Infrastructure – Due to the number of homes involved, cottage housing will require sewer service, or a relatively large dedicated septic/drain field. The latter option may not be practical on most parts of Bainbridge, thus restricting this kind of housing to Winslow and areas already served by sewers. As the technology of septic design and installation progresses, there will likely be greater opportunities for placement of cottage housing in areas without infrastructure.

Cottage Housing serves the Community Housing Needs of Bainbridge Island:

Cottage Housing can be a significant aid in the future of Bainbridge Island. Of immediate practical interest, it promises to be an important element in the housing development challenges in the Winslow Tomorrow planning effort. Adoption of a more effective Cottage Housing ordinance will help ameliorate the long range needs for diversified housing on Bainbridge Island. It will also provide the opportunity to develop vital micro-communities within the growing larger community, preserving the small scale feel that most individuals seek and hope to experience by living on Bainbridge Island.

Cottage Housing provides density, while moderating the "urbanizing" effect that generally comes with density.

The typical residents in Cottage Housing are singles, couples and single parents, and seniors. Cottage Housing is well-suited for this demographic because of the added security, reduced costs, and sense of community. Cottage Housing provides the option for these residents to stay in their community as their personal situations and housing

needs change over time. A development that attracts a mix of singles and couples will have no more cars than a group of "standard" or typical single family houses, especially those that include families with teenagers. So far, few children are seen in the Cottage Housing built in our region.

Objective: New Cottage Housing Ordinance

The Community Housing Coalition recommends that a new ordinance be adopted to encourage the creation of Cottage Housing. In 2001, a citizen-based initiative presented a draft ordinance to the Planning Commission for consideration; due in large part to the concern about "affordability," the draft was remanded back to Staff for reconsideration.

The Community Housing Coalition believes that an effective Cottage Housing is a critical piece of the solution to increasing needed housing options on Bainbridge at prices that fit the "lower/middle" affordability range. By making certain adjustments, the problems and constraints of the previous Cottage Housing ordinance will be resolved. A well-crafted Cottage Housing ordinance can provide the community with another tool for broadening the housing options available to our residents.

Early criticisms of Draft Ordinance	Recommended Changes
Cottage Housing is not "affordable"	Apply Inclusive Housing requirements to all Cottage Housing developments, which preserves a portion of the units as affordable for the long term
Cottage Housing allowed in all zones	Allow Cottage Housing in all zones or areas served by City or community water and sewer systems

Why is an Ordinance needed?

Locally, the only zoning that would currently allow Cottage Housing is either commercially zoned land or is located in the high density zones in Winslow. In both cases the land is limited in supply and is very expensive, or both. Our current zoning causes builders/owners to construct very large homes in order to justify the high land costs. An appropriate Cottage Housing ordinance will encourage the construction of more homes in exchange for building small scale homes with reduced land costs. The result is increased density without increasing the overall building area. There is currently no mechanism to encourage – or offer advantage to – effective alternatives to large, "high end" housing products.

Cottage Housing must fit within the scale and character of existing neighborhoods. The ordinance must have prescriptive design guidelines to insure the projects include the key features necessary to qualify as a cottage housing community. The ordinance works based upon the concept of creating an "overlay zone". This means the existing zoning would not change, but would allow cottage projects to achieve increased

densities. If the land were to be rezoned, the cost of the land would go up accordingly, eliminating the cost benefit of the increased density. The ordinance will allow an alternative use of land within existing underlying zoning rules.

Is Cottage Housing Affordable?

Housing affordability is affected by three factors: land cost, unit construction cost and subsidies. Cottage Housing can provide benefits in two areas: (1) reduced land cost due to a moderate density increase and; (2) unit construction cost reductions due to decreased home sizes. If Cottage Housing is created for homeownership, prices can range from higher end (if finest internal custom amenities are included) to lower end for traditional "detached" housing. When the Inclusive Housing requirements are applied, and Cottage Housing is combined with a community land trust and/or down payment assistance, then even lower

prices can be achieved. Cottage Housing offers one of our best opportunities for creating small scale detached housing that will serve the moderate to middle income groups in our community. If it is done within a community land trust, the added advantage of constraining price appreciation will help sustain affordability of such housing in the future.

This alternative promoting cottage housing can be competitive financially with traditional development. It would be helpful to educate prospective developers with data on sales of cottages at Erickson and earlier similar examples (Northtown Woods). For builders who may have an interest in cottage development, as opposed to building single family houses as current zoning might allow, the economics of producing cottage housing has to be as good as, if not a better business proposition than single family residential construction..

Synergy with the Inclusive Housing Ordinance:

The Inclusive Housing Ordinance is being revised at this time. The Community Housing Coalition will recommend that qualifying projects be allowed an increase in density in exchange for the required affordable units and compensatory market rate units. This increased density will make Cottage Housing projects even more feasible from an economic standpoint

Cottage Housing, the Comprehensive Plan and long range planning (2025):

The Housing Element of the City's Comprehensive Plan specifically identifies Cottage Housing as a tool to enhance housing choices and overall affordability. It is also mentioned in the context of land use changes required to facilitate housing diversity. If the City is to meet the growth projections for 2025, our community must define methods to provide for increased levels of density in a range of locations and housing types appropriate to those settings. Cottage Housing becomes a viable option for

neighborhoods close to shopping, transit, and services. It can function in a variety of settings, including the town center, neighborhood service centers and low density residential areas on the island. Its virtue is that it achieves increased densities but with minimal impact (when compared to typical single family homes).

An unresolved issue concerns community acceptance of "affordable housing" in the general sense. Although affordable housing is acknowledged in the Comprehensive Plan as a desirable goal, it remains to be seen whether this upscale community will accept the modest, sometimes Spartan, housing that would serve present or prospective residents of modest economic means.

Note:
On July 24, 2001, Kathleen O'Brien submitted a memo to the Planning Commission on how cottage housing addresses the three "e's" of sustainability. In September 21, 2001 she submitted comments to the City Council Land Use Committee regarding Cottage Housing and Environmental Impacts: protecting natural resources from depletion and pollution. With the latter, there is even more evidence that well planned, higher density developments are a plus in Low Impact Development not a negative. EPA has published several recent documents on this subject.

Political Support

Leadership by our elected officials must drive the achievement of a Cottage Housing ordinance, and its successful implementation. The leaders must be convinced of the cost effectiveness and the demographic value of the program, and they must be dedicated to fostering the diversity which the community has espoused. Careful examination of the consequences of rejecting Cottage Housing ordinance will presumably provide strong impetus to supporting its adoption.

To: City of Bainbridge Is land Planning Commission
City Council

From: Kathleen O'Brien
1100 Donald Place NE
Bainbridge Island, WA
206-842-8785

Date: July 24, 2001
Ref: Comprehensive Amendment Creating a New Policy for Cottage Housing
I am submitting this written comment in support of the Comprehensive Amendment creating a new policy for Cottage Housing on I3ambridge Island. I believe the policy will contribute significantly to the sustainability of our community as we grow. By creating such a policy, the City will remove a significant barrier to remaining the livable, vital community that many of us enjoy.

Sustainability requires us to look at the impacts we are creating through our development in three major areas: economy, environment, and social equity, In addition, it requires us to ensure that future generations' needs are not compromised in these three areas by our decisions today.

In terms of the economy, the Cottage Housing Policy will address a specific housing market that is not adequately being addressed on the Island because of current zoning schemes. This is an innovative and environmentally friendly way to allow construction, purchase, and perhaps rental of homes on the island, diversifying our housing base and our population base as a result. By allowing the densification closer to town (and concentrating it) we reduce infrastructure requirements (and costs) as weLI. Properly designed, cottage homes can be very popular for singles, seniors, and young couples. The Not So Big House, by Susan Saranka, and Creating the Not So Big House are national best sellers because the value of good design over more square footage is being recognized.

In terms of the environment, the Cottage Housing Policy allows us to absorb growth in a manner that reduces the overall environmental impact of development. Less impervious surface per unit, more concentrated disturbance, and significantly less use of energy, materials, and water to operate these homes (as much as 2 to 3 times less if a "green" approach is taken) once they are built all work to reduce impact and provide a model for sustainability. By allowing densification closer to town, we keep more of the population closer to services, reducing auto dependence and the pollution that goes with it. In addition, by providing more affordable homes, we lessen the traffic impacts of those who drive from the Kitsap Peninsula to work here.

In terms of social equity, the Cottage Housing Policy will address the needs of population segments that are simply disappearing from the island. Our population is growing whiter, older, and wealthier. Our young people (aged 20-34) are radically absent when compared to other Western Washington communities. If you use nature as

a model, you know that diversity is one of the key principles by which we sustain biological life on our planet. Our community is being weakened from within. We are simply turning certain "genes" off. As noted above, the Cottage Housing Policy can help diversify our housing and population base. A major means to creating an affordable housing stock will be through density and smaller homes. By planning it thoughtfully, we will create a livable, sustainable community that is attractive, vital, and easier to maintain, drawing artists (many of whom can no longer afford to Live here), and others who enliven the community with their work and services. We who work here (as I do), should be able to live here.

These comments are in keeping with the more detailed comments I submitted dated June 29, 2001 for the review of the Comprehensive Plan, currently underway. Thank you for your attention to these concerns.

Comments to City Council Land Use Committee Regarding Cottage Housing and Environmental Impacts

Submitted by Kathleen O'Brien
September 18, 2001

Sustainability requires us to look at the impacts we are creating through our development in three major areas: economy, environment, and social equity. In addition, it requires us to ensure that future generations' needs are not compromised in these three areas by our choices today.

There are several fairly general references to sustainability goals in the Island's Comprehensive Plan including three in the Plan's Economic Element. The first cites the GMA's concern that "uncoordinated and unplanned growth can pose a threat to the environment, sustainable economic development, and the health, safety and high quality of life enjoyed by residents. An important part of a healthy economy is the quality of the environment."

The next paragraph states that one of the intents of the Economic Element is to "to steward a sustainable community; to protect the quality of its environment: the water, air and land; and to encourage traditional resource-based activities such as agriculture."

Perhaps the most significant reference is the third, which cites "five overriding principles" guiding the Comprehensive Plan. The fifth principle states that: "Development should be based on the principle that the Island's environmental resources are finite and must be maintained at a sustainable level." This statement implies correctly that sustainability relates to a "level" or threshold. In other words, we need to learn what the limits are and learn how to live quality lives within them.

And, within the Staff Comments for the revisions process currently underway, one fmds a couple of other applications of the sustainable concept pertinent to this discussion, the first to forestry, and the second to water resources.

Others here will talk (or have talked) of topics that fall within the other "Es" (equity and economy). My comments this evening relate specifically to the "E" for Environment. However, please keep in mind that what I say should be considered within the larger context of sustainability.

So. ..we know we will grow. There is no doubt about that. How can we do that and protect the environment? Cottage housing is a way to absorb growth in an environmentally responsible way.

There are environmental benefits to planning and coordinating this type of development. What are these benefits?

There are two basic ways that development negatively impacts the environment. The first is to deplete natural resources; the second is to degrade natural resources by using them as a "sink" for the products of development.

I. *Let's look at how cottage housing helps to protect natural resources from depletion:*

It should be fairly obvious that larger houses consume more resources than smaller ones. In 1998, the National Association of Home Builders (NAHB)[1] estimated the materials used in building a typical 2,085 square foot single-family home. These materials include roughly:

- 13,000 board-feet of framing lumber;
- 6,200 square feet of sheathing;
- 2,300 square feet of exterior siding;
- 3,100 square feet of roofing;
- 3,000 square feet of insulation;
- 6,100 square feet of drywall;
- 2,000 square feet of flooring (carpet, tile, wood, etc.);
- 120 linear feet of ducting; and
- 14 tons of concrete.

This of course doesn't include things like windows, doors, cabinets, appliances, fixtures, etc. Keep in mind that many homes built in Bainbridge Island are much larger than this average size. Researchers believe larger homes use proportionally even more, because they tend to have taller ceilings and more features. NAHB Research Staff estimated that a 5,000 square-foot house will consume 3 x more materials than the average size house, even though its square footage is only 2.4 x more.[2]

What about energy consumption? In general, the energy efficiency of a building envelope is a function of how well insulated it is, how airtight it is, exposure of its glazed areas to solar gain, and its area. All else being equal, a house with more surface area will consume more energy for heating and cooling. In a comparison of six homes in two different climates, halving the floor area of a house actually reduced the energy used for heating by more than half, and for cooling by about a third.[3] The study showed that even a poorly insulated small home will do better than a very well insulated large home.

Along with the greater surface area increasing heat loss and unwanted heat gain, larger houses also generally require longer runs for ducting and hot water pipes. Losses in conveyance of warm area, chilled air, or hot water can be significant. Longer runs generally mean wasted water as well, as users run the water for longer periods of time to get to temperature.

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[1] NAHB, 1998, cited in Environmental Building News (January 1999), "House Size, Resource Use, and the Environment."
[2] Environmental BuildingNews (January 1999), "House Size, Resource Use, and the Environment"
[3] Energy modeling conducted by Andy Shapiro (Montpelier,VT) and cited in Environmental Building Ncw (January 1999), "House Size, Resource Use, and the Environment."

So, with cottage-size homes, in which we have roughly 1/2 the amount of floor area for conventional single-family housing, we dramatically reduce the use of energy, water, and materials used to build homes for roughly the same number of occupants. This doesn't just help our community; it helps reduce our nation's reliance on imported petroleum products for heating and cooling. In addition, it reduces the enviromnental degradation and associated quality of life problems produced wherever these resources are extracted, manufactured, or transported through.

2. Now lets look at how cottage housing can reduce the second type of impact development—which is to degrade natural resources by using them as a "sink"for pollution.

Earlier, I alluded to pollution created in remote locations due to the extraction, production and transportation of resources used for building materials. What local pollution can be prevented as a result of the cottage-type development being proposed?

First, by allowing densification closer to town, we keep more of the population closer to services, reducing auto dependence and the pollution that goes with it. In addition, by providing more affordable housing, we lessen the auto-related pollution caused by those commuting from the Kitsap Peninsula to work here.

In addition, cottage housing can reduce the impervious surface per unit, Impervious surfaces block rainwater from soaking into the ground and increase the amount of water running off into streams, lakes, and the marine waters of Puget Sound, gathering pollutants such as sediment and oil products along the way. Keeping the rain (stormwater) on the surface instead of letting it soak into the ground depletes ground water supplies. The impact of impervious surfaces on hydrological functions, such as infiltration and evapo-transpiration, can cause significant harm to local habitat. Changes in the amount of water available and the timing of water's availability can wreak havoc on adjacent wetlands and streams.

In a high-density residential development, a 40% impervious surface quotient ends up being about 25% effective at producing runoff. One might expect that the denser development would create more impervious surface. However, Charlie Wentzlau's scenarios developed for this meeting, which compare cottage-type development to conventional development, show modest reductions in overall impervious surface. With some creative subdivision design (using shared drives, for example), even greater efficiencies can be had related to surface coverage that can reduce effective impervious surface even further.

In addition, if you look at how the impervious pavement is allocated in the R-8 zone with 12 cottages as opposed to 8 residences, you see that much of the street and drive surface is now relegated to a parking lot. According to the May 1995 Impervious Surface Reduction Studv[4] conducted by the City of Olympia and the Department of

[4] "City of Olympia and Department of Ecology, Impervious Surface Reduction Study, Final Report (May, 1995).

Ecology, the two elements of impervious surface coverage that are mi effective at producing polluting runoff are streets and parking. In the conventional model, you could certainly reduce surface coverage by narrowing the roads a bit, utilizing some innovations that allow the safe and timely passage of fire and rescue vehicles. In the cottage-housing model, you could potentially replace the entire surface of the parking lot with pervious pavement.

Finally, current and important efforts to preserve open and working space imply that any development that occurs must be concentrated. Cottage housing helps to concentrate the disturbance development necessarily creates, providing opportunities to preserve wildlife habitat, agricultural land, and the island population's connection to nature.

City of Bainbridge Island

PLANNING AND COMMUNITY DEVELOPMENT

MEMORANDUM

TO: Planning Commission

FROM: Kathy Cook

DATE: April 18, 2002:

RE: Cottage Housing Ordinance: Meeting of April 25, 2002

In 2001, the Planning Commission held several study sessions on amending the Comprehensive Plan and zoning code to allow for higher density, smaller unit "cottage housing" in selected zones. These discussion continued in 2002 with the new Planning Commission, who recommended that the cottage housing ordinances be processed within the context of the on-going review and update of the Comprehensive Plan because of their relevance to the GMA requirement that urban growth areas provide urban densities. If any of the new Planning Commissioners would like further information on the history of the cottage housing ordinances, please give me a call.

The Planning Commission discussed the cottage housing ordinance at their meeting on March 14, 2002, and the attached draft reflects the recommendations made at that meeting. Revisions include:

- Adding language to the Purpose statement regarding pedestrian connectivity (Section 8, page 3 of the ordinance)
- Increasing the maximum size for a dwelling unit from 1,000 to 1,200 square feet, provided that at least 50% of the cottages do not exceed 1,050 square feet. (Section 18.92.040, page 4)
- Previous versions of the ordinance excluded covered porches and steps from lot coverage. This is different from the City's standard method of calculating lot coverage, and current planning staff had asked that the allowable lot coverage be increased, rather than allowing for a new method of calculation. The Planning Commission asked staff to determine what that maximum should be. I developed various scenarios involving different lot sizes and numbers of units, and allowed for the maximum building footprint, a community building and carports. The highest lot coverage I came up with was 37%. Therefore, the ordinance specifies a maximum lot coverage of 40%.
- Open space requirements have been revised to clarify that the main entrances of cottages should be oriented toward the common open space. (Section 18.92.060, page 4)
- Parking requirements have been moved to BIMC Chapter 18.81 (Parking and Access Requirements) at the request of the current planning staff. (Section 7, page 3).
- Language regarding building height has been revised, to allow for cupolas and other architectural features. (18.92.090, page 5).

Other issues for the Planning Commission's consideration include:

- The ordinance currently prohibits attached garages. Julie Kriegh suggested that there be more flexibility to allow for underbuilding garages on sloped sites. I will have sample language at the meeting on April 25th for the Commission's discussion.
- BIMC Chapter 18.90 (Affordable Housing) currently requires that residential developments of eight or more units must provide 10% of the units for affordable housing. In return, the density may be increased by one "bonus" market rate unit for each affordable unit constructed. I would like to explore whether this requirement should apply to cottage housing. As proposed, cottage housing developments are limited to 12 units. Applying the affordable housing requirement would mean that developments of 12 units could not get the bonus market rate unit, because it would result in 13 units. Does the size limitation on the cottages make them inherently more affordable, and therefore warrant exemption from the affordable housing requirement? Or should the maximum number of allowable cottages be increased to allow for the affordable housing requirement? (Note that this may in turn affect the allowable lot coverage.)

Please contact me if you have questions or other issues you would like to discuss.

Version II
Study Session 04/25/02

ORDINANCE 2002-XX

AN ORDINANCE of the City of Bainbridge Island, Washington, implementing policies H 1.6 and H 1.6A of the Housing Element of the Comprehensive Plan relating to cottage housing and amending Chapters 18.06, 18.15, 18.21, 18.24, and 18.27, of the Bainbridge Island Municipal Code, and adding a new Chapter, 18.92, Cottage Housing.

WHEREAS, the City adopted a Comprehensive Plan on September 1, 1994, which contains a Housing Element that establishes goals and policies for the provision of housing for the citizens of the City; and

WHEREAS, Policies H 1.6 and H 1.6A of the Housing Element call for an increase in innovative housing choices, including cottage housing; and

WHEREAS, in accordance with RCW36.70A, the Growth Management Act that requires that development regulations be adopted that implement the Plan. Now, therefore

THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DO ORDAIN, as follows:

Section 1. Section 18.12.020 of the Bainbridge Island Municipal Code is amended as follows:

18.12.020 Permitted uses.

Permitted uses in the R-14 zone are:
A. Accessory dwelling units;
B. Accessory uses and buildings;
C. Community or public park and recreation facilities;
D. Cottage Housing in accordance with BIMC 18.92;
~~D~~.E. Educational, cultural, governmental, religious, or health care facilities;

~~E.~~F. Family day care homes;
~~F.~~G. Manufactured homes;
~~G.~~H. Minor home occupations;
~~H.~~ J. Multifamily dwellings;
~~I.~~ K. Single-family dwellings built to UBC standards.

Section 2. Section 18.20.020 of the Bainbridge Island Municipal Code is amended as follows:

18.20.020 Permitted uses.
Permitted uses in the R-5 zone are:
A. Accessory dwelling units;
B. Accessory uses and buildings;
C. Cottage Housing in accordance with BIMC 18.92;
~~C.~~ D. Family day care homes;
~~D.~~ E. Manufactured homes;
~~E.~~ F. Minor home occupations;
~~F.~~ G. Multifamily dwellings built to UBC standards;
~~G.~~ H. Single-family dwellings built to UBC standards

Section 3. Section 18.15.020 of the Bainbridge Island Municipal Code is amended as follows:

18.15.020 Permitted uses.
Permitted uses in the **R-8** zone are:
A. Accessory dwelling units;
B. Accessory uses and buildings;
C. Automobile parking facilities accessory to residential development;
D. Cottage Housing in accordance with BIMC 18.92;
~~D~~E. Family day care homes;
~~E~~F. Manufactured homes;
~~F~~G. Minor home occupations;
~~G~~H. Multifamily dwellings;
~~H~~I. Public parks and playgrounds;
~~I~~J. Single-family dwellings built to UBC standards.

Section 4. Section 18.21.020 of the Bainbridge Island Municipal Code is amended as follows:

18.21.020 Permitted uses.
Permitted uses in the **R-4.3** zone are:
A. Accessory dwelling units;
B. Accessory uses and buildings;
C. Cottage Housing in accordance with BIMC 18.92;
~~C~~D. Family day care homes;

~~D~~E. Manufactured homes;
~~E~~F. Minor home occupations;
~~F~~G. Single-family dwellings built to UBC standards.

Section 5. Section 18.24.020 of the Bainbridge Island Municipal Code is amended as follows:

18.24.020 Permitted uses.
Permitted uses in the **R-3.5** zone are:
A. Accessory dwelling units;
B. Accessory uses and buildings;
C. Cottage Housing in accordance with BIMC 18.92;
~~C~~D. Family day care homes;
~~D~~E. Manufactured homes;
~~E~~F. Minor home occupations;
~~F~~G. Single-family dwellings built to UBC standards.

Section 6. Section 18.27.020 of the Bainbridge Island Municipal Code is amended as follows:

18.27.020 Permitted uses.
Permitted uses in the **R-2.9** zone are:
A. Accessory dwelling units;
B. Accessory uses and buildings;
C. Cottage Housing in accordance with BIMC 18.92;
~~C~~D. Family day care homes;
~~D~~E. Manufactured homes;
~~E~~F. Minor home occupations;
~~F~~G. Single-family dwellings built to UBC standards.

Section 7. A new subsection BIMC 18.81.030(R) is added as follows:
R. In cottage housing developments as provided for in Chapter 18.92, one and one-half spaces are required; provided that this requirement may be reduced to one and one-quarter spaces per unit if the development is within one mile of the ferry terminal.

Section 8. New Chapter. There is added to the Bainbridge Island Municipal Code a new Chapter 18.92, Cottage Housing, to read as follows:

18.92.010 Purpose
The purpose of Cottage Housing is to encourage detached, small-unit housing development, in order to expand the variety of housing choices suitable to a range of household types and incomes, while maintaining the character of existing neighborhoods. Cottage housing developments should be characterized by design variations between the units, and should include pedestrian connections that allow residents to walk throughout the development and to any adjacent recreational or commercial areas. The cottage housing provisions are intended to

overlay upon existing zoning districts and include their own regulations and design guidelines. This chapter implements policies H 1.6 and H 1.6A of the Housing Element of the Comprehensive Plan.

18.92.020 Location

The Cottage Housing Overlay shall apply to the R-2.9, R-3.5, R-4.3, R-5, R-8 and R-14 zoning districts.

18.92.030 Density and lot area.

A. The minimum lot area for a cottage housing development shall not be less than 14,000 square feet.
B. Each unit shall be allotted no less than 3500 square feet to accommodate the residential unit, common and private open space, parking and circulation, storage, etc.)
C. The number of units in any cottage housing development shall not be less than four (4) or more than twelve (12).

18.92.040 Unit size

A. The total floor area of a cottage unit shall not exceed either 1.5 times the area of the main floor or 1,200 square feet, whichever is less.
C. The maximum main floor area for cottages shall be 800 square feet.
D. At least fifty percent (50%) of the cottages shall have main floors that do not exceed 700 square feet.
E. A notice to the title of the property that prevents any increase in the total floor area of any cottage in the development shall be recorded with the Kitsap County Assessor's Office.

18.92.050 Lot Coverage

The maximum lot area covered by buildings shall not exceed forty percent (40%).

18.92.060 Open Space

A. Common open space. Common open space is intended to provide a centrally located area that can be developed and maintained so it is usable for active and passive recreation. Common open space shall be subject to the following requirements.

1. There shall be a minimum of 400 square feet of common open space provided for each unit in the R-2.9, R-3.5, and R-4.3 and R-5 zones. There shall be a minimum of 250 square feet of common open space provided for each unit in the R-8 and R-14 zones.
2. Common open space shall abut at least 50 percent of the cottages in a cottage housing development.
3. Common open space shall have cottages abutting on at least two sides.
4. Common open space shall not include portions of private yards, and shall be jointly owned by all residents.
5. The common open space shall be outside of wetlands, streams and sensitive area buffers, and shall be on slopes of ten percent (10%) or less.

B. Private Open Space. Private open space is intended to provide private areas around the individual cottages and to enable diversity in landscape design. Private open space shall be subject to the following requirements.

1. A minimum of 300 square feet of contiguous, usable private open space shall be provided adjacent to each cottage, for the exclusive use of the cottage resident.
2. The main entry of the cottages shall be oriented toward the common open space as much as possible.

18.92.070 Building Separation

All units shall maintain 10 feet of separation between vertical exterior walls, except that eaves and architectural projections such as balconies may encroach up to a maximum of 18 inches.

18.92.080 Yards

A. Front yards shall not be less than 25 feet measured by the distance from the nearest lot line, planned right-of-way or road easement.
B. Porches and bays may encroach 5 feet into the front yard.
C. Side yards shall not be less than 10 feet, except that eaves and architectural projections such as balconies may encroach in the yard up to a maximum of 18 inches.
D. Rear yards shall be 15 feet, except that eaves and architectural projections such as balconies and bays may encroach in the yard up to a maximum of 18 inches.

18.92.090 Building Height

The maximum building height for any cottage housing unit shall not exceed 20 feet, except that chimneys, cupolas and other architectural features shall not extend more than five feet above the roof at their highest point.

18.92.100 Parking

A. For parking spaces required, refer to BIMC 18.81.030 (R).
B. All parking shall be located to the side or rear of the site, and shall be screened from adjacent properties by a sight-obscuring fence or vegetation barrier in accordance with Chapter 18.85. Fences shall be at leave five but not more than six feet in height.

18.92.110 Community Buildings

A cottage housing development may contain community building(s) that are detached accessory structures, the use and size of which is clearly incidental and related to that of the dwelling unit.

18.92.110 Design Guidelines

A. Site Design.
   1. The common open space shall be centrally located within the project site.
   2. All front porches of units shall be oriented toward landscaped, common open space.

B. Building Design.
   1. Roofs of cottages shall be pitched.
   2. Covered porches measuring at least 8 feet by 10 feet shall be incorporated into building design of the cottages.
   3. Shared carports or garages shall be limited to a maximum of four stalls per structure and shall be detached from the dwelling units.
   4. Attached garages shall not be permitted.

Section 9. This ordinance shall take effect and be in force five days from and after its passage, approval and publication as required by law.

PASSED by the City Council this _____day of _____, 2002

APPROVED by the Mayor this _____day of _____, 2002

_____
Darlene Kordonowy, Mayor

ATTEST/AUTHENTICATE:

_____
Sue Kasper, City Clerk

APPROVED AS TO FORM:

_____
Rod P. Kaseguma, City Attorney

FILED WITH THE CITY CLERK:
PASSED BY THE HE CITY COUNCIL:
PUBLISHED:
EFFECTIVE DATE:
ORDINANCE NO: