

Port Orchard 2044 Comprehensive Plan Update

HB1220 Land Capacity Analysis Methodology and Results

Background

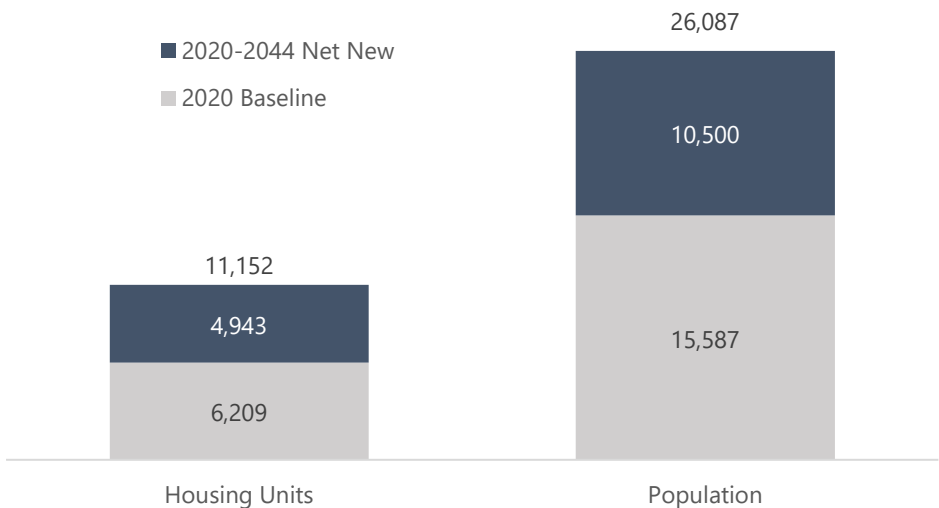
As part of Port Orchard’s 2044 Comprehensive Plan update, Leland Consulting Group (LCG) was retained as part of a consultant team led by AHBL to complete an analysis of land capacity for housing, including considerations of housing by income band and capacity for Emergency Housing, as required by RCW 36.70A.070(2)(c). This memo outlines the methodology and results of this analysis, using the process outlined in the Washington Department of Commerce’s guidebook “Guidance for Updating Your Housing Element” (August 2023).¹

Land Capacity Analysis for Permanent Units by Income Band

Housing Targets

Port Orchard is required to show **land capacity to meet 2020-2044 targets for population and housing units** based on the Washington Office of Financial Management countywide projections as allocated to jurisdictions through the Countywide Planning Policies. Figure 1 below shows Port Orchard’s baseline and target housing units and population through 2044.

Figure 1. Port Orchard Baseline and Target Housing Units and Jobs, 2020-2044



Source: Kitsap County Regional Coordinating Council Approved Growth Targets, October 2022

The housing unit baseline and targets are further broken down by what income band those units can serve, expressed as a percentage of the HUD Area Median Family Income (HAMFI), commonly referred to as the Area Median Income (AMI). For reference, the 2024 AMI for Kitsap County is **\$119,700**. The AMI is determined by the U.S. Department of Housing and Urban Development (HUD), and is generally higher than the Census-reported Median Household Income for a given city,

¹ <https://deptofcommerce.box.com/s/1d9d5l7g509r389f0mjpowh8isjpirlh>

since it is based on Census-reported median family income, which excludes single-person households. This single AMI figure represents the income of the average family household in the County, and therefore reflects the average family household size in the County. The AMI is further broken down by family size and income levels are classified as extremely low income (under 30% AMI), very low income (30-50% AMI) and low income households (50-80% AMI), as shown in the table below:

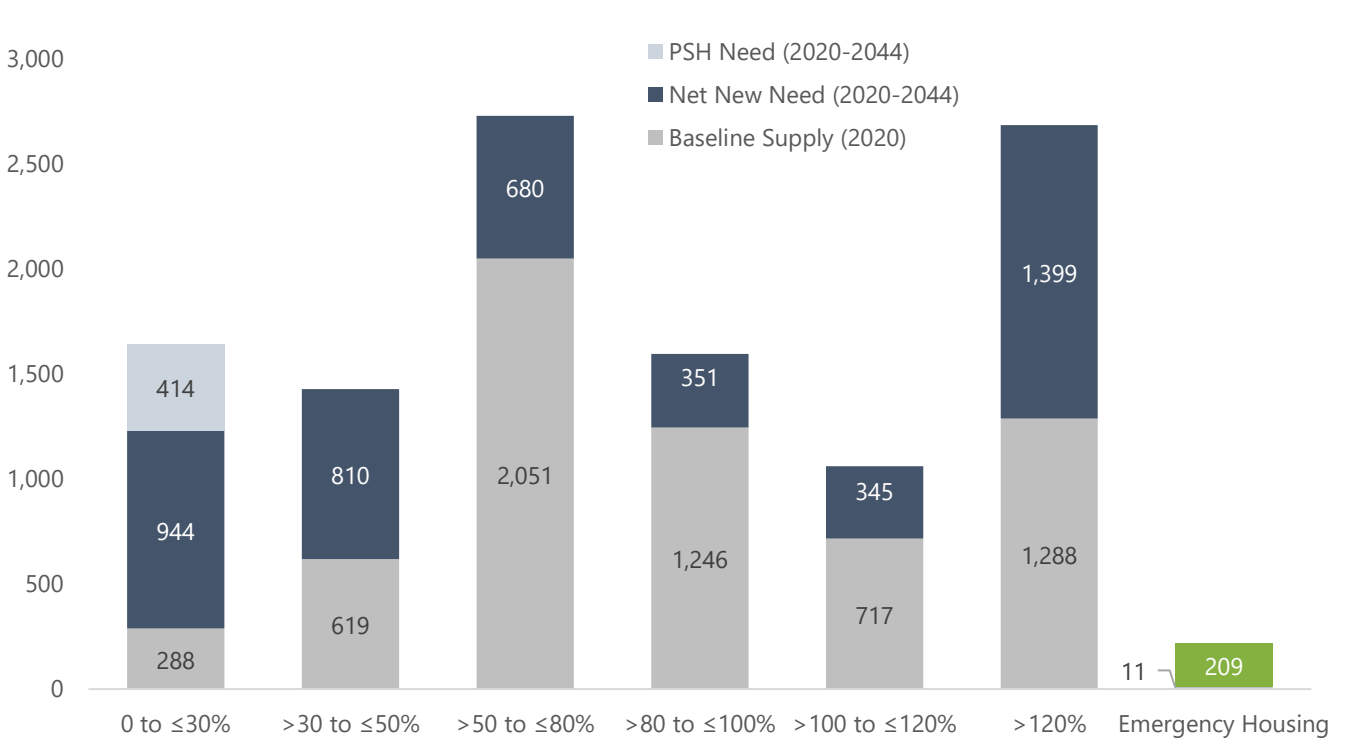
Figure 2. HUD Income Limits for Kitsap County, 2024

Income Limit Category	1-person household	2-person household	3-person household	4-person household	5-person household	6-person household
Extremely Low Income (0-30% AMI)	\$ 25,150	\$ 28,750	\$ 32,350	\$ 35,900	\$ 38,800	\$ 41,960
Very Low Income (30-50% AMI)	\$ 41,900	\$ 47,900	\$ 53,900	\$ 59,850	\$ 64,650	\$ 69,450
Low Income (50-80-% AMI)	\$ 67,050	\$ 76,600	\$ 86,200	\$ 95,750	\$ 103,450	\$ 111,100

Source: U.S. Department of Housing and Urban Development (HUD)

The housing targets for households earning under 30% AMI are broken down into permanent units (i.e. standard housing units) and permanent supportive housing (PSH), defined in the Department of Commerce guidebook as “subsidized, leased housing for people who are experiencing homelessness or are at risk of homelessness and living with a disabling condition.” Finally, each jurisdiction receives a housing target for emergency housing, defined in the Department of Commerce guidebook as “temporary accommodations for households who are experiencing homelessness or are at imminent risk of becoming homeless.” Port Orchard’s housing baseline and 2044 targets by income band are shown below:

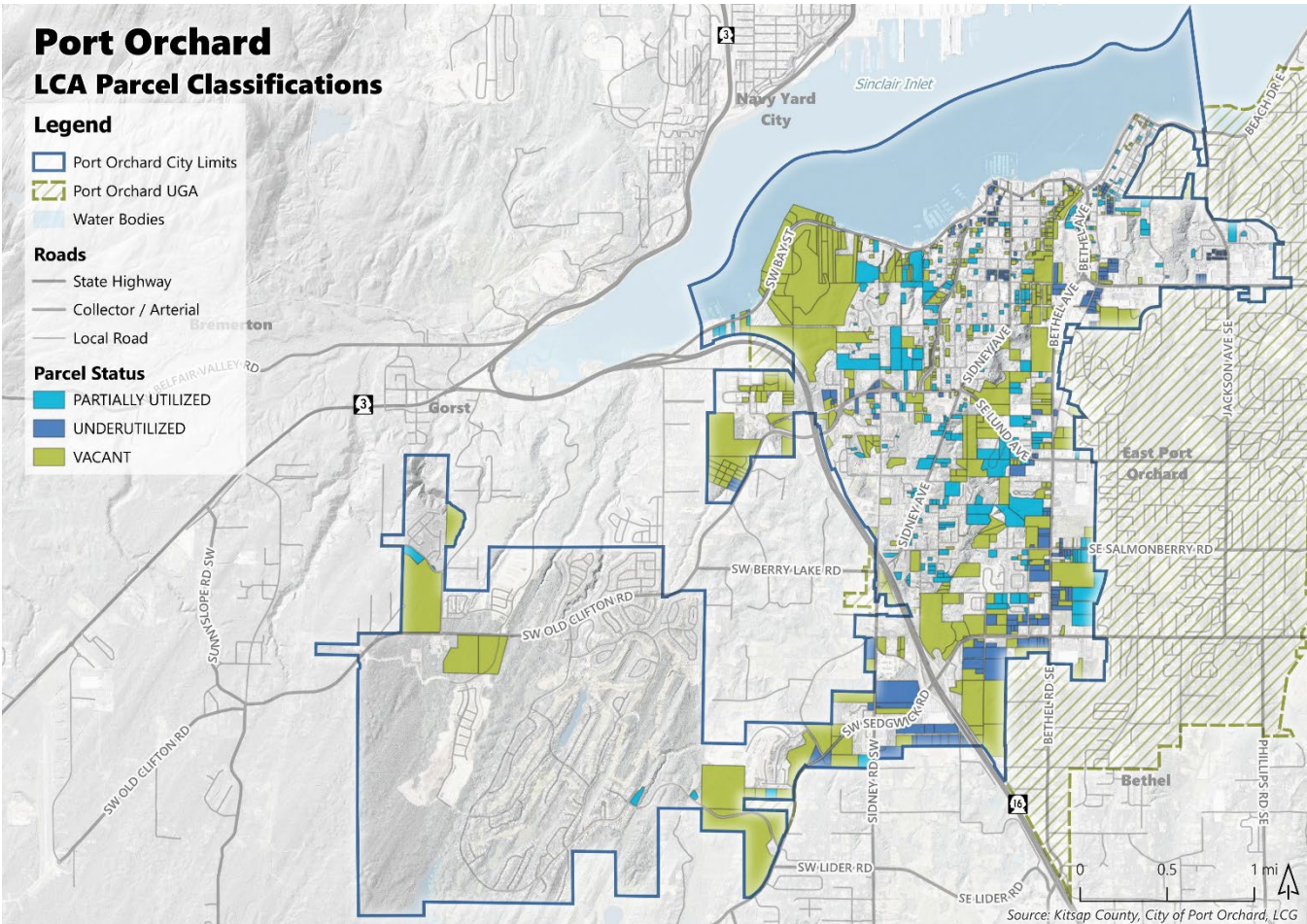
Figure 3. Port Orchard Existing and Target Housing Units by Income Band, 2019-2044



Vacant and Redevelopable Parcels and Pending Development

The first step in the land capacity analysis is to determine which parcels could accommodate new development over the 20-year planning horizon. Port Orchard provided GIS data from their Buildable Lands Report, prepared in 2021, classifying parcels as **vacant**, **redevelopable** (based on low building to land value ratio and other considerations), **partially-used** (able to be subdivided under current zoning), or **constant** (not likely to change over the next 20 years). Working with city staff, LCG refined the set of vacant and redevelopable parcels to account for planned and proposed development, some changes in land classification, and new development which has taken place since the County assessment. The revised set of vacant and redevelopable parcels is shown below in Figure 4.

Figure 4. Vacant and Redevelopable Parcels in Port Orchard, 2024



Next, development which has occurred since 2020 or is planned, proposed, or under construction was totaled. These new housing units and jobs count towards the growth targets, since the baseline established by Kitsap County was for 2020. The City provided permit data and information on pipeline units and planned development. The table below in Figure 5 shows permits for single-family, duplex, and multifamily development since 2020. The western part of Port Orchard contains large tracts platted for master-planned developments. The total number of platted lots and planned/permitted development in this area is totaled in Figure 6. Note that the McCormick Village development will include single-family, middle housing (i.e. duplexes/triplexes), and ADU units. Finally, there are an additional **1,393** apartments in the pipeline in Port Orchard, either planned, proposed, or currently under construction. This totals **4,478** pending units.

Figure 5. Units Built in Port Orchard (Excluding McCormick West and Stetson), 2020-2024

Type	Number of Units
Single Family	417
Duplex	2
Multifamily	505

Source: City of Port Orchard, Leland Consulting Group

Figure 6. Master Planned Development Expected in Port Orchard, 2020-2044

Area/Project	Single-Family Units	Middle Housing Units	ADUs
McCormick Village	55	74	55
Stetson Heights/Ridge	412	0	0
McCormick West	1,545	0	0

Source: City of Port Orchard, Leland Consulting Group

These pending units were allocated to the income band that they will likely serve based on Commerce guidance, city input, and market research. The majority of single-family units will serve higher-income households earning 120% AMI or above. There are 66 units of single-family housing planned in Port Orchard that are being developed by nonprofit developers and which will be sold below market rate. These units were assigned to the 80-120% AMI category. Planned middle housing units such as duplexes and triplexes are also assumed to serve middle-income households earning 80-120% AMI, and ADUs are assumed to serve lower-income households earning 0-80% AMI. This ADU assumption was made for the specific 55 ADUs being developed in McCormick Village, for which the developer has indicated in an interview that target rents are between \$1,600 and \$1,900 per month. These rent levels would be affordable to households earning less than 80% of the countywide AMI of \$119,700. According to the Washington State Housing Finance Commission, a 1-bedroom unit at 80% AMI would rent for \$1,796 and a two-bedroom for \$2,156. Port Orchard has seen very little additional ADU development in recent years beyond this project, so further ADU capacity was not considered in this analysis.

Further research was conducted on average rents of apartments built over the past 10 years in Port Orchard using CoStar data, which found that studio and one-bedroom apartments are renting to households earning about 75% AMI, and two- and three-bedroom apartments are renting to households earning 80-130% AMI, adjusted for household size as shown in the table above in Figure 2. About 53% of Port Orchard’s apartment stock are two- and three-bedroom units, and the other 47% are studio and one-bedroom units, according to CoStar. Therefore, pending market-rate apartments were split between the 0-80% AMI category and the 80-120% category based on this distribution of unit size. Finally, there have been 20 units constructed since 2020 using the City’s former Multifamily Tax Exemption (MFTE) program, which required affordability below 80% AMI. The total distribution of pending units by type and income band is shown below.

Figure 7. Port Orchard Pending and Planned Units by Income Band

Type	Number of Units	Income Band
Single-Family (Market-Rate)	2,363	120% +
Single-Family (Subsidized)	66	80-120%
Middle Housing	76	80-120%
Multifamily (0-1 bed)	892	0-80%
Multifamily (2+ bed)	1,006	80-120%
Multifamily (Subsidized)	20	0-80%
ADUs	55	0-80%

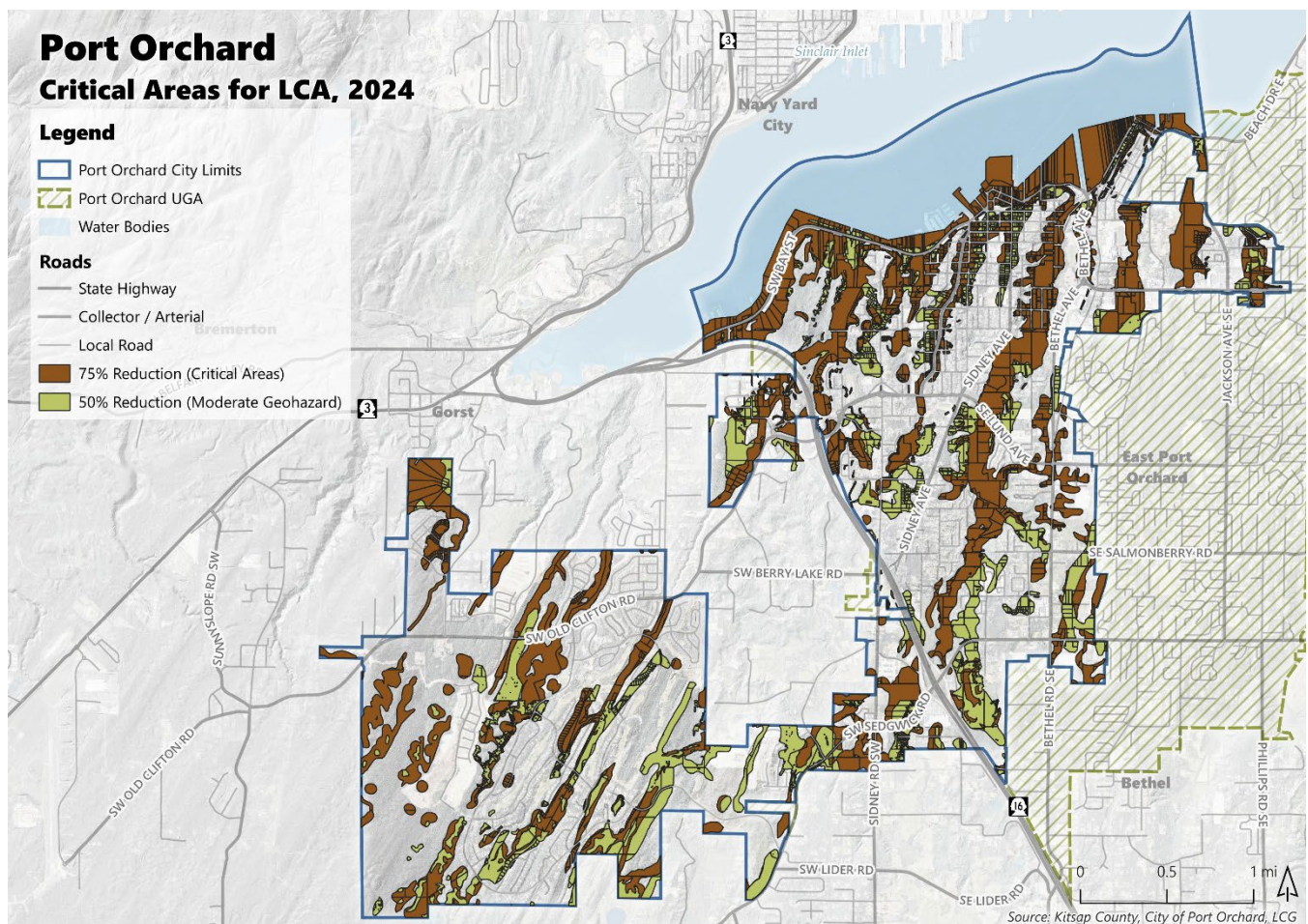
Source: City of Port Orchard, CoStar, Leland Consulting Group

Critical Areas

Critical area reductions were calculated using the methodology developed for Kitsap County's Buildable Lands program and used in Port Orchard's 2021 analysis. The following layers from Kitsap County's GIS database were combined and the acreage of these combined areas that overlayed vacant, redevelopable, or partially-used parcels was multiplied by 75% and then subtracted from available parcel acreage by zone:

- Streams
- Wetlands
- Water Bodies
- Hydric Soils
- Areas of High Geologic Hazard

Additionally, areas of moderate geologic hazard that overlayed vacant, redevelopable, or partially-used parcels were multiplied by 50% and then subtracted by available parcel acreage by zone. These critical areas and areas of moderate geologic hazard are shown below:



Reduction Factors

Commerce's HB 1220 guidance indicates that jurisdictions should reduce the amount of vacant and redevelopable acreage by a reasonable amount to account for land which may not be available for redevelopment due to the need for new **right-of-way, public space, stormwater facilities, or other dedications**, as well as a reasonable estimate of the amount of land

that will remain unavailable due to the **market**. The reduction percentages by zone for each of these reductions are shown below, which are unchanged from the reduction factors used in the 2021 Buildable Lands Analysis.

Figure 8. Reduction Factors used in Port Orchard Land Capacity Analysis

Zone	Future Roads / Right of Way	Public Facility	Market Factor (Vacant)	Market Factor (Redevelopable)
Greenbelt (GB)	20%	20%	35%	35%
Residential 1 (R1)	20%	20%	25%	30%
Residential 2 (R2)	20%	20%	35%	35%
Residential 3 (R3)	20%	20%	35%	40%
Residential 4 (R4)	20%	20%	45%	50%
Residential 6 (R6)	20%	20%	20%	30%
Neighborhood Mixed Use (NMU)	20%	20%	50%	50%
Business Professional Mixed Use (BPMU)	20%	20%	45%	50%
Downtown Mixed Use (DMU)	20%	20%	45%	50%
Gateway Mixed Use (GMU)	20%	20%	40%	45%
Commercial Mixed Use (CMU)	20%	20%	35%	40%
Commercial Corridor (CC)	20%	20%	40%	45%

Source: City of Port Orchard, Kitsap County, WA Department of Commerce

Finally, an assumed split of 15% commercial uses and 85% residential uses in mixed use zones was applied to the NMU, BPMU, DMU, GMU, CMU, and CC zones due to expectations of a high share of future housing development in these zones based on the permitting pipeline and recent development trends in Port Orchard. The gross area, critical areas, unavailable lands, and net developable acres after the reductions discussed above are shown below:

Figure 9. Gross and Net Developable Acreage by Zone in Port Orchard

Zone	Gross Vacant Acres	Gross Redevelopable Acres	Critical Areas	Unavailable Lands (Future ROW, Public Facility, Market Factor, Commercial Acres)	Net Developable Acres	Commercial / Residential Split (MU Zones)
GB	283.41	0.00	177.21	67.97	44.18	
R1	41.42	90.06	65.60	42.16	30.18	
R2	269.85	125.17	107.69	183.89	119.53	
R3	90.58	66.82	46.10	71.23	44.59	
R4	85.13	9.37	42.10	33.53	18.20	
R6	0.00	0.97	0.00	0.62	0.43	
NMU	0.41	1.91	1.24	0.35	0.35	15%
BPMU	14.88	16.27	10.68	6.27	6.83	15%
DMU	0.76	1.90	1.80	0.27	0.28	15%
GMU	0.76	1.26	1.12	0.25	0.32	15%
CMU	99.03	102.94	73.37	30.95	51.35	15%
CC	26.42	45.25	27.90	12.09	15.92	15%

Source: City of Port Orchard, Kitsap County, WA Department of Commerce

Density Assumptions

Having established the amount of available developable acreage, the next step in the analysis is to estimate the density at which that acreage could redevelop. Following Commerce guidance, single-family zones are assumed to redevelop at the **maximum allowed density in the zoning code**. Housing unit density assumptions for multifamily zones are based on the **density of recent development** in that zone over the past five years based on City and CoStar data and pipeline development. The density assumptions for housing are shown in Figure 10 below. Note that these densities are substantially similar to the assumptions used during the Buildable Lands process, with the exception of an increase in the R3 and CMU zones, which have seen recent development at higher densities than assumed in the Buildable Lands process.

Figure 10. Residential Density Assumptions for Port Orchard LCA

Zone	Assumed Density (DU/Ac)
GB	0.5
R1	7.0
R2	10.0
R3	32.0
R4	24.0
R6	8.0
NMU	16.0
BPMU	8.0
DMU	24.0
GMU	20.0
CMU	38.0
CC	4.0

Source: City of Port Orchard, CoStar, Leland Consulting Group

Total Additional Land Capacity by Zone

The table below in Figure 11 shows Port Orchard’s total land capacity for additional single-family and multifamily units by zone on vacant, redevelopable, and partially-used parcels, a total of **4,565 units**. These units will be broken down by the income band that they can serve and then added to the pending units to determine total capacity in the next steps of this analysis, discussed below.

Figure 11. Additional Housing Capacity in Port Orchard on Vacant, Redevelopable, and Partially-Used Parcels

Residential Capacity	Net Acres	Single Family Units	Multi Family Units
Greenbelt (GB)	44.18	22	0
Residential 1 (R1)	30.18	171	0
Residential 2 (R2)	119.53	1,073	0
Residential 3 (R3)	44.59	0	1,332
Residential 4 (R4)	18.20	0	380
Residential 6 (R6)	0.43	0	0
Subtotal	257.11	1,270	1,712

Mixed Use Capacity	Net Residential Acres	Single Family Units	Multi Family Units
Neighborhood Mixed Use (NMU)	0.29	0	2
Business Professional Mixed Use (BPMU)	5.80	0	21
Downtown Mixed Use (DMU)	0.24	0	2
Gateway Mixed Use (GMU)	0.27	0	3
Commercial Mixed Use (CMU)	43.65	0	1,544
Commercial Corridor (CC)	13.53	0	14
Subtotal	63.79	0	1,583

Total	320.90	1,270	3,295
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Source: City of Port Orchard, Kitsap County, Heartland, Leland Consulting Group

Land Capacity by Income Band

The next step in this analysis is to break down the land capacity for future units into income bands that those units could serve. Following Department of Commerce guidance, this is accomplished by first grouping zones into **zone categories** based on the housing types that are allowed, and then grouping those categories by the income band they can potentially serve. This classification is shown below.

Figure 12. Additional Housing Capacity in Port Orchard on Vacant, Redevelopable, and Partially-Used Parcels

Residential Capacity	Single Family Unit Capacity	Single-Family Zone Category	Multifamily Unit Capacity	Multifamily Zone Category
Greenbelt (GB)	22	Low Density	0	
Residential 1 (R1)	171	Low Density	0	
Residential 2 (R2)	1,073	Moderate Density	0	
Residential 3 (R3)	0	Moderate Density	1,332	Moderate Density
Residential 4 (R4)	0	Low Density	380	Low-Rise
Residential 6 (R6)	3	Moderate Density	0	Low-Rise

Mixed Use Capacity	Single Family Unit Capacity	Single-Family Zone Category	Multifamily Unit Capacity	Multifamily Zone Category
Neighborhood Mixed Use (NMU)	n/a	n/a	2	Moderate Density
Business Professional Mixed Use (BPMU)	n/a	n/a	21	Moderate Density
Downtown Mixed Use (DMU)	n/a	n/a	2	Moderate Density
Gateway Mixed Use (GMU)	n/a	n/a	1	Low-Rise
Commercial Mixed Use (CMU)	n/a	n/a	1,544	Low-Rise
Commercial Corridor (CC)	n/a	n/a	14	Moderate Density

Source: City of Port Orchard, Kitsap County, Heartland, Leland Consulting Group

Next, the combined capacity in each zone category is aggregated and each category is assigned to an assumed affordability level, based on the lowest potential income level which can be served in that zone category, per Commerce guidance and supplemented with the analysis of Port Orchard's current rents discussed previously in this report. The aggregated zone capacity and assumed affordability levels are shown below.

Figure 13. Additional Housing Capacity in Port Orchard on Vacant, Redevelopable, and Partially-Used Parcels

HB 1220 Zone Category	Typical Housing Types Allowed	Additional Unit Capacity	Assumed Affordability Level for Capacity Analysis (% AMI)
Low Density	Detached single-family homes	193	120% +
Moderate Density	Townhomes, duplex, triplex, quadplex	2,446	80-120%
Low-Rise	Walk-up apartments, condominiums (2-4 stories)	1,925	0-80%
Mid-Rise	Apartments, condominiums (4+ stories)	0	0-80%

Source: WA Department of Commerce, City of Port Orchard, Kitsap County, Heartland, Leland Consulting Group

Finally, pending units are added back in to the additional land capacity shown above and the total capacity and pending units are compared with the 2020-2044 aggregated housing needs for each income band from Kitsap County. The results are shown below in Figure 14. As shown, Port Orchard has sufficient capacity to meet projected housing needs at all income bands through 2044.

Figure 14. Port Orchard Housing Targets by Income Band, 2020-2044

Income Band	Housing Needs	Aggregated Housing Needs	Pending Units	Remaining Needs	Total Capacity	Surplus
0-30% AMI PSH	414	2,848	967	1,881	1,925	44
0-30% AMI Non PSH	944					
30-50% AMI	810					
50-80% AMI	680					
80-100% AMI	351	696	1,148	-452	2,446	2,898
100-120% AMI	345					
120% AMI +	1,399	1,399	2,363	-964	193	1,157
Total	4,943	4,943	4,478	465	4,565	4,100

Source: WA Department of Commerce, City of Port Orchard, Kitsap County, Heartland, Leland Consulting Group

Land Capacity for Emergency Housing

RCW 36.70A.070(2)(c) requires that, in addition to land capacity for permanent housing, jurisdictions also show sufficient land capacity for their allocations of emergency housing as part of their comprehensive plan updates. This section outlines the methodology and results of this analysis, which is based on the Emergency Housing Land Capacity Analysis Option B (assumed density method) as outlined on pp. 44-48 of the WA Department of Commerce's "Guidance for Updating Your Housing Element" (August 2023).²

The use table in Port Orchard Municipal Code Chapter 20.39.040 allows for "indoor emergency housing," and "indoor emergency shelter" in the NMU, CMU, DMU, CC, and CH zones. "Indoor emergency housing" is defined as *"temporary indoor accommodations for individuals or families who are homeless or at imminent risk of becoming homeless that are intended to address the basic health, food, clothing, and personal hygiene needs of individuals or families. Indoor emergency housing may or may not require occupants to enter into a lease or occupancy agreement."* "Indoor emergency shelter" is defined as *"a facility that provides a temporary indoor shelter for individuals or families who are currently homeless. An indoor emergency shelter may not require occupants to enter into a lease or an occupancy agreement. Indoor emergency shelter facilities may include day and warming centers that do not provide overnight accommodations."*

Per Commerce guidance, this analysis considers parcels in the NMU, CMU, DMU, CC, and CH zones which were classified as "Vacant" or "Underutilized" in the overall land capacity analysis as detailed above. Port Orchard does not have any intensity or spacing requirements for emergency housing which would limit the number of these potential parcels that could be used. Port Orchard also does not have any emergency housing development in the pipeline. After removing critical area acreage as detailed previously, the total net area in these five zones available for emergency housing is **73.9 acres**.

This acreage is then multiplied by a density assumption for potential emergency shelters, measured in beds per acre. The density assumption is based on a combination of prototypes drawn from the Commerce guidebook which most closely match staff expectations for the types of potential emergency housing that could be developed in Port Orchard under current zoning. Details and densities on the prototypes used and the percentage of each prototype used in generating the average density assumption of **29 beds per acre** are shown below.

² <https://deptofcommerce.box.com/s/1d9d517g509r389f0mjpowh8isjpirlh>

Figure 15. Density Prototypes for Port Orchard Emergency Shelter Land Capacity Analysis

Name	Location	Context	Zoning	Details	Beds	Acres	Density	
							(beds/acre)	Percentage
Tri-City Union Gospel Mission	Pasco	Urban	Light Industrial	1 story, parking, open space	162	6.30	25	45%
North King County Enhanced Shelter	Shoreline	Suburban	Mixed Business	1 story former nursing home, parking, open space	60	2.66	23	40%
The Gateway	Seattle	Urban	Commercial 1-55	3 story former hotel with parking	135	2.25	60	15%

Average Density for LCA:

29	100%
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Source: WA Department of Commerce, City of Port Orchard, Leland Consulting Group

Applying this density assumption to the available acreage by zone results in a capacity for **2,174 beds** on vacant and redevelopable parcels in zones where emergency housing is allowed in Port Orchard, as broken down below in Figure 16.

Figure 16. Emergency Shelter Capacity by Zone in Port Orchard, 2020-2044

Zone	Net Acres	Beds / Acre	Emergency Shelter Bed Capacity
NMU	0.3	29	9
CMU	43.7	29	1,285
DMU	0.3	29	8
CC	13.5	29	398
CH	16.1	29	474
TOTAL			2,174

Source: WA Department of Commerce, City of Port Orchard, Leland Consulting Group

Port Orchard’s target for emergency housing is 209 beds, as shown in the target allocations above in Figure 1. Therefore, the city has a **surplus capacity of 1,965 shelter beds** for the 2020-2044 planning period, as shown below in Figure 17.

Figure 17. Emergency Shelter Capacity and Target in Port Orchard, 2020-2044

Total Emergency Shelter Need (Beds)	Total Emergency Shelter Capacity (Beds)	Surplus/ Deficit
209	2,174	1,965

Source: Kitsap County, WA Department of Commerce, City of Port Orchard, Leland Consulting Group