

APPROVED

## CITY OF BREMERTON

### PLANNING COMMISSION MINUTES OF VIRTUAL MEETING May 16, 2022

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#### CALL TO ORDER:

Chair Tift called the regular meeting of the Bremerton Planning Commission to order at 5:30 p.m.

#### ROLL CALL

##### Commissioners Present

Chair Tift  
Vice Chair Rich  
Commissioner Coviello  
Commissioner Flemister  
Commissioner Mosiman  
Commissioner Pedersen

##### Staff Present

Andrea Spencer, Director, Department of Community Development  
Garrett Jackson, Planning Manager, Department of Community Development  
Sarah Lynam, Project Assistant, Department of Community Development

##### Commissioners Excused

Commissioner Wofford

*Quorum Confirmed*

#### CHAIR CALL FOR MODIFICATIONS TO AGENDA

The agenda was accepted as presented.

#### APPROVAL OF MINUTES

**COMMISSIONER MOSIMAN MOVED TO APPROVE THE MINUTES OF APRIL 18, 2022, AS PRESENTED. COMMISSIONER COVIELLO SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.**

#### PUBLIC MEETING

Call to the Public (public comments on any item not on the agenda)

Chair Tift invited comments from citizens on items not on the agenda. There were none.

#### Workshop: Twenty-Year Population Growth Targets and Real Estate Market Conditions

Mr. Jackson advised that this workshop is purely to provide the Commission with some community context to keep them informed. No action would be taken. He said that, due to a scheduling error, the presentation on commercial market conditions by Tiana Kleinhoff from Bradley Scott will need to be rescheduled. The current presentation will focus on Puget Sound Regional Council (PSRC) Growth Targets, demographic information, jobs and housing. He reviewed that the Staff Report

included several items. A booklet provided by the PSRC is a condensed version of the Vision 2050 Plan and will be a good resource to look back on as they proceed through Comprehensive Planning. The Comprehensive Housing Market Analysis was provided by the United States Department of Housing and Urban Development (HUD). It is current through 2021 and forecasts out to 2024. The Bremerton Market Study Summary from O'Connor Consulting Group, LLC was provided by the West Sound Group and contains information current as of February 2022 and projects out to 2026. The Kitsap County Housing Market Overview was prepared by Rosen Consulting Group and was presented at a Housing Summit on May 10<sup>th</sup> hosted by the Kitsap Realtor's Association. It is current as of May 2022.

Mr. Jackson reviewed the Vision 2050 Growth Targets, noting the following:

- The base number of people in the region is expected to increase from 4.3 million to 5.8 million by 2050. Jobs are expected to increase from 3.2 million to 3.4 million by 2050. The increase for Bremerton is forecasted to be 33,000 additional people and 20,000 additional jobs.
- A goal of Vision 2050 is that 65% of all projected growth should occur in the regional centers and high-capacity transit areas. The City is planning for the majority of its growth to occur in centers.
- The intent is that 2 million people will be connected by high-capacity transit.
- The collection of population growth in centers and greater utilization of transit is supposed to lead to an 80% reduction in emissions from 1990 levels.

Next, Mr. Jackson shared the following demographic information for Kitsap County from 2016 through 2021:

- **Population.** Per the 2020 United States Census, the population of Kitsap County is approximately 269,000 people, and the population of Bremerton was a little over 41,000. The County's population is expected to grow to nearly 285,000 or 4.1% by 2024. By comparison, the national growth rate is about 2.7% and Seattle's growth rate is 4.4%. Most of the increase in population growth is caused by an increase in in-migration as opposed to net-natural change (births minus deaths), which continues to decrease in the County. Population estimates can be difficult to predict, as there is high variability due to the military population. From 2014 through 2018, about 40% of all net domestic in-migration to Kitsap County originated from the Seattle Metropolitan Service Area.

In 2018, 29% of Kitsap County residents (27,000) commuted to King County. Among the workers in the County who earned more than \$40,000 annually, approximately 37% commuted to King County. The number of workers in Kitsap County who have commutes of more than 1 hour increased by 30% from 2010. Migrants from the Seattle area are attracted to the lower relative cost of housing in Kitsap County. The average existing home sale price in Kitsap County in 2018 was 39% lower than in King County, and the price differential between the two areas has only increased.

- **Demographics.** From 2010 through 2020, the number of people 65 and older increased more than 100%. For those in their 60s, the average growth was 4% from 2010 to 2019 compared to an overall annual increase of 1% in the same time period. As a result, cohorts in their 60s increased from 17.4% of the County's population to over 22%. There was a decrease in population in the 35 to 44 age range. However, nationally, the 30 to 39 age group is expected to increase by 4.4 million from 2020 to 2030.
- **Jobs.** Approximately 70% of private sector job losses during the 4<sup>th</sup> quarter of 2020 occurred in the leisure and hospitality sector, which declined by about 1,800 jobs. During that same quarter, jobs in the federal government sector increased by 2,000 or 9.8%, with at least half occurring at Naval Base Kitsap in Bremerton. The number of workers who live in Kitsap County is approximately 34% higher than the number of jobs. It is anticipated there will be job increases throughout the County in 2022, 2023 and 2024, particularly in leisure and hospitality, retail trade and transportation. However, this growth will be contingent on the level of pandemic restrictions.

The County's unemployment rate doesn't have quite the extremes of the national unemployment rate, as the federal government's large employment base insulated the County's economy through both the pandemic and the previous recession. In the County, the unemployment rate increased from about 4.6% in 2019 to 7.5% in 2020, with the increase concentrated in the 2<sup>nd</sup> quarter of 2020 when the unemployment rate averaged 12%. The unemployment rate at the end of 2021 was 5.7%, and the national unemployment rate was 6.5%. Currently, Naval Base Kitsap employs about 34,000 people in the County, followed by Virginia Mason Franciscan Health with about 2,500 employees. The federal

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government employment as a share of total employment is 20% in Kitsap County. In Washington D.C. and other military installations, the share of employment is much smaller. Uniformed personnel stationed in Kitsap County has increased by about 5,000 since 2010, which can have other repercussions since 75% of them reside in private, off-base housing. A number of expansions have occurred at the base that provided a lot of employment opportunities, and there is an estimated backlog of \$4.6 billion through 2026. In addition, the 20-Year Shipyard Modernization Plan has an estimated \$21 billion, and Puget Sound Naval Shipyard's share is likely to have \$5 billion for improvements.

- **Housing.** In 2010, the percentage of rental units that were single-family homes was about 46%, duplexes and 4-plexes about 15% and multi-family units of five or more about 35%. From 1981 to 1999, over 20% of the housing stock that was built was single-family homes, and a larger number of multi-family development was built between 1981 to 1999 than between 2000 to 2020. The O'Connor Consulting Group estimates that hundreds of units are forecast to be delivered between now and 2026, but the Rosen Consulting Group presentation points out that this may be a bit of a misnomer. They point out that the number of submitted permits peaked in 2021, making it appear that the City could expect an uptick in housing units delivered going forward. However, the number might be inflated, as they suspect that more permit applications were submitted by developers in 2021 to avoid impact fee increases. It was noted via the Zoom chat box, that the O'Connor Group assigns probability of delivery, as well. Director Spencer clarified that, while they might have a submittal of 800 permits, the forecast says 361.

It is expected that the number of new housing units will not keep pace with the needs of households. From 2015 to 2020, about 8,000 households were grown in Kitsap County, versus an increase in housing stock of about 5,000. The County was able to absorb those numbers, likely via non-traditional type housing, but the need for new housing units will likely be even greater than forecasted. The lack of adequate housing stock has led to increases in rent and house prices. Due primarily to low vacancy rates, average rents increased by 109% from 2010 to 2019 and income only increased by about 59%, and the vacancy rate in Kitsap County has now dipped below that of Seattle.

Kitsap County home prices increased by about 112% between 2010 and 2019, which led to a decrease in the share of households that can afford a median price home. Almost 60% of all households could afford to purchase a median-priced home in 2010, but that number decreased to about 30% by 2020. In 2010, about 30% of renting households could afford to purchase a median-priced home, as opposed to about 20% in 2020. According to HUD, a household is considered cost-burdened if more than 30% of its income is dedicated toward housing expenses. Currently, over 37% of individuals in the County pay more than 35% of their income toward housing and 11% are paying between 30% and 35%.

The HUD Report lists ways to ease the problem, with the first being to create more housing in general, and specifically more affordable housing. The leading source of new affordable housing in the country is the Low-Income Housing Tax Credit (LIHTC). About 650 LIHTC units have been added in the County since 2000. In addition, project-based rental assistance or housing-choice vouchers are available through HUD or the Bremerton Housing Authority who directly contract with private landlords to provide affordable homes to low-income tenants. There are also some statewide programs that include up to \$10,000 in down-payment assistance for veterans, people with disabilities and first-time homeowners. The Rosen Housing Group recommended that the City allow development at higher densities, particularly on single-family parcels. This could include upzoning single-family parcels to allow for duplexes and triplexes. They further recommended that the City emphasize increased densities for populations, jobs and retail along transit corridors, which the City is already doing via its "center" approach to zoning. They noted that these changes could be implemented while maintaining the character of the existing neighborhoods if carefully planned.

**Commissioner Mosiman** referred to the slides that listed employment numbers for specific employers and suggested it would have been helpful to have data for local government employment, including the school districts. **Director Spencer** agreed and noted that the school district has a significant number of employees, and the City employs 359 people. **Mr. Jackson** said a graph was included in the Staff Report that teases out the number of local government employees at 12% of employment, however, he isn't sure that number includes school district employees. He agreed to check and provide clarifying information to the Commission.

**Commissioner Coviello** said he understands the shipyard is tentatively expected to receive millions of dollars in upgrades, etc. He asked when the money would be available and what type of employment it would bring to the region. Will it bring in

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contractors for longer periods of time? If so, what amount of pressure will that put on the City's housing and service markets? **Chair Tift** said he isn't sure where the O'Connor Group got its information relative to the shipyard and PSNS, but there appear to be some inaccuracies. He suggested that staff reach out to the shipyard to validate some of the assertions. He agreed that a significant amount of money is earmarked for the shipyard. While employment at the shipyard, itself, isn't expected to grow a lot, bringing in contractors to do the construction will significantly increase the personnel in the area. The federal government's procurement rules require that much of the construction be given to local contractors. Whether they come from the County or neighboring counties, he anticipates there will be a significant increase in personnel. Much of the construction will take place in the downtown area. He suggested the Commissioners and staff research what it took to build the last large dry dock that was added to the shipyard in 1962. **Commissioner Coviello** suggested that projects at the shipyard and PSNS could drive some of the housing preferences. **Chair Tift** said there is already quite a large contractor population that supports the Navy in Bremerton, and he anticipates that number will increase moving forward.

## **BUSINESS MEETING**

### **Chair Report**

**Chair Tift** welcomed Commissioner Coviello to the Commission.

### **Director Report**

**Director Spencer** thanked Commissioner Coviello for volunteering to serve as a new Commissioner. She reminded the Commissioners that their next meetings will be on June 27<sup>th</sup> and July 18<sup>th</sup>. The City Council has decided to remain in remote status rather than implementing a hybrid format, and the Commission will do the same. The Council won't revisit that determination until July 20<sup>th</sup>. The Commission usually takes the month of August off, which means the Commission won't transition to a hybrid format until at least September.

**Director Spencer** announced that the City Council unanimously approved the changes the Commission recommended for the Eastside Village Subarea Plan, and people can now make permit applications under the new code. **Chair Tift** noted that the plan was updated just in time, as *The Kitsap Sun* recently announced the developer's plans for the old Harrison Hospital Campus.

### **Old Business**

There was no old business.


### **New Business**

**Chair Tift** announced that the Armed Forces Day Parade is May 28<sup>th</sup>. He said he's excited that the event will resume following its absence during the pandemic.

## **ADJOURNMENT**

The meeting was adjourned at 6:22 p.m.

Respectively Submitted by:

  
Andrea L. Spencer, AICP  
Executive Secretary

  
Rick Tift, Chair  
Planning Commission

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