

The City, through the Harbor Commission, is working to create a legitimate marina in the open area in Eagle Harbor as part of the implementation of the Harbor Management Plan, for the low-income, permanent anchored out live-aboard community. The Plan will include anchoring and mooring areas and installation of permanent mooring buoys, 25% of which would be designated for live-aboards at affordable rents. The City is currently negotiating with the Department of Natural Resources to secure a master lease that would allow the permanent mooring buoys to be affixed to the harbor bottom.

### **Inventory of Market Rate Rental and Rent Assisted Multifamily Units**

The City tracks the inventory of multifamily rental units with a phone survey. Conducted on a fairly regular basis, the survey polls those buildings or projects with five or more units (the U.S. Department of Housing and Urban Development's definition of multifamily). For example, the four-plexes in the Western View Terrace complex are included in the survey because there are seven buildings, even though not all buildings are in common ownership. **Tables 7a – 9b**, below and on following pages detail the November 2002 survey results.

The survey excludes duplexes, triplexes, stand-alone four-plexes and condominiums, which the City tracks separately as multifamily and reports annually to the State Office of Financial Management. (The current count on condominiums drawn from Assessor records is 610, up 68% from the 362 cited in the September 1, 1994 Housing Needs Assessment. Eleven condominiums, the Island Dawn project, are currently under construction on High School Road.)

**Table 7a: Market Rate Multifamily Units**

Table 7a: Market Rate Multifamily Units <sup>1</sup>											
	Total Units	Type <sup>2</sup>	Studios	Rent / Mo.	1BRs	Rent / Mo.	2 BRs	Rent / Mo.	3 BRs	Rent / Mo.	Vacant
<b>Market Rate</b>											
550 Madison	13	I & F			10	\$500	3	\$650		\$0	0
Eagle's Nest Apts	40	I & F			28	\$665	12	\$775			1
Island Homestead Apts	75	I & F					75	\$1,023			6
Lynnwood Commons	30	I & F	9	\$850	9	\$950	12	\$1,350			28
Park View Apartments	12	I & F					11	\$550	1	\$550	0
Quay Bainbridge	72	I & F			38	\$750	25	\$850	9	\$950	3
Sea Breeze	6	I & F			5	\$625	1	\$840			
Victorian Lane	10	I & F			4	\$800	4	\$1,200	2	\$1,700	1
Western View Terrace	8	I & F					8	\$625			0
Western View Terrace	8	I & F					8	\$723			0
Western View Terrace	4	I & F					4	\$675			0
Winslow Manor Apts	39	Seniors			1	\$775	38	\$858			4
<b>Totals</b>	<b>317</b>		<b>9</b>		<b>95</b>		<b>201</b>		<b>12</b>		<b>43</b>
Source: Phone interviews conducted in November, 2002											
1. Apartments described as "market rate" have no financial or direct subsidies attached to the building(s).											
2. I & F = Individuals and Families											

Assisted Living.

By far the most expensive multifamily rentals on Bainbridge in the November 2002 survey were in the assisted living projects, renting from \$1,750 for a studio to \$3,000 for a 2-bedroom unit (**Table 7b**). Although included in the multifamily phone survey, the assisted living rents cannot be directly compared to the market-rate multifamily units as they provide meals and 24-hour staff plus a range of services residents can purchase, including medication management and assistance with the activities of daily living such as bathing and dressing. The assisted living data are not included in the multifamily summaries that follow, other than in the table below.

**Table 7b: Market Rate Assisted Living Units**

Table 7b: Assisted Living											
	Total Units	Type <sup>2</sup>	Studios	Rent / Mo.	1BRs	Rent / Mo.	2BRs	Rent / Mo.	3BRs	Rent / Mo.	Vacant
Madison Avenue Retirement Center	54		14	\$1,750	36	\$2,200	4	\$2,450			0
Wyatt House	43		7	\$1,800	34	\$2,000	2	\$3,000			0
<b>Totals:</b>	<b>97</b>		<b>21</b>		<b>70</b>		<b>6</b>		<b>0</b>		<b>0</b>
<b>% of Total Units</b>	<b>100%</b>		<b>22%</b>		<b>72%</b>		<b>6%</b>		<b>0%</b>		

Source: Phone interviews conducted in November, 2002

**Table 8: Rent Assisted Multifamily Units**

Table 8: Rent Assisted Multifamily Units													
	Total Units	Type <sup>1</sup>	Studios	Rent / Mo.	1BRs	Rent / Mo.	2 BRs	Rent / Mo.	3 BRs	Rent / Mo.	Vacant	Subsidy Type <sup>2</sup>	
Finch Place Apts	29	Senior			29	\$574						USDA - Rural Development	
Virginia Villa Apts	40	Senior			36	\$474	4	\$514			0	USDA - Rural Development	
Winslow Arms Apts	60	Senior	1	\$580	53	\$656	6	\$768			6	Section 8 qualified	
Island Home	11	I & F					4	\$711	6	\$916	0	Project Based Section 8 Certificates	
Island Terrace Apts	48	I & F			12	\$445	36	\$510			1	USDA - Rural Development	
Rhododendron Apts	50	I & F			38	\$545	12	\$670			2	USDA - Rural Development	
VillageHome	11	I & F	11	\$523							0	HOME <sup>3</sup>	
Western View Terrace	8	I & F					8	\$545			1	None	
<b>Totals</b>	<b>257</b>		<b>12</b>		<b>168</b>		<b>70</b>		<b>6</b>		<b>10</b>		

Source: Phone interviews conducted in November, 2002

1. I & F = Individuals and Families

2. Apartments described as "subsidized" have been developed through some form of subsidy attached to the units, such as low interest loans, grants, tax credits or unit based certificates.

3. FMR unit rented to tenant w/income at or below 80% of AMI; balance of units rented to tenants w/ incomes at/below 50% Area Median Income

Summary of Multifamily Rental Inventory

Bainbridge has twelve market rate, multifamily rental projects with 317 units, comprising 55% of the multifamily apartment inventory. The eight rent-assisted projects add 257 units, or 45% of the multifamily rental inventory for a total of 574 units. The average rents for each housing type, based on the number of bedrooms, are shown in **Table 9a**. One and two-bedroom units make up 93% of all units. Studios and three-bedroom units are in very short supply.

**Table 9a: Summary of Multifamily Units & Average Rents**

Table 9a: Summary of Multifamily Units and Average Rents <sup>1</sup>										
Multifamily Projects	Total Units	%	Studios	Average Rent/Mo	1BRs	Average Rent/Mo	2 BRs	Average Rent/Mo	3 BRs	Average Rent/Mo
Market Rate Units <sup>2</sup>	317	55.2%	9	\$850	95	\$713	201	\$911	12	\$1,042
Rent Assisted Units <sup>3</sup>	257	44.8%	12	\$528	168	\$563	70	\$575	6	\$916
<b>Total All Units</b>	<b>574</b>	<b>100%</b>	<b>21</b>		<b>263</b>		<b>271</b>		<b>18</b>	
<b>% of Total Units</b>		<b>100%</b>	<b>4%</b>		<b>46%</b>		<b>47%</b>		<b>3%</b>	

1. The rent shown in this table are the weighted averages of survey rents.

2. Apartments described as "market rate" have no financial or direct subsidies attached to the building(s).

3. Apartments described as "rent assisted" have been developed through some form of subsidy attached to the units, such as low interest loans, grants, tax credits or unit based certificates.

**Table 9b: Summary of Multifamily Rents 2000 to 2002**

Table 9b: Summary of Multifamily Rents (weighted averages) 2000 - 2002						
Unit Type		FY 2000	FY 2001	FY 2002	Change '00 - '02	% Change
Market Rate	Studios	\$0	\$0	\$850	\$850	\$0
	1 BR	\$642	\$695	\$713	\$71	11.1%
	2 BR	\$818	\$862	\$911	\$93	11.4%
	3 BR	\$898	\$783	\$1,042	\$144	16.0%
Rent Assisted	Studios	\$612	\$612	\$528	-\$84	-13.7%
	1 BR	\$516	\$538	\$563	\$47	9.1%
	2 BR	\$526	\$545	\$575	\$49	9.3%
	3 BR	\$685	\$857	\$916	\$231	33.7%

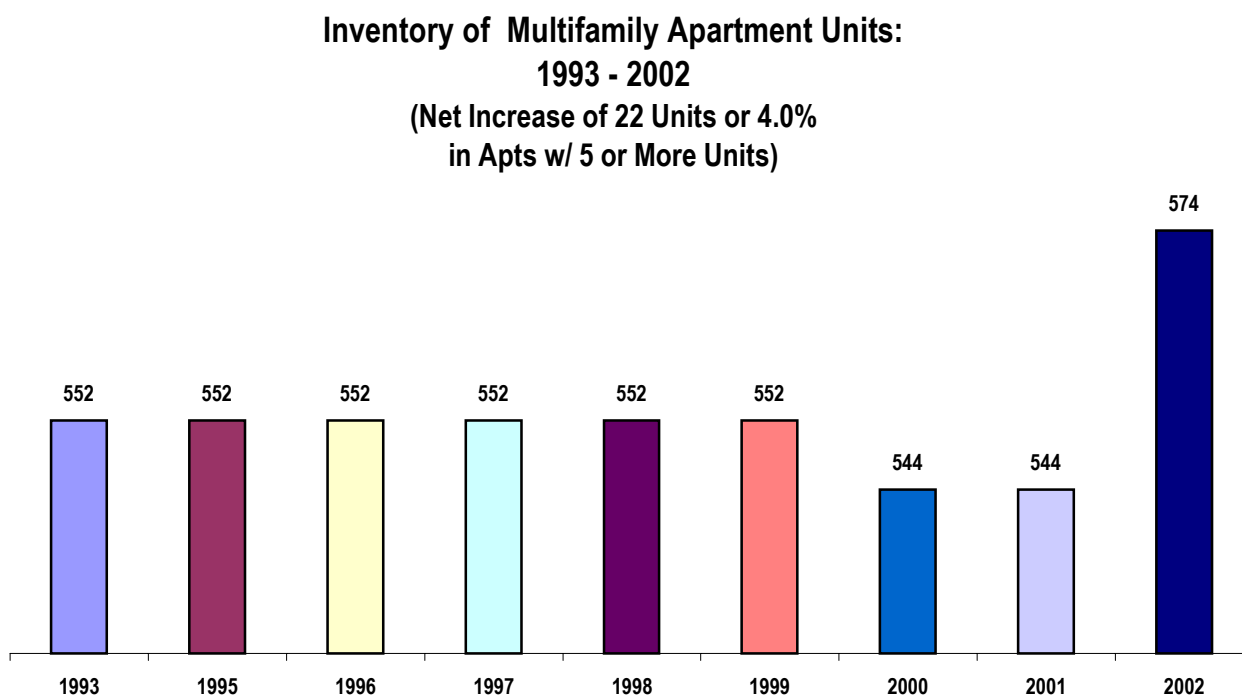
Source: City's Multifamily Apartment Surveys

The average market rate rent data, gathered in the City's multifamily apartment surveys between 2000 and 2002, shows double digit increases for all unit sizes ranging from 11% for one and two-bedroom units to 16% for three-bedroom apartments as shown in **Table 9b**, above. Rent-assisted units followed a more uneven course, with the average rent for studios dropping \$84 or 13.7%, one and two-bedroom units gaining 9% and three-bedroom apartments increasing by one-third.

### Growth in Multifamily Apartment Units

Based on the City's multifamily apartment rental surveys of buildings or developments with 5 or more units, the net gain in units on Bainbridge, between January 1993 and December 2002, was 22 units or 4%. Although 41 new units were constructed (Village Home on Erickson with 11 units completed in 2000 and Lynwood Commons with 30 units in three buildings completed in 2002), 19 modestly priced rental units in the Driftwood Apartments on South Beach Drive were lost to a condominium conversion in 2000. **Chart F** shows the change in the inventory of multifamily apartment units. Housing Resources Board (HRB), a local non-profit housing provider, will add nine multifamily units to the inventory late this year. The project, JanetWestHome, is located on Knechtel and currently under construction.

**Chart F: Inventory of Multifamily Apartment Units 1993 – 2002**



### Historically Low Vacancy Rate.

Since 1993, the City has conducted a fairly regular survey of multifamily apartment buildings and/or complexes of five or more units, gathering bedroom sizes, average rents, vacancy tallies and other information. The City's survey, to be consistent with the definition of multifamily housing used by the U.S. Department of Housing and Urban Development, does not include duplexes, triplexes, and four-plexes.

According to the available survey data for 1993 through 2002, which is summarized in **Table 32** in the Appendix, the vacancy rate in established projects was generally 1% or less, except in 1993 and 2002, when newly constructed projects were in the rent-up phase. These vacancy rates are well below 5%, the

percentage generally assumed to indicate a healthy rental market with a balance in supply and demand, documenting that the demand for apartments on Bainbridge generally exceeded the supply.

2002 Vacancy Rate.

Excluding the vacancies in the newly constructed Lynwood Commons, the vacancy rate in 2002 was 4.6%, an uncommonly high rate for Bainbridge Island. Several vacancies were a result of the death of long term residents, while others were attributed to the lagging economy, prompting apartment managers to offer rent incentives to prospective tenants.

Multifamily Rents (weighted averages)

The 2002 surveyed market rate rents ranged from \$713 to \$1,042. Rent-assisted units rented for under \$600 per month except for the 3 bedroom units, which averaged \$916.

Commitment on Rent Assisted Multifamily Projects

Bainbridge Island has nine rent assisted projects that received funds in whole or in part from Federal, State and/or local agencies. In exchange for favorable financing terms, the property owner commits to providing the housing to a targeted population for a specific term. Commitments can run from 20 to 50 years depending upon the funding source. Federal funding sources include the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture (USDA). Bainbridge Island’s local financing source is the Housing Trust Fund, established by ordinance in 1999.

Local jurisdictions have priority purchase rights for the USDA projects through the Housing Preservation Section of the Federal Housing Act of 1990 before they are offered on the open market. The USDA projects must provide a one-year notice of intent to pre-pay the loan with notices being sent to the City and Kitsap County Consolidated Housing Authority. **Table 10** shows the date each project’s current commitment expires.

**Table 10: Duration of Commitment on Rent Assisted Multifamily Projects**

Table 10: Duration of Commitment in Rent Assisted Multifamily Projects			
Project	Type of Subsidy	# of Units w/Subsidy <sup>1</sup> .	Expiration Date (approx)
550 Madison	Combination	13	January 1, 2023
Finch Place	USDA - "Rental Assistance"	14 <sup>1</sup> .	December 1, 2006
Island Terrace	USDA - "Rental Assistance"	7 <sup>1</sup> .	January 1, 2006
Islandhome	Combination	11	December 1, 2031
JanetWestHome	Combination	9	January 1, 2053
Rhododendron Apts.	USDA - "Rental Assistance"	50 <sup>1</sup> .	January 1, 2016
VillageHome	Combination	11	August 9, 2048
Virginia Villa	USDA - "Rental Assistance"	20 <sup>1</sup> .	April 1, 2010
Winslow Arms <sup>2</sup> .	HUD - "Sec 8"	60	April 1, 2001
1. As of 6/2003. USDA's Rental assistance is applied for each year by property owner and based on tenants' need.			
2. Although long-term commitment is expired, owner renews Section 8 annually. Manager knows of no plans to stop renewing.			

Multifamily Rental Unit Mix (Existing & Under Construction) and Potential Demand from HRB's Waiting List

**Table 11** tallies Bainbridge's rental units by bedroom size in the categories of existing market rate and rent-assisted units, and rent-assisted units currently under construction. HRB maintains a waiting list of individuals and families who contact them for affordable rental housing. Their current waiting list contains 62 households (individuals and families). Thirty-four of these households, or 54.8%, indicated they lived on Bainbridge Island. Eleven of the 62 households had a disabled member; seven of the 11 disabled households lived on Bainbridge at the time of their request for housing. Eleven households on the waiting list worked on Bainbridge, based on their listing a Bainbridge number for their work phone. Forty-five percent (28 households) requested three and four-bedroom housing.

Currently there are no four-bedroom units in the multifamily rental inventory and only three percent, or 19, three-bedroom multi-family rental units. Seven of the three-bedroom units are rent-assisted and operated by Housing Resources Board.

**Table 11: Existing Multifamily Unit Mix and Potential Demand from HRB's Waiting List**

Table 11: Existing Multifamily Unit Mix & Potential Demand from HRB's Waiting List											
<b>Existing Market Rate Projects</b>		Studios	1 BR	2 BR	3 BR	4 BR	Total	% of Existing			
Market Rate Units		9	95	201	12	0	317	55%			
Total Existing Market Rate		9	95	201	12	0	317				
<b>Existing Rent Assisted Projects</b>											
Housing Resources Board		11	0	12	7	0	30	5%			
Other Rent-Assisted		1	168	58	0	0	227	40%			
Total Existing Rent Assisted		12	168	70	7	0	257				
<b>Total Existing Market Rate + Rent Assisted</b>		<b>21</b>	<b>263</b>	<b>271</b>	<b>19</b>	<b>0</b>	<b>574</b>	<b>100%</b>			
%		4%	46%	47%	3%	0%	100%				
<b>Assisted Projects Under Construction</b>										<b>Waiting List</b>	
HRB's JanetWestHome			8	1			9		Bainbridge Resident <sup>1</sup>	Works on Bainbridge <sup>2</sup>	Disabled Household
Total Existing + Under Construction		21	271	272	19	0	583		34	11	11
<b>HRB's Waiting List for Assisted Housing</b>		0	16	18	24	4	62		54.8%	17.7%	17.7%
%		0%	26%	29%	39%	6%	100%				

Source: Housing Resources Board. Waiting list data represents unduplicated housing requests between April 2002 and June 5, 2003

1. Bainbridge Island phone number listed for home phone.
2. Bainbridge Island phone number listed for work phone number.
3. Includes two single-family homes (Sadie Woodman and ForestHome) not included in other multi-family unit numbers.

## **Housing Condition**

In the September 1, 1994 Housing Needs Assessment, the City had determined that the condition of the housing stock on Bainbridge Island would be difficult to assess without a complete field survey. Although the Kitsap County Assessor database had a field for the condition of housing units, these fields were not kept in a consistent manner. Therefore, the City elected to identify those census blocks in the 1990 Census where 25% or more of the housing was constructed prior to 1940.

A field survey of the resulting five census blocks concluded there were "no appreciable numbers of substandard units...[and]...turn-of-the-century homes, in general, are highly sought after and most have been substantially rehabilitated. A few, widely-scattered, substandard houses can be identified by windshield survey but unless a comprehensive door-to-door survey is undertaken, it is difficult to make any statements about housing condition, in general." The City has not updated their field survey since 1994.

Of greater concern is the increasing percentage of income needed for housing, which can leave fewer dollars for repairs and maintenance. Housing occupied by lower income handicapped and senior households is at the greatest risk of falling into disrepair.

Based on an informal survey conducted by Housing Resources Board (HRB) in 2000 of local churches and social service providers, an estimated 200 Island households were in need of assistance with home repairs and maintenance. In response, HRB initiated the Independent Living Program (ILP), which is funded primarily by the City's Housing Trust Fund. The ILP, by addressing needed repairs and the removal of architectural barriers, allows these individuals and families to remain in their homes. To date several dozen eligible households have been assisted.

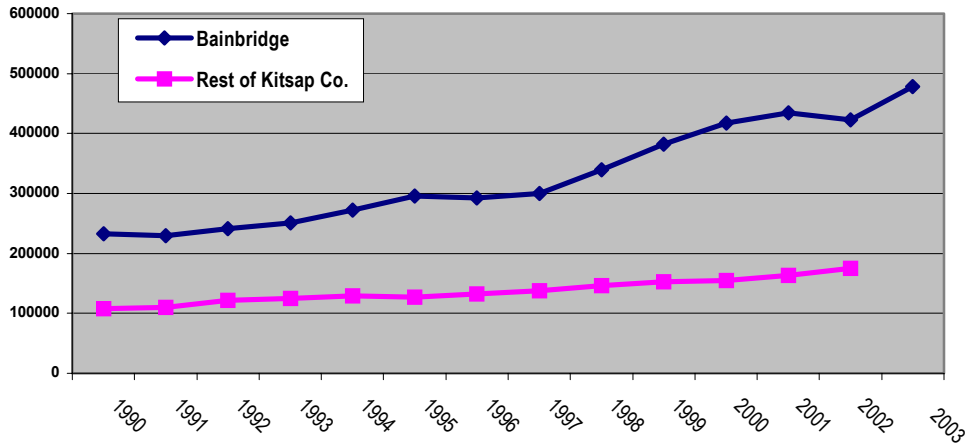
## **Home Prices**

### *Average Home Sales Prices*

The average home sale prices on Bainbridge Island and in the rest of Kitsap County rose between 1990 and 2003 (See **Chart G** and **Table 23** on the following page). While Kitsap home prices experienced modest gains, the average Bainbridge home price escalated dramatically from \$ 232,687 to \$478,000.

**Chart G - Average Home Sales Prices**

**Average Home Prices  
1990 - 2003**



Source: Kitsap County TRENDS Report Spring 1997 & 2002; Bainbridge Island Review

**Table 12: Average Home**

	Bainbridge	Kitsap	Price Difference	Bainbridge Price "Premium"	Change in Bainbridge Price	% Change	Change in Kitsap Price	% Change
1990	\$232,687	\$107,634	\$125,053	216.2%				
1991	\$229,132	\$109,946	\$119,186	208.4%	-\$3,555	-1.5%	\$2,312	2.1%
1992	\$240,836	\$121,398	\$119,438	198.4%	\$11,704	5.1%	\$11,452	10.4%
1993	\$251,248	\$125,134	\$126,114	200.8%	\$10,412	4.3%	\$3,736	3.1%
1994	\$272,412	\$129,002	\$143,410	211.2%	\$21,164	8.4%	\$3,868	3.1%
1995	\$295,680	\$127,221	\$168,459	232.4%	\$23,268	8.5%	-\$1,781	-1.4%
1996	\$292,739	\$132,414	\$160,325	221.1%	-\$2,941	-1.0%	\$5,193	4.1%
1997	\$300,480	\$138,171	\$162,309	217.5%	\$7,741	2.6%	\$5,757	4.3%
1998	\$339,973	\$146,791	\$193,182	231.6%	\$39,493	13.1%	\$8,620	6.2%
1999	\$382,044	\$153,070	\$228,974	249.6%	\$42,071	12.4%	\$6,279	4.3%
2000	\$416,975	\$154,285	\$262,690	270.3%	\$34,931	9.1%	\$1,215	0.8%
2001	\$434,697	\$163,557	\$271,140	265.8%	\$17,722	4.3%	\$9,272	6.0%
2002	\$423,115	\$175,554	\$247,561	241.0%	-\$11,582	-2.7%	\$11,997	7.3%
2003 <sup>2</sup>	\$478,000				\$54,885	13.0%		
<b>Change 1990 - 2003</b>				<b>\$245,313</b>				<b>\$67,920</b>
<b>Bainbridge Annualized Growth ('90-'03 = 5.81%) '90-'02 =</b>				<b>4.83%</b>	<b>Change 1990 - 2002</b>		<b>Kitsap Annualized Growth</b>	<b>4.16%</b>

1. Source: 1990 thru 1996 - Kitsap County Real Estate TRENDS, Spring 1997, Volume X, page 15; 1997 thru 2001 - Kitsap County Trends Report, Spring 2002, Volume XX, page 35; 2002 Prices provided by Richards & Associates, Inc. who prepared them for

2. The average May 2003 closing price. Source: Bainbridge island Review, Saturday June 7, 2003, "Home prices see wild surge" by John Waldo.

In the September 1, 1994 the City's Housing Needs Assessment, utilizing information in the Kitsap County TRENDS Reports (<http://www.kccha.com/Trends.html>), reported on the median home price for Bainbridge Island and the County. Published on a semi-annual basis around June and December each year, the TRENDS Report switched from documenting the median to the average home sale prices sometime after 1994. Therefore, all home prices in this assessment reflect the average unless otherwise indicated.

In 1990 the difference in the average home sale price between Bainbridge Island and Kitsap County was just over \$125,000. By 2002 the price differential had almost doubled to \$247,561, despite three years on Bainbridge where the average home sale price dropped.

The 2002 average home sale price on Bainbridge Island increased by a factor of 1.82 from the 1990 average home sale price (\$232,687 to \$423,115). Then by May of 2003 the average home sale price had jumped 13% to \$478,000, according to Bainbridge Review<sup>1</sup>. (See **Table 12** on the next page.)

During the same 12-year period, 1990 – 2002, the average price in the rest of Kitsap County increased by in \$67,920, a 63% increase. The annualized growth rates for Kitsap County and Bainbridge Island were 4.16% and 4.83% respectively. For the period 1990 to 2003, the annualized growth rate for Bainbridge was 5.81%.

### **Average New Home Prices**

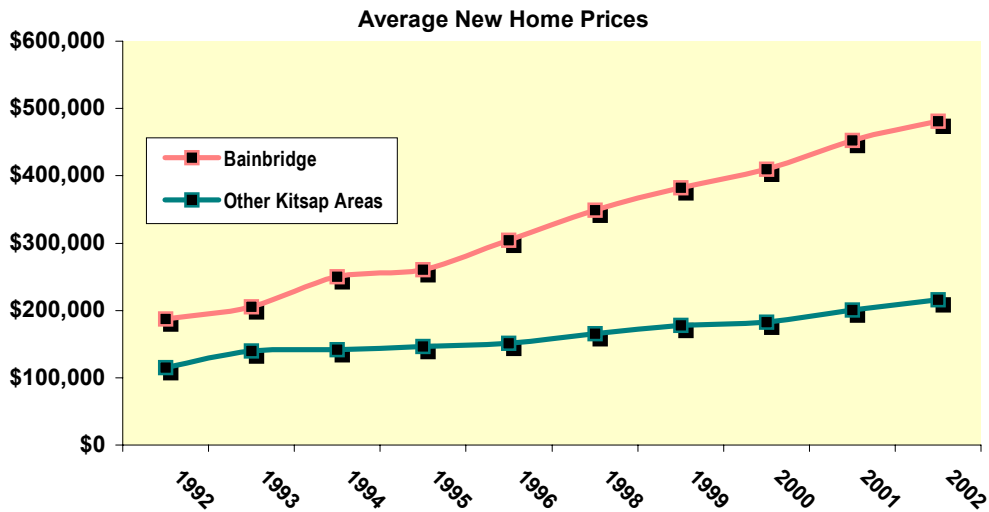
The average **new** home price on Bainbridge between 1992 and 2002 increased from \$186,940 in 1992 to \$481,114 by 2002, an annualized rate of 9.9%. The average **new** home price in the rest of Kitsap County grew by a more modest 6.51% annualized rate. (Please see **Chart H** on the following page and **Table 35** on page 56.) The average home price on Bainbridge did not keep pace with the average **new** home price, increasing by an annualized rate of 4.83%. Overall, during that ten-year period the Bainbridge average **new** home price increased just over \$294,000 compared to the \$101,140 in the rest of Kitsap, making the rest of Kitsap significantly more affordable than Bainbridge.

**Chart H** on the following page illustrates the sharp contrast in the growth of the average **new** home price between Bainbridge and the rest of Kitsap County between 1992 and 2002, documenting the increasing affordability gap on Bainbridge versus the rest of Kitsap.

---

<sup>1</sup> "Home prices see wild surge" by John Waldo. Bainbridge Island Review, Saturday June 7, 2003

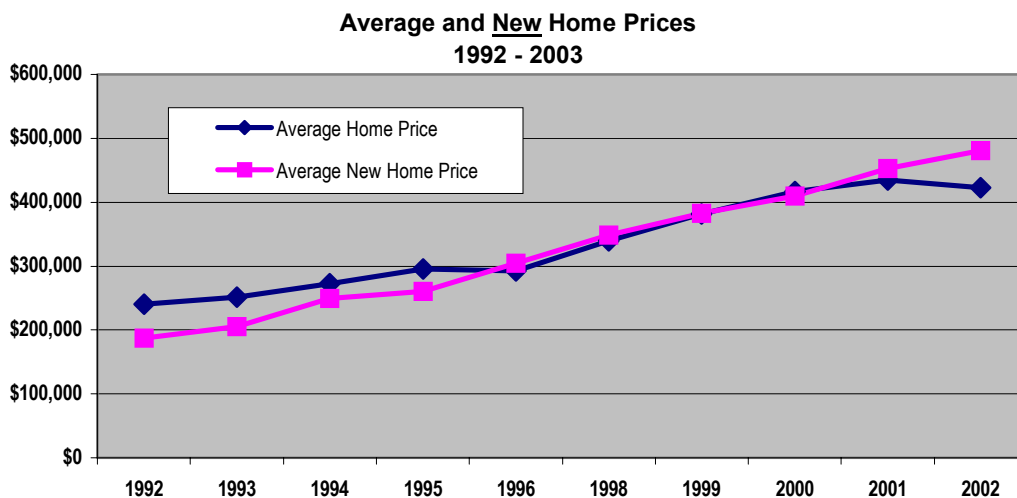
**Chart H- Average New Home Prices**



**Average Vs. New Home Prices**

In 1992 the average **new** home price on Bainbridge was less expensive than the average home price (\$186,940 versus \$240,836). By 1996 the average **new** home price exceeded the **average** home price on Bainbridge and kept the lead until 2000 regaining and keeping the lead again in 2001. (**Chart I**)

**Chart I - Comparison of Average and New Home Prices on Bainbridge**



Source: Kitsap County TRENDS Report Spring 1997 & 2002

## Single-Family Home Sales

Bainbridge single-family homes sales went from a low of 270 sales in 1993, peaked at a high of 481 in 1998 and tapered off in the following years. The sales volume in the rest of Kitsap County has also been more volatile, as shown in the **Table 13** and **Chart J**, below.

**Table 13: Single-Family Sales (New & Used)**

Table 13: Single Family Sales (New & Used)										
<b>Bainbridge Island (no Condominiums)</b>										
Sales	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Bainbridge	270	322	279	320	359	481	472	418	384	419
Change		52	-43	41	39	122	-9	-54	-34	35
% Change		19.3%	-13.4%	14.7%	12.2%	34.0%	-1.9%	-11.4%	-8.1%	9.1%
<b>Kitsap County Less Bainbridge Island (no Condominiums)</b>										
Sales	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Kitsap County	2,995	3,075	2,855	2,650	2,660	3,276	3,532	3,439	3,753	3,761
Bainbridge	270	322	279	320	359	481	472	418	384	419
Net of B.I.	2,725	2,753	2,576	2,330	2,301	2,795	3,060	3,021	3,369	3,342
Change		28	-177	-246	-29	494	265	-39	348	-27
% Change		1.0%	-6.4%	-9.5%	-1.2%	21.5%	9.5%	-1.3%	11.5%	-0.8%

Source: Kitsap TRENDS Report

**Chart J - Home Sales – Bainbridge Island & Kitsap County**

