

DATE: September 29, 2023
TO: Comprehensive Plan Update Team (including Kitsap County, LDC, Watershed, etc.)
FROM: ECONorthwest
SUBJECT: Final Housing Analysis findings, Kitsap County Comprehensive Plan

Introduction

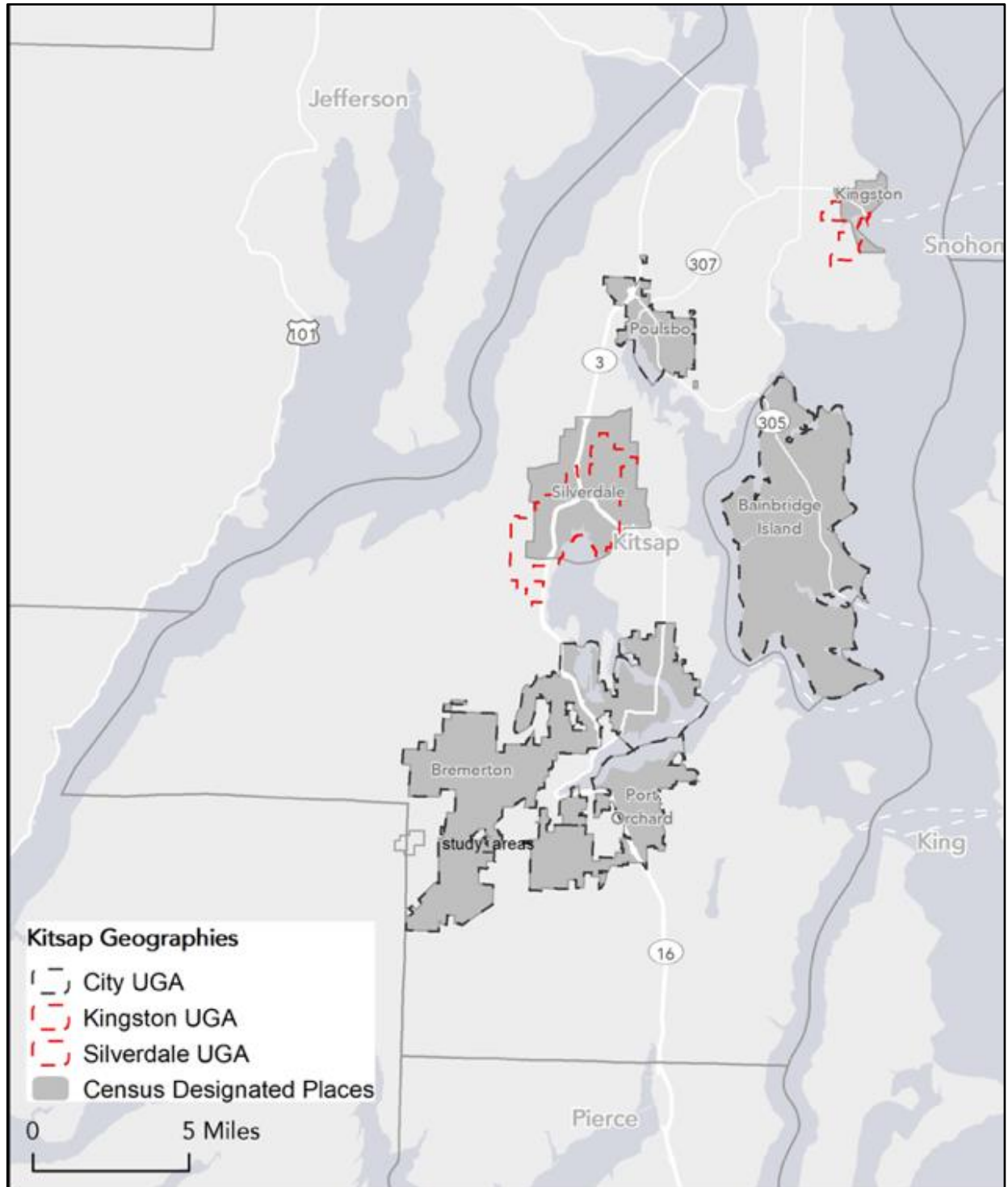
This analysis includes key information to help contextualize and update existing conditions in the housing, economic, and land use elements for the Kitsap County Comprehensive Plan periodic update. Kitsap County began the process to update their Comprehensive Plan (last updated in 2016) as a part of the periodic update process, which must be completed by December 2024. The county's guiding principles focus on implementing updates that would support housing and economic development, conserve natural resources, and improve the useability and predictability of the plan. ECO's analytical work provided in this memo (Subtask 2.2) primarily supports housing and economic development goals.

The study area for the analysis focuses on providing results relevant to Kitsap County along with additional details for a selection of sub-county areas. As shown in the map below (Exhibit 1), ECO examined key trends associated with the incorporated cities of Port Orchard, Poulsbo, Bremerton, and Bainbridge Island along with unincorporated urban growth areas in the county, including Silverdale and Kingston.

The term, "Census Designated Places" (CDPs) typically refers to towns, villages, and boroughs that are essentially a concentration of population either legally bounded as an incorporated place or identified as a CDP. This analysis uses CDP boundaries instead of Urban Growth Areas (UGAs, County's urban planning boundaries) for Kingston and Silverdale since the Census Bureau's data products provide detailed data on their characteristics. This map shows the CDP boundaries in grey and the UGA boundaries for Kingston and Silverdale in red. As the map demonstrates, the UGA boundaries for Bainbridge Island, Bremerton, Port Orchard, and Poulsbo are aligned with the CDPs, and the Kingston and Silverdale UGAs have meaningful overlap (providing a solid estimate for trends analysis).

Exhibit 1. Study Area Map, Kitsap County

Source: U.S. Census Bureau, Kitsap County. Note: The red outline for the Kingston UGA is slightly obscured by the label.



As shown in the following outline, this memorandum includes five sections and an Appendix providing the following analysis and findings.

Outline

- **Section 1. Community Characteristics.**
 - Population growth
 - Age composition
 - Race/ethnicity

- **Section 2. Household Characteristics.**
 - Household income
 - Household size composition and average rates
 - Household tenure.

- **Section 3. Housing Stock and Market Analysis.**
 - Housing built per year
 - Housing cost trends including median home sales price and rental rates
 - Age of housing
 - Housing vacancy rates for 2-bedroom and 3-bedroom apartments (CoStar)

- **Section 4. Housing Affordability.**
 - Cost burden by household income level
 - The current Area Median Income breakdown describing household income levels.

- **Section 5. Employment Profile.**
 - Employment growth by industry sector
 - Wage changes
 - Establishment trends
 - Unemployment
 - Industry innovation measurements.

- **Appendix.** Construction cost influences and housing affordability Infographic.

Section 1. Community Characteristics

Population Growth

Kitsap County’s population has grown over the last three decades. In fact, the overall percent change increase from 1990 to 2022 for the County’s population was 48 percent, increasing from nearly 190,000 persons to almost 281,000 persons in 2022 (see Exhibit 2). The overall AAGR for Kitsap County between 1990 and 2022 is 1.2 percent. Recently, between 2010 and 2022, Kitsap County’s population grew at an average annual growth rate (AAGR) of almost one percent (Exhibit 2). This suggests a very small decrease in annual population growth from the previous decade.

As of 2022, the total population in Kitsap County is at 280,900 persons. If the rate of population growth continues at about one percent per year (based on the AAGR from 2010 to 2022), Kitsap County could exceed 300,000 residents by 2030.

Exhibit 2. Population Change Summary, Kitsap County and the State of Washington, 1990–2022

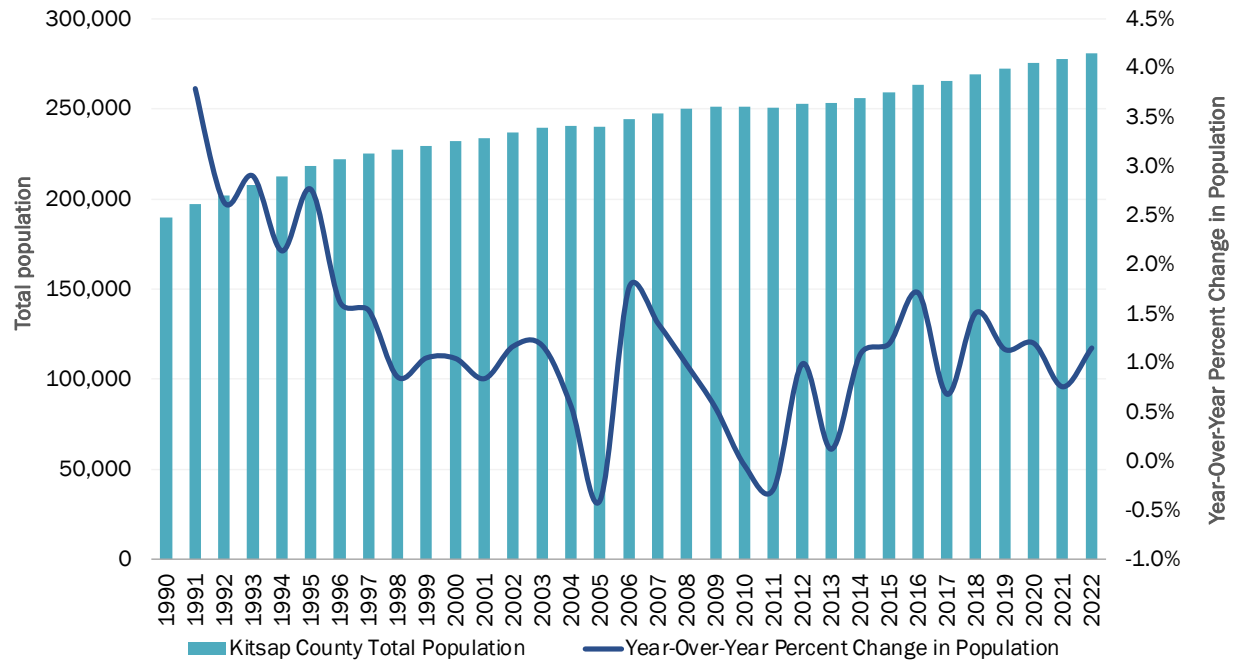
Source: U.S. Census Bureau, and the Washington Office of Financial Management (OFM). Note: The data reported for years 1990 through 2020 are intercensal estimates; 2021 and 2022 data are postcensal estimates. AAGR = Average Annual Growth Rate, WA = Washington State.

Location	Population Count				Change, 1990 to 2022			Change, 2010 to 2022		
	1990	2000	2010	2022	Difference	% Change	AAGR (%)	Difference	% Change	AAGR (%)
Kitsap County	189,731	231,969	251,133	280,900	91,169	48%	1.2	29,767	12%	0.9
Kingston	No data	1,611	2,099	No data	No data	No data	No data	No data	No data	No data
Silverdale	No data	15,816	19,204	No data	No data	No data	No data	No data	No data	No data
WA	4,866,659	5,894,143	6,724,540	7,864,400	2,997,741	62%	1.5	1,139,860	17%	1.3

A look at the year-over-year percent change of population in Exhibit 3 tells a similar story. While the total population has increased between 1990 and 2022, the year-over-year percent change in population has decreased from around four percent in the early 1990s to just one percent from 2019 to 2022.

Exhibit 3. Year over Year Percent Change of Population, Kitsap County, 1990–2022

Source: U.S. Census Bureau, and the Washington Office of Financial Management. Note: The data reported for years 1990 through 2020 are intercensal estimates; 2021 and 2022 data are postcensal estimates.

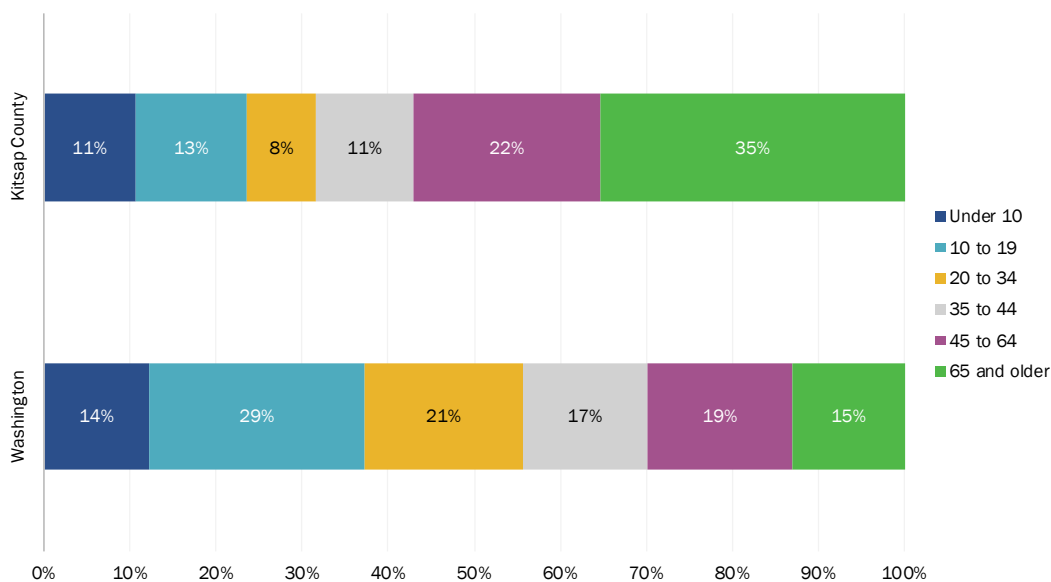


Population Demographics

Kitsap County’s population is primarily composed of older adults. By 2020, more than half of the population is now 45 years old or older (57 percent of the total population) which is much higher than Washington State’s 34 percent for the same age cohort (see Exhibit 4). In total, this is around 23 percent higher than Washington’s 34 percent of people aged 45 and older.

Exhibit 4. Population Distribution of Kitsap County and Washington by Age Category, 2020

Source: U.S. Census Bureau, ACS 5-year data, 2016-20 estimates (Table DP05).



This trend of an aging population can be seen in Kitsap County’s median age statistics, outlined in Exhibit 5. The median age in Kitsap County is 39, which is most similar to Washington’s median age of almost 38 years and Silverdale’s median age of 37.5 years. In comparison, the median age in Bremerton and Port Orchard is lower (32 and 34 years), whereas the median age in Poulsbo, Bainbridge, and Kingston are on the higher end, between 43 and 49 years.

The median age in Kitsap County has increased from 36 years in 2000 to 39 years in 2020, or a growth of about 9 percent. Comparatively, the median age in both Poulsbo, Bainbridge, and Silverdale has increased by 13, 16 and 19 percent respectively within the same timeframe.

Exhibit 5. Median Age Comparisons, Select Cities, Kitsap County, and Washington, 2000–2020

Source: U.S. Census Bureau, 2000 Decennial Census (Summary File 2 – Table DP1), ACS 5-year estimates, 2006-10 and 2016-20 estimates (Table S0101).

Geography	Median Age			Percent Change
	2000	2006-10	2016-20	2000-2020
Bainbridge Island	43.0	45.9	49.7	16%
Bremerton	30.9	31.9	32.4	5%
Port Orchard	31.2	36.3	34.3	10%
Poulsbo	39.3	38.4	44.6	13%
Kingston	41.1	48.9	43.5	6%
Silverdale	31.5	49.5	37.5	19%
Kitsap County	35.8	38.9	39.2	9%
Washington	35.3	37.0	37.8	7%

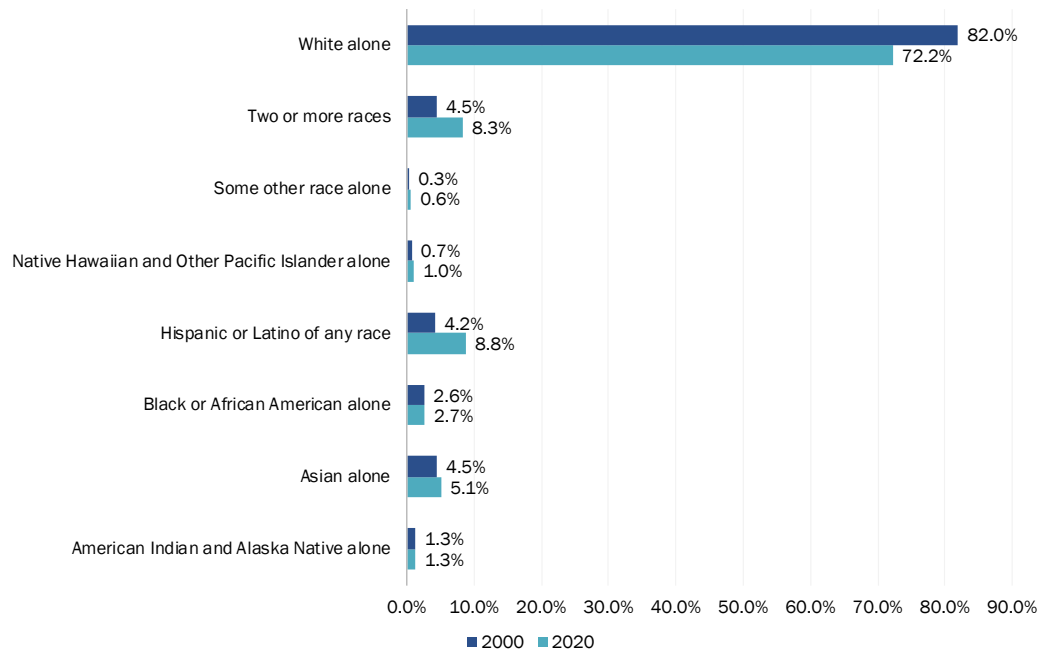
Kitsap County has become more racially diverse over the last two decades from 2000 to 2020. The shares of all BIPOC populations have increased during this timeframe with the Hispanic/Latino households and Multiracial households increasing the most, comprising almost 9 percent and 8 percent the total population respectively in 2020 (see Exhibit 6 below). While the White population in Kitsap County comprises the largest total share, it has decreased by almost 10 percentage points since 2000 from 82 percent to around 72 percent in 2020 (see Exhibit 6). All other Black, Indigenous, and People of Color (BIPOC) communities have only increased slightly since 2000.

Kitsap County’s racial demographic composition is similar to the state and other comparison areas shown in

Exhibit 7 (below); however, the County is slightly less diverse than the state and Silverdale with the White population comprising a larger total share in 2020 (around 72 percent in the county compared to around 64 percent in Silverdale and the state).¹ Kitsap County’s Hispanic/Latino, Multiracial, and Asian populations encompass the largest percentages of BIPOC communities in the county, whereas Black, American Indian/Alaska Native, Native Hawaiian/Other/Pacific Islander, and populations defined as “Other” represent less than six percent of the total population in Kitsap County.

Exhibit 6. Change in Diversity, Kitsap County, 2000–2020

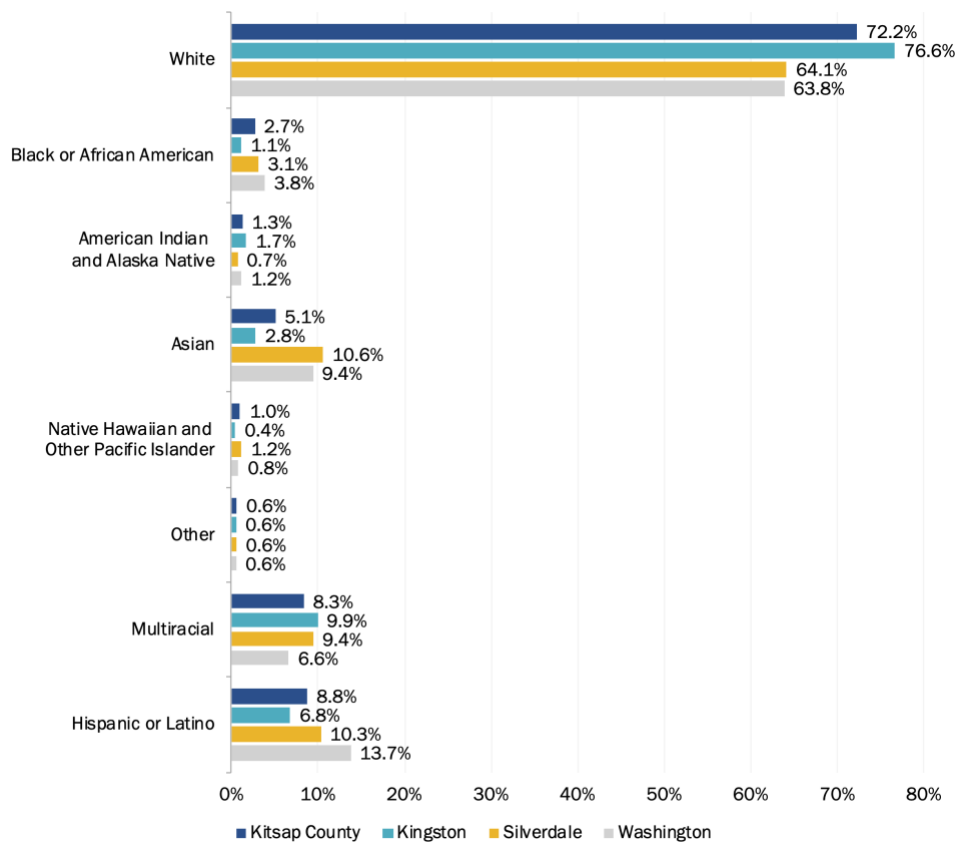
Source: U.S. Census Bureau, 2000 Decennial Census (Table P007) and 2020 ACS 5-year estimates (Table B03002).



¹ Kitsap County has a smaller share of Asian and Hispanic/Latino households compared to the Washington state and Silverdale populations

Exhibit 7. Distribution of Population by Race and Ethnicity, Kitsap County, Washington, 2020

Source: U.S. Census Bureau, 2020 Decennial Census Redistricting Data (PL 94-171) estimates (Table P2).



Factors Affecting Housing Demand

Housing demand is determined by the preferences for different types of housing available (e.g., single-family detached or apartment), and the ability to pay for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing). Preferences for housing are related to demographic characteristics and changes (such as household size changes) in addition to personal preferences. The ability to pay for housing is dependent on housing costs (including utility payments) and household income and other sources of cost reductions (such as a roommate paying rent) or liquid assets available to pay for housing.

This section focuses on demographic factors to assess how changes and recent trends may affect the housing need in Kitsap County through the next two decades. The location of housing, whether it is available for purchase or rent, and many demographic and socioeconomic variables affect housing choice. **Studies about housing markets indicate that the age of the householder, size of the household, and income are most strongly correlated with housing choice.**²

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. Generational trends, such as housing preferences of Baby Boomers (people born from about 1946 to 1964) and Millennials (people born from about 1980 to 2000) are discussed below but in general, homeownership rates increase as age increases.
- **Size of household** (or the number of people living in the household). Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multiple person households (often with children). Between 2000 and 2021, Kitsap County's average household size decreased from 2.60 persons per household down to 2.52 in 2021 (a three percent contraction).³ While not a large decline, the stagnation in the countywide average household size can be partially explained by the growth in non-family households (e.g., persons living alone or with roommates). From 2000 to 2021, the number of non-family households in Kitsap County increased by about 36 percent compared to the growth of family households by 18 percent.⁴ In 2021, single-person households comprised nearly one-quarter (24.2 percent) of all Kitsap County households—up 1.6 percentage points from 2000 (22.6 percent).⁵ As the county's population has aged, adult children forming separate households from their parent or parents reduces household size on two ends: those new households are usually one- or

² Source: Clark, W, and Deileman, F. (2017). *Households and Housing*. Routledge, New York, New York.

³ Data estimates are based on 2000 Decennial Census estimates and ACS 2021 1-year estimates. The data referenced were retrieved from Table H012: Average Household Size of Occupied Housing Units by Tenure (2000 Census, Summary File 1) and Table S1101: Households and Families (2021 ACS data, 1-year estimates).

⁴ Data estimates are based on 2000 Decennial Census estimates and ACS 2021 1-year estimates. The data referenced were retrieved from Table P014: Household Type by Household Size (2000 Census, Summary File 3) and Table B11016: Household Type by Household Size (2021 ACS data, 1-year estimates).

⁵ *Ibid.*

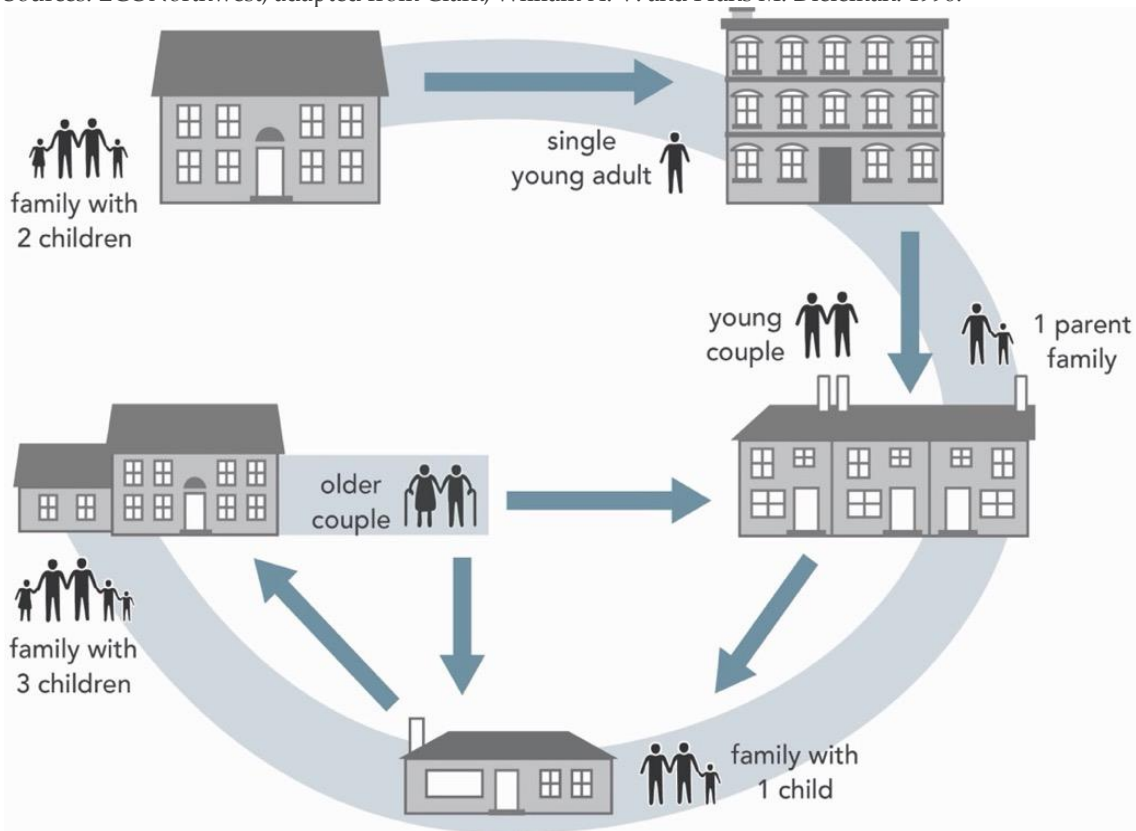
two- person households, while the parent or parents are heads of a smaller remaining household.

- **Household income.** Income is probably the most important determinant of housing choice for all age categories. Income is strongly related to the type of housing a household chooses (e.g., townhome, stand-alone single-family home, or apartment complex) as well as household tenure (e.g., rent or own). Homeownership rates increase as income increases and renters (particularly with smaller households) are more likely to live in multifamily housing.

An individual’s housing needs change throughout their life, with changes in income, family composition, and age. The type of housing needed by a twenty-year-old college student differs from the needs of a forty-year-old parent with children, or an eighty-year-old single adult. As Kitsap County’s population ages, different types of housing will be needed to accommodate older residents. This cycle of changing housing needs by age is depicted in Exhibit 8. **The illustration below shows how a young or older couple and single parent family tend to seek out middle housing (a triplex is shown on the right) while a large family with two or more children tends to seek out single-detached housing (shown on the left).**

Exhibit 8. Illustration of Diverse Household Needs Throughout Time

Sources: ECONorthwest, adapted from Clark, William A. V. and Frans M. Dieleman. 1996.



As previously discussed, the median age in Kitsap County increased from 36 years in 2000 to 39 years in 2020 (see Exhibit 5). Thus, Kitsap County’s population is growing older, increasing the need for housing suited to older adults. Addressing housing needs for those aged above 60 will require a range of housing opportunities. For example, “the 82-to-86-year-old cohort dominates the assisted living and more intensive care sector”, while new or near-retirees may prefer aging in place or active, age-targeted communities.⁶ Characteristics like immigration and ethnicity play a role too as “older Asians and Hispanics are more likely than whites or [B]lacks to live in multigenerational households.”⁷

Households for adults 65 years or older tend to retire, switching to a fixed income that might lead to different living circumstances. For instance, low-income households may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Others living near relatives may also choose to live in multigenerational households or in accessory dwelling units. The aging of the Baby Boomer generation could increase the demand for smaller “downsized” housing (suitable for small households), greater demand for housing with assistance and age-in-place amenities, increased demand for low-maintenance housing and multigenerational housing, and higher demand for more affordable housing due to fixed incomes.

⁶ Source: Urban Land Institute (2018). Emerging Trends in Real Estate, United States and Canada.

⁷ Source: Herbert, Christopher and Hrabchak Molinsky (2015). Meeting the Housing Needs of an Aging Population. https://shelterforce.org/2015/05/30/meeting_the_housing_needs_of_an_aging_population/

Section 2. Household Characteristics

Household Income Trends

In Kitsap County, the median household income has been gradually increasing over the last ten years. As shown below, the share of households earning over \$150,000 increased from 9 percent in 2010 to 17 percent in 2020, and the share of households earning \$100-\$149,000 increased from 15 percent to 20 percent. Households earning less than \$75,000 decreased from 62 percent to 47 percent by 2020.

Exhibit 9. Household Income Distribution of Kitsap County, 2010–2020

Source: U.S. Census Bureau, ACS 5-year data, 2006-10 and 2016-20 estimates (Table B19001).

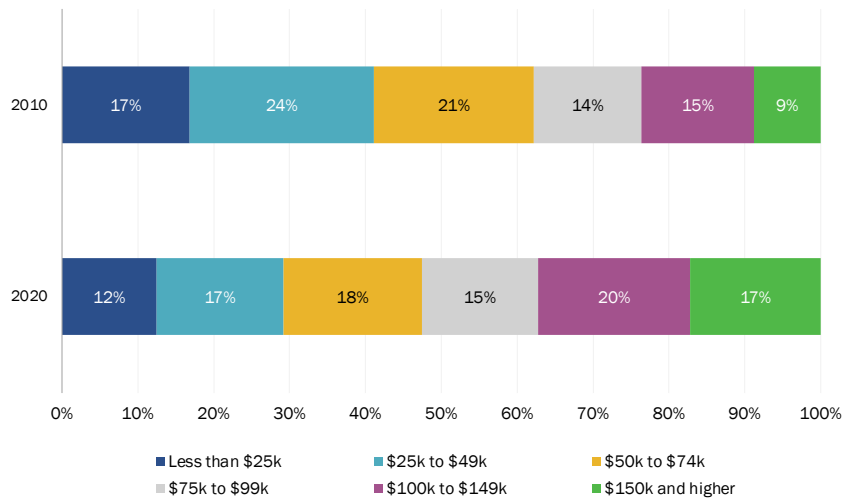


Exhibit 10 shows the median household income changes over the last twenty years for Kitsap County, Kingston, and Silverdale. In Kitsap County, median household incomes (on an inflation-adjusted basis) have increased from \$70,399 to \$78,969, which is a 12 percent increase.

While this increase matches that of Washington, it is two percent lower than Silverdale’s increase in median household income, which went from \$71,362 in 2000 to \$81,458 in 2020. Furthermore, Kitsap County’s percent change in median household income is 14 percent lower than that of Kingston, where the median household income increased from \$62,028 to \$77,008 in the same timeframe. **The Kingston area in northern Kitsap County has experienced the highest increase in median household income from 2000-2020, with a 26 percent increase to \$77,008 in 2020.**

Exhibit 10. Change in Median Household Income for Kingston, Silverdale, Kitsap County, and Washington, 2020 Inflation-Adjusted Dollars, 2000–2020

Source: U.S. Census Bureau, 2000 Decennial Census (Summary File 3 – Table HCT012) and ACS 5-year data, 2006-10 and 2016-20 estimates (Table B19013). Dollar amounts for 2000 and 2010 were adjusted for inflation using the U.S. Bureau of Labor Statistics’ Consumer Price Index for All Urban Consumers and All Items (annual, not seasonally adjusted values).

Median Household Income (2020 Dollars)	2000	2010	2020	Percent Change, 2000–2020
Kingston	\$61,028	\$62,579	\$77,008	26.2%
Silverdale	\$71,362	\$72,044	\$81,458	14.1%
Kitsap County	\$70,399	\$70,679	\$78,969	12.2%
Washington	\$68,800	\$67,943	\$77,006	11.9%

As shown below, the household income distribution in Kitsap County and Washington for 2020 are quite similar (Exhibit 11). For both regions, about 37 percent of households earned over \$100,000, while about 62 percent earned less than that.

Exhibit 11. Household Income Distribution of Kitsap County and Washington, 2020

Source: U.S. Census Bureau, ACS 5-year data, 2016-20 estimates (Table B19001).

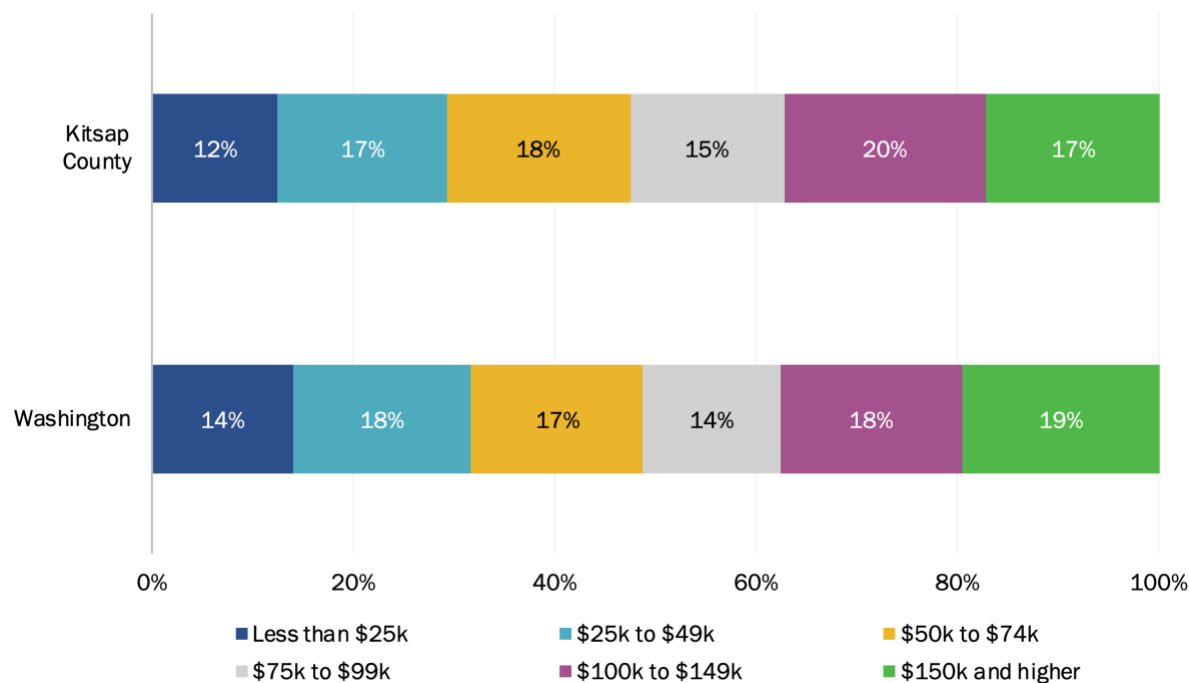
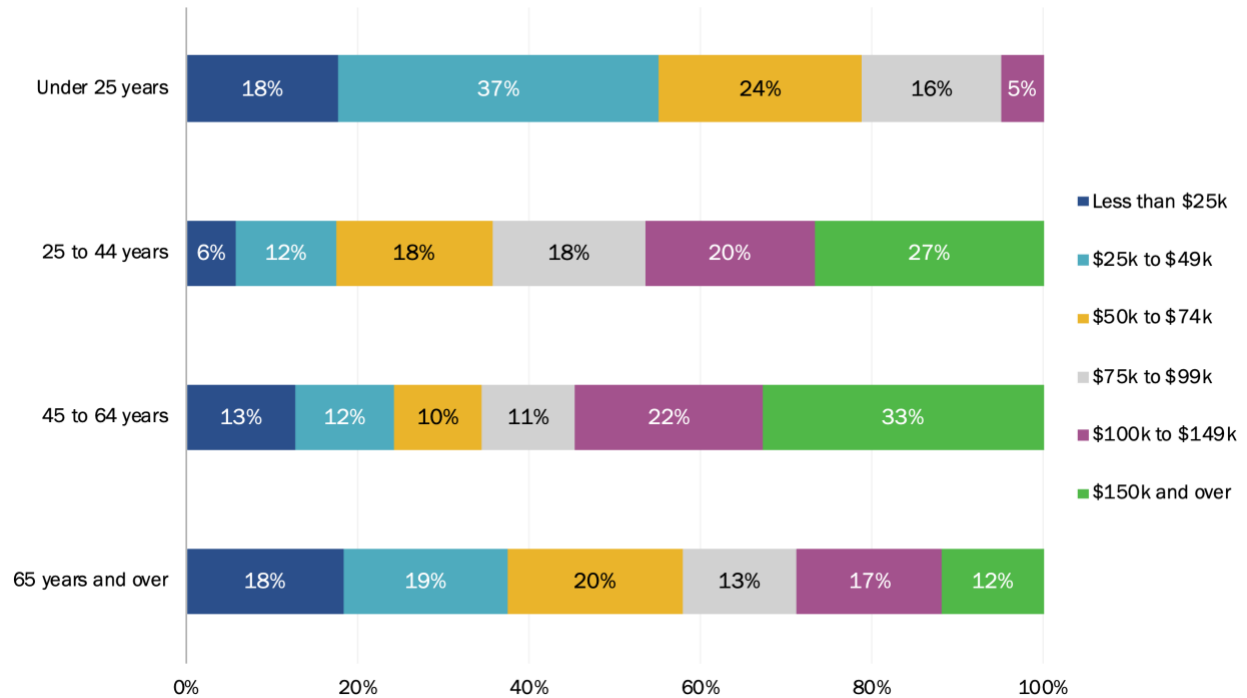


Exhibit 12 (below) shows that Kitsap County’s household income distribution varies among age groups. Adults 25 years of age and younger tended to have lower levels of income relative to older working-age adults. About 55 percent of adults 25 and younger earned less than \$50,000 annually in 2020 compared to 18 percent for 25-to-44-year-olds and 25 percent for 45-to-64-year-olds. Conversely, 27 percent of 25-to-44-year-olds and 33 percent of 45-to-64-year-olds earned over \$150,000 annually, while no adult households under 25 years of age earned above \$150,000.

Senior households had the most evenly distributed income relative to all other age groups, likely due to seniors being on fixed incomes. About 37 percent of seniors earned less than \$50,000 annually and about 12 percent earned over \$150,000 annually.

Exhibit 12. Household Income Distribution of Kitsap County Residents by Age Category, 2020

Source: U.S. Census Bureau, ACS 5-Year Estimates, Table B19037 (2020).

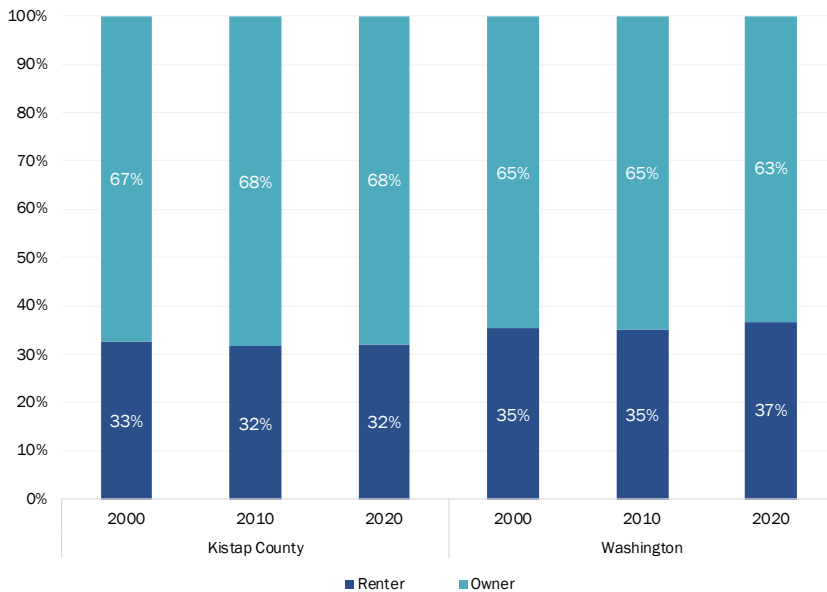


Household Tenure and Composition

Kitsap County has maintained its homeownership levels even in the face of a small state-wide decrease in household ownership. Exhibit 13 shows that the share of owner households in Kitsap County has increased between 2000 and 2020 by one percentage point (from 67 to 68 percent), while the share of owner households decreased by two percentage points statewide (65 percent down to 63 percent).

Exhibit 13. Household Tenure, Kitsap County, WA, 2000–2020

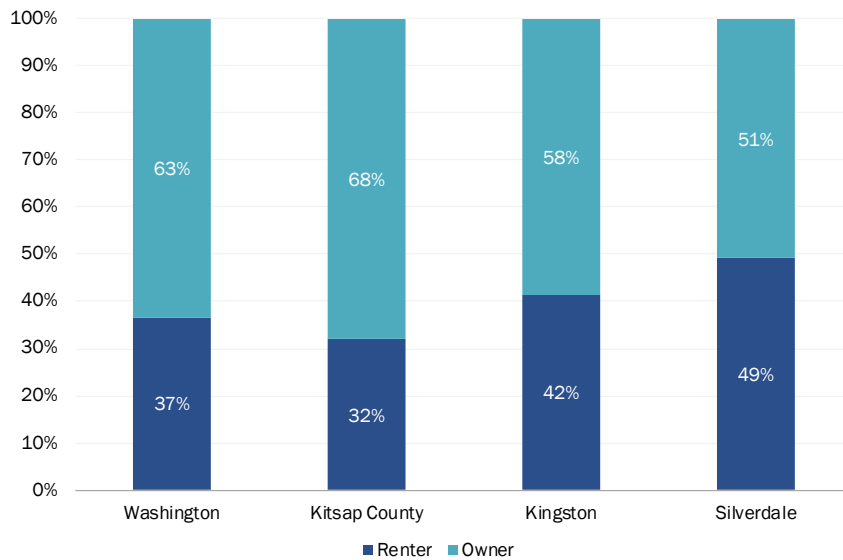
Source: U.S. Census Bureau, 2000 Decennial Census (Summary File 2 – Table DP1) and ACS 5-year data, 2006-10 and 2016-20 estimates (Table DP04).



Similar to Washington, most Kitsap County households were owners between 2000 and 2020, at about 67-68 percent. The respective shares of rental and owner households have remained stable across the years.

Exhibit 14. Household Tenure, Kingston, Silverdale, Kitsap County and Washington, 2020

Source: U.S. Census Bureau, ACS 5-year data, 2016-20 estimates (Table DP04).



In 2020, Kitsap County’s share of owner-occupied households, at 68 percent, was similar to the state as a whole, at 63 percent. Two of the county’s urban growth areas, Kingston, and Silverdale, provide a larger share of rental opportunities (42 and 49 percent respectively) in comparison to the county and state. Silverdale has the highest share of households renting, which is to be expected given recent multifamily housing construction.

Kitsap County’s household tenure shares across household size have remained relatively consistent between 2000 and 2020. Although the share of renters and owners for one and two person households have increased in 2020, indicating a trend towards smaller overall household sizes, particularly for renters. For two-person households, the share of renters increased from 28 to 33 percent, while the share of renters for three-person households decreased by two percent (see Exhibit 15 below **Error! Reference source not found.**). For owner-occupied housing, the share of one and two-person households both increased in 2020 by a few percentage points from 18 to 20 percent for one-person households and from 39 to 42 percent for two-person households.

Exhibit 15. Household Tenure by Household Size, Kitsap County, 2000 and 2020

Source: US Census Bureau, 2000 Decennial Census, Table H015 (Summary File 1); and 2020 ACS 5-year estimates, Table B25009.

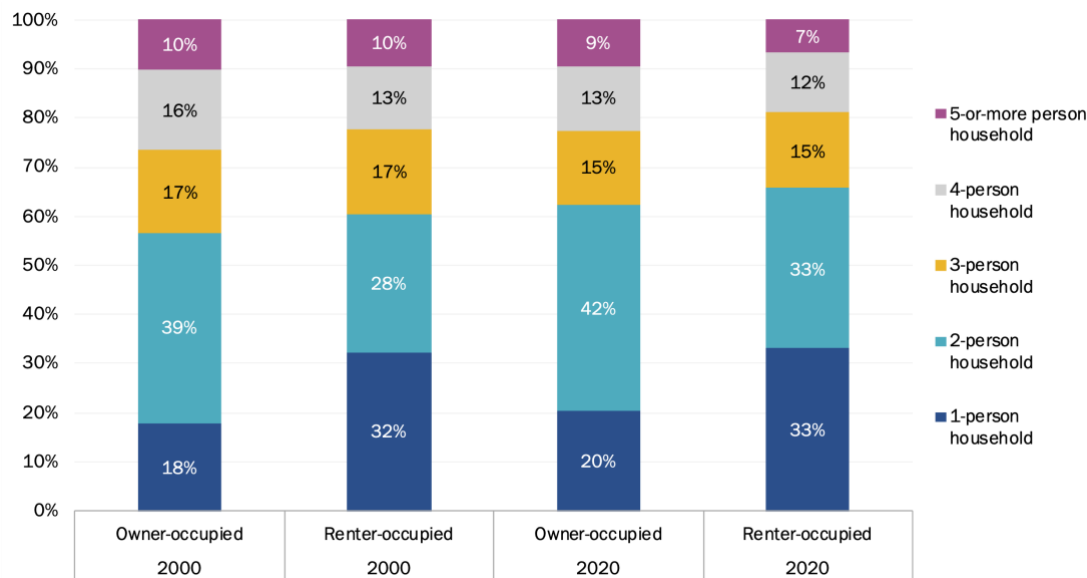


Exhibit 16. Shares of Household Ownership by Age of Householder, Kitsap County, 2000–2020

Source: U.S. Census Bureau, 2000 Decennial Census (summary File 4 – Table HCT003) and ACS 5-year data, 2016-20 estimates (Table B25007).

Age of Homeowner	2000	2020	Change, 2000-2020
15 to 34 years	10.3%	11.4%	1.1
35 to 44 years	23.6%	13.9%	(9.6)
45 to 54 years	28.1%	16.7%	(11.4)
55 to 64 years	17.1%	24.1%	7.1
65 to 74 years	11.2%	21.5%	10.3
75 and older	9.7%	12.3%	2.6
Total	100.0%	100.0%	0.0

Householders aged 55 to 64 represent the highest share of homeownership in Kitsap County (24 percent), and their rates of homeownership have increased the second fastest by age cohort, by about 7 percentage points, between 2000 and 2020. On the other hand, the share of homeowners aged 45 to 54 has decreased by about 11 percentage points from 2000 to 2020, and those aged 35

to 44 have decreased their share of homeownership by nearly 10 percentage points over the same timeframe. At the same time, homeowners aged 15 to 34 only grew by about one percentage point during the analysis period. **This suggests that younger and middle-aged households in Kitsap County are struggling to obtain homeownership at the same rates as more senior households.**

Similar to Washington State, most households in Kitsap County are composed of married couples with or without children, at 53 percent in 2020 (Exhibit 18). Married couple households with or without children have decreased by five percent since 2000, while in contrast, single-parent, and non-family households have all increased slightly over the same timeframe.

Average household size is quite similar among the regions of Washington State, Kitsap County, Kingston, and Silverdale, ranging between 2.37 and 2.53 people per household. Kitsap County’s average household size of 2.46 people sits right in the middle of this range, as does Silverdale. Given what we know about Kitsap County’s household composition, these households are mostly comprised of married couple families (53.3 percent) and non-family households (32.5 percent). Single parent households represent about 14.2 percent of Kitsap County’s households.

Exhibit 17. Average Household Size, Washington, Kitsap County, Kingston, and Silverdale, 2020

Source: U.S. Census Bureau, ACS 5-year data, 2016-20 estimates (Table S1101).

	Washington	Kitsap County	Kingston	Silverdale
Average household size	2.53	2.46	2.37	2.47

Exhibit 18. Household Composition, Kitsap County and Washington, 2000–2020

Source: U.S. Census Bureau, 2000 Decennial Census (Summary File 2 – Table DP1) and ACS 5-year data, 2016-20 estimates (Table DP04). Note on U.S. Census Data: Non-family households include single persons living alone along with unrelated persons living together. Single-male families includes families with a male householder with a family but no partner present. Single-female families includes families with a female householder with a family but no partner present. A married couple is two adults enumerated as members of the same household. The married couple may or may not have children living with them.

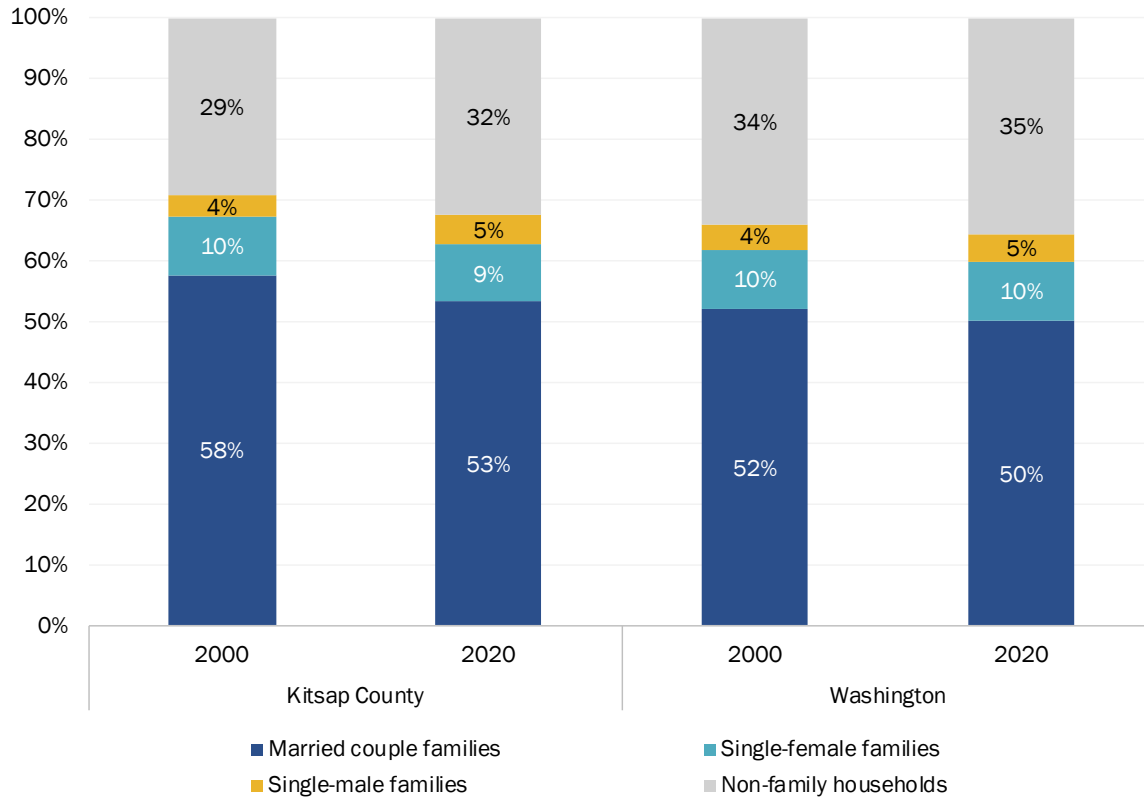
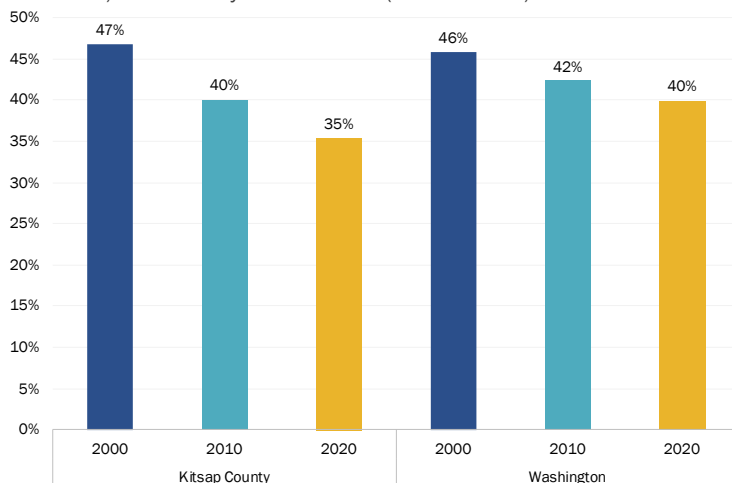


Exhibit 19. Married-Couple Family Households with Children Kitsap County and Washington, 2000–2020

Source: U.S. Census Bureau, 2000 Decennial Census (Summary File 2 – Table DP1) and ACS 5-year estimates (Table S1101).



In Kitsap County, the share of households that are married-couple family households with children is decreasing faster than that of the state. Exhibit 19 shows that between 2000 and 2020, Kitsap County’s share of family households has decreased by 12 percent, from 47 percent to 35 percent. In comparison, the state’s share of family households has decreased by six percent less over the same time.

Section 3. Housing Market Analysis

Housing Unit Supply and Production Data Analysis Findings

According to OFM data analyzed in Exhibit 20, housing availability in Kitsap County has become increasingly limited. While the year-over-year percent change in housing units has started to pick up since 2010, it has only increased by an average annual rate of around 0.6 percent through 2020 (see Exhibit 21). Total housing units in Kitsap County have increased from 107,367 in 2010 up to 115,443 in 2022, which is about 807 new units per year on average for the County.

The lower average annual growth rate of 0.6 percent over the last decade (from 2010 to 2022) represents a relative decrease from the county’s previous decade, where housing units increased by about 1.5 percent per year over the 2000 to 2010 period (or, about 1,472 new units built per year). This decline could partially be related to slow recovery from the Great Recession beginning around 2007. In comparison, Washington State slightly exceeded Kitsap County’s rate of adding new housing units over the last decade by adding new housing units at a rate of 1.6 percent per year on average (compared to Kitsap County’s 1.5 percent), and over the 2010 to 2022 period, Washington added new units at a rate of 1.4 percent per year compared to the County’s 0.6 percent.

Exhibit 20. Annual Housing Growth: Total Housing Units in Kitsap County and Annual Percent Change, 1992–2022

Source: Washington Office of Financial Management (OFM).



Exhibit 21. Annual Change of Housing, Kitsap County Compared to Washington, 1991–2022

Source: U.S. Census Bureau, and the Washington Office of Financial Management. Note: The data reported for years 1990 through 2020 are intercensal estimates; 2021 and 2022 data are postcensal estimates.

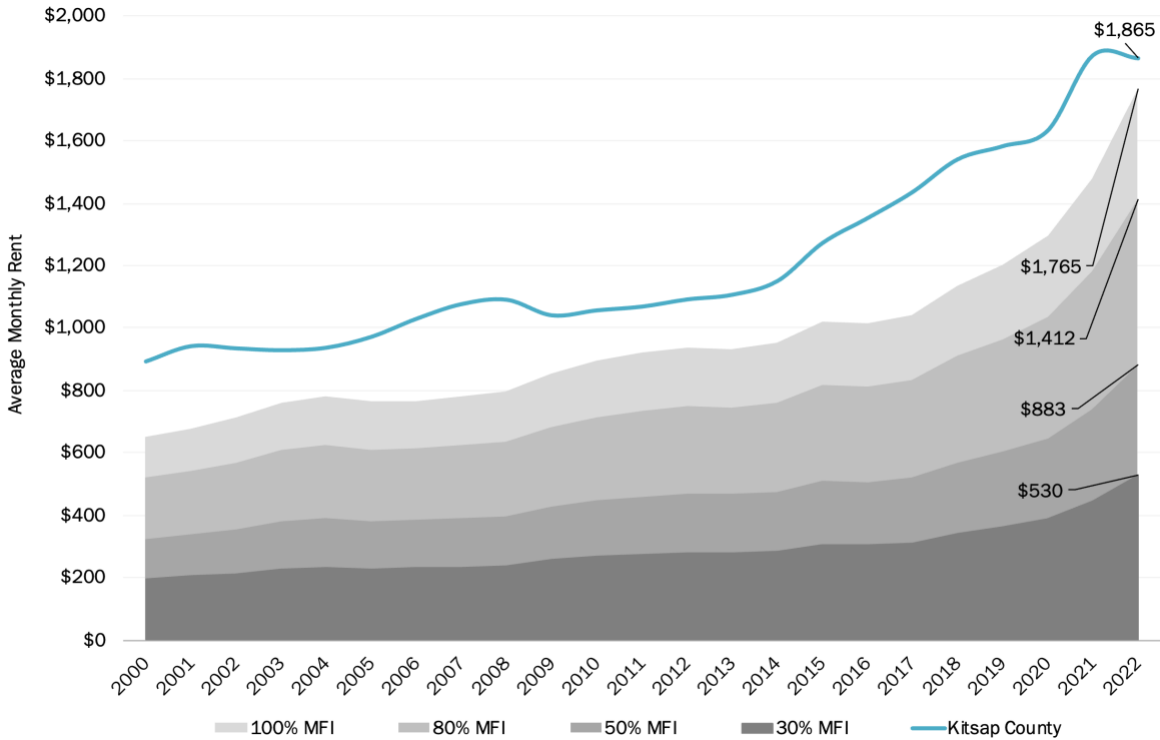


Rents Compared to Affordability

Rents have increased considerably in Kitsap County since 2000. As of July 2022, the average rent for a two-bedroom apartment in Kitsap County was \$1,940, which is about 117 percent higher than the rent for a two-bedroom apartment in 2000 (see Exhibit 22 below).

Exhibit 22. Average Market and Fair Market Rents for a 2-bedroom Apartment, 2000–2022

Sources: CoStar (historical rent data) and HUD (MF 2-Bed affordability data). Notes: Two-bedroom affordable rents are fair market rents reported by HUD. These are on a fiscal year basis. The average monthly rent values were not adjusted for inflation since it was not recommended to adjust rent or home sales prices for inflation. For this analysis, 0-30% is very low income, 31-50% is low income, and 51-80% is moderate income. MFI stands for Median Family Income.



Overall, average rents have more than doubled in Kitsap County over the last two decades, increasing from nearly \$900 in 2000 to almost \$2k in 2022. As of 2022, Kitsap County’s average rent is similar to the cities of Poulsbo (\$1,933) and Port Orchard (\$1,840), as seen in Exhibit 23. However, it is higher than the Bremerton and Port Orchard average rents and around \$600 lower than Bainbridge Island’s average rent of \$2,605. In comparison to these areas, Kitsap County’s average growth rate is quite similar (aside from Bainbridge Island, which has an AAGR of 2.6 percent).

Exhibit 23. Average Asking 2-bedroom Rent in Bainbridge Island and Kitsap County 2000–2022

Source: CoStar. AAGR: Average Annual Growth Rate.

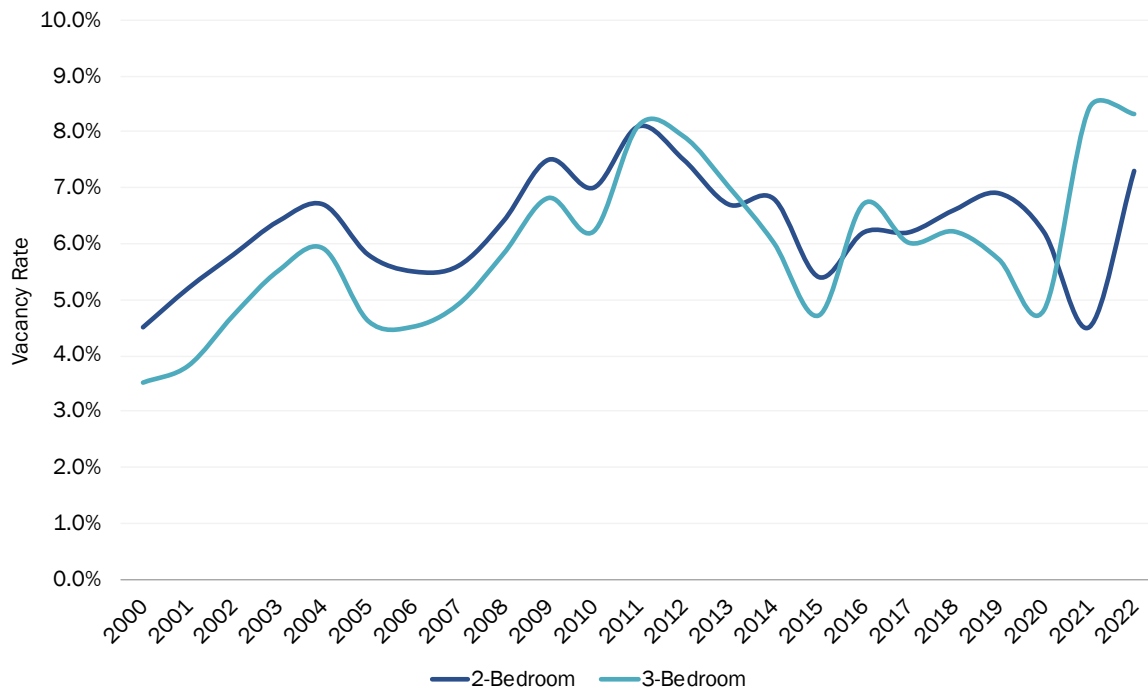
Geography	2000	2010	2020	2022	Percent Change 2000–2022	AAGR, 2000–2022
Bainbridge Island	\$1,484	\$1,662	\$2,377	\$2,605	75.5%	2.6%
Bremerton	\$859	\$1,007	\$1,541	\$1,768	105.8%	3.3%
Port Orchard	\$954	\$1,100	\$1,592	\$1,840	92.9%	3.7%
Poulsbo	\$876	\$984	\$1,678	\$1,933	120.7%	3.7%
Kitsap County	\$894	\$1,055	\$1,622	\$1,940	117.0%	3.6%

Another useful measure of housing supply and demand are the vacancy rates of different housing product types. Housing vacancy is a measure of housing that is available to prospective renters and buyers (in some cases) and can help measure unutilized housing stock. A housing vacancy rate is typically described as the percent of units that are unoccupied. Low vacancy rates may indicate a limited housing supply and inadequate housing production to satisfy demand, while in contrast, high vacancy rates imply an over-supply of housing, reduced desirability of an area, or low demand. Housing market assessments often use five to ten percent as a standard vacancy rate since it implies a balance between housing supply and demand.⁸ Average rental housing vacancy rates tend to fluctuate roughly between six and eight percent in the United States from 2015 to 2022.⁹

Vacancy rates for 2- and 3-bedroom apartments (primarily serving as rentals) have fluctuated over the past couple decades. The vacancy rate of 2-bedroom apartments reached a relative low of 4.5 percent in 2021 (similar to its vacancy rates in 2000); however, as of October 2022, 2-bedroom vacancies grew to 7.3 percent (similar to its 2009 and 2012 vacancy rates). While 3-bedroom vacancies generally followed the trends of 2-bedroom vacancies, in 2021, 3-bedroom vacancies reached 8.4 percent (3.9 percentage points higher than 2-bedroom vacancies that year), the highest rate over the analysis period.

Exhibit 24. Vacancy Rate of 2- and 3-bedroom Multifamily Units in Kitsap County, 2000–2022

Source: CoStar.



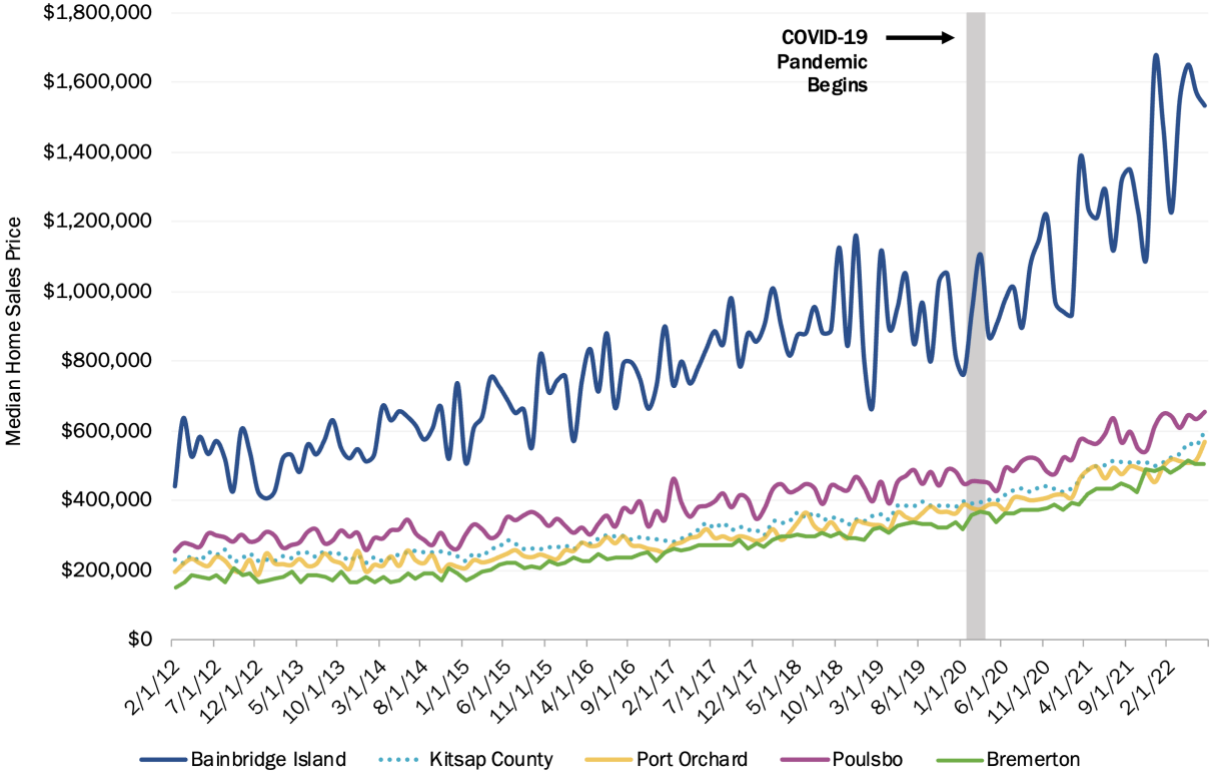
⁸ Sources: Hagen, Daniel A. and Julia L. Hansen. (2010). "Rental Housing and the Natural Vacancy Rate." Journal of Real Estate Research, April 2010. Pages 413-434. Azibo. (2023). Retrieved at this [link](#).

⁹ Source: U.S. Census. (2023). Retrieved at: <https://www.census.gov/library/stories/2022/05/housing-vacancy-rates-near-historic-lows.html>

The median sales price of homes has simultaneously increased over the past decade. In the month of June 2022, Kitsap County’s median home sale value was \$600,000 (see Exhibit 25), 140 percent higher than its median home sale value of \$250,000 in June 2012. Comparatively, Bainbridge Island’s median sales price of single-family homes reached just over \$1.5 million in June 2022, 188 percent higher than its median sales price in June 2012. Port Orchard’s median home sales price increased by 165 percent (from \$215,000 in June 2012 up to \$570,000 in June 2022), Poulsbo’s increased by 113 percent (from \$308,000 up to \$655,500), and Bremerton’s grew by 183 percent (from \$178,500 up to \$505,000).

Exhibit 25. Median Monthly Home Sales Price, Comparison to Kitsap County, including Port Orchard, Poulsbo, Bainbridge Island, and Bremerton, February 2012 – June 2022

Source: Redfin Data Center.

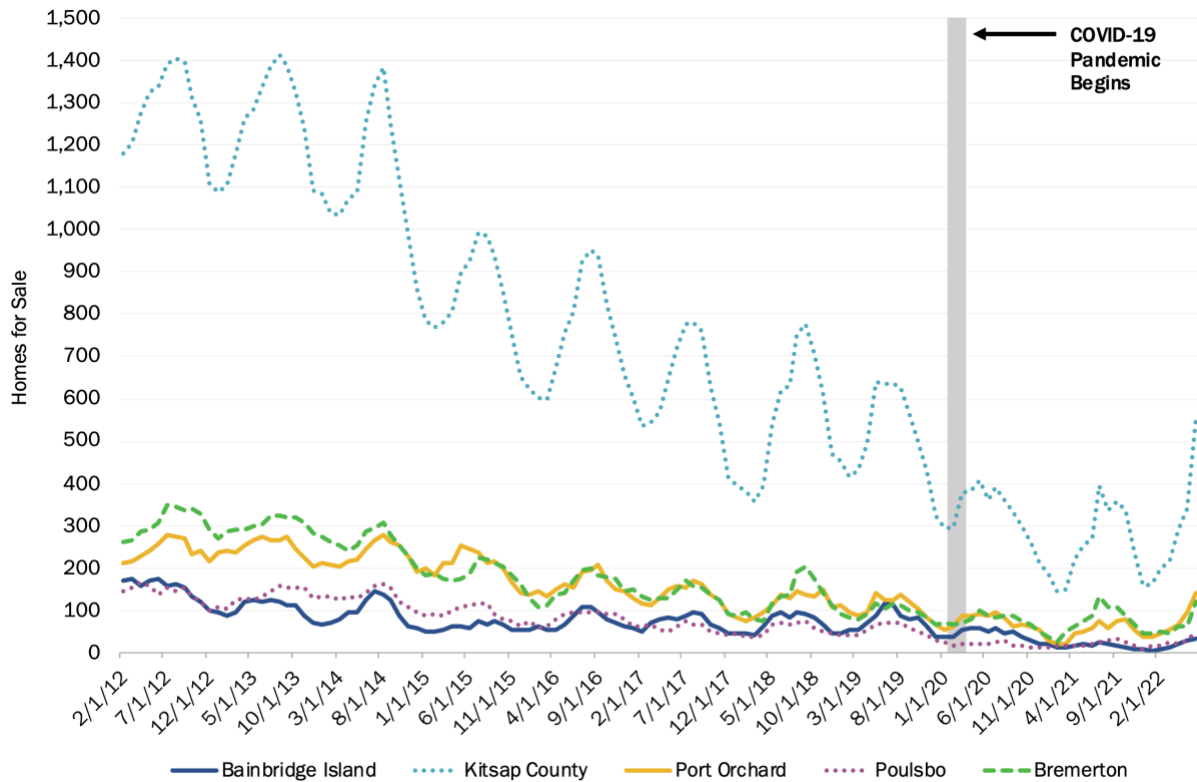


The sizable growth rate in home sale prices in Kitsap County is due, in part, to the high demand for housing coupled with the county’s declining stock of homes available on the market and increasing construction costs.

Exhibit 26, provided below, shows the monthly change in homes for sale in Kitsap County’s real estate market). **Similar to Port Orchard, Poulsbo, Bremerton, and Bainbridge, the supply of homes for sale in Kitsap County has been gradually declining since 2012.** Among all the cities included in this exhibit, Bainbridge Island and Poulsbo had the smallest supply of homes for sale consistently from February 2012 to February 2022. Their supply of homes for sale has dipped below 100 homes since 2020. The pandemic could influence home sale trends due to a decreased supply of housing being built, construction cost changes and building supply limitations, and labor shortages (see the Appendix for construction cost changes information).

Exhibit 26. Homes for Sale in Kitsap County, Compared to Bremerton, Bainbridge Island, Port Orchard, and Poulsbo, February 2012 – June 2022

Source: Redfin Data Center.

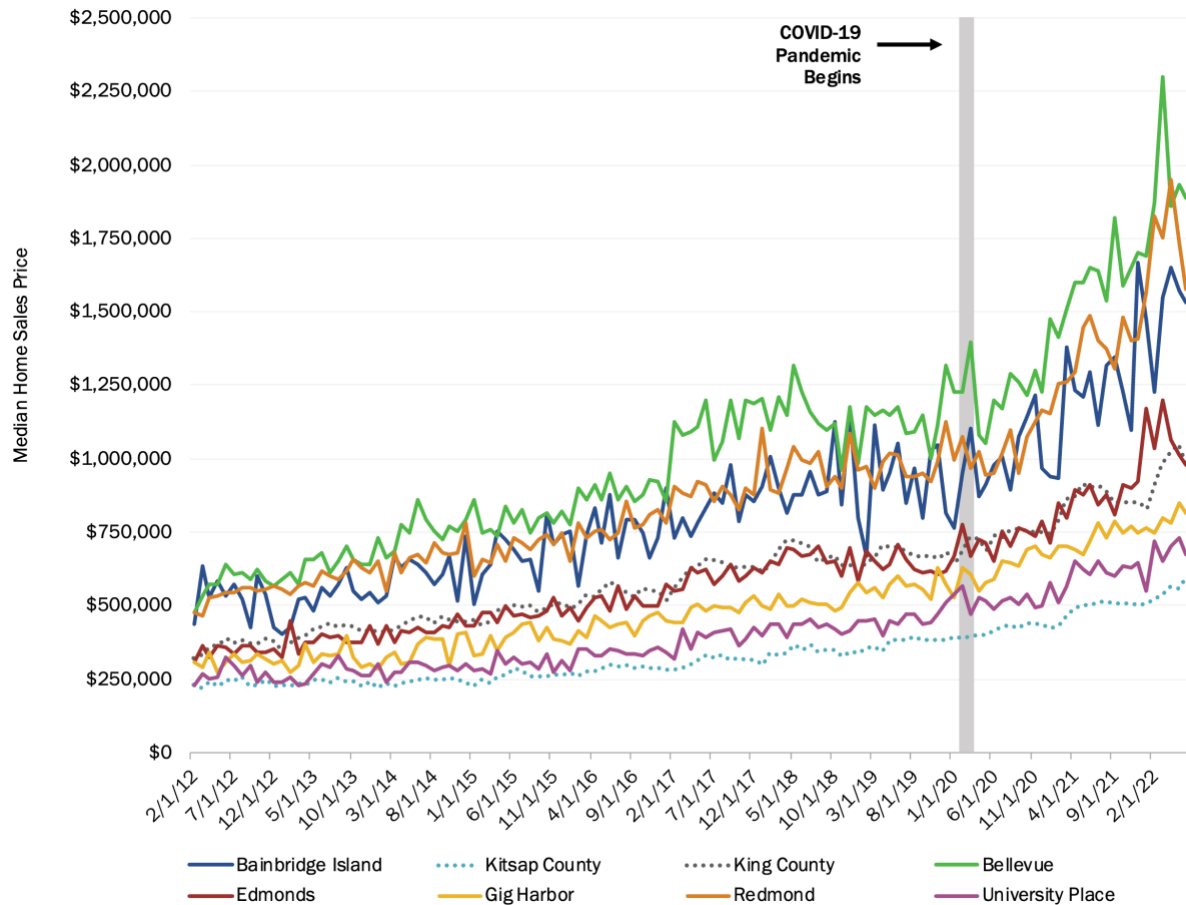


Below, Exhibit 27 compares Kitsap County’s median home sales value to the cities of Bainbridge, Port Orchard, Poulsbo Bellevue, Edmonds, Gig Harbor, Redmond, and University Place. These cities were chosen to provide additional comparison communities within the broader Puget Sound region.

Among all regions, Kitsap County had the lowest median sales price in June 2022. Compared to nearby King County and the various cities shown below, Kitsap’s home sales prices are lower (still below \$600k in 2022), which provides a comparative advantage for those looking to live in the region but not able to afford the higher home sales prices.

Exhibit 27. Median Monthly Home Sales Price, Kitsap County Compared to King County, Bellevue, Edmonds, Gig Harbor, Redmond, Bainbridge Island, University Place, February 2012 – June 2022

Source: Redfin Data Center.



The median sales price in Kitsap County reached a high of just over one million dollars in April of 2022. In the years prior, the median home sales price changes were smaller.

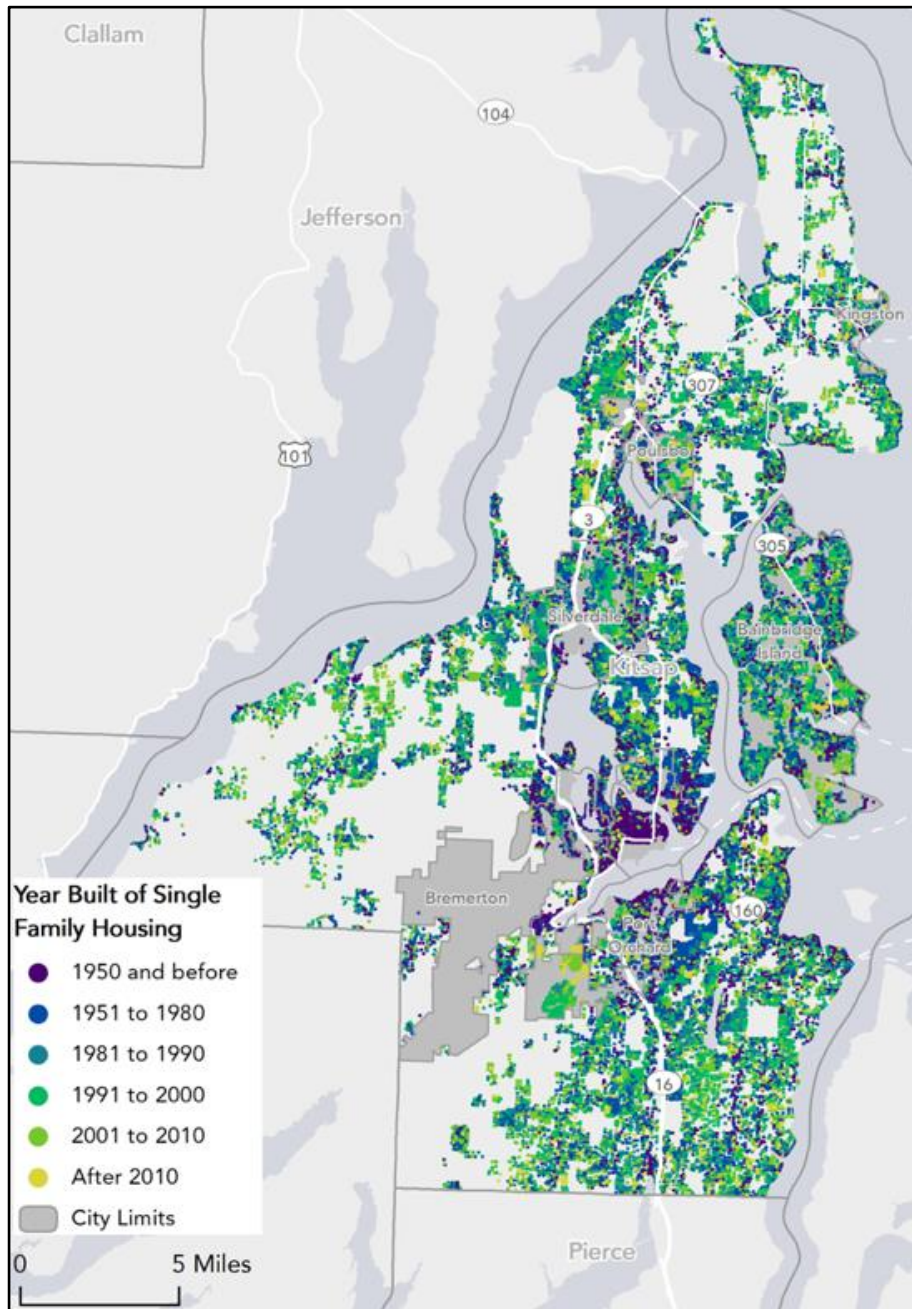
The pandemic could influence housing market dynamics and home sale trends due to a decreased supply of housing being built, construction cost changes and building supply limitations, and labor shortages. Changes associated with work-from-home trends should also be considered. Consequently, it would be helpful to reassess in later years to determine the extent of the impact of these trends and how the market adjusted. Overall, Kitsap County had a lower median sales price than King County, as well as the cities of Bainbridge, Bellevue, Edmonds, Gig Harbor, Redmond, and University Place, from 2012 to 2022.

Exhibit 28, below, shows the age of single-family homes across Kitsap County. The map demonstrates Port Orchard’s recent single-family developments and the single-family housing built before 1980 near Port Orchard and Bremerton. The age of housing does not always align with housing conditions, but older housing that has not been remodeled or maintained appropriately might need redevelopment, upgrades, and possible additional investment. Also, the cost of maintaining housing can lead to financial burden particularly for those with lower incomes to draw from, and this delayed maintenance may lead to serious housing problems.

The unexpected costs of repairs are often unaffordable, sometimes leading to people moving to other housing and/or switching their housing tenure to rent rather than own.

Exhibit 28. Age of Housing, Kitsap County

Source: Kitsap County Assessor 2019.



Housing Permits in Kitsap County

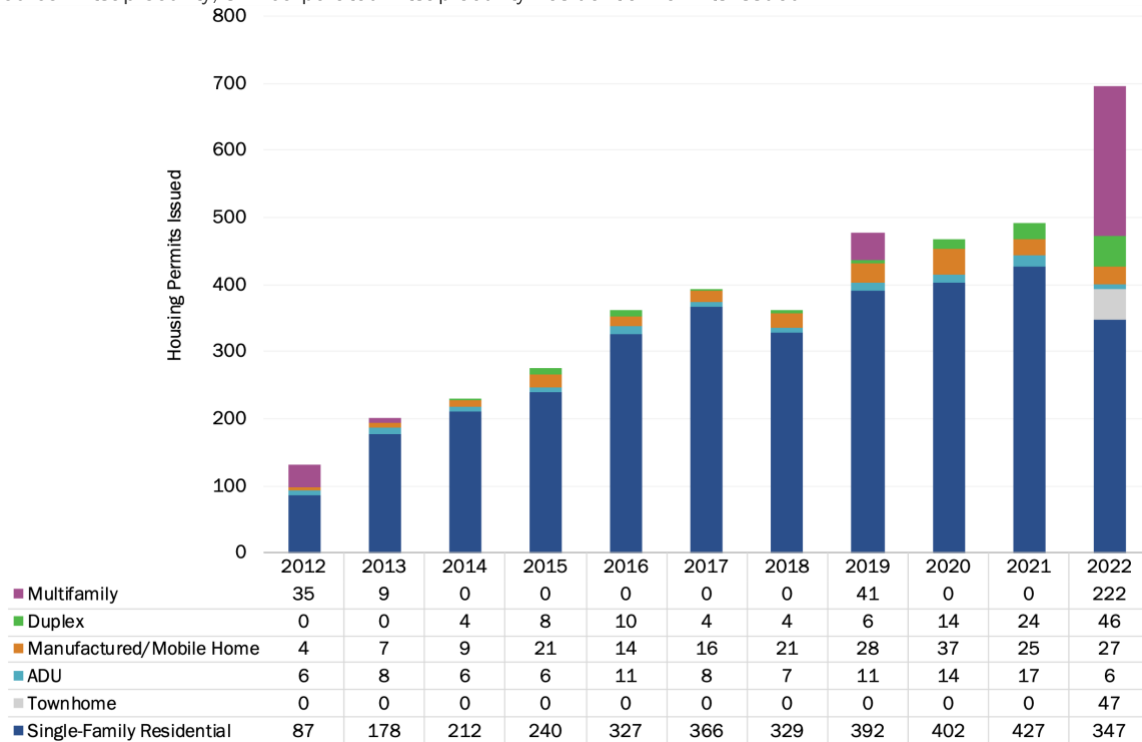
Kitsap County permit data was analyzed to show recent housing type develop trends from 2012 to 2022 in Kitsap County (see Exhibit 29, Exhibit 30, and Exhibit 31). Housing permit data were tabulated by issuance year and housing type for Kingston, Silverdale, and unincorporated

Kitsap County, as a whole.¹⁰ The summary below describes the total number of housing units permitted, disaggregated by general housing type.¹¹

In total, 4,090 housing units were permitted in the unincorporated areas of Kitsap County from 2012 to December 1, 2022 (see Exhibit 29 below). About 81 percent of the total permitted units were single-family detached residential units. Multifamily units (5 or more units) made up the second largest share at 7.5 percent, followed by manufactured and mobile home units (5.1 percent of total), duplexes (2.9 percent), ADUs (2.4 percent), and townhouses (1.1 percent). In 2022, Kitsap County issued its largest volume of permitted units in its unincorporated areas, reaching 695 total units as of December 1, 2022. This is largely due to the 222 units in multifamily permits issued in 2022. These multifamily units pertain to two properties, Fieldstone on Clear Creek (114 assisted living apartment units located in Silverdale) and McWilliam Apartments (108 units located in the Central Kitsap UGA).

Exhibit 29. Housing Units Permitted in Unincorporated Kitsap County, 2012–2022

Source: Kitsap County, Unincorporated Kitsap County Residential Permits Issued.



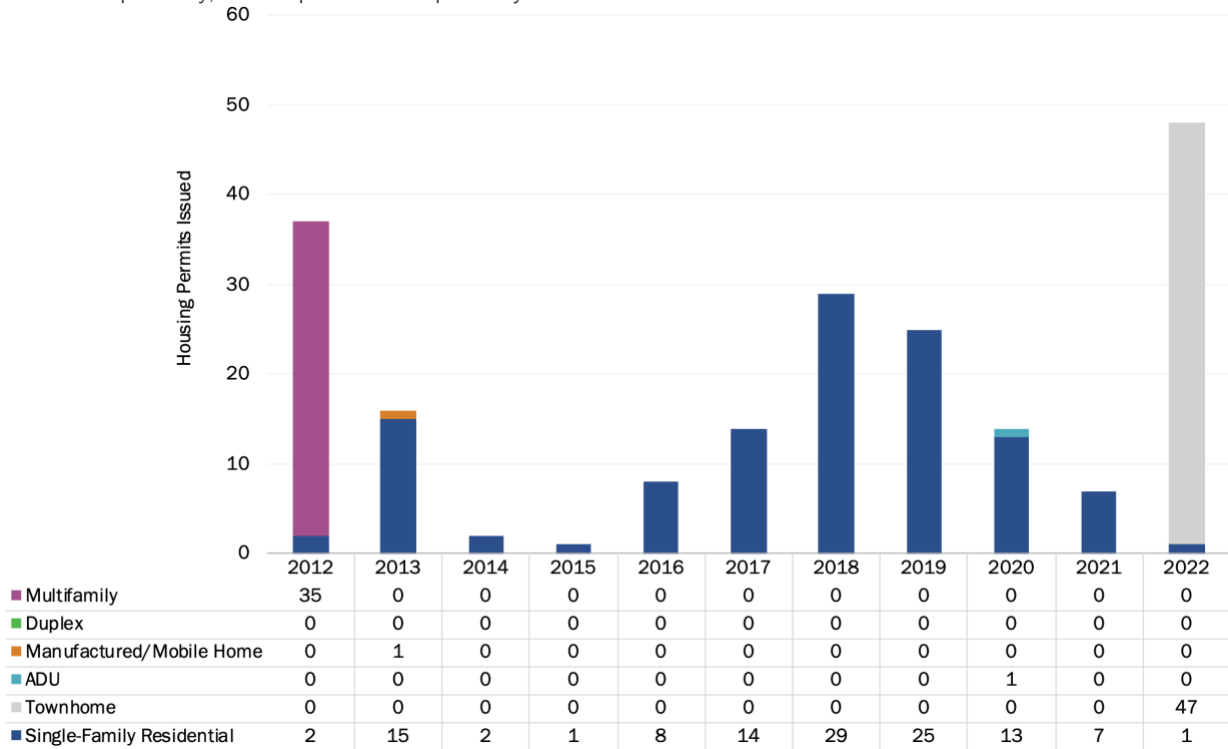
¹⁰ The housing permit data from Kitsap County might not fully account for new housing units recently developed in the county area. According to CoStar, 226 multifamily units are being actively constructed in the Silverdale area. One of these properties (78 units) began construction in December 2020 and the other (148 units) in March 2022. These properties have not been added to permit database yet.

¹¹ Note that housing units permitted differs from housing permits. Every housing permit has an associated number of housing units. For example, a single-family home permit typically has one housing unit. In the case of a multifamily property, there might be one permit representing 50 units. In this analysis, ECONorthwest summarized the total permitted units associated with each housing permit.

In both the UGA and Census Designated Place (CDP) boundaries of Kingston, 201 total housing units were permitted during the 2012 to 2022 period. Approximately 58 percent of Kingston’s permitted units were for single-family detached homes—about 23 percentage points lower than the unincorporated County’s 81 percent. In 2022, 47 townhome units were permitted in Kingston, which accounted for about 23 percent of Kingston’s total permitted units during the analysis period.

Exhibit 30. Housing Units Permitted in Kingston, 2012–2022

Source: Kitsap County, Unincorporated Kitsap County Residential Permits Issued.

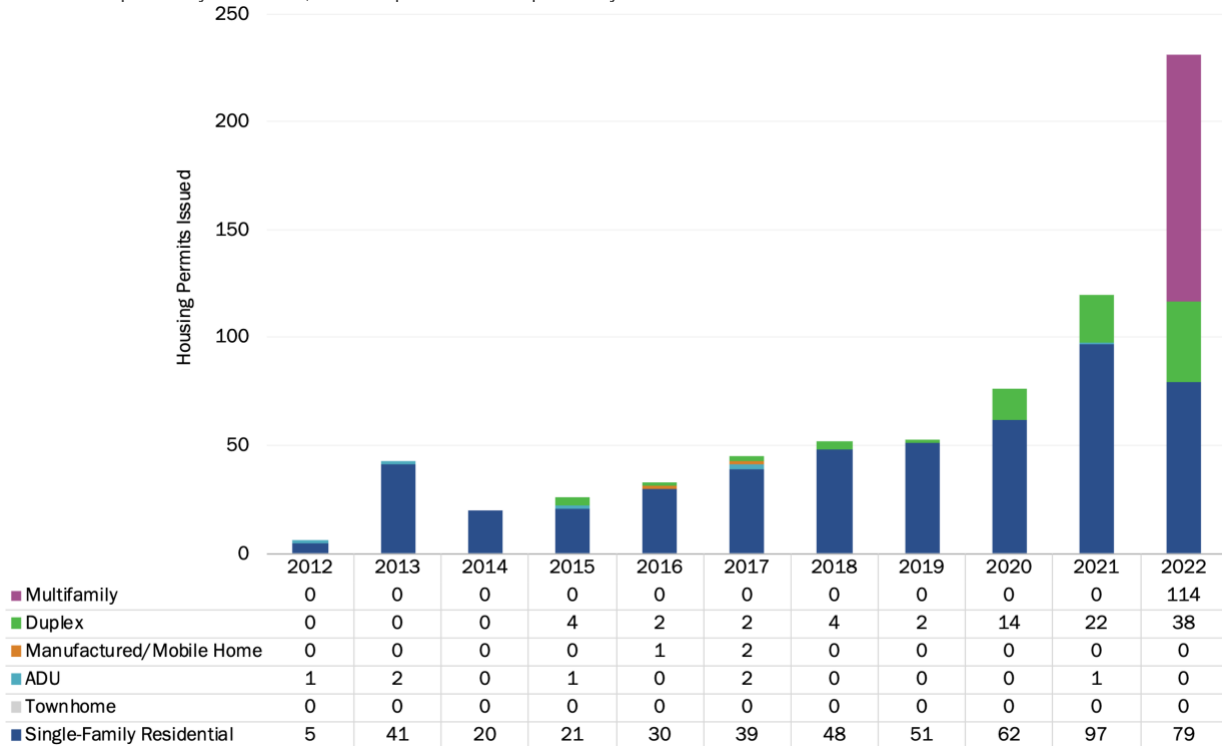


Like Kingston, most permitted housing units in the Silverdale Census Designated Place (CDP) and Urban Growth Area (UGA) were for single-family homes (about 70 percent of all units compared to the unincorporated countywide average of 81 percent).

Silverdale, however, differs from Kingston in its permitted duplex units. No duplex units were permitted in Kingston during the analysis period, whereas in Silverdale, 88 duplex units were permitted. These duplex units accounted for approximately 12 percent of Silverdale’s total permitted housing units from 2012 to 2022, and 73 percent of the unincorporated County’s total permitted duplex units. The remaining permitted units in Silverdale consisted of multifamily units (16 percent of total units), ADUs (one percent), and mobile homes (0.4 percent). Although the full year of 2022 permit data was not available at the time of analysis, Silverdale’s highest volume of permitted units occurred in 2022 relative to prior years analyzed at nearly 33 percent. In fact, nearly 50 percent of Silverdale’s permitted units occurred in 2021 and 2022 alone out of the 2012 to 2022 time period of this permit data analysis.

Exhibit 31. Housing Units Permitted in Silverdale, 2012–2022

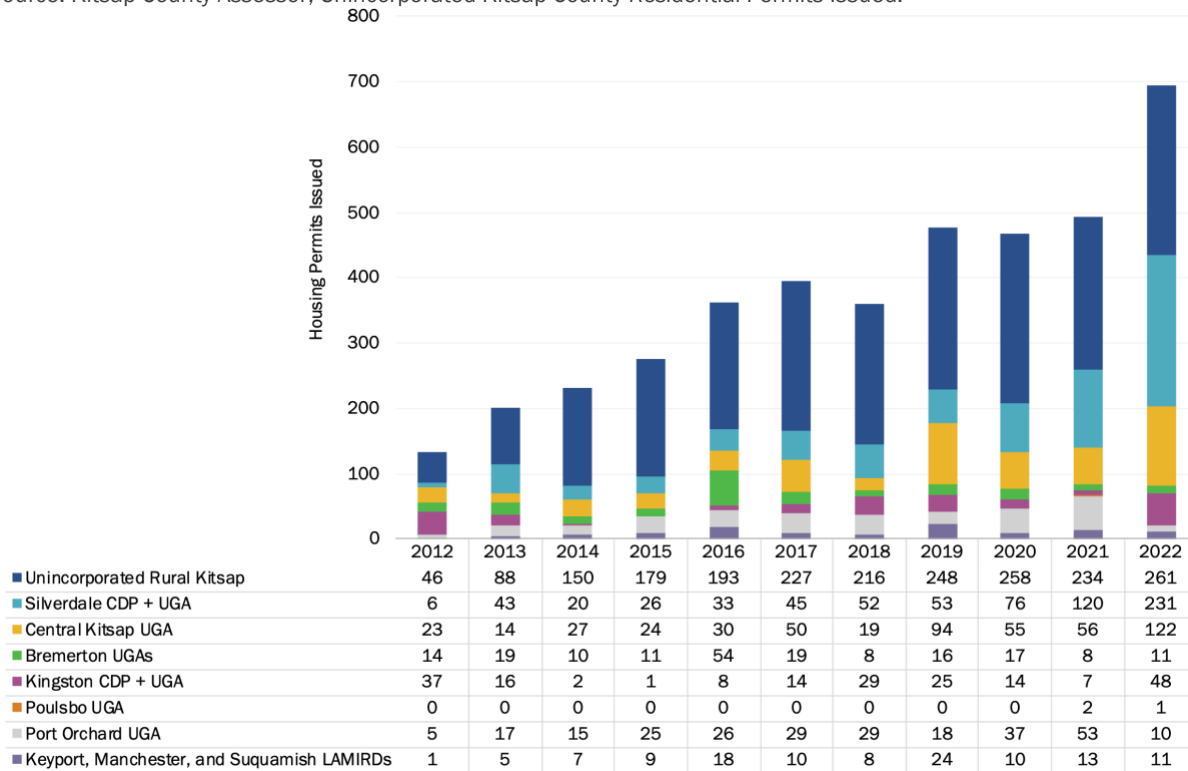
Source: Kitsap County Assessor, Unincorporated Kitsap County Residential Permits Issued.



Slightly over half of the housing units permitted (51 percent) were issued across the county in unincorporated areas outside of urban growth areas and rural centers (LAMIRD)¹² from 2012 to 2022. The second largest share of housing units permitted occurred in the Silverdale Census Designated Place (CDP) and Urban Growth Area with 17.2 percent of total units, followed by the Central Kitsap UGA (12.6 percent), the Port Orchard UGA (6.5 percent), the Kingston CDP and UGA (4.9 percent), the Bremerton East and West UGAs (4.6 percent), and then the Keyport, Manchester, and Suquamish LAMIRDs with a combined 2.8 percent of total permitted units. The lowest share of units permitted over the last decade occurred in the Poulsbo UGA with only 3 units (or 0.1 percent of the unincorporated County’s total units permitted during the analysis period).

Exhibit 32. Housing Units Permitted by Unincorporated Kitsap County Area, 2012–2022

Source: Kitsap County Assessor, Unincorporated Kitsap County Residential Permits Issued.



On an average annual basis, the unincorporated areas of Kitsap County had the largest volume of units permitted at 191 units per year (see Exhibit 33). The Silverdale CDP had the second highest average annual units permitted at 64 units per year, followed by the Central

¹² Limited Area of More Intensive Rural Development (LAMIRD): Rural areas within Kitsap County that contain intensive levels of commercial and residential development (e.g., having a relatively dense commercial zone that supports its residents and tourists passing through), but are not officially incorporated as cities. According to Kitsap County’s General Ordinances, Chapter 17.360A-E, there are five LAMIRD’s within Kitsap County. The pertinent chapters that pertain to the LAMIRD permit data analyzed in this report are: Keyport Rural Village (17.360A), Manchester Rural Village (17.360B), and the Suquamish Rural Village (17.360D).

Kitsap UGA (47 permitted units per year), the Port Orchard UGA (24 permitted units per year), and the Kingston CDP (18 permitted units per year).

Exhibit 33. Total Permitted Housing Units and Average Annual Units Permitted by Unincorporated Kitsap County Area, 2012–2022

Source: Kitsap County Assessor, Unincorporated Kitsap County Residential Permits Issued.

Geography / Area	Total Housing Units Permitted	Average Annual Housing Units Permitted
Kingston CDP + UGA	201	18
Silverdale CDP + UGA	705	64
Bremerton UGAs	187	17
Central Kitsap UGA	514	47
Port Orchard UGA	264	24
Poulsbo UGA	3	0.3
Keyport, Manchester, and Suquamish LAMIRDs	116	11
Unincorporated Kitsap County	2,100	191
Total	4,090	372

Section 4. Housing Affordability

Housing Affordability

This section provides information useful for comprehending housing affordability and how it impacts or burdens households and the broader community. Housing costs are typically the largest portion of a household budget. “Housing costs” typically include mortgage or rent payment, utilities, interest, and insurance. The term affordable housing refers to a household’s ability to find housing within its financial means. The typical standard used to determine housing affordability is that a household should pay no more than 30 percent of household income for housing, including payments and interest or rent, utilities, and insurance.¹³ This household affordability assumption is often used to help estimate whether a household is paying more than what they can afford for housing.

Cost Burden

The U.S. Department of Housing and Urban Development (HUD) guidelines indicate that a household is cost burdened when they pay more than 30 percent of their gross household income for housing and severely cost burdened when they pay more than 50 percent of their gross household income for housing.

Housing cost burden can put households in vulnerable situations and force them to make trade-offs between housing costs and other essentials like food, medicine, or transportation. This unstable condition can also lead to rental evictions, job instability, school instability for children, and homelessness. Since housing at the low-income cost range is rare, most households in this income range have to pay more than 30% of their income for their housing.¹⁴ Low-income households who are severely cost burdened are at high risk of homelessness if a household crisis emerges.

Cost burden for owner-occupied households is not terribly common because mortgage lenders typically ensure that a household can pay its debt obligations before approving a loan. However, cost burdening can occur when a household secures a mortgage and then sees its income decline. In addition, retired persons subsisting on a fixed income can experience cost burden associated with increased property taxes rising above their financial limitations.¹⁵

¹³ US Department of Housing and Urban Development (HUD). (2022). Retrieved at: <https://www.census.gov/library/stories/2022/12/housing-costs-burden.html>

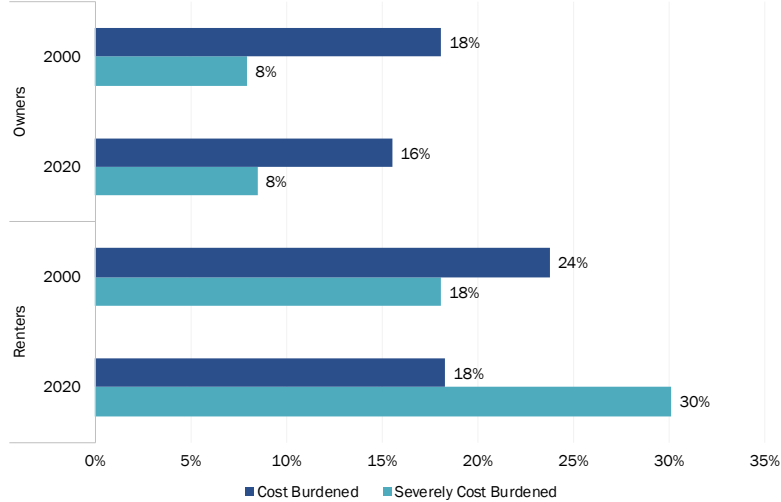
¹⁴ The exact definition of low-income households varies slightly between different jurisdictions. Generally Housing Kitsap defines very low-income as below 50% of the AMI and low-income as 50 to 80% of the AMI. Retrieved at this [link](#).

¹⁵ Also, it is important to note that households with incomes over 100 percent of the AMI are less burdened overall since their larger income, minus housing costs, will go farther to cover non-housing expenses such as transportation, childcare, and food. While cost burden is a common measure of housing affordability, it does have limitations. The measure does not consider the actual income and the possibility of higher incomes being able to easily pay for necessary nondiscretionary expenses with the remaining income and it does not account for accumulated wealth and

Unsurprisingly, renter households tend to be more cost burdened than owner households in Kitsap County. As of 2020, 18 percent of renter households were cost burdened, compared to 16 percent of owner households. Renters in Kitsap County also tended to be more severely cost burdened in 2020 with 30 percent severely cost burdened in comparison to only 8 percent of owner households being severely cost burdened. Renters are more likely to be cost burdened than homeowners because most renters tend to be lower income and in a place like Kitsap County, renters are left with a small supply of housing options available to rent.

Exhibit 34. Share of Cost Burden by Tenure in Kitsap County, 2000–2020

Source: U.S. Census Bureau, 2000 Decennial Census (Summary File X – Tables H069 and H090) and ACS 5-year data, 2006-10 and 2016-20 estimates (Tables B25070 and B25091).



Overall, cost burden for renters in Kitsap County has increased between 2000 and 2020, from 42 percent to 48 percent. Across the years, cost burden and severe cost burden has consistently been higher for renters than for owners. As shown below, Kitsap County and Washington State had very similar shares of cost burdened and severely cost burdened renter and owner households in 2020 (Exhibit 35).

assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost-burden indicator.

Exhibit 35. Cost Burdened Comparison by Tenure, Kitsap County and Washington, 2020

Source: U.S. Census Bureau, ACS 5-year data, 2016-20 estimates (Tables B25070 and B25091).

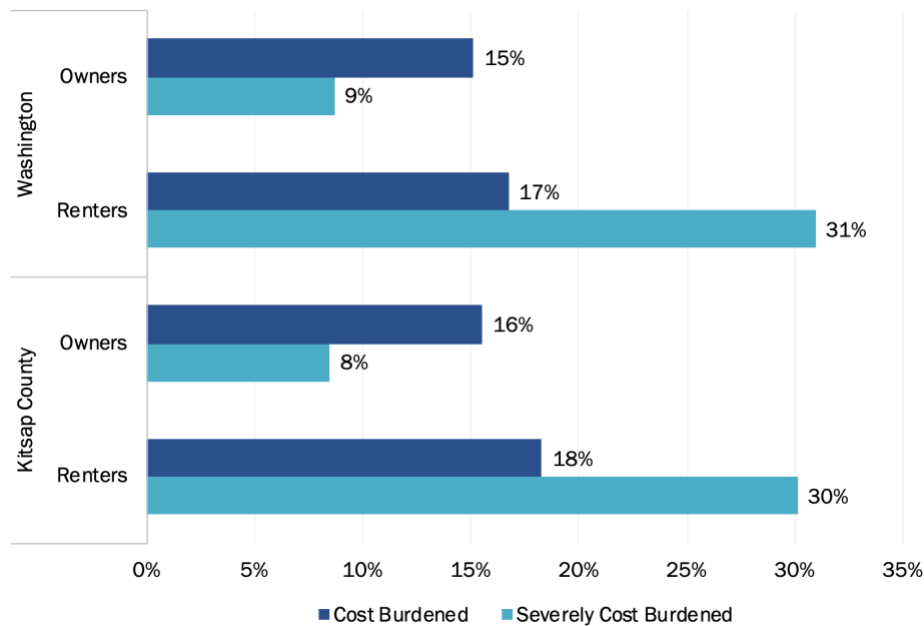
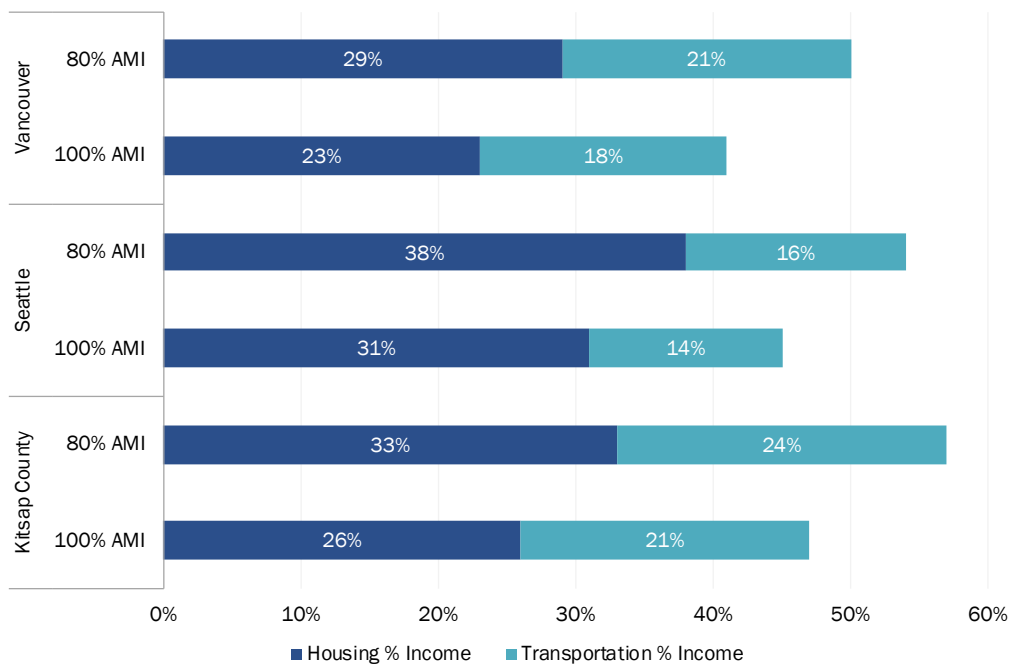


Exhibit 36. Share of income spent on housing & transportation, 2019

Source: CNT H+T Index Data, 2019. Note: Estimates for the City of Vancouver and Seattle, WA are provided below as a comparison.



While the most currently available Housing and Transportation (H+T) Affordability Index data is relatively old at the time of this report’s writing, its usefulness is in its ability to account for transportation costs as an additive measure to the housing cost burdening calculation. In 2019, Kitsap County residents earning 80 percent AMI spent 33 percent of their annual income on housing costs, with an additional 24 percent spent on transportation, for a total household

income burden of 57 percent.¹⁶ Kitsap County’s housing and transportation costs are similar to the City of Vancouver, but the county’s housing cost burden is lower than that of the City of Seattle, where residents earning 80 percent AMI spent 38 percent of their annual income on housing.

For context, the Median Family Income (MFI) for a four-person household in Kitsap County is \$51,450 at 50 percent of MFI, \$82,300 at 80 percent MFI, and \$102,500 at 100 percent MFI (see Exhibit 37).

Exhibit 37. HUD Household Income limits by family size, 2022

Sources: HUD Income Limits for Bremerton-Silverdale MSA (Kitsap County), FY 2022.

Persons in Family	Area Median Income Limits, Fiscal Year 2022						
	50% of MFI	80% of MFI	100% of MFI	120% of MFI	150% of MFI	180% of MFI	200% of MFI
1	\$36,050	\$57,650	\$72,060	\$86,470	\$108,090	\$129,710	\$144,120
2	\$41,200	\$65,850	\$82,130	\$98,770	\$123,470	\$148,160	\$164,620
3	\$46,350	\$74,100	\$92,630	\$111,160	\$138,950	\$166,730	\$185,260
4	\$51,450	\$82,300	\$102,500	\$123,000	\$153,750	\$184,500	\$205,000
5	\$55,600	\$88,900	\$111,130	\$133,360	\$166,700	\$200,030	\$222,260
6	\$59,700	\$95,500	\$119,380	\$143,260	\$179,070	\$214,880	\$238,760
7	\$63,800	\$102,100	\$127,630	\$153,160	\$191,450	\$229,730	\$255,260
8	\$67,950	\$109,650	\$137,060	\$164,470	\$205,590	\$246,710	\$274,120

¹⁶ Another way to comprehend housing affordability is to look at how much each income level can afford in housing costs. Each year, the U.S. Department of Housing and Urban Development (HUD) uses data from the US Census to define an area’s Median Family Income (MFI) based on family size (2022 values are provided). The MFI benchmark helps determine eligibility for HUD housing programs (often including rent-restricted housing) and supports the tracking of different housing needs for a range of household incomes. Kitsap County falls within the Bremerton-Silverdale Metropolitan Statistical Area (MSA) which has a 100% MFI of \$102,500 per year for a family of four in 2022. The term Area Median Income tends to be used more generally in the industry than MFI. If the term Area Median Income (AMI) is used in an unqualified manor, this reference is synonymous with HUD’s MFI.

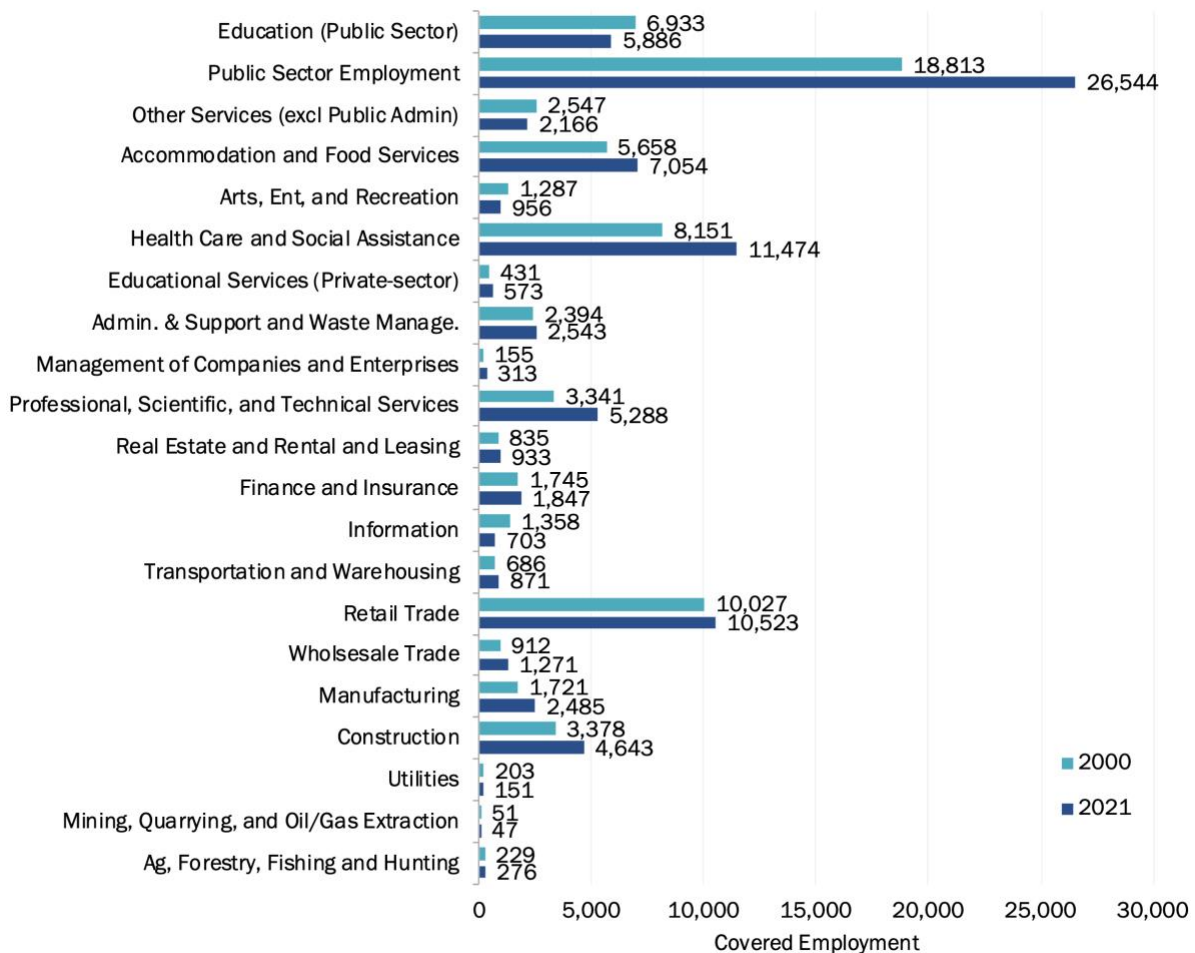
Section 5. Employment Profile

Kitsap County’s largest employment sectors include the public sector, health care and social assistance, and retail trade. Exhibit 38 shows that between 2000 and 2021, public sector employment represented the largest employment sector in Kitsap County, with 18,813 and 26,544 covered employees in each respective year.

The second largest employment sector, health care and social assistance, had less than half the number of employees in the public sector, with 8,151 covered employees in 2000 and 11,474 employees in 2021. The only other sector following closely behind the health care and social assistance sector in 2021 was retail and trade, with 10,523 covered employees.

Exhibit 38. Change in Kitsap County’s Covered Employment, by Major Employment Sector, 2000–2021

Source: Puget Sound Regional Council, Covered Employment Estimates, 2000–2021.

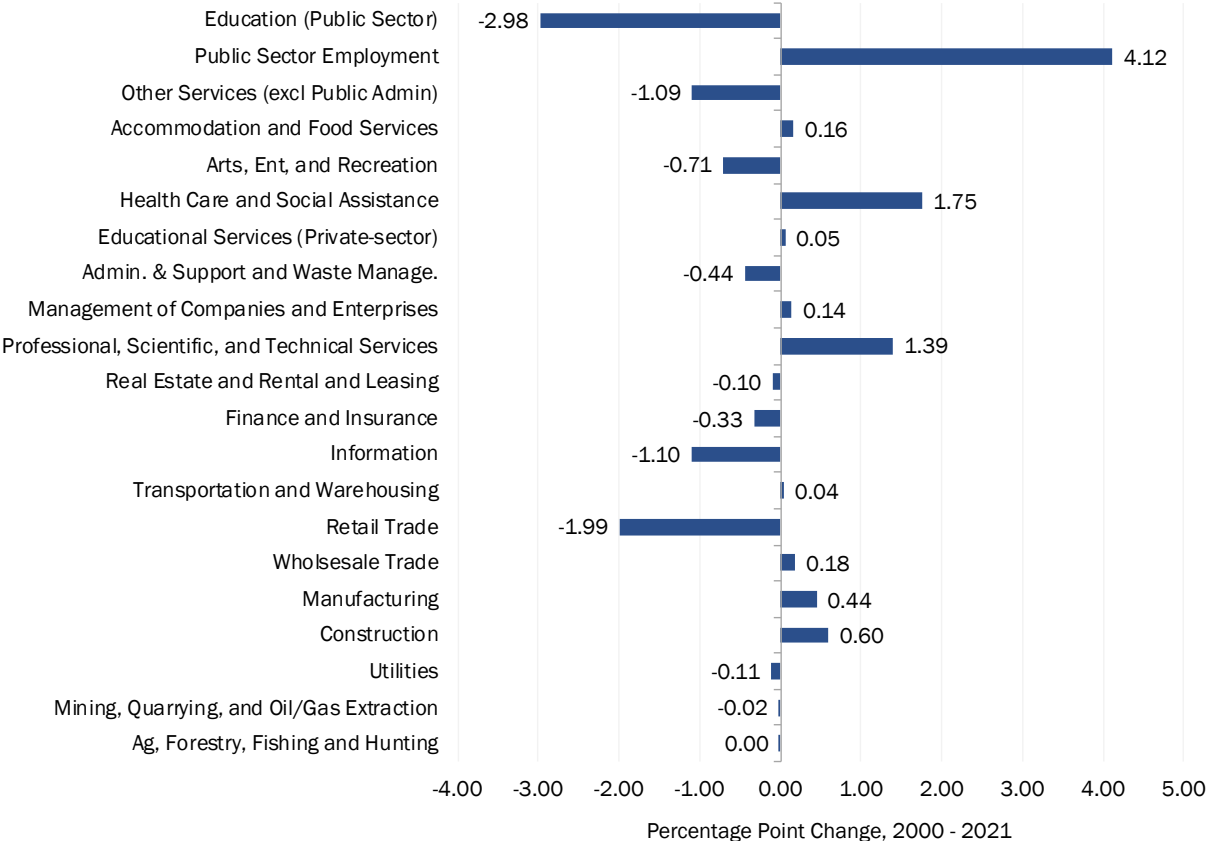


Between 2000 and 2021, employment in Kitsap County has increased most in the public sector, health care and social assistance sector, and professional, scientific, and technical services sector (see Exhibit 39 below). Public sector employment increased by four percent, while health care and social assistance employment increased by almost half that amount.

Employment decreased most in the public education sector and retail trade sector, at almost 3 percent and 2 percent respectively. Employment sectors such as private educational services and transportation and warehousing remained relatively consistent.

Exhibit 39. Change in the Distribution of Kitsap County’s Covered Employment, by Major Employment Sector, 2000–2021

Source: Puget Sound Regional Council, Covered Employment Estimates, 2000–2021.



Changes in Annual Wages for Kitsap County

Annual wage data was currently only available for Kitsap County via the Bureau of Labor Statistics’ Quarterly Census of Employment and Wages (QCEW) data series. **On an inflation-adjusted basis, annual wages for covered employment jobs in Kitsap County increased by approximately \$7,820, or by about 14.5 percent (see Exhibit 40 below for more detail). The employment sectors with the largest wage growth over the 2010 to 2021 include finance and insurance (\$28,402, or 46.6 percent), information (\$23,933, or 36 percent), professional and technical services (\$16,489, or 23 percent), other services (\$14,692, or 62 percent), and real estate and rental and leasing (\$13,979, or 41 percent).**

Exhibit 40. Change in Kitsap County's Average Annual Wages, by NAICS Employment Sector, in 2021 Inflation-Adjusted Dollars 2010–2021

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW) Annual Averages, 2010 and 2021. Note: The following NAICS Employment sectors, Agriculture, forestry, fishing, and hunting and Mining, quarrying, and oil and gas extracting, were not included due to the lack of data availability. **NAICS** = The North American Industry Classification System is the federal standard for classifying business establishments related to the U.S. business economy.

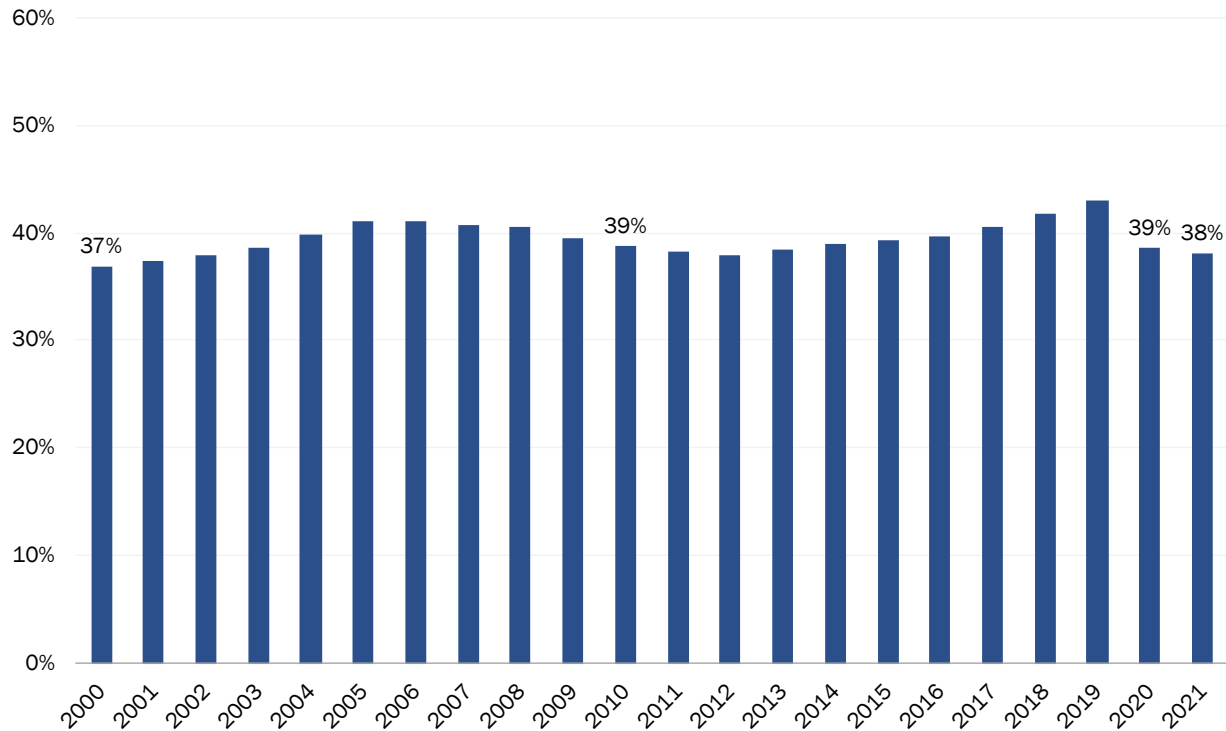
NAICS Employment Sector	Kitsap County Annual Wages			Change, 2010 (Adjusted) – 2021	
	2010 (Unadjusted)	2010 (Inflation-Adjusted)	2021	Diff.	Percent Change
Utilities	\$76,728	\$95,347	\$104,572	\$9,225	9.7
Construction	\$46,728	\$58,067	\$63,398	\$5,331	9.2
Manufacturing	\$42,296	\$52,560	\$62,414	\$9,854	18.7
Wholesale Trade	\$48,983	\$60,869	\$73,556	\$12,687	20.8
Retail Trade	\$26,910	\$33,440	\$38,491	\$5,051	15.1
Transportation and Warehousing	\$31,784	\$39,497	\$50,243	\$10,746	27.2
Information	\$53,117	\$66,007	\$89,940	\$23,933	36.3
Finance and Insurance	\$49,051	\$60,954	\$89,940	\$28,402	46.6
Real estate and Rental and Leasing	\$27,296	\$33,920	\$47,899	\$13,979	41.2
Professional and Technical Services	\$57,506	\$71,461	\$87,950	\$16,489	23.1
Management of Companies and Enterprises	\$79,214	\$98,436	\$85,761	(\$12,675)	(12.9)
Administrative and Waste Management Services	\$33,205	\$41,263	\$47,274	\$6,011	14.6
Educational Services	\$29,020	\$36,062	\$36,534	\$472	1.3
Healthcare and Social Assistance	\$38,150	\$47,408	\$52,550	\$5,142	10.8
Arts, Entertainment, and Recreation	\$15,854	\$19,701	\$25,831	\$6,130	31.1
Accommodation and Food Services	\$15,069	\$18,726	\$24,463	\$5,737	30.6
Other Services (except Public Admin)	\$18,950	\$23,548	\$38,240	\$14,692	62.4
All Government	\$53,036	\$65,906	\$72,596	\$6,690	10.2
Federal Government	\$74,880	\$93,051	\$87,750	(\$5,301)	(5.7)
State Government	\$40,882	\$50,803	\$63,676	\$12,873	25.3
Local Government	\$43,346	\$49,494	\$66,362	\$12,498	23.2
Total (All Industries)	\$43,439	\$52,980	\$61,799	\$7,819	14.5

In Kitsap County, employment among the prime working-age population has remained relatively consistent throughout the last 20 years. Prime working age is defined as the

population aged between 25 and 64 years. As seen in Exhibit 41, the share of employed working-age persons out of the total working age population in Kitsap County was at 38 percent in 2021. This share has not changed much from its 2000 rate of 37 percent.

Exhibit 41. Employment-to-Population Ratio for the Prime Age Working Population (25 to 64 Years of Age) in Kitsap County, 2000–2021

Source: Washington Employment Security Department, Local Employment Dynamics (LED) data for workers by age group; Washington Office of Financial Management (OFM), April 1 population estimates by age and sex.

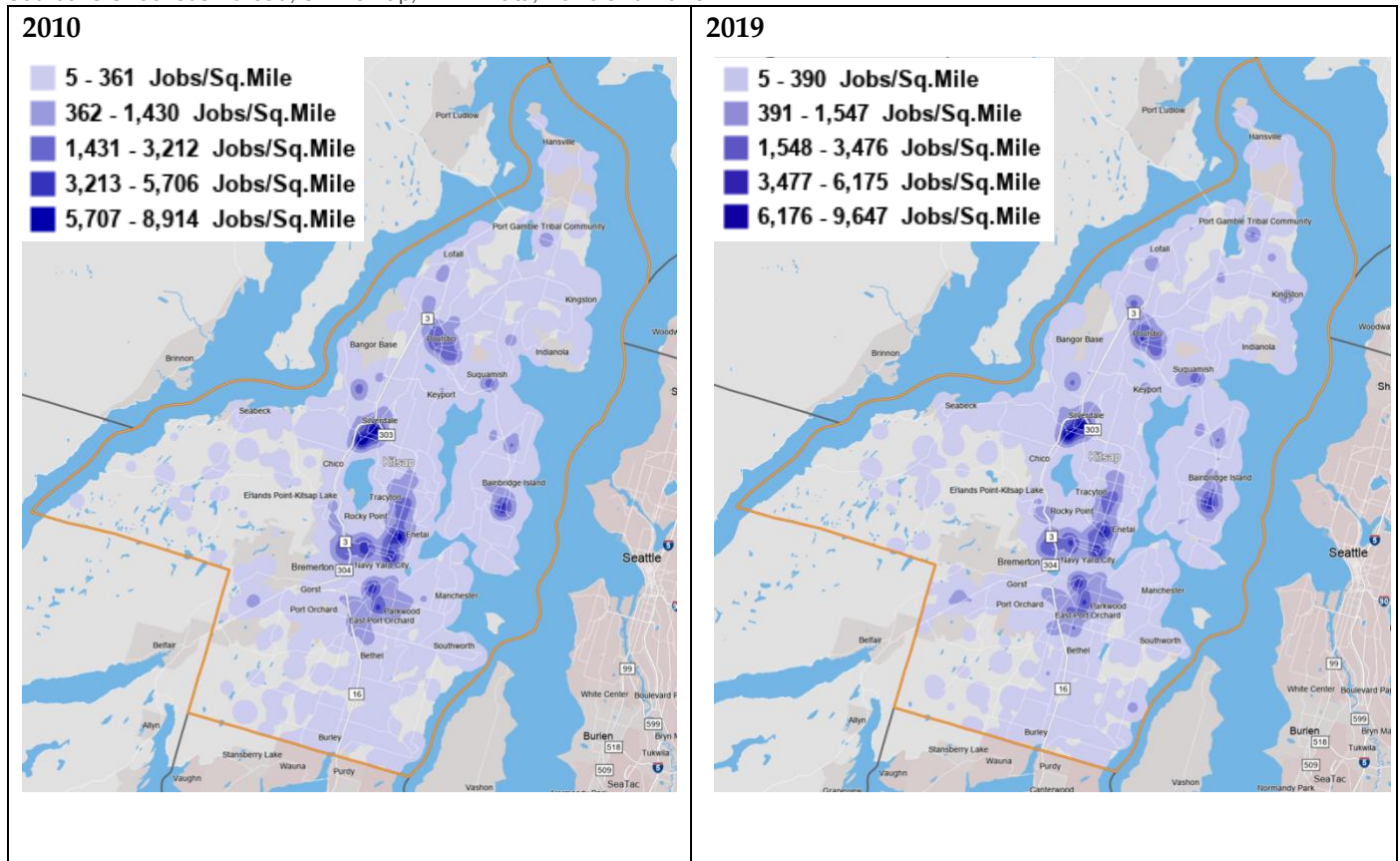


The maps displayed in Exhibit 42 (below) demonstrate employment density throughout the Kitsap County region between 2010 and 2019. The map shows density of employment via varying shades of purple, where the darker shades of purple represent higher density of employment.

The locations of higher employment density have remained relatively consistent throughout the past 10 years. In the north, a higher density of employment is centralized around several urban centers including Silverdale (with a concentration of retail and healthcare facilities), Bainbridge Island’s Downtown Winslow area and Day Road area, the area surrounding the Clearwater Suquamish casino, the Navy Bangor Base, and Downtown Poulsbo. In the south, employment is clustered around East Port Orchard, Downtown Bremerton, and nearby Bremerton within the Navy Yard urban area with the shipyard employment.

Exhibit 42. Change in Employment Density, Kitsap County, 2010–2019

Source: U.S. Census Bureau, OnTheMap, LEHD Data, 2010 and 2019.



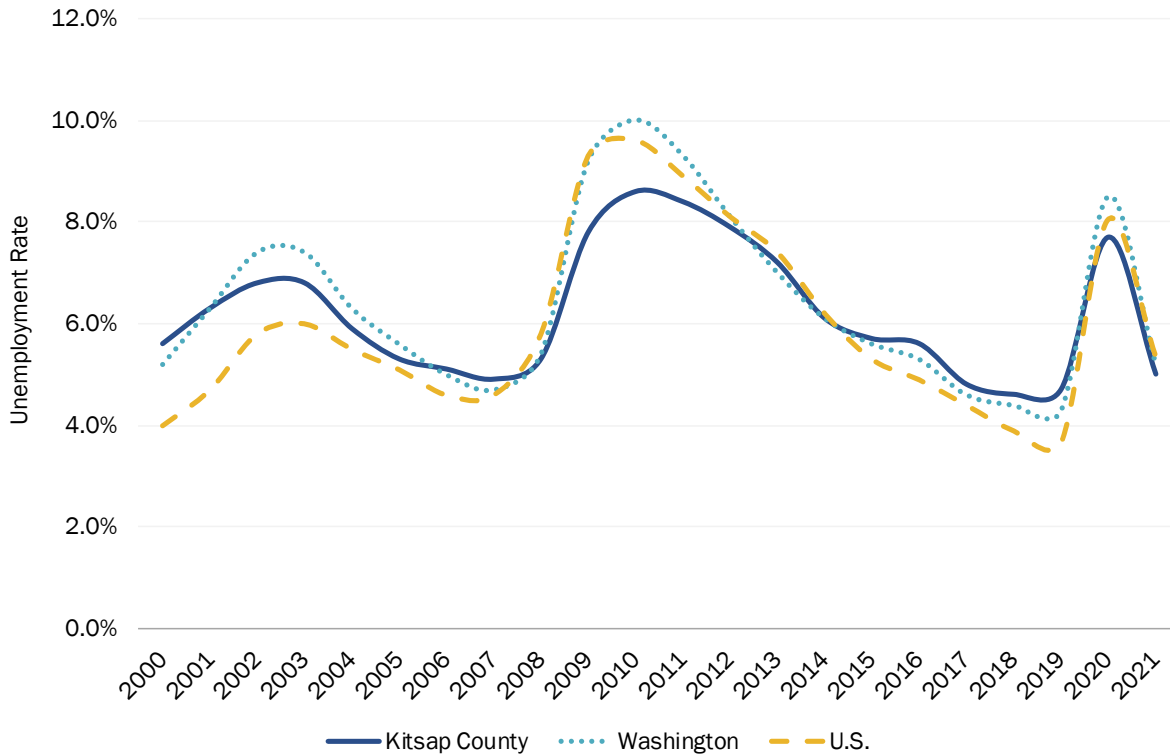
Labor Force and Unemployment Trends

Kitsap County's unemployment rate has fluctuated in a similar fashion as the state and U.S. unemployment rates throughout the years between 2000 and 2021 (see Exhibit 43). The highest points of unemployment in Kitsap County occurred in 2010 at 8.6 percent (associated with the Great Recession) and in 2020 at 7.7 percent (during the early months of the COVID-19 pandemic).

As of 2021, employment has mostly bounced back with the unemployment rate back to the lower unemployment rates the County experienced in 2016-2017, at 5 percent. Washington State and the U.S had similar unemployment rates in 2021, at 5.2 and 5.3 percent respectively.

Exhibit 43. Annual Unemployment Rate, Kitsap County, Washington, the United States, 2000–2021

Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS), 2000–2021.



Industry and Sector Employment Trends

In Exhibit 44, provided below, Kitsap County is showing some large changes in the representation of establishments¹⁷ across the healthcare and social assistance employment sector and in uncategorized services outside of public administration. While establishments representing other services (except public administration) have decreased from 1,807 in 2010, to 601 establishments in 2021, the establishments in the health care and social assistance sector have increased in number, from 570 in 2010 to 1,639 in 2021.

The health care and social assistance sector now represents the largest number of establishments across all employment sectors in Kitsap County. Kitsap County is currently experiencing increased demand for healthcare services, consequently this growth trend is expected to continue in the future. Other employment sectors with many establishments include the professional and technical services sector and the construction sector.

¹⁷ An establishment is defined as a single economic unit that produces goods or services. A hospital, a restaurant, or a government office are examples of an establishment. Establishments often have a single physical location (an address) and are predominantly engaged in one type of economic activity (e.g., healthcare). Establishments differ from firms insofar that a firm can have one or more establishments and each of those various establishments could engage in different economic activities. Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages Questions and Answers. More can be read about how establishments are defined by the Bureau of Labor Statistics at the following web address: <https://www.bls.gov/cew/questions-and-answers.htm>.

Exhibit 44. Change in Establishments in Kitsap County, by Major Employment Sector, 2010–2021

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), 2010 and 2021 data.

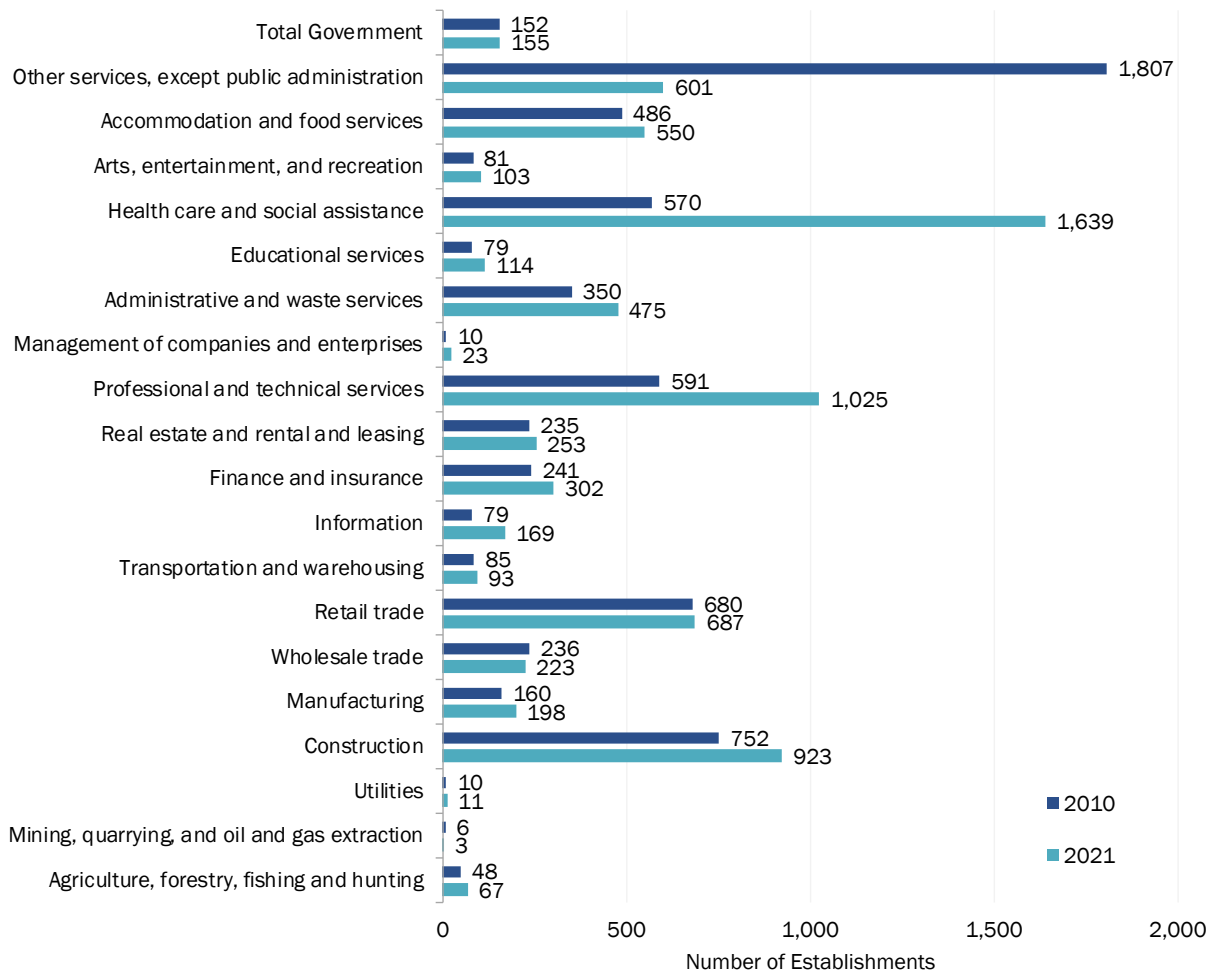


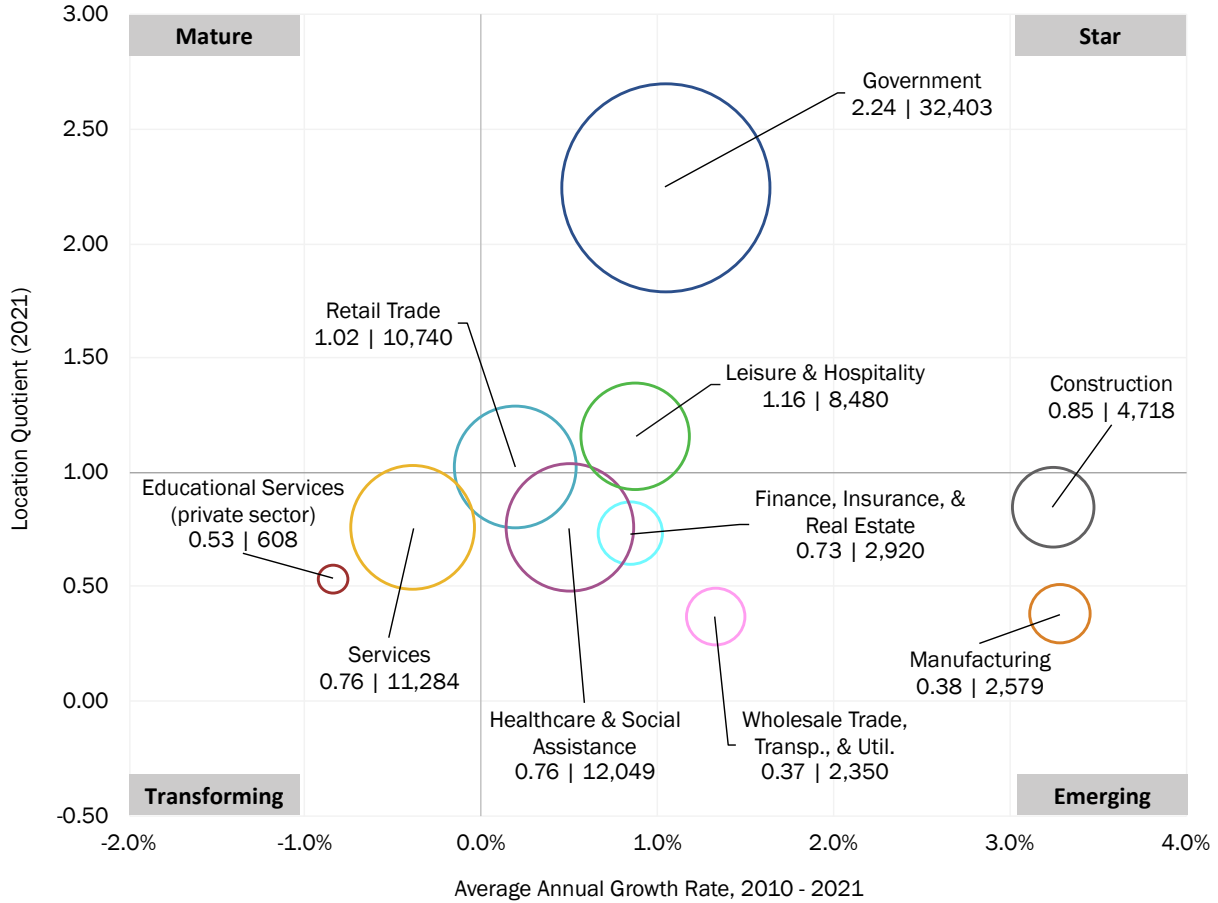
Exhibit 45 details the location quotient— or how specialized a sector is in a county relative to the state—for major employment sectors in Kitsap County. Located on the y-axis of the exhibit, a location quotient value of 1.0 indicates that the sector’s level of specialization in Kitsap County is on par with statewide trends (i.e., not specialized). If the location quotient exceeds 1.0, this suggests the industry is concentrated or specialized in the county. The higher the location quotient, the more concentrated the sector in the analysis areas. Employment sectors with bigger location quotients typically indicate a competitive advantage and, in turn, a higher likelihood of attracting new establishments in that sector to the region. The average annual percent change in employment over the 2010 to 2019 period is denoted on the x-axis.

Each major employment sector is denoted by a bubble. The size of the bubble indicates the number of covered jobs in each sector. Sector names are detailed for each bubble, along with its location quotient (left-side) and total covered employment in 2019 (right-side). Additionally, quadrants are labeled in clockwise order as *Star*, *Emerging*, *Transforming*, and *Mature*. *Star* employment sectors are concentrated in the region; they are strong clusters (in terms of concentration and growth) that help the county stand out from others. *Emerging* sectors are

under-represented in the county (usually little to no concentration) but are growing on an average annual basis. *Transforming* sectors are both under-represented in the county and losing jobs. *Mature* sectors are concentrated in the county, like *Star* sectors, but with declining jobs.

Exhibit 45. Location Quotient of Major Employment Sectors in Kitsap County, 2010–2021

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), 2010 and 2021.



According to Exhibit 45, shown above, Kitsap County’s **Star** employment sectors are **Government, Retail, and Leisure and Hospitality** sectors. These sectors are highly concentrated in the county and are gaining jobs. Most other employment sectors in Kitsap County are **Emerging**, while the educational services and general services sectors are **Transforming**, or losing traction in Kitsap County.

The Innovation Intelligence¹⁸ tool details the innovation capacity and output of a region by aggregating over fifty different innovation measures (e.g., patent technology diffusion, job expansions-to-contractions ratio, per capita personal income growth) . There are five major index categories that roll up into a single “headline” innovation index. Three of these five major categories are innovation inputs (human capital and knowledge creation, business dynamics,

¹⁸ Innovation Intelligence (II3) is hosted on StatsAmerica (www.statsamerica.org) and managed by the [Indiana Business Research Center](#) at Indiana University’s Kelley School of Business and funded partially by the U.S. Commerce Department’s Economic Development Administration (2021 data release).

and business profile), and the remaining two are innovation outputs (employment and productivity, and economic well-being).

Human Capital and Knowledge Creation: Kitsap County ranks among the top three percent (63 out of 3,110 total counties) of all counties in the United States in the human capital and knowledge creation index. This index contains statistical measurements like educational attainment, STEM education and occupations, and technology diffusion (e.g., patent technology diffusion).

Business Dynamics: The business dynamics index measures accounts for measurements like establishment formation, establishment dynamics (e.g., establishment births divided by establishment deaths), venture capital dollar measures, and venture capital count measures (e.g., initial public offerings, average annual venture capital deals). **Kitsap County fares among the top nine percent of all counties, ranking 261 out of 3,110 counties.**

Business Profile: The business profile index includes measurements such as foreign direct investment (FDI) attractiveness (e.g., foreign and national employment indices), connectivity (e.g., residential high-speed connection density, farm operators with internet access), dynamic industry profiles (e.g., high-tech, early-in-life-cycle establishment ratio), and proprietorship (e.g., availability of capital from all banks, proprietor income to total wages and salaries). **Kitsap County ranked among the top 14 percent (414 of 3,110 total counties) of all counties nationwide.**

Employment and Productivity: Of the five major index categories, Kitsap County's weakest ranking is in employment and productivity, placing among the top 32 percent of all counties nationwide (ranked 978 of 3,110 counties). This index accounts for direct outcomes of innovative activity (patent diversity), economic growth (Gross Domestic Product per worker), and regional desirability (industry cluster diversity, strength, and growth).

Economic Well-being: Economic well-being assesses a county's standard of living and related economic outcomes. These include, but are not limited to, the average poverty rate, unemployment rate, net migration, and income inequality. **Kitsap County ranks among the top 11 percent of all counties (336 of 3,110 total counties) in economic well-being.**

Headline Innovation Index Summary: Index values were computed for 3,110 counties in the United States and then subsequently ranked for ease of nationwide comparison. Aggregating all the indices detailed above, **Kitsap County's "headline" innovation index placed it among the top five percent of all counties nationwide (ranked 129 of 3,110 counties).** See Exhibit 46 for Kitsap County's innovation index values and how the County ranks relative to all counties across the nation.¹⁹

¹⁹ Additionally, ECONorthwest provided the median index value of all United States counties (3,110 total). This is not a national median, as the Indiana Business Research Center designed the values to be compared by geographic level (i.e., one should not compare county index values to statewide index values or MSA index values).

Exhibit 46. Innovation Index Measurements, Kitsap County, 2021

Source: Indiana Business Research Center, "Driving Regional Innovation: The Innovation Index 2.0." 2021.

Innovation Indices	Kitsap County Index Value, 2021	Kitsap County's Index Rank (out of 3,110 Counties)	Median Index Value (of all U.S. Counties)
Headline Innovation Index	136.8	129	113.0
Human Capital and Knowledge Creation	156.9	63	118.3
Business Dynamics	147.0	261	119.7
Business Profile	98.2	414	73.0
Employment and Productivity	129.5	978	124.4
Economic Well-Being	152.4	336	131.4

Appendix

Construction Cost Influences

The Puget Sound regional economy has grown at an astounding rate in the past decade, influenced by strong population growth as new residents move to the area seeking economic and educational opportunities, and the area's natural beauty. According to the Bureau of Labor Statistics, total employment in the four-county region (King, Kitsap, Snohomish, and Pierce Counties) grew 23 percent from 2010 to 2018, while total population in these four counties grew approximately 12 percent.²⁰

Hampered by the housing market crash and economic recession, however, the regional housing market did not produce enough new housing in response to this growing demand, particularly at prices affordable to the majority of incomes. The Puget Sound Regional Council (PSRC) estimates that housing units in the four-county region only grew by 6.7 percent over the same period of strong economic growth.²¹

Housing markets operate regionally: housing prices and availability in one location may influence housing demand in another area, as households seek affordable options. Seattle's strong economic growth and own housing underproduction has led to rising prices there, forcing many households to decide whether to stay put and face increasing cost burdens, or try to find lower cost housing in other parts of the region and beyond. These regional trends have strong implications for cities in Kitsap County, which sits close to the economic engine of Seattle.

Construction and Labor Costs

Another key driver of the housing supply and production of housing is the cost of construction. The costs of construction materials can limit supply and affordability. In the two years since the onset of the pandemic, construction costs have grown faster than at any point since 2009, according to the Engineering News-Record Construction Cost Index (CCI).²² Construction costs in Seattle have drastically outpaced the national average post-pandemic. In 2020 Q1 (around the time the pandemic began), Seattle's CCI sat at 138, about four percent higher than the national average CCI of 133. As of 2022 Q2, Seattle's CPI is about 10 percent higher than the national average. Exhibit 47 shows the change in CCI for both the nation and Seattle since 2009 Q1.

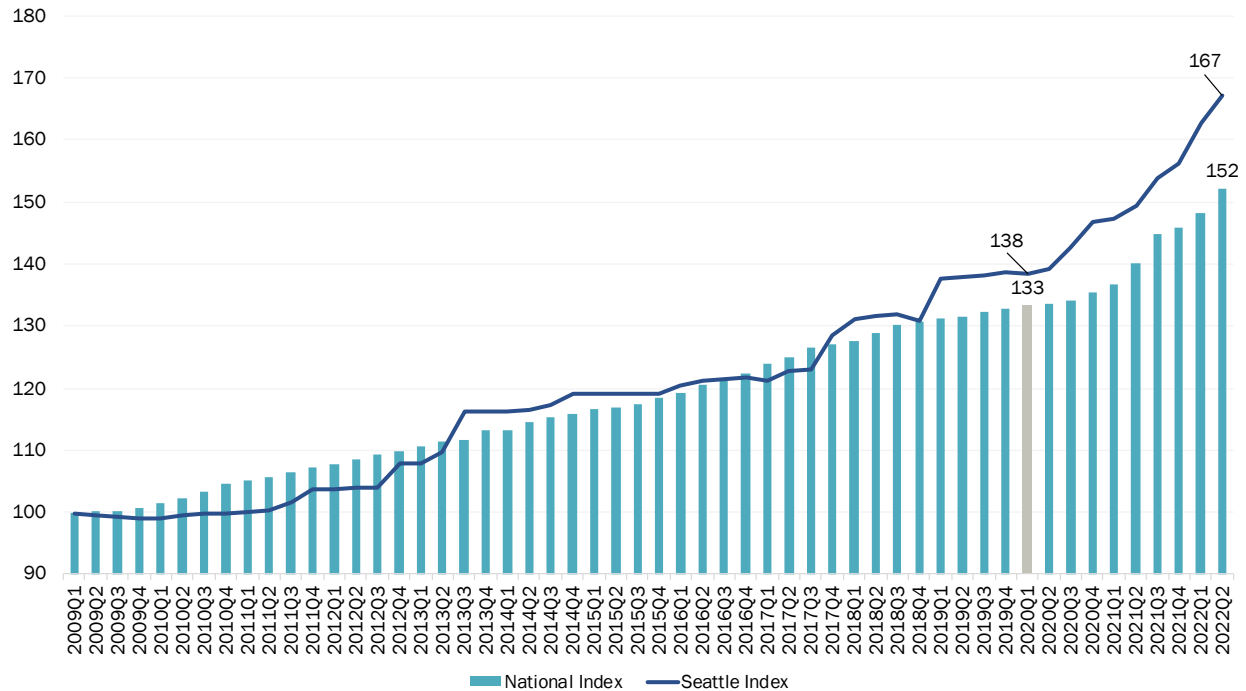
²⁰ Bureau of Labor Statistics. 2018 Quarterly Census of Employment and Wages for the four-county region (King, Kitsap, Snohomish and Pierce Counties). Available from: <https://www.bls.gov/cew/downloadable-data-files>

²¹ Current Population: Region. Estimates from U.S. Census Bureau and the Washington State Office of Financial Management. Available from: <https://www.psrc.org/rdp-population>

²² Engineering News-Record, Construction Cost Index data, national and City of Seattle estimates, January 2009 – June 2022.

Exhibit 47. Seattle and National Construction Cost Index, 2009Q1 – 2022Q2

Source: Engineering News-Record Construction Cost Index, 2009-2022 (January 2009 is indexed to 100).



In the aftermath of the housing market crash of 2008, many firms in the development and construction sector faced layoffs. As a result, architects, contractors, and laborers retired or found new professions. The construction sector was hit particularly hard and saw nationwide employment declines of 19 percent from a peak in 2007 to 2015.²³ Despite some recovery post-recession, a lack of available trained construction and trade workers and subcontractors continues to be a drag on the housing market. Limited labor availability increases competition, bids up prices, increases time to completion, and consequently limits overall housing production. Each of these factors hurts housing affordability.

²³ Alana Semuels. 2015. "Where have all the Construction Workers Gone?" The Atlantic Magazine. www.theatlantic.com/business/archive/2015/02/where-have-all-the-construction-workers-gone/385417/ Data reported by the Bureau of Labor Statistics.

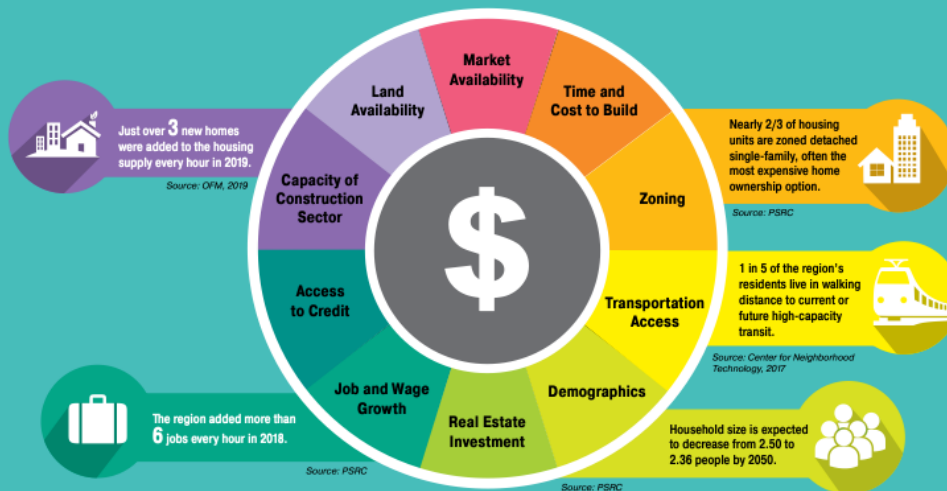
HOUSING AFFORDABILITY IN THE CENTRAL PUGET SOUND REGION

Jan 2020



What Factors Impact Affordability?

A number of factors affect the cost of renting or purchasing a home. In the central Puget Sound region, economic, demographic, and land use factors have led to an increasingly competitive housing market.



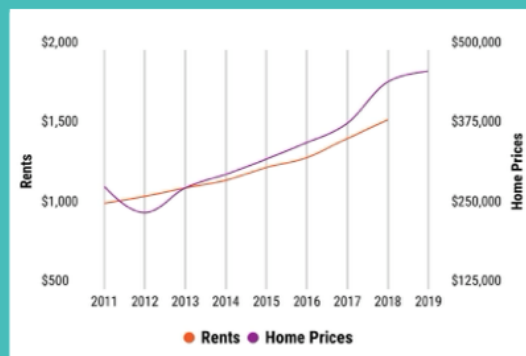
What are the Impacts of Rising Housing Costs?

Growth in the region has contributed to increased housing costs, but these increases are not uniform throughout the region. Low-income households in particular are most affected by rising housing costs.



White households are four times more likely to own a home than a household of color.

Metro Area Home Prices and Rents



A household needs to earn \$150,000 to afford a median-priced home. That is equivalent to six full time jobs at minimum wage.



Want to learn more about PSRC's housing work?
Please visit www.psrc.org/housing or scan the QR code to learn more about regional housing efforts.

