

# Chapter 6 – Housing



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## Introduction

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This chapter describes housing in the Greater Hansville Area (GHA), including the types, condition, occupancy and vacancy rates, and affordability and availability of a range of housing to meet the needs of community residents. As with other census-related information, it is difficult if not impossible to collect information for the entire GHA because of the way census tracts are laid out. Most of this information relates to the 98340 zip code, with extrapolation to the balance of the area. Housing is also discussed in the Demographics and Land Use chapters of this profile report.

### KEY FACTS

- Housing in the GHA is single-family and mostly owner occupied.
- The majority of housing has been built since 1970, probably as a result of several subdivisions created in the 1960s and early 1970s.
- There is no diversity in housing types to meet the needs of everyone who lives or would like to live in the GHA.
- Housing costs for a large number of homeowners and renters is under 20% of income.

### KEY TRENDS

- Seasonal housing use seems to be declining as more homes are permanently occupied.
- Large subdivisions are not likely to be built in the future due to the larger lot-size requirements of the current county comprehensive plan.
- Housing prices have increased significantly in recent years. It is uncertain what will happen to housing prices and sales as interest rates rise.
- The cost of housing as a percent of income exceeds 35% for a growing number of both owners and renters.
- Older long-term residents are being forced to leave the area to find housing that meets their needs. As a result, the community is losing some of its creators and staunchest supporters.
- The oldest neighborhoods along the water are being transformed as new, large and modern permanent homes are replacing older vacation homes and cabins.
- Increasing prices or assessed value will force some current residents on limited incomes to leave and prevent others from locating in the GHA. The result may be either: 1) homeowners with mega mortgages and high percentages of income going to housing costs or 2) a community populated largely by the affluent.

### KEY ISSUES

- Can the GHA population remain diverse with housing prices so high?
- What is the impact of lack of housing types, i.e., multi-family and elder care?
- What is the impact of the 5-acre lot size on housing costs?
- What is the impact of high housing prices on new and existing owners?

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## Where Have We Been?

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Some early housing in the GHA was farming-related, but the majority was water-oriented. Many vacation and seasonal homes were located along the water, often on very narrow adjoining lots in a pattern that is common along the Sound. The 2000 census lists just 80 homes in the 98340 zip code that were built before 1940. We know that a number of fishing resorts were located around Hansville in the 1940s and '50s, including some rental units.

Home building picked up between 1940 and 1959. The 2000 census reports that 140 homes built during that period still remain, while 73 built between 1950 and 1959 no longer existed in 2000. Some homes must have been built on the sites of the old resorts, since the remains of only two resorts exist today. Undoubtedly many, if not most, of the homes built in this period were seasonal or for vacation use, based on the attraction of the fishing and water access in the area.

The first major subdivision created in the area was Driftwood Key in the 1960s, with 777 lots. This was followed by Shore Woods, with

279 lots, and Cliffside, with 109, in the mid-60s. The availability of these subdivided lots created a market for new housing. Home construction increased during the decade of 1960-69 but then really took off between 1970 and early 2000, when 852 homes were constructed – more than three times the number built prior to that date. As a result, the GHA is really a relatively “young” community, which explains why so much of the history that has shaped the community has been created by those still living in the area.

Along with the increase in the number of homes there was a difference in their design. Many early homes were typical beach cabins or modest summer homes. In Driftwood Key, one can see a transition from early, summer cabins to more substantial permanent residences that predominate there now. This matches census comparisons that indicate 36% of structures were seasonally occupied in 1990 compared to 23% in 2000.

Most recently, historically low interest rates have led to very high levels of home building, with 48 building permits issued in 2004 alone.

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## Where We Are Now

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The 2000 census reports 1,117 housing units in the 98340 zip code. Data from the Kitsap County GIS system indicate there were more than 1,700 houses in the GHA in 2000. Over 100 building permits were taken out from 2000 through 2004.

Because there has been so much building in recent decades, three-quarters of all housing in the 98340 zip code was built after 1970. Half of them have been built in the last 15 years, so most housing in the GHA is in good condition. The size of recently-constructed homes averages around 1,800 or 1,900 square

feet, which is larger than the historical vacation cabins but similar to house sizes in recent years. The vast majority are traditional, stick-built construction. Only 56 mobile homes were located in the 98340 zip code in 2000.

All of the dwellings are single-family. While it is not unusual to have a home with a smaller unit for guests, there are no apartments or duplexes. There are also no special-needs housing units for seniors, handicapped or others.

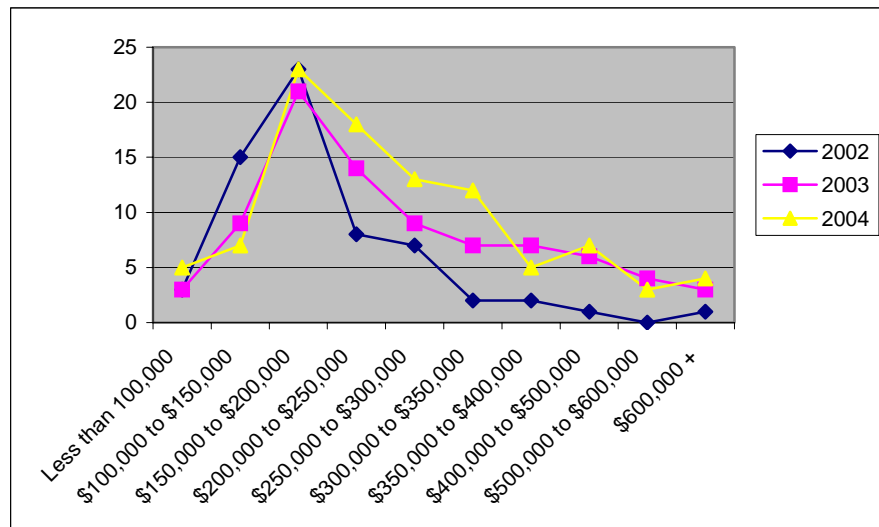
Almost 90% of homes are occupied by owners. Only 11% were rented in 2000, and about 21% were seasonal or vacation homes in the 98340 zip code.

In addition to significant increases in construction rates, home sales have also risen in the GHA as they have nationwide, due largely to low interest rates. Table 1 and Figure 1 show Multiple Listing Service sales in the GHA for 2002 through 2004. The table shows a steady increase in sales from 2002 thru 2004. It also shows a gradual increase in prices over this period. The number of homes that sold for \$250,000 or more was 21 in 2002, 50 in 2003 and 62 in 2004.

Housing affordability shows some interesting facts (see Table 2 and Figure 2). First, there is a very high percentage of homeowners for whom monthly housing costs are less than 20% of household income (slightly more in 1990 than in 2000). Beyond this first category, affordability seems evenly spaced among the remaining categories in 1990. In 2000 we see a significant increase in the number of households where more than 35+ of household income is going toward housing costs.

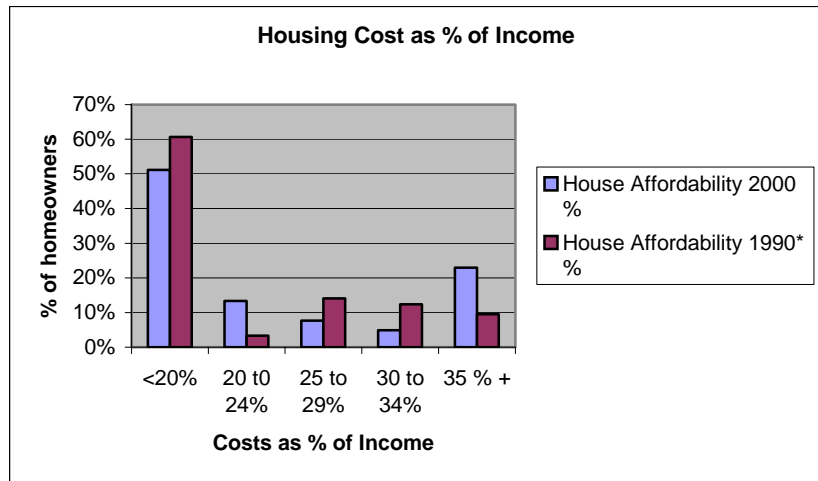
Table 1 Multiple Listing Service Sales in GHA, 2002 through 2004			
Sales Price	2002	2003	2004
<b>Total Sales</b>	<b>62</b>	<b>83</b>	<b>97</b>
Less than 100,000	3	3	5
\$100,000 to \$150,000	15	9	7
\$150,000 to \$200,000	23	21	23
\$200,000 to \$250,000	8	14	18
\$250,000 to \$300,000	7	9	13
\$300,000 to \$350,000	2	7	12
\$350,000 to \$400,000	2	7	5
\$400,000 to \$500,000	1	6	7
\$500,000 to \$600,000	0	4	3
\$600,000 +	1	3	4

Figure 1  
Multiple Listing Service Sales in GHA, 2002 through 2004



	1990	2000*
% of Income	%	%
<20%	61%	51%
20 to 24%	3%	13%
25 to 29%	14%	8%
30 to 34%	12%	5%
35 % +	10%	23%
	100%	100%
*Sample data		

Figure 2  
Housing Affordability in GHA



## Trends

Although specific data are not available for the GHA, there are four potential concerns with the rapid increase in housing costs:

- First, as housing price and assessed values grow more rapidly in the GHA than the rest of the county, GHA residents will see their property taxes increase more rapidly than other homeowners in the county (see Government chapter for details).
- Second, young families and others on modest incomes may be priced out of housing in the GHA, thus affecting diversity in the area.
- Third, the increasing price of homes has given momentum to something called the “interest-only” mortgage where buyers pay only the interest on a mortgage for a set number of years before rates increase or principal payments are also due. A recent article in MSNBC/Business Week indicates that 37% of mortgages in the Seattle/Bellevue/Everett area were interest-only in 2004, making the area the eighth highest in the nation for this type of mortgage (Portland was 17<sup>th</sup> with almost

Percentage	1990 Census%	2000 Census%
Less than 20%	72	29
20 to 24%	7	13.2
25 to 29%	10	10.5
30 to 34%	0	8.7
35% +	10	29.2
NA	(X)	9.4
Total	99	100

- 28%). This may pose real problems for buyers when the initial period is over.
- Fourth, if historical patterns prevail, it is possible that there will be a market adjustment at some point where market values may not increase as rapidly as in the past or may actually decrease. Buyers today may find themselves selling at a loss.

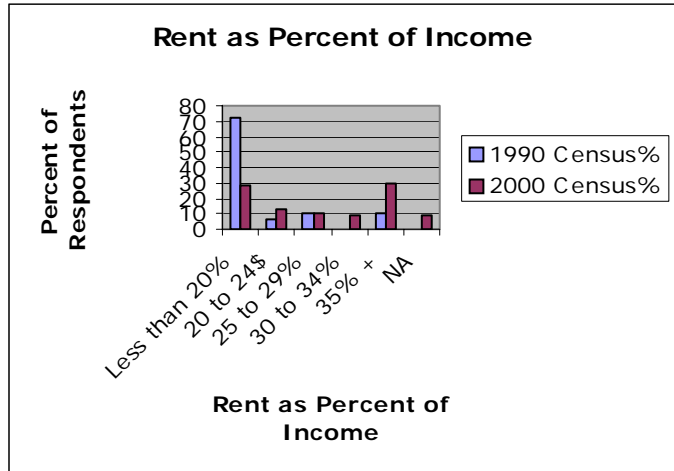
Table 3 and Figure 3 shows rental affordability in the GHA, which indicates an even more pronounced increase in the cost of housing from 1990 to 2000.

The Kitsap County Comprehensive Plan requires that all new residential lots must be a minimum of 5 acres. Increased minimum lot sizes means there will be only large-lot subdivisions in the future. While this will preserve the rural feeling of the area, it will also increase the cost of housing because of the land costs.

Another transition that is taking place is the razing of older beachfront cabins and replacing them with much larger, permanent residences. This changes the character of the older neighborhoods. More permanent residents also means there is more impact from outside users of sites like the Point No Point Resort and lighthouse park.

Long-time, elderly residents with serious medical conditions or who are physically or financially unable to maintain their properties are being forced to leave the area for housing more suitable to their current needs.

Figure 3




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### Sources of Information

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1. Cindy Reed, GIS Analyst, Kitsap County Department of Community Development
2. Kitsap Sun, April 7, 2005, "March a cool month for home sales"
3. Dave Atkinson, Realtor, John L Scott, Kingston (NW Multiple Listing Service info)
4. U.S. Census
5. Melissadata.com/ssl/HomeSales/asp for 98340
6. Kitsap County Assessor's Office
7. Hansville Realty
8. Shore Woods business office
9. Driftwood Key business office
10. Bonnie Isaacs, Cliffside