

August, 2008

Whatcom County Council  
311 Grand Avenue  
Bellingham, Washington 98225

Pete Kremen  
County Executive  
Whatcom County

Bellingham City Council  
210 Lottie Street  
Bellingham, Washington 98225-4089

Daniel V. Pike  
Mayor  
City of Bellingham

Re: Community Forum on Strategies to Meet Countywide Affordable Housing Goals – CHAT Recommendations

Dear members of the Council Mayor Pike and County Executive Kremen:

As a result of your concerns about affordable housing, 16 community members were jointly appointed in 2007 to a Countywide Housing Affordable Task Force (CHAT) for the purpose of reviewing and developing policies and strategies for meeting countywide affordable housing goals. With the assistance of city and county staff and a consultant team, we have:

- held more than 40 CHAT working sessions.
- conducted focus group and workshops with real estate professionals, lenders, builders, and non-profit organizations.
- conducted additional personal interviews with key housing market participants.
- reviewed our findings and strategies with the Whatcom County Small Cities Association – and each city council or planning commission.
- conducted a mail-out/phone-back survey of 200 countywide registered voter households.
- reviewed various affordable housing tools and assessed their appropriateness for Whatcom County.

We are now pleased to present to you our findings and recommendations.

In our country we subscribe to the idea of the American Dream and the notion that all our citizens should have a chance to achieve this Dream. The American Dream embodies a sense of opportunity and confidence in the future, and at the heart of this confidence is a realistic belief that an individual or family can set goals and achieve them. Housing has always been one of the Dream's most tangible symbols. Whether it is a comfortable affordable apartment or homeownership, most people have adopted housing aspirations as part of their major goals in life.

The communities in Whatcom County have long been a magnet for people seeking a better life for their families, and it is this very popularity that has contributed to a large rise in home ownership costs and rental prices, particularly in proportion to smaller increases in personal income. Decent affordable housing is becoming increasingly more difficult for a growing number of our people to obtain. Working at a full-time job does not guarantee an income that will allow someone to buy a house, or even to rent a good quality apartment in Whatcom County.

The Bellingham Whatcom County Housing Authorities recently assisted a family of four – husband, wife and two young sons - whose situation illustrates the problem of finding affordable housing here. The father has a full-time job: he is a soldier in Iraq. After his deployment on very short notice, his wife felt it best to leave the Midwest where they had been stationed previously, and await his return in her hometown of Bellingham. Understandably, she wanted the support that only a family and community of friends can provide for her and the boys, one an infant and the other a toddler. After searching for an affordable apartment for several weeks to no avail, she heard about a newly constructed Housing Authority development and quickly submitted her application. She was able to get an apartment, but only because someone else had just dropped off the list-to-rent. At the brink of desperation, her family found affordable housing. Many families are not so lucky.

This is only one example of thousands of individuals and families in our community who are in need of affordable housing. Many are elderly people who have worked all their lives, retired on social security, and cannot afford even the most modest rental housing at the current market rates. There are more than two thousand households on active waiting lists for housing assistance. Many more are discouraged and do not even bother to get on a list, knowing their wait could be years.

A nationwide unaffordable housing market has happened before in our country's history – during the Great Depression of the 1930s, and after World War II. On both occasions, the government moved decisively to ensure access to homeownership for millions of middle class working people, and affordable rental housing for those of more modest means.

Beginning in 1934, a number of far-reaching laws were enacted at the federal level. First to be introduced was the concept of mortgage insurance for individual home loans. The FHA loan guarantee program for lenders was later expanded to include Veterans Administration loans. Next was a 1937 act that authorized federal rental housing assistance to locally formed agencies called Housing Authorities.

These and other housing program actions by our elected officials spurred countless personal success stories as citizens used these programs as stepping stones to self-sufficiency and personal attainment of the American Dream.

Today the federal government has drawn back from implementing new initiatives that would provide our citizens the opportunity to obtain affordable housing. Existing programs are continuing, but at nearly flat funding levels. States and localities that want to increase affordable housing in their communities will need to devise their own methods of production and delivery of housing. This has occurred in Washington State by means of Housing Trust Funds and other programs that help generate local revenue for affordable housing. The City of Bellingham and Whatcom County governments have also greatly contributed to the development and operation of affordable housing. Their support has enabled local agencies - public, non-profit, and private - to undertake the development of affordable housing.

There remain, however, significant gaps between the amount of funding that can be generated by existing federal, state and local programs and the cost of developing and operating affordable housing in today's economic climate. What are urgently needed are new local initiatives, including funding sources. These local sources can then be leveraged 5 to 10:1 or more against federal and state sources.

It is the conclusion of the County Housing Advisory Task Force that decent, affordable housing is not only a necessity for individuals and families, but an essential component of a healthy and thriving community. It is imperative that the county and cities provide housing opportunities for our workforce and others to ensure our economic vitality. The opportunity to acquire housing is fundamental to the American Dream and we urge your action to empower our citizens to attain this goal. To assist citizens in attaining this goal, consideration should be given to all kinds of housing products, for all kinds of households, for all areas of all cities and the county.

Following is a brief summary of our major findings and recommendations that resulted from this process.

### **Major findings**

The federal government estimates an average household should pay no more than 30% of all household income (including all wages, salaries, pensions, stock and bond interest, and other income) for housing costs (including rent or mortgage payments, utilities, insurance, and other incidentals) if a household is to be able to pay for food, health, clothing, transportation, and other basic needs.

In 2008, Whatcom County is estimated of having a population of 189,488 persons who reside in 75,961 households countywide (the county or countywide refers to the total county including all cities and unincorporated areas of the county).

An estimated 19,157 households or 25 % of all countywide households in 2008 are paying more than 30% of their total household income for housing. Approximately 10,381 households or 14% of all countywide households in 2008 are paying more than 50% of their total household income for housing. It is projected that an additional 39,568 households are expected to reside in Whatcom County by the year 2025 which will most certainly increase the number of households in need.

Whatcom County needs an overall strategy and an action plan for implementation to address the great need for **affordable housing preservation and production** with emphasis on housing for low- and moderate-income households. The following goals, not in rank order, are fundamental to success and should be implemented as soon as possible to give impetus to the overall strategy.

- 1) Create a housing action plan organization.
- 2) Create a housing trust fund.
- 3) Strive to reduce land and building costs.
- 4) Provide incentives for the creation of affordable housing.
- 5) Retain older housing stock.
- 6) Retain and replace mobile and manufactured homes.

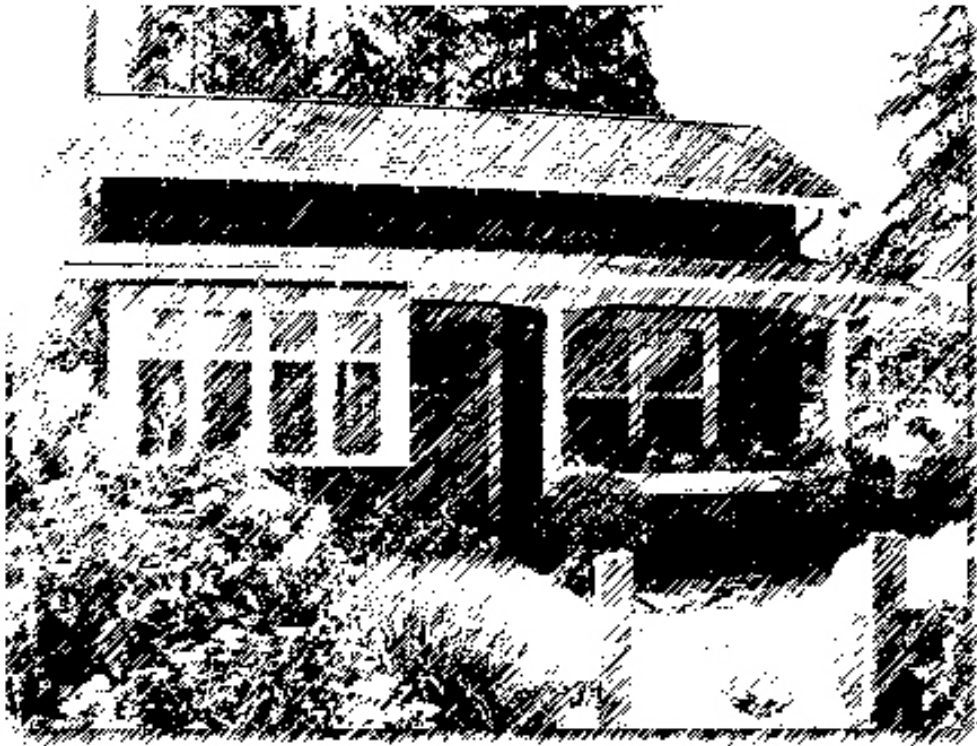
With this letter, the Countywide Housing Affordability Taskforce transmits the full report with specific recommendations for the above goals.

We realize the enormous effort and measurable costs that will be involved, and pledge as a group, as participating organizations, and as individuals to work to support your efforts to the extent necessary to see the effective resolution of these affordable housing issues.

Respectfully submitted,

**Countywide Housing Affordable Task Force (CHAT)**

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Whatcom County Councilmember (alternate) – Barbara Brenner  
Bellingham City Councilmember, Co-Chair – Joan Beardsley/Terry Bornemann  
Bellingham City Councilmember (alternate) – Don Gischer/Stan Snapp  
Alliance Properties – Ralph Black  
Bellingham/Whatcom County Housing Authority – John Harmon  
Gary Reid Homes, Inc – Gary Reid  
Habitat for Humanity – John Shorthill  
Kulshan Community Land Trust – Paul Schissler  
M:KOV Corporation – Ted Mischaikov  
North Coast Credit Union – Larry West  
Northwest Youth Services – Gail de Hoog  
Sustainable Connections – Derek Long  
Whatcom County Small Cities, Mayor of Sumas – Bob Bromley  
Whatcom-Skagit Housing – Nancy Larsen  
Wells Fargo – Charlotte Eastman-Pros  
Western Washington University (WWU) – Hart Hodges  
Windermere Realtors – Jon Soine



*Countywide Housing Action Plan  
Bellingham/Whatcom County  
18 July 2008*

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## Executive Summary

We, the Countywide Housing Affordable Task Force (CHAT), believe we must adopt the following policies and programs outlined in this document that provide housing that is affordable for all countywide resident households – and to develop strategies for assisting with housing solutions for households that cannot live affordably (those paying more than 30-50% of their household income for housing).

*However, the following goals, not listed in rank order and identified by the task numbers used in Chapter 3, of all the actions outlined in this Housing Action Plan are fundamental to success and should be implemented as soon as possible to give impetus to the overall strategy:*

### 1) Task 1: Codify housing action plan organizations

In order to effectively implement and monitor progress on the action items listed above, we recommend you establish a permanent housing action plan committee to coordinate, oversee, and implement the projects and programs identified within this Housing Action Plan and to report their progress to you on a frequent basis for your actions appropriate. Specifically, we think you (County/City Councils) should:

- Formally approve the role and mission - for the continuation of the Countywide Housing Affordable Task Force (CHAT) and the Whatcom County Housing Advisory Committee (WCHAC) as the county and cities principal facilitating, coordinating, and implementation agents.
- Coordinate housing plan actions - to be accomplished by the county, cities, Bellingham/Whatcom County Housing Authority, Opportunity Council, Kulshan Community Land Trust, Whatcom-Skagit Housing, Habitat for Humanity, Whatcom County Economic Development Council, and other non-profit and private participants.
- Identify CHAT and WCHAC responsibilities - for planning and implementing, monitoring, and then updating specific housing actions in the plan drawing participants from private employers, lenders, builders, real estate professionals, and other non-profit and private groups appropriate.
- Engage the public - on the implications of the current and forecast housing market demand and needs, particularly for affordable housing and the impact housing issues have on the economic well being and development of the county-at-large.
- Resolve a funding strategy - necessary to effectively finance on a continuous basis each and all of the Affordable Housing Investment Fund (AHIF) items listed in this Housing Action Plan.
- Monitor implementation - to ensure the actions proposed in this plan are effectively realized by the assigned participants.

### 2) Task 3: Create an Affordable Housing Investment Fund (AHIF)

We realize that the county and cities, like all jurisdictions in Washington State must structure fiscal policies to reflect recently adopted restraints on the use of property, license, and other taxes for the financing of general governmental services including any funds spent on affordable housing strategies.

Nonetheless, an effective affordable housing program that will reduce housing costs for all households and for those households in most need in particular, requires some form of financial assistance over and above what can be created from existing federal and state housing assistance programs, city and county programs, non-profit, and voluntary for-profit efforts.

Therefore, you must establish an Affordable Housing Investment Fund (AHIF) to provide financing necessary to meet the funding gaps necessary to effectively implement the programs and measures which we can realize from federal and state housing assistance programs, city and county programs, non-profit, and voluntary for-profit efforts.

Seattle effectively established such a program using a special 6 year property tax levy for affordable housing that has been renewed multiple times by city voters for such a purpose. The program provides gap financing for affordable and elderly housing projects that is overseen by a Housing Advisory Committee that reports to Council on a bi-annual basis.

We recommend you pursue adoption of such a program on a countywide basis for Whatcom County and all of the cities using real estate excise taxes (REET), a local option sales tax, a special property tax levy and/or other sources of funds. Specifically, we think you should:

- Design and test public support - for these measures specifically including a special property tax levy to match public and non-profit donations, grants, loans, and other funding measures with which to create an AHIF necessary for implementing pro-active housing programs and projects.
- Submit and approve a financing mechanism including a special property tax levy - to run at a fixed rate for a specified number of years and/or at an initially higher rate until a specified amount is created (at which time the levy sunsets) with which to create a revolving capital fund necessary for implementing pro-active housing programs and projects.
- Capitalize the levy revenues - to issue Revenue Bonds with which to initiate acquisitions, prime infrastructure development, conduct design/develop competitions, and other implementing actions appropriate to the proposed pro-active housing programs and projects described below.

### 3) Strive to reduce land and building costs

All cities and the county have initiated a number of actions that manage rising housing costs and growth impacts on a countywide basis. Such actions include measures that cluster housing to reduce environmental impacts and site development costs; allow innovative housing and mixed-use projects to increase site and cost efficiencies; adopt performance related design and development standards to improve the quality of the housing product and reduce development costs - to name a few. In addition, the cities and county have also amended codes to allow accessory dwelling units, cottage or small lot houses, duplex and townhouses, manufactured and modular housing products that reduce costs and provide a wider variety of rental and purchase options.

In addition to the measures listed above, the cities, county, non-profit, and for-profit housing market participants must also adopt the following measures to further reduce costs and increase choice. Each one of these program approaches will reduce costs in some manner, some approaches reducing housing costs more than others, and some programs having more impacts on housing costs and public policies and funds than others.

- Adopt measures that reduce land costs - including performance based design standards, planned unit developments (PUDs), infill developments, and transfer development rights, but as highest priority:
  - Task 19: Establish performance based site design standards - that provide quality but flexible requirements that develop road widths, sidewalk locations, landscaping, storm water management, and other amenities within functional but cost efficient designs.

- *Develop performance based site design standards* - that require and illustrate quality but flexible guidelines for developing road widths, sidewalk locations, landscaping, storm water management, and other amenities within cost efficient designs.
- *Task 21 and 25: Allow and encourage smaller lot and cottage housing* - where feasible and appropriate, allow small lot single family and cottage housing developments to increase density within a single family neighborhood with single family housing products.
  - *Establish small lot single family and cottage housing standards* - that allow small lot single family and cottage housing developers to construct these types of housing products in feasible and appropriate moderate density single family neighborhoods where the added density will benefit from existing transit, school, employment, community facility, and other supporting services.
- *Task 24: Allow and encourage accessory dwelling units (ADUs)* - where feasible and appropriate, amend existing low and moderate density single family zoning districts to allow attached accessory dwelling units where large structures are converted for limited multiple occupancy, and detached accessory dwelling units where living units are built over the garage or provided as independent structures on existing single family properties.
  - *Establish accessory dwelling unit standards* - that allow single family housing unit property owners to convert, add-on, or construct stick-built or prefabricated accessory dwelling units in feasible and appropriate existing low or moderate density single family neighborhoods where the added density will benefit from existing transit, school, employment, community facility, and other supporting services.
- *Task 27: Allow and encourage infill development* - where feasible and appropriate, provide waivers to lot size, height, site coverage, parking, setback, buffer, and other dimensional regulations necessary to allow infill development of housing products that are compatible with the surrounding neighborhood, make effective use of primed urban land, and realize the density objectives defined in the zoning district.
  - *Establish infill development waiver standards* - that allow waivers to zoning district lot size, height, site coverage, parking, setback, buffer, and other dimensional requirements in order to realize the base density defined in the district where the end housing product will be compatible with the surrounding neighborhood, make efficient use of primed urban land, and realize the density objectives defined in the zoning district.
- *Task 28: Increase high density zoning districts* - increase the density within appropriate and feasible higher density zoning districts and/or increase the extent of existing higher density zoning districts to provide a greater and proportionate supply of this type of land and housing products including cottage, townhouse, apartment or condo, and mixed use structures.
- *Adopt measures that reduce labor and material costs* - including performance based building codes and manufactured/modular design standards,
  - *Task 32: Adopt manufactured/modular design standards* - for front porches, gable roofs, garages, and other design solutions so that manufactured housing products compliment, fit into, and provide stability to traditionally built housing neighborhoods.
  - *Adopt manufactured/modular housing design standards* - that require and illustrate front porch, gable roof, garages, and other

building solutions that will provide safe foundations, anchoring, utility connections – and design solutions so that manufactured housing products will fit into and enhance neighborhoods with traditionally built housing.

- **Adopt measures that reduce infrastructure development costs** – including low impact site development standards that use natural storm drainage and treatment systems to reduce site development costs.
  - **Task 32: Develop low impact site development standards** – that require and illustrate effective methods for treating stormwater drainage using bio-filtration swales, green channels, and road-scaping rather than on or below grade impoundment methods to improve visual appearance and reduce site development costs.

#### **4) Provide incentives for the creation of affordable housing**

In addition to retaining existing affordable housing stock, we must also stimulate the development of new affordable rental and for sale housing units using the following innovative and aggressive methods:

- **Tasks 38-42: Package and issue request-for-proposal (RFP competitions** – including the packaging of prototype sites, pre-design and pre-approval of development plans, establishment of performance and participation criteria, and management of common improvement programs for projects that create mixed income communities that include affordable housing and assisted households as well as market rate units comprised of:
  - **Conventional stick-built housing products** - on infill sites in innovative designs and arrangements like cottage housing and mixed use developments, and
  - **Innovative projects** – for housing products (especially modular) in innovative design and construction arrangements that have not been introduced in the local market in order to provide high quality examples,
- **Task 43: Adopt affordable housing incentives** – on a countywide basis encouraging affordable and assisted housing units in mixed income projects using the following incentives:
  - **Develop and adopt incentive-based cost offsets** – that amend or supplement current residential and mixed use zoning districts to allow:
    - **Additional housing units** - when a developer provides a minimum number of affordable housing units for rent or sale,
    - **Reduced parking requirements** - when the affordable housing project and occupants are of smaller or older households that are less dependent on private vehicles and/or the project is sited close to public transportation or non-motorized transportation routes,,
    - **Variable height and site coverage** - allowances and waivers necessary to accommodate the inclusion of the affordable housing units within the base market rate project.
  - **Develop and adopt cash-based cost offsets** – that amend development regulations, **procedures**, and permitting systems to allow:
    - **Expedited permit review schedules** - so that projects that include affordable housing units are guaranteed a fast track review period sufficient to reduce permitting schedules and thereby construction loan costs,
    - **Permit fees** - reductions and/or waivers for the affordable housing units to offset this cash cost,

- Park, traffic, and other growth impact fees - reductions and/or waivers for the affordable housing units to offset this cash cost, and
  - Utility connection fees - reductions and/or waivers necessary and appropriate to offset this cash cost.
- Utilize land trusts - where the land is acquired and leased for the rehabilitation of existing units and the development of mixed income single and multiple family housing products with no or low lease interest payment schedules for assisted households.

#### 5) Tasks 8-12: Retain older housing stock

We must retain older housing stock - estimated in 2000 to be approximately 10,763 single family and 5,364 multifamily units built before 1930 - throughout the cities and unincorporated county as these units constitute a large portion of the existing affordable housing supply. We should utilize a wide variety of innovative approaches including:

- grants,
- no and low interest loans,
- no and low interest loans as liens due at the time of sale or inheritance, and
- land trusts where the title to the property is acquired and the property is placed in a land trust with the purchase proceeds used to rehab the housing units.

#### 60 Tasks 13-14: Retain and replace mobile and manufactured homes

We also must retain and/or replace older mobile and manufactured homes - estimated in 2000 to be 9,535 units - especially within the unincorporated county as these units also constitute a significant portion of the existing affordable housing supply. We should utilize a wide variety of aggressive approaches including:

- grants,
- no and low interest loans
- retaining existing mobile home parks where feasible and practical, and
- develop new mobile home parks to retain or increase this low cost housing option.

#### In conclusion

We believe the county and cities must adopt the measures we have outlined above for a countywide housing action plan that addresses rising housing costs for all kinds of housing products, for all kinds of households, for all areas of all cities and the county - *if we are to adequately house our residents and successfully support our own continued economic development and quality of life.*



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## Chapter 1: Introduction

The housing market has changed and continues to evolve since Bellingham and Whatcom County accomplished the last housing assessment in 1998. The housing choices that confront Whatcom County at the present time are significant and could alter the character, quality, and affordability for households of all types and incomes if not adequately planned. This document outlines the choices that are available and the means for implementing preferred actions found to be of most benefit to all city and county residents.

### 1.1 Objectives

The specific objectives of this planning effort were to:

- ***Define the setting*** - within the Whatcom County housing market including conditions within each of the urban growth areas including Blaine, Lynden, Sumas, Everson, Nooksack, Kendall, Birch Bay, Ferndale, Deming, and the remaining rural unincorporated county.
- ***Inventory conditions*** - including housing conditions, construction and sales trends, affordability implications, and projects currently sponsored by public and nonprofit organizations.
- ***Forecast demand*** - for households by type, occupant, income, and other characteristics and any demand/need imbalances that exist or are likely to arise.
- ***Identify appropriate roles and responsibilities*** - that should be undertaken by the cities and county, Bellingham/Whatcom County Housing Authority, Habitat for Humanity, Kulshan Community Land Trust, Whatcom-Skagit Housing, and other nonprofit and for profit lenders, builders, realtors, and public at large to meet affordable housing needs for all income levels, and low and moderate income households in particular.
- ***Develop the elements of a countywide housing action plan*** - to coordinate actions, stimulate economic development, educate and mentor households needing assistance, refine planning measures and development regulations, propose affordable housing inclusionary zoning quota or bonus systems, develop supporting infrastructure, and create financial incentives for rehabilitation and new development programs and projects.
- ***Illustrate the prototypes*** - that should be implemented to realize affordable housing design, development, and financing solutions within various settings throughout the county including proposed urban growth areas and infill within the city centers.
- ***Define an implementation program*** - outlining the actions necessary to realize the housing action plan by the cities and county, the Bellingham/Whatcom County Housing Authority, Habitat for Humanity, Kulshan Land Trust, Whatcom-Skagit Housing, nonprofit and for profit lenders, builders, realtors, and public at large including periodic progress assessments and adjustments.
- ***Determine public opinion*** - through a series of interviews and workshops with lenders, builders, and realtors; briefings and discussions with the city council and planning commissions of the smaller cities in the county, and a

final mail-out/phone-back sample of 200 registered countywide voter households to resolve final project, plan, and financing particulars.

This study analyzed the supply, demand, and need for affordable housing solutions for all household types and income levels including low and moderate income and special populations within Whatcom County as a whole and the specific population areas therein.

The proposed implementation strategies are the result of this comprehensive or holistic analysis. Generally, the proposed strategies recommend the cities and county focus planning, development, finance, and market intervention resources where affordable housing needs are most critical, and the combination of public, nonprofit, and private resources the most effective.

### **1.3 Public involvement**

The Countywide Housing Affordable Task Force (CHAT) composed of city and county officials, public, nonprofit, and private organizations oversaw this planning process assisted by city and county and a consultant team. During the course of the planning program, CHAT conducted a series of:

- ***Interviews and focus group sessions*** - of major builder, lender, and realtor representatives and nonprofit sponsor organizations at the beginning of the process to determine current market conditions, capacities, capabilities, issue assessments, and recommendations. A second round of workshops was held with each group to review the findings and strategies that emerged from the analysis.
- ***Public workshops*** - with the Whatcom Small Cities Association and each city council or planning commission to review the findings and strategies to obtain reactions prior to the finalization of housing action plan proposals.
- ***Mail-out/phone-back survey of 200 registered countywide voter households*** - towards the end of the process to determine final project and program priorities from among the alternative proposals, and resolve financing preferences with which to implement this plan.

The proposals contained within this document represent CHAT's recommendations developed from the results of these public participation events.

### **1.4 Documentation**

This report is organized into 3 chapters outlining statement of need, strategies in place, new approaches, and housing action plan implementation measures.

Separate technical appendices detailing comprehensive plan goals and objectives, population projections, socioeconomic characteristics, housing supply, market capabilities, market demand and need, public opinion, housing programs, and a bibliography are available from the Bellingham and Whatcom County Planning & Community Development Departments.

## *Chapter 2: Summary of findings*

Following is a summary of the major findings concerning Washington State affordable housing initiatives, Whatcom Countywide demographic trends, nonprofit housing inventories, CHAS unmet housing need extrapolations, housing cost analysis, prototypical projects of interest, federal and state housing programs, public opinions, and sample ordinances that resulted for this planning assessment and upon which the action plan in the following chapter is based.

The findings are indexed to the detailed information and evaluations included in the appropriate appendix of this document.

### *2.1: State housing requirements and goals - see Appendix A*

Under the Washington State Growth Management Act (GMA), RCW 36.70A.070, Whatcom County and its cities are required to create comprehensive plans that include as mandatory elements dealing with housing and economic development, allowing innovative techniques, requiring coordination with the cities in the county, and allowing for affordable housing incentives. Following are abstracts of the act of most relevance to this Housing Action Plan:

#### **Comprehensive plans-- Mandatory elements - RCW 36.70A.070**

**(2) A housing element** - ensuring the vitality and character of established residential neighborhoods that:

(a) Includes an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth;

(b) includes a statement of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, including single-family residences;

(c) identifies sufficient land for housing, including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group homes and foster care facilities; and

(d) makes adequate provisions for existing and projected needs of all economic segments of the community....”

#### **Comprehensive plans - Innovative techniques - RCW 36.70A.090**

A comprehensive plan should provide for innovative land use management techniques, including, but not limited to, density bonuses, cluster housing, planned unit developments, and the transfer of development rights.

#### **Comprehensive plans--Must be coordinated - RCW 36.70A.100**

The comprehensive plan of each county or city that is adopted pursuant to RCW 36.70A.040 shall be coordinated with, and consistent with, the comprehensive plans adopted pursuant to RCW 36.70A.040 of other counties or cities with which the county or city has, in part, common borders or related regional issues.

#### **Countywide planning policies - RCW 36.70A.210**

(3) A countywide planning policy shall at a minimum, address the following...

(e) Policies that consider the need for affordable housing, such as housing for all economic segments of the population and parameters for its distribution;

**Affordable housing incentive programs -- Low-income housing units - RCW 36.70A.540**

(1)(a) Any city or county planning under RCW 36.70A.040 may enact or expand affordable housing incentive programs providing for the development of low-income housing units through development regulations. An affordable housing incentive program may include, but is not limited to:

- (i) Density bonuses within the urban growth area;
- (ii) Height and bulk bonuses;
- (iii) Fee waivers or exemptions;
- (iv) Parking reductions;
- (v) Expedited permitting, conditioned on provision of low-income housing units; or
- (vi) Mixed use projects.

(b) The city or county may enact or expand such programs whether or not the programs may impose a tax, fee, or charge on the development or construction of property.

As described in the RCW sections listed above, Whatcom County and its cities have a requirement to create and implement countywide affordable housing action plans, strategies, projects, and programs.

**2.2: Demographics – see Appendix B**

Whatcom County demographic characteristics, including population growth, employment, income, house condition, and other factors were analyzed using statistics gathered in the year 2000 US Census. Following are major findings:

**Population**

- Whatcom County was the 8th fastest growing county in Washington State between 2000 and 2007 increasing by 21,474 persons or 12.9% - an average annual growth rate of 1.7%.
- Migration contributed to the population increase in Whatcom County at nearly 3 times the rate of natural changes meaning migration has been the dominant factor in the county's recent population growth.
- The county's recent population increase is most dramatic in the 50 to 59 age group due to in-migrant aging baby boomers. The increase in the older 3 age groups is greater for Whatcom County than the state as a whole. Given the current trend, the population of Whatcom County will soon have a greater share of the persons over 50 than the rest of the state.
- The county's population is also affected by the 9,114 Western Washington University students that were living off-campus in 2006. If college students are excluded, the county is very similar to the rest of the state in terms of age, although with more seniors.

**Income**

- Whatcom County income growth rates were close to the rate of growth of incomes for the state between 1989 and 2006 until 2001 when Whatcom County incomes decreased and then nearly flattened.
- The 2005 American Community Survey estimates that there were 74,183 total households, of which 45,621 or 61% were family households in Whatcom County in 2005. Family households tend to be wealthier in Whatcom County than non-family households. Non-family households make up the majority of low-income households or those earning less than approximately 80% of the annual median income (AMI).

- Whatcom County has a lower per capita personal income than King County, Skagit County, or Washington State as a whole. Whatcom County's low incomes are due in part to the presence of Western Washington University students. WWU students are nearly 7% of the population of the county and tend to be financially supported by parents and other assistance programs. Even if the students are removed from the population total and any income they earn remains, however, Whatcom County is still just below the per capita income of Skagit County.
- Whatcom County's earned income – which is dividends, interest, and rent, is below all of the other regions compared, but still near the state average. Transfer receipts account for various forms of income where no current service are performed such as social retirement and disability insurance benefits, government grants and loans, and unemployment insurance. Whatcom County's transfer receipts are very near the state average.
- Whatcom County income has grown in “dividends, income and rent” from 1986 to 2005 significantly faster than the rate of inflation. The unearned income data does not show enough of a trend, however, to determine whether households moving to Whatcom County are bringing large amounts of capital with them.

### Employment

- The Bellingham Metropolitan Statistical Areas (MSA) total labor force, which is the sum of employed persons and persons looking for work, has grown slowly while the unemployment rate has decreased from 1997 to 2006.
- By employment sector, government continues to be the top employer in the county due to Western Washington University and other government institutions. The manufacturing sector has the second highest wages even though there are more persons employed in the retail sector.
- The highest paying job sectors in 2006 were utilities and management with construction, manufacturing, finance/insurance, and professional services all very close to each other.
- The government, construction, and health care sectors had the largest growth in terms of increased wages for the 2006 time period. The real estate, administrative services, and wholesale trade sectors had the largest percentage growth. Every sector of the economy grew during this time period except for utilities. However, despite the growth in total wages, household incomes have grown slowly meaning without the growth of a sector with high wages, incomes will rise slowly even as total wages increase.

### Housing

- Single family homes constitute the bulk of Whatcom County housing units although the largest percentage growth in all housing units since 2000 occurred for multi-family structures.
- According to Whatcom Countywide building permit activity, an average of 2,000 dwelling units have been permitted per year between 1990 and 2006. Most multi-family permitting activity occurred in Bellingham though multifamily permitting activity has recently increased in Ferndale and Lynden. (Construction activity declined in Lynden in recent years due to a platting moratorium which will soon be lifted.)

- The housing data indicates approximately 13,000 dwelling units have been added to the county since 2000 which is enough to house 26,000 people. The county population grew by approximately 22,000 people in this same time period meaning more houses were added to the stock than necessary to house recent population increases.

### **Housing affordability**

- **According to the Housing Affordability Index (HAI)** - maintained by the Washington State Center for Real Estate Research (WCRER), housing affordability fell for first time buyers in King, Skagit, and Whatcom Counties and the entire state for each quarter from 1997 to 2006. The slight improvement in affordability that began in 2003 is largely due to declining mortgage interest rates as incomes changed dramatically and home prices increased.
- During this time period, median household incomes increased in Whatcom County at an average annual growth rate of 2.4% (compared to 3.4% for the state). The median price of single-family homes sold in Whatcom County was \$140,000 in 1999 and \$283,000 in 2006 or an increase of 102%.
- According to the WCRER data, Whatcom County houses are more affordable than King County and most of urban Puget Sound areas, but less affordable than the rest of the state. The data indicates that even in King County, where incomes tend to increase faster, increasing median house prices are still the dominant factor affecting affordability.
- The data also shows that homes were more affordable in Whatcom County than statewide until 2003 when Whatcom County affordability declined below the state average and fell far below the 1997 index. Declining affordability means Whatcom County families have to spend a very larger percentage of household income on mortgage payments, purchase a smaller or less suitable house, or rent housing.
- **The House Price Index (HPI)** - is calculated by the Office of Federal Housing Enterprise Oversight (OFHEO) in order to illustrate changes in value of single family homes across the US. The index is based on the change in price of individual homes over time rather than on median home sales prices and is therefore unaffected by the addition of new houses into the marketplace.
- According to OFHEO data, the HPI has doubled across the US and nearly tripled in the West since 1997. The change in HPI in the Seattle area and in the Bellingham Metropolitan Statistical Area (MSA) was modest in comparison. However, the decline in the HAI demonstrates that incomes have not kept pace with housing prices.

### **Rental housing**

- The rental housing market is complicated by the presence of nearly 12,000 Western Washington University students living off-campus who tend to come from other counties with support from parents residing out-of-county.
- WCRER rental data indicate the average cost of rental housing increased from \$608 per month in the spring of 2001 to \$679 per month in the spring of 2006 equal to an average annual rent increase of 2.2%. A household must earn approximately \$27,000 a year for the average rental to be affordable (representing less than 30% of all household income).

**2.3: Affordable housing inventory – see Appendix C**

- The Whatcom County Public Health Department conducted a detailed inventory of affordable housing resource inventory in August 2007 and determined the total number of public and nonprofit affordable housing units included 4,901 housing units equal to 9,877 bedrooms.

<i>Subsidized housing type</i>	<i># bedrooms</i>	<i># units</i>
Rental housing units	5,229	2,861
Permanent rental assistance – housing vouchers	3,511	1,620
Homeownership assistance	175	89
Permanent supportive housing	219	185
Emergency shelter and transitional housing	743	146
<b>Total</b>	<b>9,877</b>	<b>4,901</b>

*Whatcom County Public Health Department, Whatcom County Affordable Housing Inventory, Final Draft July 2007*

- **Subsidized rental housing** - includes apartments that were developed and/or operated by nonprofit organizations and/or constructed with tax credit financing for purposes of maintaining affordability at certain household income levels. In the case of tax credit financed units, the period of affordability is variable and usually expires within 30 years. At that time, the units may revert to market-rate rental units or be converted to condominiums and sold at market-rate prices.
- Whatcom County includes 2,861 subsidized rental units with the capacity equal to 5,229 bedrooms. The vast majority of these units (85%) exist in Bellingham. According to HUD’s analysis of census data, only 45% of all county households with incomes at 80% AMI or less (classified as “low-income”) live in Bellingham.
- Occupancy of all of the county’s subsidized rental units is based on income-eligibility at 80% or less of the area median income (AMI). Nearly three quarters of these units target households at 60% AMI or less; 22% of the units are operated to serve households at or below 30% AMI.
- **Permanent rental assistance** - all of the rental assistance inventoried consists of project-based or tenant-based Section 8 rent subsidies. In terms of bedrooms, rental assistance subsidy is slightly more widely distributed, geographically, than the subsidized rental apartments. Rental assistance targets, almost exclusively, “very low-income” households – those at or below 50% AMI.
- **Homeownership assistance** - Whatcom County organizations offer several programs to assist first-time, income-eligible homebuyers. All of the programs cited are based on the “community land trust” strategy that provides for perpetual affordability of the housing units. The majority of these affordable units and bedrooms are located in Bellingham.
- Other subsidized homeownership programs and assistance in Whatcom County include Whatcom-Skagit Housing, USDA Rural Housing and Habitat for Humanity. These programs assist potential homeowners to purchase housing and may include some provision for subsidy recapture to help subsidize future units of housing; however, the existing units typically revert to market-rate housing upon first resale. For this reason, they are not included in the inventory although they do provide important homeownership resources for prospective low- to moderate-income households.

- ***Permanent supportive housing*** - includes subsidized rental housing that also offers various types of supportive services. Most of the supportive housing is operated by the Bellingham/Whatcom County Housing Authorities, in some cases in conjunction with other agencies (e.g. Whatcom Counseling and Psychiatric Clinic). Most of this type of housing is currently 1-bedroom units and increasingly renting to seniors, a fast growing segment of the population.
- ***Emergency shelter and transitional housing*** - provide an important safety net in the Whatcom County housing continuum. What distinguishes these housing units is the temporary nature of their occupancy. Nearly all of the emergency shelter and transitional housing facilities in Whatcom County are located in Bellingham.

#### **2.4: CHAS assessments and extrapolations – see Appendix D**

***Special needs including homeless*** - were compiled using the March 2007 point-in-time Whatcom County Homeless Count which indicated homeless numbers consist of:

- 1,298 homeless persons ( a person may be part of a family household, or an unaccompanied individual)
- 871 homeless households (a household may include 1 or more persons)

The characteristics of homeless populations consisted of:

- 72% of homeless households consist of 1 person
- 171 families had children, the median family size was 3 persons
- 78% of homeless families with children were single-family parents (92% of these were female-headed)
- 52% of all homeless person are female
- Ages ranged from less than 1 year to 80 years old
- Median age of all homeless persons was 24 years
- Median age of unaccompanied homeless persons was 37 years

According to the Homeless Count inventory, there were:

- 812 homeless housing units, rooms, or beds in shelters equal to 58% of all homeless individuals and families,
- 598 or 42% of all homeless individuals and families still had housing problems of some sort.

In spite of this inventory, however:

- Unmet housing needs were ***still*** greatest for youth under 18 (62%), chronically homeless (59%), senior citizens over 65 (50%), and alcohol and/or drug addicted or veterans (49%).

***CHAS tables*** - the US Census Bureau compiled special tabulations of the 2000 Census information concerning housing needs for the Department of Housing & Urban Development (HUD). CHAS data are different from the standard 2000 Census data in the files are mostly comprised of a variety of housing need variables split by HUD-defined income limits, 30, 50, and 80% of median income) and HUD-specified household types. According to CHAS data:

- HUD defines low income households as households earning less than 80% of a household's annual median family income (HAMFI) in the region under study. HUD's household annual median family income for the Bellingham MSA was \$48,100 in the year 2000.
- In Whatcom County, the greatest number of low income households are concentrated in the 50% of HAMFI group (11,493 households), followed by the 0% to 30% group (7,729 households), then by the 30% to 50% group (7,412

households) – out of a total of 64,464 households in Whatcom County in the year 2000. Households in these categories are both renters and owners.

- HUD defines acceptable housing costs, which includes mortgage or rent payments, utilities, insurance, taxes, maintenance and repair, and all other housing or shelter costs, should be no more than 30% of a household’s income if a household is to have enough left to pay for food, clothes, transportation, health care, and other basic necessities.
- 2000 Census data indicates 10,567 households or 40% of the 26,634 low income households in Whatcom County pay less than 30% of their income on housing, while 16,067 or 60% of all low income households pay more than 30% and 33% of all households pay more than 50%.
- The majority of households earning less than 30% of HAMFI spend more than 50% of their income on housing. Households in the 30% to 50% of HAMFI group spend more than 30% of their income by a margin of 2 to 1.

**Portion of household income spent on housing by income group, 2000**

% HAMFI	Percent of income going to housing costs			Total
	More than 50%	30% to 50%	Less than 30%	
0% to 30%	5,117	966	1,646	7,729
30% to 50%	2,201	2,772	2,439	7,412
50% to 80%	1,368	3,643	6,482	11,493
Total	8,686	7,381	10,567	26,634
<b>% Low Income</b>	<b>33%</b>	<b>28%</b>	<b>40%</b>	<b>100.0%</b>

Source: US Census, CHAS Tables, 2000

**Demographics of households by income and housing costs, 2000**

% income	Elderly	Small related	Large related	other
<b>Household income less than 30% HAMFI</b>				
More than 50%	846	1,215	278	2,776
30% to 50%	381	155	78	357
Less than 30%	509	444	61	628
<b>Household income between 30% and 50% HAMFI</b>				
More than 50%	614	550	158	876
30% to 50%	612	821	239	1,110
Less than 30%	1,232	404	218	579
<b>Household income between 50% and 80% HAMFI</b>				
More than 50%	397	530	135	308
30% to 50%	557	1,519	399	1,165
Less than 30%	2,039	1,994	575	1,875

Source: US Census, CHAS Tables, 2000

**Renter households:**

The existing low-cost rental housing inventory including Section 8 vouchers in the year 2000 was 4,078 rental units equal to 17% of all 23,569 renter households of an average assumed value of \$197,307 per unit and a gap or locally funded supplement of \$21,000 per unit.

In spite of this inventory, however:

- 50% or 11,741 of all Whatcom County 23,569 renter households of all income levels in the year 2000 *still* had some housing problem due to paying more than 30% of household income for housing and/or overcrowding and/or lacking kitchen or plumbing, etc.
- Housing problems increased as income decreased from 13% of all renter households with 80%+ AMI, to 49% with 51-80% AMI, to 83% with 31-50% AMI, to 81% under 30% AMI.

By low-income (under 80% AMI) household type consisting of:

Elderly individuals and couples:

- Between 61-78% of all elderly renter households had some household problems
- 27-46% of all elderly renter households were paying more than 50% of income for housing as income declined.

Small (2-5 person) families:

- Between 45-84% of all small family renter households had some household problems
- 2-65% of all small family renter households were paying more than 50% of income for housing as income declined.

Large (5+ person) families:

- Between 52-93% of all large family renter households had some household problems
- 15-69% of all large family renter households were paying more than 50% of income for housing as income declined.

Unrelated individuals (including college students):

- Between 48-86% of all unrelated individual renter households had some household problems
- 6-76% of all unrelated individual renter households were paying more than 50% of income for housing as income declined.

### **Owner households**

The existing low-cost owner housing inventory including Kulshan and Lummi Island land lease units was 89 units equal to 0.2% of all 40,894 owner households.

In spite of this inventory, however:

- 29% or 11,744 of all 40,894 Whatcom County owner households in the year 2000 still had some housing problems due to paying more than 30% of household income for housing and/or overcrowding and/or lacking kitchen or plumbing, etc.
- Housing problems increase as income decreases from 19% of all owner households with 80%+ AMI, to 48% with 51-80% AMI, to 53% with 31-50% AMI, to 77% under 30% AMI.

By low-income (under 80% AMI) household type consisting of:

Elderly individuals and couples:

- Between 25-77% of all elderly owner households had some household problems
- 10-51% of all elderly owner households were paying more than 50% of income for housing as income declined.

Small (2-5 person) families:

- Between 65-75% of all small family owner households had some household problems

- 24-70% of all small family owner households were paying more than 50% of income for housing as income declined.

Large (5+ person) families:

- Between 70-94% of all large family owner households had some household problems
- 19-62% of all large family owner households were paying more than 50% of income for housing as income declined.

Unrelated individuals (including college students):

- Between 48-74% of all unrelated individual owner households had some household problems
- 19-61% of all unrelated individual owner households were paying more than 50% of income for housing as income declined.

### ***Whatcom County CHAS table extrapolations to 2025***

The year 2000 CHAS data was extrapolated to estimate housing requirements by the year 2025. The extrapolations indicate:

- Whatcom County's total population will increase by 79,822 persons or 48% by the year 2025 compared with the year 2000 population of 166,814 persons.
- Based on age-specific extrapolations, the number of households will increase by 39,568 or 61% compared with 64,446 households in the year 2000.
- Based on age-specific household formation rates, the number of households will increase by 42,374 or 66% of which 27,139 or 64% will be family households and 15,234 or 36% will be non-family households including elderly and other unrelated individuals.
- The number of households paying more than 50% of household income for housing costs with incomes under 80% of AMI will increase by 5,435 or 62% compared with 8,761 in the year 2000.

*The extrapolations indicate households with incomes below 80% of AMI with housing costs over 50% of household income will increase at a rate faster than the population growth rate between 2000 and 2025 if present trends continue - meaning the housing crisis will get worse over time due to the combination of aging, household formation, income levels, and factors within the housing market proper.*

## **2.5: Housing cost analysis – see Appendix E**

A cost analysis was completed of an urban 5-story mixed use structure and suburban townhome development using information provided by the Bellingham/Whatcom County Housing Authority for the purpose of determining which factors most affected final development costs – and the extent to which cash and non-cash cost off-sets affected the final project outcomes. Four cost and cash off-sets were analyzed for their impact on overall development costs:

***Option 1: cash off-sets*** - eliminated all building permits, fees, and hook-ups, utility connection fees, and traffic, parking, and school impact fees, and the developer's fees (meaning developers fees were pre-paid) as an incentive to develop affordable housing.

***Option 2: density off-set*** – allowed the projects to include dwelling units as a noncash incentive to develop affordable housing. The option assumed, however, that the same height, parking, and other development regulations would still apply and therefore, realized the added density bonus by reducing the average size of the units. Parking requirements, however, were increased

to match the increased density.

**Option 3: pre-manufactured off-set** - used pre-assembled manufactured units instead of on-site traditional stick-built construction and more dwelling units since manufactured units would be smaller than typical stick-built units in similar structures. Parking requirements, however, were increased to match the increased density.

**Option 4: land lease off-set** - used a land trust instead of a fee simple sale of the property occupied by the project's structure. Typically, land trusts charge lease fees included in the unit rent that is amortized to recapture the initial land cost over a long term (typically 50-99 years) even as the trust retains the title and value of the land. On owned units, the owner is charged a similarly amortized lease fee where the trust retains title to the land though the owner may build equity in the increasing value of the structure. The costs of the structure, parking, and all other factors remain the same as the other options except that land and title costs are assumed by another entity.

### **Implications**

- All of the variables considered including cash, density, technology, and land off-sets reduce the total development cost and cost per unit significantly although the extent of cost reduction varies by the type of development.
- In the 5-story mixed use structure in downtown Bellingham, density off-sets were more significant reducing total development costs by 12.4% compared with 10.5% for cash, 9.9% for technology, and 4.7% for land off-sets.
- In the suburban infill project in north Bellingham, cash off-sets, particularly developer fees, however, reduced the cost the most at 16.0% compared with 8.4% for technology, 6.6% for density, and 4.0% for land off-sets.
- However, the cash and land off-sets must still be paid from some other public monies, whereas the density and technology off-sets are of no direct monetary cost in comparison.
- When all off-sets are applied in combination, however, the overall cost reductions are significant ranging from 35.0% for the townhome infill project to 37.6% for the 5-story mixed use in the downtown area.

Depending on site particulars, further proportional cost reductions are possible were:

- **Mixed use structures in the downtown cores, particularly 5-story and up** - to be composed of smaller studio, 1, and some 2-bedroom units to reflect the higher costs associated with this building construction and the type households most suited to live in this type of structure and urban environment.
- **Parking requirements** - to be reduced or at least reflect the likelihood that occupants of mixed use structures in downtown locations, especially elderly, homeless, and other households, may not require cars and/or use transit more heavily.
- **Design and development regulations** - allow variances from the maximum site height, coverage, and other particulars where the units are to provide affordable housing using density off-sets where the resulting design and development characteristics can be made to fit the surrounding neighborhood.

- ***BWCHA and other nonprofit groups*** – be encouraged to buy and/or lease affordable units created with off-sets in order to achieve even greater cost reduction, and therefore, housing for very low income groups.

## ***2.6: Housing prototypes and programs – see Appendix F***

The analysis inventoried site and housing land ownership, design, development, construction, financing, and other examples represent prototypes of possible application to Bellingham and Whatcom County. Where possible, the examples were selected from projects that have been completed or underway within the Puget Sound or Washington housing market.

Where appropriate, the examples include links to websites or pages that provide additional information, floor plans, photos, or other materials of interest to the proposed housing action plans and projects under consideration in this report.

Of most interest to CHAT, the prototypes include the following potential applications:

- Cottage and small lot single-family detached housing,
- Accessory dwelling units,
- Planned unit developments containing single and multi-family structures in clustered and master planned new and infill developments,
- Mixed use structures with ground floor retail and mixed income households including low income and market rate,
- Green buildings including mixed use and mixed income,
- Sweat-equity USDA and Habitat for Humanity homeowner developments,
- Land trusts,
- Low Income Housing Tax Credit (LIHTC) projects,
- Request for Proposal (RFP) packaging and development competitions for mixed housing product and incomes,
- Prefabricated kit houses (Katrina Cottages),
- Prefabricated and pre-manufactured housing,
- Nonprofit affordable housing organizations,
- Affordable housing tax levy initiatives for gap financing,
- Affordable housing incentive programs, and
- Inclusionary Zoning (IZ) of voluntary and mandatory approaches.

Some of these applications were tested for public reaction in the mail-out/phone-back survey in Appendix G and based on the survey results are included within the implementation tasks in the Housing Action Plan in chapter 3 of this document.

## ***2.7: Public opinion – see Appendix G***

In December 2007 a random sample of 200 resident voter households in Whatcom County were completed in a controlled sample survey concerning the housing needs, trends, policy and project proposals, and financing options. The resulting survey results are accurate to within +/-8 % of the opinions of the general registered voter household population most likely to participate in a general election or referendum.

The respondents were asked to rate their responses on a scale of 1 to 5 where 1 was the lowest, poorest, or disagree and 5 was the highest, best, or agree. For the sake of comparison, the responses were grouped into low or poor (scores 1-2) and high or best (4-5) - a score 3 was considered neutral or on the fence, and then ranked from highest or most agreement to the lowest or most

disagreement by category. Following are the rank-ordered results for the total sample group.

- ***In general*** - the respondents gave housing conditions countywide relatively good scores for common area developments (parks and playgrounds), the environment, amenities, and quality – but mixed scores for density, hazard management, and infrastructure.
- ***For their own housing situation*** – the respondents gave high approval ratings to their location, overall satisfaction, features, spaces, services, costs, amenities, and infrastructure – but mixed scores for the cost of housing related services including utilities and taxes.
- ***Percent of income on housing*** – 36% of the respondents indicated they were paying more than 30% of gross household monthly income for rent or a mortgage, 20% indicated they were paying more than 10% on utilities, and 17% indicated they were paying more than 10% on transportation and related costs.
- ***Market trends*** – significant majorities of the respondents indicated they perceived rising housing costs on a countywide basis were most affected by low interest and subprime market lending practices, population growth from in-migration, construction material cost increases, permit application times and fees, utility connection fees and charges, traffic, park, and school growth impact fees, and limits on available land in the urban growth areas respectively.
- ***Market assumptions*** – significant majorities of the respondents also indicated rising housing costs were most affecting on single-headed families especially female, young adults, elderly adults including single individuals, special populations including the mentally ill, victims of domestic violence, and the temporarily homeless. The respondents generally agreed that service workers including technical and entry level skills were also affected but were split on the impact on public workers including teachers, police officers, and firefighters.
- ***Possible countywide housing program approaches*** – significant majorities of the respondents indicated they would support countywide proposals to do the following even though Each one of these program approaches will involve costs to the public in some manner, some approaches costing more than others, and some programs having more impacts on housing costs and public policies and funds than others:
  - Renovate eligible housing with grants and sweat-equity,
  - Establish progressive permit and growth impact fees,
  - Create a catalogue of pre-approved building plans,
  - Allow cottage and small lot single family developments,
  - Establish differential taxing rates for land trusts and common property ownerships,
  - Establish performance based design standards,
  - Allow detached and attached accessory dwelling units (ADU),
  - Define minimum density standards,
  - Allow infill development,
  - Allow planned unit developments,
  - Adopt performance based building codes,
  - Adopt manufactured/modular design standards,
  - Adopt green energy efficient building codes,
  - Establish low-impact development standards,
  - Pre-develop public facilities,

- Design and authorize community drain fields,
  - Adopt progressive sewer connection fees,
  - Establish a permanent countywide housing action organization, which would also
  - Issue annual reports on housing conditions, performance, and actions required.
- ***Countywide housing action fund*** – respondents were evenly split on whether to authorize a countywide housing fund to provide gap and other financing necessary to implement some of the proposals listed above. However, 51% indicated they would pay \$15 a year or more to implement the proposals, and 29% would pay more than \$50 a year. Even so, majorities of the respondents would not approve a limited duration property tax, real estate excise tax (REET), or local option sales tax for this purpose.
  - ***Countywide action plan responsibilities*** – a majority of the respondents thought affordable housing actions were the responsibilities of joint ventures and the public sector rather than the private and nonprofit sectors.
  - ***Housing competition prototypes*** – a majority of the respondents favored pre-design and pre-approving development plans and creating management organizations for RFPs for affordable housing developments. Slightly under a majority of all respondents would also conduct the RFPs and acquire and package land necessary for such undertakings.
  - ***Prototypes*** – significant majorities of the respondents would approve the prototypical use of cottage housing, mixed use development, modular or manufactured single family housing, and land trusts based on the examples shown. Slightly less than a majority would also approved accessory detached dwelling units.
  - ***Willingness to live in such prototypes*** – the respondents were also asked to whether they or a household member would be willing to live in each of the prototype examples shown. The percent indicating yes generally followed the patterns listed above and was less than a majority in each case. However, the percent, and therefore number of potential households interested in each prototype represent significant market niches willing to participate in these market product entries in the county.

The results of the mail-out/phone-back survey were reviewed and incorporated into the action plan proposals listed in chapter 3 by CHAT accordingly.

## ***2.8: Sample ordinances – see Appendix H***

Some of the most strategic proposals contained in the Housing Action Plan implementation tasks listed in chapter 3 of this document depend on the creation of an:

- Affordable Housing Investment Fund (AHIF), and
- Affordable Housing Incentives (AHI).

Example ordinances were developed and are provided in Appendix H based on similar and comparable fund and incentive programs accordingly. These are examples that will need to be refined in subsequent ordinances by CHAT and WCHAC, however, before they can be implemented in Whatcom County and the participating city jurisdictions.



## Chapter 3: Housing action plan

Following is a summary description of the major action plan strategies determined to be important in effectively implementing the Affordable Housing Investment Fund (AHIF) in Bellingham and Whatcom County. The action strategies represent the consensus opinions of the Countywide Housing Affordable Task force (CHAT) – and are critical to the effective realization of the housing action plan’s goals.

*The strategies are grouped according to subject matter and not necessarily priority* and are listed in an analytical sequence beginning with the establishment of an implementation organization, then sequencing through education, retention of existing affordable housing stock, reducing housing construction costs, stimulating projects and partnerships, and acquiring and developing new affordable housing.

As shown, a number of parties may be responsible for leading and managing, participating, and supporting or permitting each strategy – as described in the following summaries.

### 3.1: Create an implementation organization

#### 3.1.1: Coordinate public, non-profit, and private participants

Bellingham and Whatcom County must initiate appropriate actions to implement an aggressive Affordable Housing Investment Fund (AHIF) for the area to be able to effectively provide housing education programs and mentoring, refine planning measures, develop infrastructure, create financial incentives, and create rehabilitation and development programs.

Follow-up annual assessments must be done to determine if the proposed housing actions have been undertaken and to what affect. Policy or program revisions or project schedules, assignments, and other particulars should be instituted as necessary based on the assessments.

#### **1: Codify Affordable Housing Investment Fund (AHIF) organizations**

Codify central, accountable public/private Affordable Housing Investment Fund (AHIF) organizations to coordinate, oversee, and implement the projects identified in the following pages.

#### **Action**

- **Formally approve the role and mission** - for the continuation of the Countywide Housing Affordable Task Force (CHAT) and the Whatcom County Housing Advisory Committee (WCHAC) as the county and cities principal facilitating, coordinating, and implementation agents.
- **Coordinate housing plan actions** - to be accomplished by the county, cities, Bellingham/Whatcom County Housing Authority, Opportunity Council, Kulshan Community Land Trust, Whatcom-Skagit Housing, Habitat for Humanity, Whatcom County Economic Development Council, and other non-profit and private participants.
- **Identify CHAT and WCHAC responsibilities** - for planning and implementing, monitoring, and then updating specific housing actions in the plan drawing participants from private employers, lenders, builders, real estate professionals, and other non-profit and private groups appropriate.
- **Engage the public** - on the implications of the current and forecast housing market demand and needs, particularly for affordable housing and the impact housing issues have on the economic well being and development of the county-at-large.

**Participants**  
 A=approval role  
 F=facilitator role  
 L=lead management role  
 P=participant role

1. Whatcom County Council
2. Bellingham, Ferndale, Blaine, Lynden, Sumas, Nooksack City Councils
3. Planning & Community Development Departments
4. **Countywide Housing Affordable Task Force (CHAT)/Whatcom County Housing Advisory Committee (WCHAC)**
5. Bellingham/Whatcom County Housing Authority
6. Washington State CTED/HFC etc
7. USDA/HUD etc
8. Opportunity Council, Kulshan Community Land Trust
9. Whatcom-Skagit Housing, Habitat for Humanity
10. Whatcom County Economic Development Council/WWU
11. Whatcom County Lenders/Task Forces
12. Whatcom County Builders/Task Forces
13. Whatcom County Realtors/Task Forces
14. Public - county/city residents

Goal	1	2	3	4	5	6	7	8	9	10	11	12	13	14	Implement in year	Criteria %AMI	Unmet need (2000-2007 households)	Target objective (dwelling units) 2008-2014	Cost	Cost/benefit	Funding sources		
Objective	1	2	3	4	5	6	7	8	9	10	11	12	13	14	0-1	2-6	7+	(1)	(2)	(4)	(5)	(6)	
<b>3.1: Create an implementation organization</b>																							
<b>3.1.1: Coordinate public, non-profit, private participants</b>																							
1	A	A	L	L	P	P	L	L	L	L	L	L	L	L	X			all du	na	na	low	high	HTFund
2	A	A	L	F	P	P	P	P	P	P	P	P	P	P	X	X	X	all du	na	na	low	high	HTFund
<b>3.1.2: Create funds necessary to effectively implement plan</b>																							
3	A	A	L	F	L	P	P	P	P	L	P	P	P	P	X	X	X	80%	5,225		high	high	HTFund
<b>3.2: Provide education and mentoring</b>																							
<b>3.2.1: Increase market awareness and knowledge</b>																							
4				F	P	P	P	P	P	L	P	L	P	P	X	X	X	all hshld	9,604		low	moderate	Prvt resources
5				F	P	P	P	P	P	L	P	L	P	P	X	X	X	all hshld			low	moderate	Prvt resources
6				F	P	P	P	P	P	L	P	L	P	P	X	X	X	all hshld			low	moderate	Prvt resources
7				F	P	P	P	P	P	L	P	L	P	P	X	X	X	all hshld	9,604		low	moderate	Prvt resources
<b>3.3: Retain existing affordable housing stock</b>																							
<b>3.3.1: Retain existing stick-built stock</b>																							
8				L	F	P	P	P	L			P	P	P	X	X	X	80%	3,324		moderate	high	HTFund
9				L	F	P	P	P	L			L	P	P	X	X	X	80%	10,763		moderate	high	CDBG/HTFund
10				L	F	P	P	P	L			L	P	P	X	X	X	80%	10,763		moderate	high	CDBG/HTFund
11				L	F	P	P	P	L			L	P	P	X	X	X	80%	10,763		moderate	high	CDHO/HOME/HTFund
12				L	F	L	P	P	P	P		P	P	P	X	X	X	80%	5,364		high	high	BHDF/CHDO/HOME/HTFund
<b>3.3.2: Retain existing mobile/modular stock</b>																							
13				L	F	P	P		L			L	P	P	X	X	X	80%	9,535		moderate	high	CHDO/HOME/HTFund
14	A	A	L	F	P				L			L			X	X	X	80%			moderate	moderate	CDBG/HTFund
<b>3.4: Reduce housing costs for new construction</b>																							
<b>3.4.1: Reduce regulatory process costs</b>																							
15	A	A	L	F	P				P	P	P	P	P	P	X			all du	na		low	medium	GF/CTED-GMP
16	A	A	L	F	P				P	P	P	P	P	P	X			all du	na		low	medium	GF/CTED-GMP
17	A	A	L	F	P				P	P	P	P	P	P	X	X	X	all du	na		low	low	GF/CTED-GMP/HTFund
<b>3.4.2: Reduce land costs</b>																							
18	A	A	L	F	P				P	P	P	P	P	P	X			all du	na		moderate	high	GF/CTED-GMP
19	A	A	L	F	P				P	P	P	P	P	P	X			all du	na		low	high	GF/CTED-GMP
20	A	A	L	F	P				P	P	P	P	P	P	X			all du	na		low	medium	GF/CTED-GMP
21	A	A	L	F	P				P	P	P	P	P	P	X			all du	na		low	moderate	GF/CTED-GMP
22	A	A	L	F	P				P	P	P	P	P	P	X			all du	na		low	moderate	GF/CTED-GMP
23	A	A	L	F	P				P	P	P	P	P	P	X			all du	na		low	moderate	GF/CTED-GMP
24	A	A	L	F	P				P	P	P	P	P	P	X			all du	na		low	high	GF/CTED-GMP
25	A	A	L	F	P				P	P	P	P	P	P	X			all du	na		low	moderate	GF/CTED-GMP
26	A	A	L	F	P				P	P	P	P	P	P	X			all du	na		low	moderate	GF/CTED-GMP
27	A	A	L	F	P				P	P	P	P	P	P	X			all du	na		low	high	GF/CTED-GMP
28	A	A	L	F	P				P	P	P	P	P	P	X			all du	na		low	moderate	GF/CTED-GMP
29	A	A	L	F	P				P	P	P	P	P	P	X	X	X	all du	na		low	low	GF/CTED-GMP
30	A	A	L	F	P				P	P	P	P	P	P	X	X	X	80%			low	moderate	GF/CTED-GMP
<b>3.4.3: Reduce labor/material costs</b>																							
31	A	A	L	F	P	P			P	P	P	P	P	P	X			all du	na		low	high	GF/CTED-GMP
32	A	A	L	F	P	P			P	P	P	P	P	P	X			all du	na		low	high	GF/CTED-GMP
<b>3.4.4: Reduce operating costs</b>																							
33	A	A	L	F	P	P	P	P	P	P	P	L	P	P	X			all du	na		low	low	GF/Utax/CTED-GMP
34				L	F	P	P	P	P	P	P	L	P	P	X	X		80%			moderate	low	Utax/HTFund
<b>3.4.5: Reduce infrastructure development costs - particularly in rural areas</b>																							
35	A	A	L	F	P				P	P	P	P	P	P	X			all du	na		low	moderate	GF/CTED-GMP
36	A		L	F	P	P			P	P	P	P	P	P	X	X		rural	na		low	moderate	CTED-GMP/PWTF/CCWF
37	A	A	L	F	P	P			P	P	P	P	P	P	X	X		80%			moderate	moderate	CTED-GMP/PWTF/CCWF/HTFund/IZ
<b>3.5: Stimulate projects and form partnerships</b>																							
<b>3.5.1: Package/conduct competitive RFP mixed income projects</b>																							
38	A	A	L	F	P	P			P	P	P	P	P	P	X	X	X	80%	26,179		high	high	HTFund/IZ
39	A	A	L	F	P				P	P	P	P	P	P	X	X		80%	26,179		moderate	high	HTFund/IZ
40	A	A	L	F	P				P	P	P	P	P	P	X	X		80%	26,179		low	high	HTFund/IZ
41	A	A	L	F	P				P	P	P	P	P	P	X	X		80%	26,179		low	high	HTFund/IZ

**Participants**

- A=approval role
- F=facilitator role
- L=lead management role
- P=participant role

- 1. Whatcom County Council
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- 5. Bellingham/Whatcom County Housing Authority
- 6. Washington State CTED/HFC etc
- 7. USDA/HUD etc
- 8. Opportunity Council, Kulshan Community Land Trust
- 9. Whatcom-Skagit Housing, Habitat for Humanity
- 10. Whatcom County Economic Development Council/WWU
- 11. Whatcom County Lenders/Task Forces
- 12. Whatcom County Builders/Task Forces
- 13. Whatcom County Realtors/Task Forces
- 14. Public - county/city residents

Goal	Objective	Implement in year														Criteria %AMI	Unmet need (2000-2007 households) (1)(2)(4)(5)(6)	Target objective (dwelling units) 2008-2014 (3)		Funding sources							
		1	2	3	4	5	6	7	8	9	0	1	2	3	4			0-1	2-6		7+	Cost	Cost/benefit				
	42 Establish management/equity participation programs	A	A	F	P	P												X	X	X	80%	26,179		low	moderate	HTFund	
	<b>3.5.2: Adopt Affordable Housing Incentives (AHI)</b>																										
	43 Adopt countywide inclusionary zoning ordinance	A	A	L	F	P												X	X	X	80%	26,179		low	high	GF/CTED-GMP/HTFund	
	With density bonus	A	A	L	F	P												X	X	X	80%	26,179		low	high	GF/CTED-GMP/HTFund	
	With reduced parking requirements	A	A	L	F	P												X	X	X	80%	26,179		low	high	GF/CTED-GMP/HTFund	
	With variable height and site coverage	A	A	L	F	P												X	X	X	80%	26,179		low	high	GF/CTED-GMP/HTFund	
	With expedited permit review schedules	A	A	L	F	P												X	X	X	80%	26,179		low	high	GF/HTFund	
	With permit fee reductions	A	A	L	F	P												X	X	X	80%	26,179		high	high	HTFund	
	With park and traffic fee reductions	A	A	L	F	P												X	X	X	80%	26,179		high	high	HTFund	
	With utility connection fee reductions	A	A	L	F	P												X	X	X	80%	26,179		high	high	HTFund	
	<b>3.6: Acquire/develop new affordable housing projects</b>																										
	<b>3.6.1: Purchase/rehab older rental apts/bldgs (7)</b>																										
	44 Purchase/rehab older rental apts/bldgs (7)				L	F	L	P	P	P	P	P	P	P				X	X	X	80%	5,364		moderate	moderate	BHDF/CHDO/HOME/HTFund	
	Bellingham - Home Rehabilitation Program				L													X	X	X	80%		125			CDBG	
	Whatcom-Skagit Housing USDA Sweat-Equity																	X	X	X	80%			moderate	low		
	Habitat for Humanity																	X	X	X	80%			low	low		
	<b>3.6.2: Develop facilities for special populations</b>																										
	45 Addnl emergency shelter - chronic homeless beds(9)	A	A	L	F	P												X	X	X	100%	46				McKinney/HOPWA/RecordFees/HTFund	
	Addnl mentally disabled quarters - beds(9)	A	A	L	F	P												X	X	X	100%	52				McKinney/HOPWA/RecordFees/HTFund	
	Addnl alcohol/drug addition quarters - beds(9)	A	A	L	F	P												X	X	X	100%	38				McKinney/HOPWA/RecordFees/HTFund	
	Addnl veterans - units(9)	A	A	L	F	P												X	X	X	100%	29				McKinney/HOPWA/RecordFees/HTFund	
	Addnl domestic violence - units(9)	A	A	L	F	P												X	X	X	100%	32				McKinney/HOPWA/RecordFees/HTFund	
	Addnl youth - beds(9)	A	A	L	F	P												X	X	X	100%	7				McKinney/HOPWA/RecordFees/HTFund	
	Addnl physically disabled - units(9)	A	A	L	F	P												X	X	X	100%	25				McKinney/HOPWA/RecordFees/HTFund	
	addnl substance/mental illness - beds(9)	A	A	L	F	P												X	X	X	100%	20				McKinney/HOPWA/RecordFees/HTFund	
	BHA - Homeless				L													X	X	X	100%		20			LIHTC/private funds	
	<b>3.6.3: Develop affordable rental housing</b>																										
	46 Elderly individuals and households	A	A	L	F	L	P											X	X	X	<80%	869				HOME/LIHTC/HTFund	
	Family or related - 2-5 persons	A	A	L	F	L	P											X	X	X	<80%	1,021				HOME/LIHTC/HTFund	
	BHA - Walton Housing Project Phase 1				L																<60%		50			CDBG/HOME	
	BHA - Laurel Village Housing				L																<60%		51			FHLBAHP/LIHTC/WAHTF/private banks	
	BHA - Meadow Wood Townhomes 1				L																<60%		51			City/LIHTC/WAHTF/private banks	
	BHA - Laube Housing Project				L																<80%		20			City/LIHTC/WAHTF/private banks	
	BHA - Meadow Wood Townhomes 2				L																<80%		25			City/LIHTC/WAHTF/private banks	
	Sash-N-Door Project				L																<80%		12			City/LIHTC/WAHTF/private banks	
	BHA - un-named				L																<80%		250			LIHTC/Taxable Bonds/FHLB/WAHTF	
	Family or related - 5+ persons	A	A	L	F	L	P											X	X	X	<80%		253			HOME/LIHTC/HTFund	
	All others	A	A	L	F	L	P											X	X	X	<80%		3,215			HOME/LIHTC/HTFund	
	<b>3.6.4: Develop affordable sales housing (for existing low-income renters)</b>																										
	47 Elderly individuals and households	A	A	L	F	P	P	L										X	X	X	<80%					HOME/LIHTC/HFC/Trusts/HTFund	
	Family or related - 2-5 persons	A	A	L	F	P	P	L										X	X	X	<80%					HOME/LIHTC/HFC/Trusts/HTFund	
	KCLT - in Bellingham				L																<80%		12			HOME/trust/private banks	
	KCLT - Matthei Place				L																<80%		14			HOME CHDO/trust/private banks	
	CHDO - in Bellingham				L																<50%		10			HOME CHDO/trust/private banks	
	Whatcom-Skagit Housing USDA Sweat-Equity				L													X	X	X	80%						
	Habitat for Humanity				L													X	X	X	80%						
	Family or related - 5+ persons	A	A	L	F	P	P	L										X	X	X	<80%					HOME/LIHTC/HFC/Trusts/HTFund	
	Whatcom-Skagit Housing USDA Sweat-Equity				L													X	X	X	80%						
	Habitat for Humanity				L													X	X	X	80%						
	All others	A	A	L	F	P	P	L										X	X	X	<80%					HOME/LIHTC/HFC/Trusts/HTFund	

(1) HUD CHAS Data Report, SOCDs CHAS Data: Housing Problems Output for All Households, households paying >50% of income for housing costs, 2000 Census, Whatcom County  
 (2) Whatcom County Homeless Count, A Point-in-Time Census of Homeless Residents, March 2007  
 (3) Projects listed are from the 2003-2007 Consolidated Plan and 2007 Action Plan  
 (4) Number dwelling units built before 1939  
 (5) Number occupied mobile homes and boats, RVs, or vans  
 (6) Number households paying more than 50% of income for housing costs.  
 (7) Number of structures with over 20 units.  
 (8) Number of 2000 households paying over 50% for housing costs with >30% AMI  
 (9) Number in 2007 not temporarily living with friends or family - homeless

- Resolve a funding strategy – necessary to effectively finance on a continuous basis each and all of the AHIF items listed in the following pages.
- Monitor implementation – to ensure the actions proposed in this plan are effectively realized by the assigned participants.

### **Funding**

CHAT and WCHAC organization activities could be funded with General Fund Property Taxes (Ptax), non-profit organization donations, grants, and loans, and a special property tax levy to finance a Affordable Housing Investment Fund (AHIF) (see item 3 below).

### **2: Issue annual and periodic reports and update the Housing Action Plan on a frequent basis**

CHAT and WCHAC will issue annual reports and update this Housing Action Plan on a frequent basis to ensure the above measures continue to provide quality and affordable housing for all income groups, household types, and residents of the county and cities.

### **Action**

- Conduct annual progress assessments - to review action on projects and policies identified in this Housing Action Plan and measure the following:
  - 1) accomplishment of the strategies listed in the action plan and the impact the strategies are having on housing costs,
  - 2) the number of affordable units built by public, non-profit, and private sponsors over the measuring time period,
  - 3) turn-over rates realized in the housing market for all value of housing including affordable value ranges during the measuring time period.
- Conduct periodic progress assessments - to review action on projects and policies identified in this Housing Action Plan and measure the following:
  - 4) comparison with CHAS 2000 housing census statistics for percent of income required for housing costs, number and percent of households in poverty and housing status, and other factors, and
  - 5) public satisfaction with housing conditions in general and perception of their ability to buy or rent a quality affordable housing unit.
- Review Housing Action Plan strategies and program accomplishments - and make revisions or adjustments necessary to improve methods, assign responsibilities, or take other measures necessary to be effective in the market.

### **Funding**

Annual reports and assessments could be funded with the Affordable Housing Investment Fund (AHIF), among others.

## **3.1.2: Create funds necessary to effectively implement plan**

### **3: Create an Affordable Housing Investment Fund (AHIF)**

Submit and obtain voter approval of a special sales tax option, another real estate excise tax (REET3), a property tax levy, and/or any other funding device with which to create a capital fund necessary for implementing the pro-active housing programs and projects described in the following pages.

### **Action**

- Design and test public support – for these measures specifically including a special property tax levy to match public and non-profit donations, grants, loans, and other funding measures with which to create an AHIF necessary for implementing pro-active housing programs and projects.

- Submit and approve a financing mechanism including a special property tax levy - to run at a fixed rate for a specified number of years and/or at an initially higher rate until a specified amount is created (at which time the levy sunsets) with which to create a revolving capital fund necessary for implementing pro-active housing programs and projects.
- Capitalize the levy revenues - to issue Revenue Bonds with which to initiate acquisitions, prime infrastructure development, conduct design/develop competitions, and other implementing actions appropriate to the proposed pro-active housing programs and projects described below.

### **Funding**

Preliminary work necessary to design and approve the Affordable Housing Investment Fund (AHIF) could be funded with General Fund Property Taxes (Ptax) and non-profit organization donations, grants, and loans.

## ***3.2: Provide education and mentoring***

### ***3.2.1: Increase market awareness and knowledge***

CHAT and WCHAC should encourage private organizations to fund and sponsor a series of education and mentoring outreach classes and mentoring programs to help households with basic finance, budgeting, loan application and processing, maintenance, repair, and construction.

### **4: Conduct housing finance classes and mentoring activities**

Encourage private organizations to organize and conduct classes that provide education and mentoring assistance on how to budget household purchases, maintenance, insurance, utilities, and other expenses.

### **Action**

- Recruit class faculty - to be staffed by government, non-profit, local lenders, real estate professionals, and builders trained in credit counseling, mortgage lending, real estate appraisal, and home maintenance and repair to conduct a continuous series of classes on how to budget housing costs including rental, purchase, sales, and other particulars.
- Design a curriculum - evaluating household needs, income capability, eligibility for housing assistance, estimating utilities and repairs, credit applications, rental agreements, utility and other service agreements, and landlord relations, and post rental insights.
- Provide mentoring assistance - where class faculty can help individual class participants find and rent housing within the county.
- Conduct debriefing sessions - with former class participants offering information from their own experience renting housing in the private market and from the development projects and rehabilitation programs.

### **Funding**

Housing finance classes and mentoring activities could be funded and staffed by non-profit organization donations and grants from Wells Fargo, among others.

### **5: Conduct housing purchase classes and home buying mentoring activities**

Encourage private organizations to organize and conduct classes that provide instruction and assistance for qualifying for and obtaining mortgage, remodeling, and other housing loans - particularly for households who will applying for assistance in the development and rehabilitation programs to be offered by this Affordable Housing Investment Fund (AHIF).

### **Action**

- **Recruit class faculty** - to be staffed by government, non-profit, local lenders, real estate professionals, and builders trained in credit counseling, mortgage lending, and real estate appraisal to conduct a continuous series of classes on how to afford, buy, and finance a house.
- **Design a curriculum** - evaluating home buyer needs, financial eligibility, what to pay, sales contracts, home inspections, mortgage applications and terms, financing tools and assistance, closing costs and escrow, recording deeds, estimating maintenance and repairs, tax benefits, and post purchase insights.
- **Provide mentoring assistance** - where class faculty can help individual class participants complete conventional or special mortgage application forms, submit purchase bids, and otherwise close purchases.
- **Conduct debriefing sessions** - with former class participants offering information from their own experience buying homes in the private market and from the development projects and rehabilitation programs.

### **Funding**

Housing purchase classes and mentoring activities could be funded with non-profit organization donations and grants from Wells Fargo, among others.

### **6: Conduct housing maintenance classes and mentoring activities**

Encourage private organizations to organize and conduct classes that provide education and assistance on how to maintain and repair plumbing, electrical, paint, roof, and other household equipment and furnishings.

### **Action**

- **Recruit class faculty** - to be staffed by government, non-profit, local lenders, real estate professionals, and builders trained in home maintenance and repair to conduct a continuous series of classes on how to maintain and repair basic house structures and systems.
- **Design a curriculum** - evaluating household needs, capabilities, repair estimates, when and what to do self-help and with contract services, mechanical systems, plumbing, electrical, roofs and gutters, warrant contracts, home improvement loans, second mortgage terms, energy and utility retrofitting loans and contracts, contractor agreements, credit checks and references, and post repair insights.
- **Provide mentoring assistance** - where class faculty can help individual class participants evaluate maintenance and repair requirements, estimate costs, select self-help or contract methods, complete improvement loans, and otherwise complete repair projects.
- **Conduct debriefing sessions** - with former class participants offering information from their own experience maintaining and repairing homes as self-help and contract efforts in the private market and from the rehabilitation programs.

### **Funding**

Housing maintenance classes and mentoring activities could be funded with non-profit organization donations and grants from Wells Fargo, among others.

### **7: Conduct housing construction classes and mentoring activities**

Encourage private organizations to organize and conduct classes that provide instruction and assistance on how to remodel, expand, and build a house with self-help or sweat equity and/or as a general contractor using subcontractors for some or all of the effort.

### **Action**

- **Recruit class faculty** – to be staffed by government, non-profit, local lenders, real estate professionals, and builders trained in home construction to conduct a continuous series classes on how to construct houses.
- **Design a curriculum** – evaluating household needs and capabilities, construction cost estimates, when and what to do self-help or with contractors, home and building design, getting permits, sub and general contracting, home construction loans and second mortgages, bridge loans, and post construction insights.
- **Provide mentoring assistance** – where class faculty can help individual class participants evaluate building designs, estimate costs, select self-help or contract methods, complete construction loans, and complete construction projects.
- **Conduct debriefing sessions** – with former class participants offering information from their own experience building homes as self-help and contract efforts in the private market and from the development projects and rehabilitation programs.

### **Funding**

Housing construction classes and mentoring activities could be funded with USDA programs, Whatcom-Skagit Housing, and non-profit organization donations and grants from Wells Fargo, among others.

## ***3.3: Retain existing affordable housing stock***

### ***3.3.1: Retain existing stick-built housing stock***

CHAT and WCHAC must stimulate a home rehabilitation and deferred equity program to assist households in need throughout the county and city.

### **8: Refinance overextended households**

Establish an affordable housing deferred loan or shared equity program where the eligible homeowner's house is acquired then sold-back to the homeowner under terms that the homeowner can afford remaining within the 30% of gross income devoted to housing occupancy costs. Where necessary and appropriate, utilize grants, loans, limited and land trusts, reverse mortgages, and other refinancing terms that will allow the homeowner to remain resident in the house, keep the house in viable shape, and where appropriate, retain an affordable price or terms so that the unit can be resold at a future time as an affordable housing unit.

### **Action**

- **Identify homeowners** – who would be eligible and capable of participating in the shared or deferred equity refinancing program.
- **Identify income and financial capability** – of the occupants in order to create feasible and appropriate refinancing terms using grants, low and no-interest loans, land trusts, and shared or deferred equity approaches.
- **Create performance criteria governing refinancing packages** – necessary to guarantee homeowner equity and financial solvency, while repaying the Affordable Housing Investment Fund (AHIF) when the house is ultimately sold or inherited *and/or* retaining the housing unit in the affordable housing supply to be resold in the future to eligible low-income households.
- **Create a management entity** – capable of monitoring compliance with the refinanced mortgage terms and the eventual sale and repayment, *or* sale and resale of an affordable unit in the market.
- **Create a housing loan trust** – able to fund refinancing packages and hold the loan or equity or land title in trust until such time as the house is sold and the loan is redeemed in full *or* the house is resold under a limited or shared equity approach.

### **Funding**

Affordable housing refinancing programs could be jointly funded with CDBG, HUD, the Affordable Housing Investment Fund (AHIF), and private lenders, among others.

### **9: Renovate eligible housing with sweat equity**

Allow the home buyer to perform the construction labor involved in the renovation as sweat equity rather than a cash down payment under the limited equity land trust program.

### **Action**

- Identify household participants – who would be eligible and capable of participating in a sweat-equity program for renovating a house in lieu of providing a cash down payment.
- Conduct housing rehabilitation classes – with the eligible and interested households covering design, permitting, material and labor estimating, scheduling, construction loan, mortgage, and other particulars.
- Initiate rehabilitation program agreements – with households who complete the classes and are interested and capable of participating in the program.
- Complete rehabilitation projects – and resolve final mortgage and other program particulars under the limited equity trust program.

### **Funding**

Limited equity self-help or sweat-equity rehabilitation programs could be jointly funded with USDA and the Affordable Housing Investment Fund (AHIF), among others.

### **10: Renovate eligible housing with grants and loans**

Renovate eligible housing working with Habitat for Humanity, Americorp, other volunteer programs, and private market contractors to reduce rehabilitation construction costs.

### **Action**

- Identify homeowner participants – who would be eligible to participate in a grant or low-cost loan program for home renovation.
- Identify rehabilitation program requirements – including the potential number of housing projects, grant or low-cost loan program participants, and required number and skill of renovation contractors or agents.
- Create performance criteria governing contractor selection and oversight – necessary to warrant quality work, timely work schedules, bonded workers and project sites, and other rehabilitation program particulars.
- Create a management entity – capable of overseeing rehabilitation work and contract compliance.
- Create a housing loan trust – able to fund rehabilitation and hold the low-cost loan or equity in trust until such time as the house is sold and the loan is redeemed in full *or* the house is resold under a limited or shared equity approach.

### **Funding**

Rehabilitation programs could be jointly funded with CDBG, HUD, the Affordable Housing Investment Fund (AHIF), and private lenders, among others.

### **11: Renovate eligible housing with shared and limited equity loan programs**

Establish a home rehabilitation and deferred loan or shared or limited equity program where the eligible house is refurbished and the cost or loan is deferred for payment to when the house is sold or resold to the occupant with land leases and the land equity is deferred or used to reduce payment terms to allow the current occupant to continue to reside in the house with current home payments.

#### **Action**

- **Identify homeowners** – who would be eligible and capable of participating in the rehabilitation and shared or deferred equity program.
- **Identify rehabilitation program requirements** – including the potential number of housing projects, deferred or limited equity program participants, and required number and skill of renovation contractors or agents.
- **Create performance criteria governing contractor selection and oversight** – necessary to warrant quality work, timely work schedules, bonded workers and project sites, and other rehabilitation program particulars.
- **Create a management entity** – capable of overseeing rehabilitation work, contract compliance, and the shared or deferred or limited equity program.
- **Create a housing loan trust** – able to fund rehabilitation and hold the loan or equity in trust until such time as the house is sold and the loan is redeemed in full *or* the house is resold under a limited or shared equity approach.

#### **Funding**

Rehabilitation programs could be jointly funded with CDBG, HUD, the Affordable Housing Investment Fund (AHIF), and private lenders, among others.

### **12: Acquire and rehabilitate older rental apartments and buildings**

Acquire and rehabilitate older apartment and mixed use structures to provide low-cost rental units for low-income individuals and families.

#### **Action**

- **Identify properties** – that would be suitable to be rehabilitated for special populations and low-income individuals in locations that are provided with transit, community, health, and other supporting services.
- **Create performance criteria governing project selection and oversight** – necessary to warrant quality work, timely work schedules, and other rehabilitation program particulars in order to retain the structures as low-income housing units.
- **Create or designate a management entity** – capable of overseeing rehabilitation work and compliance with subsequent low-income occupant program requirements.

#### **Funding**

Older apartment and mixed use structure rehabilitation programs could be jointly funded with CDBG, HUD, the Affordable Housing Investment Fund (AHIF), and private lenders, among others.

## **3.3.2: Retain existing mobile and modular housing stock**

### **13: Replace mobile and modular housing units with grants and loans**

Replace older mobile and modular housing units providing eligible homeowners grants and low-cost loans in order to retain this type of affordable housing unit for low-income eligible homeowners.

### **Action**

- Identify homeowner participants – who would be eligible to participate in a grant or low-cost loan program for replacement of older mobile or modular housing units in mobile home parks and where appropriate, on individual properties.
- Identify rehabilitation program requirements – including the potential number of mobile and modular housing units, grant or low-cost loan program participants, and required number and suitability of mobile or modular housing unit replacements.
- Create performance criteria governing replacement units – necessary to warrant quality manufactured products, timely replacement schedules, suitable project sites, and other replacement program particulars.
- Create a management entity – capable of overseeing replacement projects and grant and low-cost loan compliance.
- Create a housing loan trust – able to fund mobile and modular housing unit replacement programs and hold the low-cost loan in trust until such time as the unit is repaid or sold and the loan is redeemed in full *or* the mobile or modular housing unit is resold under a limited or shared equity approach.

### **Funding**

Mobile and modular replacement programs could be jointly funded with CDBG, HUD, the Affordable Housing Investment Fund (AHIF), and private lenders, among others.

### **14: Retain existing and develop new mobile home parks**

Where appropriate and feasible, retain existing and possibly develop new mobile home parks to continue to provide this type of affordable housing community for low-income eligible homeowners.

### **Action**

- Identify existing mobile home parks – that are threatened with displacement and/or redevelopment that would be eligible and appropriate to retain as low-cost or affordable housing projects.
- Identify new mobile home park opportunities – that would provide this type of housing unit in locations that are accessible to employment centers, transit services, schools and community facilities, and other supporting services.
- Identify retention and new development project requirements – including land acquisition, site improvements, utility upgrades, common facility requirements, and other particulars required to retain or develop viable low-cost and affordable mobile housing unit projects.
- Create or designate a management entity – capable of overseeing mobile home park acquisition and/or development projects including subsequent maintenance and operational requirements.
- Create a housing loan trust – able to fund acquisition, development, maintenance, and operation of existing and new mobile home park projects.

### **Funding**

Mobile home park retention and development projects could be jointly funded with CDBG, HUD, USDA, the Affordable Housing Investment Fund (AHIF), and private lenders, among others.

## **3.4: Reduce housing costs for new construction**

Whatcom County and the cities have initiated a number of actions to manage rising housing costs and the impact of growth. Such actions include measures that clustered housing to reduce site development costs; allowed innovative mixed housing and mixed use projects to increase site efficiencies and reduce commuting costs; adopted design and development standards to improve the

quality of the housing product and neighborhood – to name a few. In addition, the city and county have also amended codes to allow accessory dwelling units, cottage or small lot houses, duplex and townhouses, mobile and manufactured housing products that increase choice at a wider variety of purchase and rental costs.

In addition to the measures listed above, the county, cities, non-profit, and for profit housing market participants must also adopt some of the following measures to manage cost, increase choice, and provide housing. Each one of these program approaches will reduce costs in some manner, some approaches reducing housing costing more than others, and some programs having more impacts than others.

### **3.4.1: Reduce regulatory process costs**

#### **15: Establish SEPA exemptions for minor construction per WAC allowances**

Adopt the maximum SEPA exemptions allowed under WAC to reduce the cost of preparing SEPA documents on small projects when the proposed project is unlikely to cause a significant adverse environmental impact due to the project's type or size.

#### **Action**

- Establish SEPA exemptions for minor construction – based on local conditions when such conditions are unlikely to cause environmental impacts due to the type of development and/or size of project as allowed under WAC 197-110800(1)(b) for the following possibilities (WAC's maximum limit listed for each exemption):
  - Residential dwelling units – up to 20 dwelling units,
  - Agricultural structures – up to 10,000 square feet,
  - Office, school, commercial, recreational, service or storage buildings – up to 12,000 square feet and up to 40 parking spaces,
  - Parking lots – up to 40 parking spaces, and
  - Landfills and excavations – up to 500 cubic yards.
- Approve SEPA minor construction exemptions - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA), amend SEPA ordinances and review measures accordingly.

#### **Funding**

SEPA ordinance revisions could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

#### **16: Increase short plat lot allowances**

Increase the number of lots that may be short platted under the subdivision process to 9 lots or the maximum allowable to reduce the cost of preparing subdivision submittals and review document requirements.

#### **Action**

- Increase the number of lots, plots, sites, parcels, or tracts that may be submitted and approved under a short subdivision review process to the maximum of 9 lots allowed under RCW - to reduce submittal requirements when the resulting development is unlikely to cause or require extensive review processes. The 9 lot allowance should not include tracts which are unbuildable and/or are intended for public dedication, environmental protection, or stormwater detention.
- Approve short plat allowances - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act

(GMA), amend short plat subdivision regulations and review measures accordingly.

**Funding**

SEPA ordinance revisions could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

**17: Create a catalogue of pre-approved building plans or “Master Plans”**

Create a catalogue of pre-approved building plans or “Master Plans” that builders and private property owners may use instead of submitting custom-designed plans that require more extensive review and higher permitting fees.

**Action**

- Compile a catalogue of pre-approved building plans or Master Plans – that private property owners and builders may use instead of submitting custom-designed plans that require more extensive review and higher permitting fees.
- Approve Master Plan catalogue entries – following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA), amend or supplement building codes, design standards, and other measures accordingly.

**Funding**

A catalogue of pre-approved building plans or Master Plans could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

**3.4.2: Reduce land costs**

**18: Provide adequate land for market rate and affordable housing at appropriate densities**

Monitor subdivision, building permit, and construction trends; and absorption rates, market allowances, and other variables in countywide buildable lands analyses to determine actual housing market land utilizations and land requirements for market rate and affordable housing.

**Action**

- Monitor market trends and requirements – on a countywide basis for all types of housing products including market rate and affordable, sale and rental, single and multifamily, conventional and prefabricated to determine current and emerging market conditions and prospects.
- Update buildable land analyses – on a countywide basis to account for actual trends and market requirements in land utilization, market availability, development densities, housing products, and other variables.
- Revise development regulations accordingly – to reflect market requirements and affordable housing needs for densities, products, locations, and other factors.

**Funding**

Buildable land analyses could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

**19: Establish performance based site design standards**

Establish performance based design standards that provide quality but flexible requirements that develop road widths, sidewalk locations, landscaping, storm water management, and other amenities within functional but cost efficient designs.

### **Action**

- Develop performance based design standards – that require and illustrate quality but flexible guidelines for developing road widths, sidewalk locations, landscaping, storm water management, and other amenities within cost efficient designs.
- Approve ordinance changes - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA), amend or supplement the comprehensive plan, zoning ordinance, subdivision ordinance, and design guidelines accordingly.

### **Funding**

Performance based design standards in subdivision ordinances and building code revisions could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

### **20: Allow and encourage lot size averaging**

Allow lot size averaging which allows the subdividing of land into parcels that may include unequally-sized lots as long as the average of all of the lot sizes created remains equal to or above the minimum lot size specified in the zoning district.

### **Action**

- Allow lot size averaging - to allow the subdividing of land into parcels that may be smaller than the minimum lot specified in the zoning district so long as the average of all of the lot sizes created remains equal to or above the minimum lot size. Lot size averaging is similar to cluster development, which is currently allowed in all Whatcom County jurisdictions, in that it makes efficient use of the developable portions of a site building to the allowable density while protecting environmental and other features, and providing housing type developments which are compatible with the surrounding neighborhood.
- Approve lot size averaging ordinances - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA), amend or supplement zoning and subdivision codes, design standards, and other measures accordingly.

### **Funding**

A catalogue of pre-approved building plans could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

### **21: Allow and encourage small lot single family housing**

Where feasible and appropriate, allow small lot single family housing developments to increase density within a single family neighborhood with single family housing products.

### **Action**

- Establish small lot single family housing standards – that allow small lot single family housing developers to construct these types of housing products in feasible and appropriate moderate density single family neighborhoods where the added density will benefit from existing transit, school, employment, community facility, and other supporting services.
- Approve small lot single family housing unit ordinances - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA), amend or supplement the comprehensive plan, zoning ordinance, and other measures accordingly.

### **Funding**

Small lot single family housing unit design guidelines and zoning ordinances could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

### **22: Allow and encourage the use of other innovative housing site and property arrangements including zero lot line, among others**

Allow and encourage the utilization of innovative land and housing arrangements that make efficient use of property, provide functional and cost efficient housing products in higher density arrangements, and generally reduce overall land and housing costs in urban areas.

### **Action**

- Update subdivision, zoning, and development regulations - to reduce or remove unnecessary property setbacks, maximum site coverage allowances, and other restrictions that prevent the use of innovative, functional, and cost effective land and housing products such as zero lot line on one or more sides, atrium houses, and zipper lots, among others.
- Approve revised ordinances and regulations - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA), amend or supplement zoning and subdivision codes, design standards, and other measures accordingly.

### **Funding**

Updated subdivision, zoning, and development regulations could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

### **23: Allow and encourage the use of innovative housing products including duplex, attached single family, tandem housing, and manor housing, among others**

Allow and encourage the construction of innovative housing products that provide functional and cost efficient single and multiple family products in higher density arrangements, and generally reduce overall housing construction costs in urban areas.

### **Action**

- Update zoning and development regulations - to expand the definition of allowable innovative, functional, and cost effective housing products such as duplex, attached single family, town or row houses, tandem houses, and manor houses, among others.
- Approve revised ordinances and regulations - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA), amend or supplement zoning and subdivision codes, design standards, and other measures accordingly.

### **Funding**

Updated zoning and development regulations could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

### **24: Allow and encourage accessory dwelling units (ADUs)**

Where feasible and appropriate, amend existing low and moderate density single family zoning districts to allow attached accessory dwelling units where large structures are converted for limited multiple occupancy, and detached

accessory dwelling units where living units are built over the garage or provided as independent structures on existing single family properties.

**Action**

- Establish accessory dwelling unit standards – that allow single family housing unit property owners to convert, add-on, or construct stick-built or prefabricated accessory dwelling units in feasible and appropriate existing low or moderate density single family neighborhoods where the added density will benefit from existing transit, school, employment, community facility, and other supporting services.
- Approve accessory dwelling unit ordinances - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA), amend or supplement the comprehensive plan, zoning ordinance, and other measures accordingly.

**Funding**

Accessory dwelling unit design guidelines and zoning ordinances could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

**25: Allow and encourage cottage housing**

Where feasible and appropriate, allow cottage housing developments to increase density within a single family neighborhood with single family housing products.

**Action**

- Establish cottage housing standards – that allow cottage housing developers to construct these types of housing products and projects in feasible and appropriate moderate density single family neighborhoods where the added density will benefit from existing transit, school, employment, community facility, and other supporting services.
- Approve cottage housing unit ordinances - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA), amend or supplement the comprehensive plan, zoning ordinance, and other measures accordingly.

**Funding**

Cottage housing unit design guidelines and zoning ordinances could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

**26: Allow and encourage Planned Unit Developments (PUDs)**

Where feasible and appropriate, allow Planned Unit Development (PUD) projects that provide a mixture of housing products in master planned projects that incorporate common areas and facilities, clustered and performance based design standards, and a mix of incomes.

**Action**

- Establish Planned Unit Development (PUD) standards – that allow clustering, mixed housing products, performance based design standards, and other measures to develop these types of housing projects in feasible and appropriate neighborhoods.
- Approve Planned Unit Development (PUD) ordinances - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA), amend or supplement the comprehensive plan, zoning ordinance, and other measures accordingly.

### **Funding**

Planned Unit Development (PUD) design guidelines and zoning ordinances could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

### **27: Allow and encourage infill development**

Where feasible and appropriate, provide waivers to lot size, height, site coverage, parking, setback, buffer, and other dimensional regulations necessary to allow infill development of housing products that are compatible with the surrounding neighborhood, make effective use of primed urban land, and realize the density objectives defined in the zoning district.

### **Action**

- Establish infill development waiver standards – that allow waivers to zoning district lot size, height, site coverage, parking, setback, buffer, and other dimensional requirements in order to realize the base density defined in the district where the end housing product will be compatible with the surrounding neighborhood, make efficient use of primed urban land, and realize the density objectives defined in the zoning district.
- Approve infill development waiver procedures in ordinances - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA), amend or supplement the comprehensive plan, zoning ordinance, and other measures accordingly.

### **Funding**

Infill development waiver guidelines and zoning ordinance procedures could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

### **28: Increase higher density zoning districts**

Increase the density within appropriate and feasible higher density zoning districts and/or increase the extent of existing higher density zoning districts to provide a greater and proportionate supply of this type of land and housing products.

### **Action**

- Expand and/or designate higher density zoning districts – within feasible and appropriate community and urban core areas to increase the supply of this type land and subsequent higher density housing products including cottage, townhouse, apartment or condo, and mixed use structures.
- Approve zoning changes - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA), amend or supplement the comprehensive plan, zoning ordinance, and design guidelines.

### **Funding**

Higher density zoning revisions could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

### **29: Establish transfer development rights (TDR)**

Establish transfer development rights (TDR) that allow dwelling unit density to be transferred from rural or low density zoning districts into high density zoning districts when the resulting project will be compatible with the receiving district community and provide public benefits for affordable housing. Also, use transfer development rights (TDR) that allow developers to transfer dwelling units from or to sites occupied by historic structures when

the resulting transfer will provide public benefits associated with preserving such structures.

**Action**

- *Establish transfer development rights (TDR)* – that allow property owners and developers to transfer allowable dwelling unit building rights from “designated sending districts” to “designated receiving districts” within the urban cores where infrastructure, public facilities, housing needs, and other public benefits will accrue. Develop a methodology for determining acceptable sending and receiving districts, and the rights allocations that may be transferred subject to some form of public benefit rating system. Consider using a banking methodology where a public agency may receive and sell the transfer rights in the housing marketplace.
- *Preserve historic structures using transfer development rights (TDR)* – that allow property owners and developers to transfer allowable building rights from “designated sending districts” to “designated receiving districts” within the urban areas when public benefits will accrue from the preservation of historic structures and/or districts. Develop a methodology for determining acceptable sending and receiving districts, and the rights allocations that may be transferred subject to some form of public benefit rating system.
- *Approve TDR ordinances* - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA), amend or supplement the comprehensive plan, zoning ordinance, and other measures accordingly.

**Funding**

TDR ordinances could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

**30: Establish differential taxing rates for housing purposes**

Establish differential taxing rates for housing purposes that provide incentives for land trusts, common areas, and other public benefits that reduce housing costs.

**Action**

- *Establish differential property tax rates* – providing lower rates for properties that will be held as critical areas or in common open space, parks, septic drain fields or package treatment plants and/or leased lands in community land trusts and/or as affordable housing projects to reduce housing development, ownership, and operating costs.
- *Approve differential property tax rates* - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA) approve a differential property tax rate assessment schedule that reflects actual land use and that will favor and tend to prime the use of land leases under community land trusts and affordable housing projects.

**Funding**

Differential property tax assessment rate schedules could be jointly funded with Washington State CTED Growth Management Program (GMP) grants and matching General Fund Property Taxes (Ptax), among others.

**3.4.3: Reduce labor and material costs**

**31: Adopt performance-based building codes**

Allow builders to use new, innovative materials and methods that can reduce construction and operating costs.

### **Action**

- **Adopt performance-based building codes** – define and illustrate specifications that new building developments must meet using performance-based guidelines rather than proscriptive materials and methodologies for building materials, framing, roofing, insulation, mechanical, plumbing, septic solutions, storm water, and other building structures and systems.
- **Approve performance-based codes and design ordinances** - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA), amend or supplement building codes, design standards, and other measures accordingly.

### **Funding**

Performance-based building codes and design standards ordinances could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

### **32: Adopt manufactured/modular design standards**

Adopt front porches, gable roofs, garages, and other design solutions so that manufactured housing products compliment, fit into, and provide stability to traditionally built housing neighborhoods.

### **Action**

- **Adopt manufactured/modular housing design standards** – require and illustrate front porch, gable roof, garages, and other building solutions that will provide safe foundations, anchoring, utility connections – and design solutions so that manufactured housing products will fit into and enhance neighborhoods with traditionally built housing.
- **Approve manufactured housing building codes and design ordinances** - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA), amend or supplement the comprehensive plan, zoning ordinance, building codes, and other measures accordingly.

### **Funding**

Manufactured housing building codes and design standards ordinances could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

## **3.4.4: Reduce operating costs**

### **33: Adopt energy efficient building codes**

Encourage builders and developers to make use of solar energy, passive heating, increased insulation, energy efficient appliances, and other features that may increase initial construction costs slightly, but reduce long term operating and utility costs.

### **Action**

- **Adopt energy efficient building guidelines** –defining and illustrating specifications that incorporate energy savings and are environmentally friendly including the possible use of recycled and composite building materials, health/energy efficient insulation materials and methods, mechanical systems, solar and passive heating systems, septic solutions, site protection, appliances, and other building structures and systems.
- **Promote the use of green guidelines** – encourage builders and consumers to build green by offering incentives to do so at both the county and cities levels.

### **Funding**

Green energy efficient building standards could be jointly funded with Washington State CTED Growth Management Program (GMP) grants and matching General Fund Property Taxes (Ptax), among others.

### **34: Supplement Green Communities initiative**

Consider providing grants and low-cost loans to builders and developers who make use of solar energy, passive heating, increased insulation, energy efficient appliances, and other features that may increase initial construction costs slightly, but reduce long term operating and utility costs – particularly of utility services provided by the county, cities, and public utility districts.

### **Action**

- **Incorporate energy efficient building guidelines** – that defines and illustrates specifications that incorporate energy savings and are environmentally friendly including options for the use of recycled and composite building materials, health/energy efficient insulation materials and methods, mechanical systems, solar and passive heating systems, septic solutions, site protection, appliances, and other building structures and systems.
- **Promote the use of green guidelines** – provide grants and loans that will encourage builders and consumers to build green by offering incentives to do so at both the county and cities level, particularly where this will reduce operating costs for affordable housing.

### **Funding**

Green energy efficient building grants and low-cost loans could be jointly funded with General Fund Property Taxes (Ptax), local city and public utility taxes (Utax), and private donations from the Gates Foundation, Green Communities Initiatives, among others.

## **3.4.5: Reduce infrastructure development costs**

### **35: Adopt low impact site development standards**

Establish low impact site development standards that use natural storm drainage and treatment systems to reduce site development costs.

### **Action**

- **Develop low impact site development standards** – that require and illustrate effective methods for treating stormwater drainage using bio-filtration swales, green channels, and road-scapes rather than on or below grade impoundment methods to improve visual appearance and reduce site development costs.
- **Approve ordinance changes** - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA), amend or supplement the comprehensive plan, subdivision ordinance, building codes, and design guidelines accordingly.

### **Funding**

Subdivision ordinance and building code revisions could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others.

### **36: Design and authorize community septic drain fields**

Design and authorize community septic drain fields where developers can build clustered village housing projects using shared community septic drain fields within common open spaces.

### **Action**

- Develop standards and illustrative designs for community septic drain fields - to satisfy environmental requirements and provide interim or even permanent sewer treatment solutions for clustered housing and mixed use projects as a means of reducing housing costs and providing choice in settings where public services can be provided.
- Approve subdivision and building code changes - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA) amend or supplement subdivision ordinance and building codes to allow acceptably designed and operated community septic drain fields.

### **Funding**

Community septic drain field designs and demonstration projects could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, Public Works Trust Funds (PWTF), Centennial Clean Water Fund (CCWF), and matching General Fund Property Taxes (Ptax), among others.

### **37: Prioritize publicly funded sewer line extensions**

Extend publicly funded sewer services within a prioritized system that favors sites that will provide higher density, more affordable housing products.

### **Action**

- Construct publicly funded sewer line extensions - within a prioritized system that favors sites that will provide higher density, more affordable housing products and/or employment opportunities over other types of lower density residential developments.
- Approve prioritized publicly funded sewer line extensions - following appropriate hearings and public comment in accordance with the provisions of the Growth Management Act (GMA) prioritize the capital facility program of the comprehensive plan to favor higher density residential and employment land use areas.

### **Funding**

Prioritized publicly funded sewer development plans and projects could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, Public Works Trust Funds (PWTF), Centennial Clean Water Fund (CCWF), and matching General Fund Property Taxes (Ptax), among others.

## ***3.5: Stimulate projects/partnerships in the housing market***

### ***3.5.1: Package/conduct competitive RFPs for mixed income housing***

In addition to the education, planning, infrastructure, and financing measures listed above, CHAT and WCHAC, on behalf of the county and cities, should also acquire, plan, design, and conduct competitive requests-for-proposals (RFPs) for the design/development of mixed income projects involving a broad mix of innovative and affordable housing products throughout the county and cities.

### **38: Identify and package or acquire prototype sites**

Identify and package or acquire prototype sites with which to develop high quality, innovative, cost efficient, mixed income housing products at priority locations throughout the county and cities.

### **Action**

- Inventory and evaluate supply of public and private buildable lands - able to be developed for a variety of mixed income innovative residential projects throughout the urban centers of the county and cities.

- Complete appropriate due diligence assessments – of the properties for environmental hazards and mitigation, infrastructure requirements, public facility priming needs, suitable zoning, and development code specifications and opportunities.
- Acquire or package key prototype project lands – for lease or sale from public or private parties for the purpose of developing mixed income demonstration projects using land lease, community land trusts, and other innovative ownership approaches.

### **Funding**

Buildable site inventories and assessments could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, and matching General Fund Property Taxes (Ptax), among others. Land acquisition and development could be funded from the Affordable Housing Investment Fund (AHIF) and by the eventual reimbursement from non-profit and private redevelopment of the sites, among others.

### **39: Pre-design and pre-approve development plans**

Pre-design and pre-approve development plans for the prototype sites that resolve environmental mitigation, provide public infrastructure, and integrate the site with local community objectives and interests.

### **Action**

- Brainstorm possible solutions to the prototype sites – accounting for concepts that may create mixed income housing demonstration projects under a variety of alternative design/develop/ownership scenarios.
- Assess the economic feasibility of the preferred concepts – including land sale or lease values, construction costs, indirect development costs – and the impact of direct and indirect incentives including property acquisition and write-downs, land lease with shared equity, low interest development loans, affordable housing density incentives, and other measures.
- Assess and mitigate environmental impacts – including on and off-site storm water run-off, height and lot coverage allowances, design aesthetics, and public facilities, and urban amenities.
- Upgrade appropriate infrastructure – including construction of sewer, water, and storm utility improvements that will support demonstration projects on the properties.
- Prime supporting public facilities – including construction of roadways, sidewalks and trails, parks, and schools necessary to prime market interest in the demonstration projects.
- Conduct public hearings and approve a pre-packaged plan solution – including appropriate property-specific development agreements, design guidelines, and SEPA MDNS or EIS mitigation documents.

### **Funding**

The design charrette, detailed feasibility assessments, project design guidelines, and SEPA documentation could be funded with Washington State CTED Growth Management Program (GMP) grants, seed money from matching General Fund Property Taxes (Ptax), and matching contributions from the Affordable Housing Investment Fund (AHIF), among others.

### **40: Establish performance and participation criteria**

Establish performance and participation criteria for each prototype site that specifies the level of quality, mixed income objectives, mortgage and home buying assistance, and other public benefits to be realized from the project.

### **Action**

- Determine project objectives – including the target household types, income levels, housing products, assistance approach or program, and eligible developer or builder or manager agents.
- Define public benefit criteria – to be used to judge and award competitive design/develop/manage contracts.
- Conduct public hearings and approve project performance and participation criteria – including mandatory and performance-based project objectives and public benefit criteria for all of the various projects to be pursued for each demonstration site and project.

### **Funding**

The project objectives and selection criteria could be funded with Washington State CTED Growth Management Program (GMP) grants, seed money from matching General Fund Property Taxes (Ptax), and matching contributions from the Affordable Housing Investment Fund (AHIF), among others.

### **41: Conduct request-for-proposals (RFP) design/develop competitions**

Conduct request-for-proposal (RFP) design/develop competitions where private and non-profit builders and developers compete for the right to develop the prototype projects based on the design quality, mixed income housing products, and mortgage and other public benefit criteria established for the project.

### **Action**

- Develop a competitive request-for-proposal (RFP) process - governing the sale or lease of the property to be offered for each design/develop/manage project.
- Judge proposals – by fixing the asking price for the property or lease or construction and ranking proposals on project objectives, design merits, and beneficial public impacts on the property, surrounding neighborhood, and Affordable Housing Investment Fund (AHIF) in general.
- Award project – following public hearings and review procedures, CHAT or WCHAC may award the project to the proposal ranked to realize the most objectives and have the most beneficial development impacts on the property, neighborhood, and Affordable Housing Investment Fund (AHIF).

### **Funding**

The competitive RFP process could be funded with Washington State CTED Growth Management Program (GMP) grants, seed money from matching General Fund Property Taxes (Ptax), matching contributions from the Affordable Housing Investment Fund (AHIF), and the eventual reimbursement from the successful developer, among others.

### **42: Establish a management program for common improvements and equity participations**

Where appropriate or necessary, establish a management program for common improvements and equity participations to ensure housing projects remain high quality and desirable and remain affordable as they are sold and resold in the market place.

### **Action**

- Create a homeowners or renters association – capable of managing and maintaining all common properties including critical areas, open spaces, parks, roads, trails, and other improvements in the demonstration project that are not deeded to a public jurisdiction.
- Create a housing equity trust – capable of retaining ownership of the land trust, determining equity shares on resale, reselling houses subject to new

shared equity agreements, and lending equity trust monies to help with other subsidies.

### **Funding**

Demonstration project homeowners or renters associations and housing equity trusts could be funded by successful non-profit or private developer and the Affordable Housing Investment Fund (AHIF), among others.

## **3.5.2: Adopt affordable housing incentives**

### **43: Adopt voluntary affordable housing incentives**

Adopt incentive-based affordable housing provisions that allow developers to provide affordable housing units in market rate housing projects using incentive and cash-based cost offsets that make affording housing inclusions economically and politically feasible provided the developer agrees to terms concerning the units remaining affordable through a minimum specified duration of successive rentals and sale and resale.

### **Action**

- Develop and adopt incentive-based cost offsets – amend or supplement current residential and mixed use zoning districts to allow additional units when a developer provides a minimum number of affordable housing units for rent or sale provided measures are taken by the developer to agree to terms concerning the units remaining affordable through successive rentals and sale and resale.
- Develop and adopt incentive-based cost offsets – that amend or supplement current residential and mixed use zoning districts to allow:
  - 1) Additional housing units - when a developer provides a minimum number of affordable housing units for rent or sale,
  - 2) Reduced parking requirements - when the affordable housing project and occupants are of smaller or older households that are less dependent on private vehicles and/or the project is sited close to public transportation or non-motorized transportation routes,,
  - 3) Variable height and site coverage - allowances and waivers necessary to accommodate the inclusion of the affordable housing units within the base market rate project.
- Develop and adopt cash-based cost offsets – that amend development regulations, procedures, and permitting systems to allow:
  - 4) Expedited permit review schedules - so that projects that include affordable housing units are guaranteed a fast track review period sufficient to reduce permitting schedules and thereby construction loan costs,
  - 5) Permit fees - reductions and/or waivers for the affordable housing units to offset this cash cost,
  - 6) Park, traffic, and other growth impact fees - reductions and/or waivers for the affordable housing units to offset this cash cost, and
  - 7) Utility connection fees - reductions and/or waivers necessary and appropriate to offset this cash cost.
- Develop and adopt methods of providing and assuring affordable housing provided through this voluntary system remains affordable – designating an agency responsible for overseeing the development and adoption of property covenants, purchase and sale agreements, and other provisions appropriate and necessary.
- Conduct public hearings and approve affordable housing incentive performance and participation criteria – including mandatory and performance-based project objectives and public benefit criteria for all of the

various projects to be provided affordable housing incentive and cash-based cost offsets.

### **Funding**

Affordable housing incentive ordinance provisions could be jointly funded with Washington State CTED Growth Management Program (GMP) grants, matching General Fund Property Taxes (Ptax), and the Affordable Housing Investment Fund (AHIF), among others.

## ***3.6: Acquire/develop new affordable housing projects***

In addition to the measures listed above, CHAT and WCHAC should also help coordinate, facilitate, and fund the acquisition and design/development of mixed income projects involving a broad mix of innovative and affordable housing products throughout the county and cities including the use of the Affordable Housing Investment Fund (AHIF) where necessary to meet gap funding requirements.

### ***3.6.1: Purchase/rehab older rental apartments***

#### **44: Acquire and rehabilitate older rental apartments and buildings**

Provide on a competitive basis the gap financing necessary and appropriate to facilitate the Bellingham/Whatcom County Housing Authority and Habitat for Humanity, among others, in the acquisition and rehabilitation of older apartment and mixed use structures to provide low-cost rental units for low-income individuals and families.

### **Action**

- Create performance criteria governing project selection – including the number of affordable housing units to be provided, the low-income ranges to be served, the household types to be assisted, the amount of other public and private funds to be leveraged, the ratio of cost/benefits to be realized, and other public benefit criteria to determine on a competitive basis which projects are to be provided Affordable Housing Investment Fund (AHIF) gap financing assistance.
- Provide gap funding assistance – based on the public benefit criteria, to provide grants or funds necessary and appropriate to match funding available from state and federal programs for the acquisition, rehabilitation, operation, and management of existing low-income older rental housing stock.
- Conduct follow-up assessments – to determine if the gap financing assistance was effective and if competitive performance criteria need to be adjusted based on project results.

### **Funding**

Gap financing assistance for older apartment and mixed use structure rehabilitation programs could be jointly funded with CDBG, HUD, BHDF, CHDO, HIME, the Affordable Housing Investment Fund (AHIF), and private lenders, among others.

## ***3.6.2: Develop facilities for special populations***

#### **45: Develop facilities (housing) for special populations**

Provide on a competitive basis the gap financing necessary and appropriate to facilitate the Bellingham/Whatcom County Housing Authority, Opportunity Council, Kulshan Community Land Trust, Whatcom-Skagit Housing, private and non-profit developers, among others, in the development of housing and facilities for the chronic homeless, mentally disabled, alcohol and drug

addicted, veterans, victims of domestic violence, youth, the physically disabled, and mentally ill.

**Action**

- Create performance criteria governing project selection – including the number of special population housing units to be provided, the low -income ranges to be served, the special population household types to be assisted, the amount of other public and private funds to be leveraged, the ratio of cost/benefits to be realized, and other public benefit criteria to determine on a competitive basis which projects are to be provided Affordable Housing Investment Fund (AHIF) gap financing assistance.
- Provide gap funding assistance – based on the public benefit criteria, to provide grants or funds necessary and appropriate to match funding available from state and federal programs for the development, operation, and management of special population housing and facilities.
- Conduct follow-up assessments – to determine if the gap financing assistance was effective and if competitive performance criteria need to be adjusted based on project results.

**Funding**

Gap financing assistance for special population programs and projects could be jointly funded with CDBG, HUD, McKinney, HOPWA, Recording Fees, the Affordable Housing Investment Fund (AHIF), and private lenders, among others.

**3.6.3: Develop affordable rental housing**

**46: Develop affordable rental housing**

Provide on a competitive basis the gap financing necessary and appropriate to facilitate the Bellingham/Whatcom County Housing Authority, Kulshan Community Land Trust, and private and non-profit developers, among others, in the development of affordable rental housing in mixed income projects for elderly individuals and households, small and large families, and all other household types.

**Action**

- Create performance criteria governing project selection – including the number of affordable rental housing units to be provided, the low -income ranges to be served, the household types to be assisted, the amount of other public and private funds to be leveraged, the ratio of cost/benefits to be realized, and other public benefit criteria to determine on a competitive basis which projects are to be provided Affordable Housing Investment Fund (AHIF) gap financing assistance.
- Provide gap funding assistance – based on the public benefit criteria, to provide grants or funds necessary and appropriate to match funding available from state and federal programs for the development, operation, and management of affordable rental housing.
- Conduct follow-up assessments – to determine if the gap financing assistance was effective and if competitive performance criteria need to be adjusted based on project results.

**Funding**

Gap financing assistance for affordable rental housing programs and projects could be jointly funded with HOME, Low Income Housing Tax Credits (LIHTC), CDBG, HUD, Washington State Affordable Housing Investment Fund (AHIF) (WAHTF), Federal Home Loan Board (FHLB), the Affordable Housing Investment Fund (AHIF), and private lenders, among others.

### 3.6.4: Develop affordable sales housing

#### **47: Develop affordable sales housing**

Provide on a competitive basis the gap financing necessary and appropriate to facilitate the Bellingham/Whatcom County Housing Authority, Kulshan Community Land Trust, and Whatcom-Skagit Housing, Habitat for Humanity, private and non-profit developers, among others, in the development of affordable sales housing in mixed income projects for elderly individuals and households, small and large families, and all other household types.

#### **Action**

- Create performance criteria governing project selection – including the number of affordable sales housing units to be provided, the low -income ranges to be served, the household types to be assisted, the amount of other public and private funds to be leveraged, the ratio of cost/benefits to be realized, and other public benefit criteria to determine on a competitive basis which projects are to be provided Affordable Housing Investment Fund (AHIF) gap financing assistance.
- Provide gap funding assistance – based on the public benefit criteria, to provide grants or funds necessary and appropriate to match funding available from state and federal programs for the development of affordable sales housing.
- Conduct follow-up assessments – to determine if the gap financing assistance was effective and if competitive performance criteria need to be adjusted based on project results.

#### **Funding**

Gap financing assistance for affordable sales housing programs and projects could be jointly funded with HOME, Low Income Housing Tax Credits (LIHTC)), HFC, Trusts, CHDO, CDBG, HUD, the Affordable Housing Investment Fund (AHIF), and private lenders, among others.