

# Countywide Housing Affordability Taskforce (CHAT)

June 22, 2007

## Meeting Notes

*(\*copies of all handouts/draft reports are available at cob.org)*

**Member Names:** Seth Fleetwood Co-Chair, Terry Bornemann Co-Chair, Bob Bromley, Charlotte Eastman-Pros, Derek Long, John Shorthill, Hart Hodges, Larry West, Nancy Larsen, Roger Roosendaal, Ted Mischaikov, Jon Soine, Paul Schissler, Barbara Brenner, Don Gischer, Ralph Black, Gail de Hoog, John Harmon

**Members Absent:** Don Gischer, Hart Hodges, Bob Bromley

**Officials/Staff Names:** Tim Douglas, Pete Kremen, Dave Cahill, Greg Aucutt, Shannon Victoria, Preston Burris, Samya Lutz, Gary Williams,

**Officials/Staff Absent:** Tim Douglas, Pete Kremen, Preston Burris

### Introductions

Seth Fleetwood chaired the meeting. Introductions were made around the table.

There were approximately 10 members of the public present. Tom Beckwith and members of his consulting team joined the group.

### 1. Approval of June 8, 2007 Notes

Ralph Black moved and Larry West seconded the approval of June 8, 2007 meeting notes. All in favor, motion carried unanimously.

### 2. Update on workshops/interviews

Steve Price anticipates presenting a final report on stakeholder interviews and workshops next meeting.

### 3. Housing Tools Overview Continued from 6-15-07

Tom Beckwith continued reviewing housing tools for the Taskforce to consider.

#### **Poulsbo Place - Poulsbo**

Cottages, mixed use and infill strategies. This development is now in Phase Two. Phase One was done in 2002. Thirty four acres of mixed use development. Approximately 14 units per acre. In 2002, 2 bedrooms were \$150,000 and 3 bedrooms were \$180,000.

#### **Overlake Station - Redmond**

Mixed use, multiple partnerships, and good financing structure. Three hundred and eight units of workforce housing integrated with a park and ride site, bus terminal and child care center all on one site. All units are rentals. Site is 5.1 acres.

Has shared parking. Units are designed to be affordable @ 60% of median. Located in the heart of Redmond. It was 45 million dollar project financed with Tax Credit equity, developer fee deferral, interest on funds during construction, CTED, City, Housing finance program funds RFP process was utilized.

There was a discussion regarding low income housing tax credits. John Harmon said the developer fee may be deferred but must be paid within 15 years

John Harmon and Paul Schissler gave examples from projects they have worked on. John said it costs him approximately \$200,000 per rental unit. Paul said it costs him approximately \$250,000 per rental unit. They both felt the parking requirements are an issue. There was a feeling from some Taskforce members the parking standards in Bellingham are too heavy. In other areas, affordable housing projects are built near or around alternative transportation resources.

### **Lion's Gate – Redmond**

Steve said this project has pulled as an example of an affordable housing project. When it was initially built, there was a requirement that operators of a business in the commercial space of the building had to also be a resident of the building. Ultimately, this led to vacant store fronts at street level.

### **Delridge Library and Vivian McLean Place Apartments - Seattle**

The Delridge Neighborhood Association owns this project. This is an affordable housing project built upon a branch of the Seattle Public Library. There were a combination of tools used to finance this project such as tax credits and bonds. This housing project services individuals between 30 and 60 percent of median income.

There was a discussion that Bellingham should consider this approach. It was pointed out that once you provide more housing you have to provide more services.

### **Denny Park Apartments - Seattle**

This is an energy efficient project. Mixed use structure with 50 units with retail space at street level. There are a number of green features such as natural, energy efficient lighting, cleaner air from low toxicity paints and building materials. There are vegetable gardens on the south side of the building and tenants are prohibited to smoke on the premises. Half of the funding for the ten plus million dollar project was provided by tax credit investments.

### **Kitsap & Skagit Counties - USDA**

USDA Sweat Equity projects. In an effort to provide infrastructure and affordable housing in rural areas, this sweat equity program was put into place by Rural Community Assistance Corporation. This program requires the future owner provides 65% of the labor to construct the home. This serves as part of a down payment. Potential owners have to qualify and have good credit to be eligible.

Nancy Larsen has some experience with this program. Homes that cost \$173,000 to build can be appraised for \$245,000. There are several rules about renting or reselling to maintain the affordability of the homes. Depending upon income and family size the interest rate is subsidized by USDA. USDA checks income every year or two, if income goes up subsidy goes down. One of the greatest challenges with this type of development is finding land that is affordable. Nancy has applied to a housing trust fund to reduce the overall cost.

There was a discussion regarding housing trusts and waiving impact fees. There was a question about differential tax. Bellingham has a multi-family tax exemption for the downtown core. This program does not require the housing be affordable. Currently with the multi-family tax exemption program in Bellingham, the full tax revenue is collected after 10 years.

The comment was made that impact fees should be waived for affordable housing. The challenge with that is someone has to pay those fees and that burden would most likely fall upon the City's general fund.

The purpose of the multi-family tax exemption program was to promote downtown development at a time when there was none.

Land cost in downtown is so high compared to when the program was implemented.

Tom continued discussing the housing tools.

## **Land Trusts**

In the land trust model, a land trust retains ownership of the land and sells the house, using a 99 year renewal lease on the land, to a low or moderate-income household.

Question was asked what if people don't move out when they are no longer low or moderate income? Paul Schissler said the formula is designed to encourage them to move out. Kulshan buys scattered homes as they come on the market. It is limited by how much people can afford, and how much funding is available. Kulshan CLT wants to partner with other entities.

Ted Mischaikov asked Paul how they deal with consumer choice. Paul said they present an opportunity for people and it works for some and not others. Dave Cahill also commented that Kulshan CLT requires each home buyer to participate in an intensive home buyer program.

Ralph Black asked Paul what it costs to deliver one of these units. Paul said it is an economy of scale issue, if more home could be produced annually, the overall cost would be reduced.

There was a discussion about private developers building affordable housing versus an entity like Kulshan CLT. Tom Beckwith said it is easier to justify projects through Kulshan than it is through a private developer. It was pointed out that Kulshan CLT is a private developer. Kulshan's impediment is wages of potential buyers. There was a feeling that it would be a community benefit to find land for affordable housing organizations at a reasonable rate and in turn they partner with private developers or builders.

Tom continued with the housing tools

Lopez Village is a total of 22 small homes. There was a partnership of funding from Community Block Grants, Washington Housing Trust Fund, private banks, churches, private foundations and private individuals.

Land Trust keeps a light footprint and competition for development to reduce costs

Tom said that we will continue with number 16 next week.

Ted wanted distributed a development chart created by Jack Petree comparing Whatcom County to the rest of the United States.

Due to lack of time, this issue will be addressed at a future meeting.

Adjourn