

1990 HOUSING STRATEGIES FOR BELLINGHAM ACTION PLAN STATUS REPORT – 1/2/07

In 1989, the Bellingham City Council recognized a housing affordability situation in the community as its number one priority for action. Council approved the creation of a citizen's task force to look into the housing situation and develop recommendation in a report to Council. The "Housing Strategies for Bellingham" Task Force was comprised of twenty-seven members of various community groups interested in housing. The Task Force met fifteen times in 1989 and, using a consensus building process, created a set of 27 recommended actions. Ten of the recommendations required private or quasi public sector responsibility and the remaining 17 tasks were given to the City to accomplish. Both the task force process and final report were not developed on a countywide basis but maintained a focus on housing issues and appropriate actions for the City of Bellingham. The following information looks at the status of those tasks given to the City to accomplish:

Design Issues

#1 Publish handbook on new code accepted materials and methods that low construction costs

Status: The City created a residential plan review guide that contains generic details and illustrations of accepted methods and materials that are intended to make it simple for people to apply for building permits. This guide is continually updated to reflect most current standards. The City Permit Center also disseminates Technical Assistance Bulletins which provide design assistance, code interpretations and new methods and procedures available to builders.

#2 Publish optimum construction practices handbook for compliance with State energy codes

Status: The State of Washington has published several handbooks regarding compliance with the State energy codes.

#3 Coordinate advertisement of available energy programs and design assistance

#4 Examine revised Comp Plan to identify areas fostering design innovation

Status: We have adopted two complete rewrites of the Comp Plan since 1990 and also update the subdivision code and, to a lesser extent, the zoning code.

#5 Public/private joint venture to construct examples of projects

Status: Examples of public/private joint ventures include: the "Pit" mixed use project at Holly/Railroad; three housing projects with private developers, thirteen housing projects with Bellingham Housing Authority, three housing projects with Catholic Community Services; four city properties surplus for affordable housing; thirteen housing projects with various non-profit agencies including the Dorothy Place transitional housing projects and the YWCA rehabilitation project; the Affordable Housing Demonstration Project in Happy Valley for Kulshan Community Land Trust; all

the mixed use projects in downtown that received multi-family property tax exemptions; revised parking standards to make it easier (less expensive to build) for downtown mixed-use projects; and City adopted downtown design review standards and review board to ensure quality and compatible construction.

Process Issues

#1 Independent third party examine permitting system

Status: The City created the Permit Center in response to several independent evaluations and customer feedback on the permitting system.

#2 Refine City "housing policy" for adoption into Comp Plan

Status: Housing Element of the Comp Plan was updated.

#3 Examine alternatives to density, setbacks, housing types and bonus options in Comp Plan

Status: The City has adopted several significant rezones that have increased the residential development potential in some neighborhoods – Barkley Village; Mt Baker Area 1 at James and McLeod; West Bakerview; Central Waterfront; Cordata area.

The City will look at minimum density requirements and allowing a mix of housing types in all residential zones the land use code update process currently underway.

The City adopted pretty specific "infill strategies" in the new comp plan. It depends heavily on urban villages. The City is working with several neighborhoods to come up with master plans for new urban villages.

#4 Assure existing housing stock is maintained and examine options in building codes that allow less costly construction techniques.

Status: Since 1990, City rehab program has expended \$3,675,384 in 299 loans to rehab 332 units occupied by low income residents (through third quarter 2006).

#5 Develop policy and procedures to promote cost sharing (infrastructure development) or direct funding for affordable residential development for low-income households.

Status: The City Council approved a Building Permit Fee Waiver policy for affordable housing projects.

Monetary Issues

#1 Capitalize on legislation increasing the return of state and federal funds from existing tax base to service agencies addressing low income housing.

Status: The City established a revolving loan fund (Housing Development Fund) using federal CDBG, and HOME funds, and an occasional investment of general funds or city enhancement of bonds to create or preserve affordable housing. Through

the end of 2006, \$5,614,970 has been disbursed to create 771 units. In addition, the City has provided bond enhancements to Bellingham Housing Authority resulting in the creation of an additional 449 units. \$801,712 in HOME funds has also been disbursed to assist 41 low-income households to become homeowners. The County, using funding provided under SHB 2060 and SHB 2163, has created a housing fund and an allocation system to provide funding for the operation, rehabilitation and creation of housing serving low-income and homeless households.

#2. Examine logistics of forming housing consortium to collect and disburse subsidies to Housing Authority and other service groups.

Status: Whatcom County Housing Advisory Committee allocation of 2060/2163 funding and Whatcom County Coalition for the Homeless applications for Shelter Plus Care and Supportive Housing Program funds are examples of local consortiums collecting and disbursing subsidies to the Housing Authority and other service groups.

#3 Identify opportunities for density bonuses, development cost sharing, deferred payments for infrastructure, and other incentives.

Status: The City adopted provisions allowing ADUs in all neighborhoods to increase infill capacity.

Communication Issues

#1 Set up a record of handicapped or other special housing units as part of a parcel information system.

Status: Development Services Division keeps data base of all handicapped accessible units created since system established.

#2 Multiple Listing Bureau add handicapped, adaptive or other special purpose unit descriptors to their listing of housing units for sale or rent

#3 Consortium of users, builders, staff develop bibliography depicting techniques for adaptive units

#4 Education consortium recommend program modifications to enhance diversified training opportunities.

Low-Income Issues

#1 Define affordability as pertains to a measurable index or policy.

Status: City Council approved definition appears in subdivision ordinance, Comp Plan and Consolidated Plan.

#2 Create a Community Development Corporation to construct affordable housing

#3 Adopt planning and zoning policies that link low-income housing with density bonuses, subsidies and City participation in roads, water, sewer systems for such housing.

#4 Establish "land banking" via sinking funds, surplus property, foundation grants and other sources

Status: Land banking was done with Bellingham Housing Authority in early 1990s. City held property was reviewed and surplus was made available for low-income housing (Habitat for Humanity and private developer). City housing development fund is currently used to assist non-profit developers in acquiring land while the development plans and funding sources are secured.

#5. Consortium prepare Housing Assistance Plan to be used in promoting affordable housing.

Status: The new Five-Year Consolidated Plan format incorporates the Housing Assistance Plan.

#6 Develop strategies and self-help programs to assist people who have decent housing from losing their residence.

Construction Issues

#1 City will confirm an "infill strategic plan" to identify measures that will increase quantity of serviced lots throughout the City.

#2 A consortium will inspect vacant buildings to develop solutions to allow conversion to affordable housing units

Status: The City has provided inspection and technical review to owners and developers to facilitate solutions to assist the development of housing units in existing downtown buildings.

#3 Inter-local and annexation agreements will be prepared that target areas for urban density residential growth.

Status: Completed in 1997. The City has recommended significant rezones in our UGA that, if approved by Whatcom County, will add greatly to the capacity of targeted residential lands in the UGA.

#4 A consortium will conduct a needs assessment for handicapped and other special needs housing.

Status: The City has enforced the State requirements for the provision of accessible units in all new housing projects. There is no evidence that the community needs are not being met with regards to accessibility.

To: 1990 Affordable Housing Task Force Report Study Group

From: Joan Beardsley, 10/11/06

Re: Summary of 1990 Report Areas of Concern and Recommendations

Areas of Concern:		Comment in 1990	Still a concern?
Economic Issues	<ol style="list-style-type: none"> 1) Rental rates have risen = mortgage payments 2) "Working poor" can't meet 38% of income for mortgage. 3) Wages paid insufficient for housing costs. 	<ol style="list-style-type: none"> 1. Yes but mortgage now is higher than affording rent: It takes \$31/hr to afford mortgage on median priced home and \$13/hr to afford rent. 2. still true 3. still true 	
Cost Containment Issues	<ol style="list-style-type: none"> 1) Builders provide high end housing. 2) Not enough new units build for median income and lower market. 3) Developers reluctant to build lower cost units unless development costs are lowered so as to maintain profits. 4) Cost containment = lynch pin for affordable housing: affected by cost of land, regulations, and cost of infrastructure. 	<ol style="list-style-type: none"> 1. still true 2. still true 3. still true 4. still true, but added now are cost of materials which have gone up considerable. <p>Comment: The big question is will it actually be possible to reduce market prices to the truly affordable range? We will need innovative ideas and methods.</p>	
Land Inventory Issues	<ol style="list-style-type: none"> 1) Not enough build able sites. 2) Many vacant sites are not fully serviced. 3) Price of serviced lots is too high to construct affordable units on them. 4) 15% of housing stock is absorbed by students. 	<ol style="list-style-type: none"> 1. Still true 2. This question might be a good one for the Task Force to investigate. From what we know, only in the county or UGA. There are a few in South Hill and Samish area but they are hard to build on. The city would require annexation in exchange for servicing in UGA. In UGA could target rehabilitation areas that might be eligible for Block grant or EDI funds to pay for infrastructure costs. If infrastructure is put in, ___% of homes must be for low/moderate income. 3. Still true 4. Still true. Encouraging universities to build more housing would be controversial - impact the local apartment operation. 	

	<p>5) Vacant buildings could be converted to housing if codes and incentives for rehab of older structures were in place.</p> <p>6) Land banking for public housing is needed.</p>	<p>5. This has been done. International Building Code has made it easier to do.</p> <p>6. No reasonable now. We've done that with Housing Authority \$ but need available property and there is little in city now.</p>
<p>Regulatory Issues (Prior to GMA)</p>	<p>1) Some members felt that policies and standards brought increased cost with little decrease in risk or improvement in community well being.</p> <p>2) Neighborhood influences more often deter housing projects than nurture more units.</p> <p>3) Need greater balance between regulations and standards. Incentives to create affordable units when regs can't be changed.</p>	<p>1. True, maybe even more regulations at the city's desire.</p> <p>2. Still true, but growth forum gave lots of ideas of what we can do. Developers required to meet early with neighbors has helped. Anytime affordability and density issues conflict, so far affordability has lost.</p> <p>3. This is the crux and always will be. The way we deliver permits has changed. Process is much better but the number of regs still is a sticking point.</p>
<p>Disabled Issues</p>	<p>1) DSHS data shows 12% of population is disabled. Also, increasing number of elderly need housing to accommodate handicaps.</p> <p>2) No central source of data on available handicap accessible housing.</p>	<p>This concern should now be called "special needs/homeless".</p> <p>1. Low-income housing projects include handicap units.</p> <p>2. We have some of this information now in building services division on new housing as of 10 years ago.</p>
<p>Infrastructure Issues</p>	<p>1) Alternatives to standard infra structure requirements can result in savings with no loss of living environment: bioswales, street width, side walks on one side.</p>	<p>1. True still.</p>
<p>Infrastructure</p>	<p>2) Financing options to be explored:</p> <p>a) LID "no-protest agreements in lieu of front end improvements.</p> <p>b) B. Deferred "late comer" charges included with house payments.</p> <p>c) Create system expansion with city \$; amortize repayments or subsidy. (policy Q; Should public resources be used to increase</p>	<p>2. a. We do this now.</p> <p>b. Not done. Difficult to have a mechanism .</p> <p>c. This might be possible. An example is Trillium Corp. obtaining money out of condo fees in the Cordata area.</p>

<p>Need Issues</p>	<p>development of affordable housing?)</p> <p>1) Housing needs not met and can't be met by marketplace. 2) Upper income buyers displacing lower income buyers. 3) Earning power not keeping up with price increases. 4) Lower state and federal funding; increasing homelessness.</p>	<p>1. True still</p> <p>2. More of an emergency now. "Tear downs" and displacement of currently affordable housing is more likely.</p> <p>3. True still</p> <p>4. True still</p>
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Recommendations:

Surveying task force members produced 39 goals and 152 possible solutions. These were consolidated and reduced to 3 broad barriers: Economic, Institutional and Physical barriers. 27 solutions were linked to these barriers and coded as E -, I -, or P -.

These coded solutions were grouped into 6 Issues/Solutions categories as follows:

- 1) Design 2) Process 3) Monetary 4) Communication 5) Low Income, 6) Construction

Each category was described in a narrative, provided a list of coded solutions and a work program including responsible party, time frame, and resources.

I will summarize the narratives and the coded solutions below. We can then look at the work program suggestions, starting on pg. 13 in the report, and determine what was actually done and what tasks are still worthy of doing.

1) Design: Issue Narrative

Pacific NW housing industry often lags behind in availability of innovative construction material/techniques. Smaller contractors unable to take the risk of trying newer materials and methods. Planning and zoning codes often limit use of new or innovative platting techniques. There are few built models of innovative designs; therefore, trust of new platting or building is low.

Coded solutions 1990

- P-4 Use less costly and more innovative materials and methods.
- P-3 Develop public/private programs to encourage energy efficient design in new buildings and weatherization in old.
- P-5 Develop models of housing structures and management systems, "turn key" housing plans, conversion handbooks, etc.
- P-7 Allow development designs to fit locations.
- I-4 Develop models of programs for low/moderate income needs.

2) Process: Issue Narrative

Regulatory or "institutional" barriers are mandated by the state and administered by the city. Although, in most instances, these regs are intended to benefit the community by protecting the general health, safety and welfare, there are instances where rigid codes or standards do not really lower risks nor improve long term maintenance. In these instances, the rising cost of construction is affecting housing opportunities for people in lower income levels.

Coded Solutions 1990

- I-9 Streamline permit system to foster shorter timelines, greater consistency and predictability. Provide staff assistance to applicants who lack needed expertise.
- I-1 Emphasize the need for housing throughout the public decision-making process.
- I-13 Modify Comp plan, zoning, subdivision and other codes to increase design flexibility and relax density and occupancy requirements.
- I-12 Reduce or eliminate standards, codes, and policies that increase cost without providing effective maintenance or needed quality controls.
- I-5 Enforce codes to assure quality of maintaining existing housing stock and accessory improvements

3) Monetary: Issues Narrative

An increasing number of people are unable to pay for safe and habitable housing. Some are incapable of holding onto a job that pays well enough to cover their costs of living. Other are qualified employees unable to find acceptable employment, or at wages that cover a reasonable cost of living.

Where marketplace fails to serve the needs of our citizens, then direct and indirect subsidies are warranted to assure safe, sanitary and habitable housing to those truly in need. Subsidy is appropriate where accompanied by other efforts to increase wages, lower costs of living, or other measures to help those in need become self-sufficient. However, there will always be a societal responsibility to see that the elderly, ill, and disabled who lack the means are provided with housing facilities.

Coded Solutions 1990

- E-3 Provide economic incentives for lot owners, builders, owners of vacant build-ings, and potential rehab units so that affordable and low income housing is developed.
- E-5 Use block grants, general fund \$, and deferred payments to fund the construction of road, water, sewer, and other infrastructure improvements.
- E-7 Use tax exempt financing, municipal bonds, and other innovative financing techniques for affordable and low income housing projects.
- I-11 Increase the availability of direct subsidies to low income people, and indirect subsidies to contractors and developers who provide affordable low income housing.
- E-2 Subsidize housing for the poor, the homeless, and chronically mentally ill by increased funding of housing agencies and other social service agencies.
- I-15 Develop measures to assure that subsidies and public co-shares for low income and affordable housing are not converted into profits for developers.

4) Communication: Issues Narrative

PR programs and recruitment activity will communicate to businesses the need for career employment and wage levels that support reasonable housing costs. Support high school, Tech and CC educational programs for the housing industry and for developing industries. Provide special listings for handicapped/special needs housing.

Coded solutions 1990

I-9 Expand the data base and develop a central clearing house to identify and communicate availability of special units such as handicapped housing.
I-14 Expand education and training of the general labor pool needed in the housing industry.
E-1 Increase wages earned by low income people.

5) Low Income: Issues Narrative

Prepare and implement an overall housing strategy. The plan must identify the real need, the affordability range and a strategy to deal effectively with those who (the report says "can deal effectively", but the context of the sentence indicates "can't deal effectively" might have been meant) respond to market forces. These subsidy programs may involve long-term permanent assistance or short-term one time intervention.

The community has the responsibility to make provision to assist these citizens in the greatest need. At times, counseling and modest intervention programs will help to stabilize an individual or family's housing situation. But many people will not be able to live the dream of even humble living accommodations due to the lag between "earning power" and the need for "collateral assets". Often these conditions warrant some subsidy programs.

Supply and demand economics are controlling the availability of affordable housing. New lots and housing units have not kept up with in-migration and other population growth factors.

Contractors prefer high-end projects. Labor, land, and materials are at higher costs. General construction costs rise faster than inflation rates.

Housing demand has displaced handicapped people. Rate increases affect low-income people disproportionately.

Strong efforts to increase supply of lots and units will increase choices and lower costs of housing.

Coded Solutions 1990

I-2 Develop an effective housing assistance plan for long range solutions.
I-6 Define "affordability" and develop means to measure effectiveness in providing housing.
I-7 Expand intervention programs such as self-help, housing guidance, budget counseling, and related programs.
E-4 Establish and fund Community Development Corporations to buy, build and manage housing units.
E-7 Establish Land Banking programs.

Key points supported by selected statistics: For Joan Beardsley, November 13, 2006

Building and home sales are slowing down, but that doesn't mean home prices are more affordable

During the first 5 months of 2005, 175 residential building permits issued

During the first 5 months of 2006, 120 residential building permits issued

Source: Bellingham Planning and Community Development

Home sales are down 8%, comparing first half of 2006 with first half of 2005

Source: Lylene Johnson, Muljat Realtors

Home prices have increased dramatically, much faster than the increase in wages.

Median home price is \$305,000

Source: Lylene Johnson, Muljat Realtors

A family needs an hourly wage of almost \$32 per hour to afford the mortgage payments on that \$305,000 home, assuming they could make the down payment of more than \$30,000.

Assumes 10% down (\$30,500), 30-year loan at 6% interest, paying no more than 30% of income needs an hourly wage of \$31.63 just to cover principal and interest of \$1,645.77 on median-priced home of \$305,000.

Source: Bellingham Planning and Community Development

A Whatcom County family of four at median income of \$57,500 earns about \$28 per hour.

\$57,500 divided by 2,080 hours per year.

Source: Bellingham Planning and Community Development

Whatcom County is among the least affordable places in the state to live.

Whatcom County is 4th least affordable county in Washington

Source: Washington Center for Real Estate Research, 2nd Quarter 2006 Report

The slow down of permits and sales leaves the impression that prices may be coming down. Yet homes with larger lots, in great condition, in special settings continue to sell at a premium.

Source: Lylene Johnson, Muljat Realtors

Meanwhile:

- **City has taken many steps to support affordable housing, especially since the 1990 Housing Affordability Report.**
- **The city has disbursed over \$13 M in direct funding, supporting 1,754 affordable housing units. Plus the city helped the Housing Authority secure credit for \$25M worth of bonds, supporting an additional 450 units.**

Yet today:

- **We have 742 people on a public housing waiting list, a 67% increase from one year ago.**
- **We have 1,421 people on our Section 8 Voucher waiting list, an 87% increase from one year ago.**

Source: Bellingham Housing Authority

- **More than 7,500 households in Bellingham earn less than 50 percent of the Area Median Income of \$57,500**

Source: Bellingham Planning and Community Development