



## What can a city do to address housing costs?

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The cost of building a new unit is influenced by many factors. A local government does not have control over factors such as natural population increases, mortgage interest rates, regional economic growth, or the price of building materials, supplies, and labor. These comprise the majority of the costs associated with creating new housing.

The following are the tools that a city does have at its disposal, which can directly or indirectly affect the price of housing:

- **Zoning (density)** – adding more density increases land values, but can also reduce the cost of land per housing unit
- **Taxes and fees** – make up a percentage of the cost of new housing which are needed to fund services provided by the City
- **Incentives** – tax breaks or density bonuses, for example, can help spur the private market to build in desired areas
- **Land supply** (through annexations) – land is needed to build housing, but must be done in accordance with the Growth Management Act
- **Permitting processes and timeline** – time equals money, and faster processing of permits can help save money
- **Housing levies** – voter-approved taxes that support the construction of homes affordable for low-income and vulnerable populations

## What can't a city do about it?

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Federal and State law limits the options available to any city. Some of the strategies that are not within a municipality's legal options include:

- Enacting rent controls
- Limiting the number of people who choose to move to Bellingham
- Gifting of public land or credit to individuals or organizations that are not low-income
- Requiring private property owners to sell their land, or use it for a specific purpose (such as more housing)

Although not limited by law, some other commonly suggested strategies have significant shortfalls:

- Constantly expanding boundaries in search of cheap land is a false economy. The cost of providing services to new development at the outskirts of a city is 2.5 times more expensive than closer in. New residential development on the fringes is typically of a density that does not fully cover the cost of services. This cost deficit falls on existing residents and businesses.
- Reducing fees passes those costs on to existing residents and businesses and does not guarantee lower home prices.

## What is the City's goal?

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The City of Bellingham's goal is to include a full range of housing choices appropriate for all income levels. We need a supply of homes for the very low-income population, such as students, people with disabilities, and seniors on a fixed income, and for wage-earners at all levels. At the same time, we want to ensure that Bellingham remains a desirable place to live.

## How do we provide more housing choices?

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A unit built near pre-existing infrastructure is less expensive for everyone. The City has focused on policies that encourage new units to be built along transit corridors where there are already sidewalks, bus stops and bike lanes, and near schools, parks, and services.

Beyond that, specific strategies are needed for different income brackets:

- **Lowest income:** Those earning below 50% of the median income cannot afford housing in today's private housing market. Through the existing levy, almost 600 units for low-income residents have already been built. The renewal of the levy in 2018 will mean that the city can help support the development of 655 more units over the next decade.
- **Moderate and middle income:** Many working families today do not have affordable options to enter the market and become homeowners. This is in part because the market offers mostly single-family homes – generally the most expensive housing type. In order to allow for more diverse housing types (like condos, townhomes, and duplexes) and the development of under-utilized lots within our urban areas, the City has advanced the Infill Toolkit, ADU ordinance, and various incentives for density within our urban villages.
- **High income:** With the median home value in Bellingham over \$400,000, this income bracket is currently served by the market. The City supports a healthy mix of housing types in all urban villages, which includes higher-income housing options.

## What is the City of Bellingham already doing?

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- Adopted urban village plans along with development incentives to encourage dense, mixed-use development
- Deploys \$5 million per year for affordable housing and services, with the support of a voter-approved levy (this will mean 3,000 households served, and another 655 units built over the next decade)
- Implemented the “lean” process to expedite and improve several of its development review and permit processes
- Seeking opportunities to allow increased densities in multi-family zones along transit lines
- Annexed hundreds of acres of land since 2006, with additional annexations under review

## Things aren't changing fast enough. What else could be done?

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There are options that other cities have implemented, although each have tradeoffs and may not be feasible in Bellingham at this time.

- **Density minimums** – mandate the number of units that can be built in specific areas, and not allow anything lower than that density
- **Inclusionary zoning** – in coordination with up-zoning, can ensure a percentage of units are affordable when supported by the local market
- **Cooperative or tenant-owned housing** – can help low-income tenants to become property owners through non-profit associations
- **Further reduce parking requirements** – more units can be built at a lower price on the same parcel of land when parking requirements are lowered or removed entirely