The City of Bellingham’s urban villages
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Introduction

Purpose

Urban villages are defined as activity centers that provide pleasant living, shopping and working environments; strong pedestrian accessibility; adequate, well-located public spaces; a connected street system; and a balance of retail, office, and residential uses. Bellingham is fortunate to be home to several historical urban villages, and others that have been purposefully developed in more recent years. The 2016 Comprehensive Plan states that the City should “establish benchmarks and annual monitoring of key indicators for urban villages to assess the effectiveness of incentives and implementation of progress” (Policy LU-16). This report meets this policy goal and will provide a framework for annual monitoring going forward. Policy LU-18 states that the City should “develop new plans and update existing plans as needed to reflect the unique nature of each urban village.” Now that several years have passed since each urban village subarea plan was adopted, the recommendations within this report will form the basis of such updates.

About this report

Bellingham has seven urban villages, which together comprise 3.8% of the city’s total land area. Despite the relatively small size, 30% of the city’s anticipated future growth is expected to occur within these urban villages. Concentrating density in these zones will mean both significant job opportunities and a significant amount of new housing. This way, existing neighborhoods will be able to preserve their character while new development can take advantage of present infrastructure and public amenities.

The purpose of the Urban Village Status Report is not to compare the urban villages to each other, but to evaluate how well each village is living up to its own unique potential.

This is the first report designed as a mid-course evaluation of all the urban villages, both individually and collectively. The urban villages vary drastically in size, population, history, and amount of land available for potential redevelopment (Figures 1-3 below illustrate some of these differences). The purpose of the urban village status report is not to compare the urban villages to each other, but rather to evaluate how well each village is developing according to its own unique potential. This report also aims to assess what barriers may exist to meeting the goals set out for urban villages – both collective and individual – and what the City might do to correct them.
The most current available information was gathered on each individual urban village as of Q3-Q4 2018, and then compared to growth estimates that were developed for that village in the 2016 Comprehensive Plan. Since not all urban village subarea plans have the same goals, a consistent set of benchmarks was developed to help document recent growth and track future progress. These benchmarks were developed in 2013. Growth projections are set for 20 years from the 2016 Comprehensive Plan (2036), regardless of which year the urban village plan was adopted. These forecast how much development would take place by 2036, and do not necessarily indicate total growth capacity.

In addition to collecting quantitative data on all of the urban villages, the evaluation process also included qualitative interviews with permitting staff and stakeholders in the private sector, including business owners, developers, architects, and consultants. Together with the quantitative metrics, these insights are used to assess the current implementation of the urban village plans and recommend changes which may be helpful for each urban village to attract its share of future growth.

1 Although no formal urban village plan has been adopted for the Barkley Village, it is designated as an urban village in the Comprehensive Plan and so it is included in this report.
Figure 1. Land area by urban village in acres

Figure 2. Number of housing units by urban village

Figure 3. Number of jobs by urban village
Urban villages as a whole

Housing
As of May 2018, there were 38,641 housing units within the City of Bellingham. Altogether, housing units in urban villages make up 9% of this total. But urban villages continue to be centers of new housing growth in the city. Since 2006, 1,515 new housing units were built in all of the City’s urban villages. This represents about 38% of all new housing units added during that time. As a whole, the urban villages are meeting the goal of providing over a third of the City’s new housing growth at this point in time.

Population
As of April 2018, the OFM estimated the population of the City of Bellingham to be 88,500 residents. The total population of all urban villages is 6,376, or about 7% of the City’s total population. There is still significant capacity for population growth in all of the urban villages. The population distribution of all the urban villages is shown below.

Jobs and employment space
The addition of new employment space is a proxy for estimating the level of job and economic growth. It was estimated that a total of about 3.3 million square feet of employment space would be added to all the urban villages by 2036. Since 2006, more than 450,000 square feet of commercial space and 50,000 square feet of industrial space have been added to all of the urban villages, meaning that in aggregate the urban villages are about 15% of the way towards this projection. We do not have a reliable estimate for how this amount of growth compares to all commercial and industrial space added in the city as a whole.
The City of Bellingham has a total of 52,183 jobs, according to Q2 2017 WA State Employment Securities Department data. Altogether, the urban villages have 14,821 jobs, making up 22% of all the jobs in the city – almost a quarter. This reflects that the urban villages were established as and continue to provide concentrated employment opportunities within Bellingham.

Public investments

The 2016 Comprehensive Plan states that the City’s commitment to infrastructure and public amenities in urban villages is just as important as financial incentives in bringing private-sector interest and investments. In order to make the urban villages successful in attracting growth and adding density, the city has prioritized these areas for significant public investments. These investments include infrastructure, transportation improvements, public spaces, and parks and trails, and are detailed in the individual urban village sections below.

Incentives

There are multiple incentives which are available to businesses and developers who choose to start new projects in the City’s urban villages. Each has been in place for various amounts of time.

**Business & Occupation (B&O) tax reduction**
Since 2015, the City B&O Tax Reduction incentive has been available to any business that opens a new or secondary location in the city’s Downtown, Old Town, Waterfront, Samish Way, or Fountain District urban villages. Applicants are provided with a graduated credit which significantly reduces their City B&O tax rate (90% credit for the first year, 75% for the second year, and 50% for the third year). Since the reduction was instituted, six businesses have taken advantage of the B&O tax reduction incentive, and one more application was recently submitted.

**Multi-Family Tax Exemption (MFTE) program**
Multi-family residential construction can get an 8-year property tax exemption for new units, and a 12-year property tax exemption if at least 20% of the units are affordable to households earning 60-80% of the area median income. In total there have been 21 projects that have received the 8-year MFTE credit, which altogether has added 884 new units in the city’s urban villages. To date, no projects have received the 12-year MFTE exemption.

“**The City's commitment to improving infrastructure and amenities in urban villages can be just as, if not more, effective at attracting development to these areas than direct financial incentives.**”

2016 Comprehensive Plan, Land Use Chapter
**Infill incentive program**

The City Council allocated up to $250,000/year (2016-2018) for an infill incentive program which granted eligible projects an up to 50% reduction in development fees in Downtown and Old Town to incentivize investment in these areas. Eligible projects include new construction of a minimum of 3-stories and 35-feet, and redevelopment of buildings of at least 10,000 square feet and 2 stories in height.

As of October 2018, the total allocation under the infill incentive program was $231,337, spread between three projects:

- **Spectrum Development, 903 N State Street**: Up to 167 units of student housing. *Maximum fee credit allocated: $100,000*
- **JC Penney Redevelopment, 1314 Cornwall Avenue**: Up to 90 units of market-rate housing plus ground floor retail. *Maximum fee credit allocated: $51,300*
- **St John’s Glass building, 804 Dupont Street**: Up to 53 units of market rate housing. *Maximum fee credit allocated: $80,037*
- **Hotel Mullin building, 1313 N State Street**: Proposed redevelopment of the Dahlquist Building into a 33-room boutique hotel and mixed-use project. *Application pending review*

**Transportation Impact Fee (TIF) reduction**

This incentive is based on an estimated reduction in vehicle trips for urban village development. It offers up to 50% reduction in TIFs that would otherwise be assigned to the project, through a series of automatic (such as credit for prior use, location near transit, etc.) and optional reductions (such as bus pass purchase, car share, etc.). Since implementation in March 2011, the program has saved urban village projects $763,762 in transportation impact fees. In total, these savings were applied to 1,369 residential units, 121,239 sf. of commercial space, and 116,903 sf. of office space. The following table shows the total projects that received credits in an urban village.

<table>
<thead>
<tr>
<th>Downtown</th>
<th>Fairhaven</th>
<th>Barkley</th>
<th>Samish Way</th>
<th>Fountain</th>
<th>Old Town</th>
<th>Waterfront</th>
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<td>6</td>
<td>7</td>
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**Opportunity Zones**

Opportunity Zones are a new federal incentive designated by Census tracts – which do not align exactly with urban village boundaries. Most of the Samish Way and Downtown urban villages fall within eligible Census tracts, as well as part of the Waterfront and Old Town urban villages. New projects within an Opportunity Zone receive tax relief on capital gains earned from long-term investments in certain Census tracts designated as “low income.” This program was created as part of the Tax Cuts and Jobs Act of 2017, and so it is too early to evaluate the effectiveness of this program at attracting investment. However, one developer has expressed interest in redevelopment of a property within the Samish Way Urban Village specifically as a result of this program.
Floor Area Ratio (FAR) bonuses

Additional floor area is available in a number of urban villages in exchange for public benefits such as plazas or more environmentally sustainable buildings, etc. To date, there has been just one application for a FAR bonus, in the Waterfront.

Affordability & gentrification

City-wide, there are approximately 2,900 housing units that are subsidized to be permanently affordable to low-income residents. Altogether, this is 7.5% of the housing stock. The urban villages together are home to a total of 642 permanently affordable housing units in 13 different buildings, meaning that on average 18.4% of all housing units in urban villages are affordable to low-income residents.

One objective of the urban village designation is that it becomes (or continues to be) a place where people of mixed income levels can live, work, and recreate in close proximity. It is especially important for residents with limited means to live in locations where they do not need to rely on a personal car to get to work, school, and services. As the graph below shows, the number of subsidized housing units to jobs is proportional in most of the urban villages. One exception is Barkley Village, which has no subsidized housing units but has nearly 2,300 jobs.
Fountain District

Context
The Fountain District Urban Village Plan was adopted in October of 2010. Long before it gained its official designation as an urban village, this area was home to commerce, transit, and housing, with the Guide Meridian road running North-South through its heart. Over the years, this thoroughfare has evolved to accommodate livestock and carts, then streetcars and foot traffic, and more recently automobile-oriented development.

The urban village plan aims to honor the historic mix of uses while encouraging higher density development and other forms of transportation like walking, biking, and public transit. The plan contains a series of recommendations for improving public amenities such as transportation facilities, plazas and sidewalk features such as street trees and seating. More recently, a private donation has catalyzed the design of improvements to the Fountain Plaza to implement the community’s vision for a more active and pleasant public space, with a signature fountain as a gateway to the district. These improvements are anticipated to be completed in 2019.

Housing

- There are currently an estimated 398 housing units in the Fountain District. The predominant housing type is single family homes (63%); another 15% are apartments in mixed-use buildings, and 11% are duplexes.
- At the time the urban village plan was adopted, there were 313 housing units in the Fountain District. In 2013, there were 319 and it was estimated that another 338 units could be added by 2036. As of today, the Fountain District is 25% of the way towards the 2036 housing projection.
- There are currently zero units of subsidized low-income housing in the Fountain District.
- Three projects have received the Multi-Family Tax Exemptions (MFTE) tax credit, creating a total of 66 units.
Employment

- There are currently 74 businesses providing 703 jobs in the Fountain District. Of these jobs, 29% are in education, 23% are retail, and 19% are commercial.
- There was 383,983 square feet of commercial space in the Fountain District at the plan’s adoption. In 2013 it was estimated that another 72,000 square feet of commercial space could be added by 2036. There have been 13,642 square feet added since 2010, which is 19% of the way toward the 2036 employment space projection.

Public investments

Early public investments into the urban village included removal of on-street parking and addition of bike lanes along the Dupont/Elm/Northwest corridor, creating a safer arterial connection between downtown, the Fountain District, and beyond. Bulb-outs on Meridian Street added foliage and stormwater treatment, softening the hardscape and providing a shorter crossing distance for pedestrians. A new crossing of Broadway at Monroe also enhanced the walking route for children travelling between the Columbia neighborhood and nearby Whatcom Middle School.

Improvements to Monroe Street between Broadway and Meridian retained the existing on-street parking, while allowing for easy closure to support public events and activities in the right-of-way and adjacent plaza.

- **Public transportation investments:** Since 2010, there has been $1,225,000 in transportation infrastructure projects completed, which equates to about $16,000 per acre. This has mainly been for sidewalks, bike lanes, and curb extensions to improve walkability and ADA access. Also, a new
WTA GO Line may be added along Meridian Street in the future. There are several more transportation improvements scheduled for 2019.

- **Public open space**: $380,000 for redevelopment of the Fountain Plaza ($280,000 of which was a private donation), to begin in 2019.

**Private investments**

- **Private tenant improvements**: Since the urban village plan was adopted in 2010, the private sector has invested $1,126,443 in the form of 21 different improvements to commercial buildings. This equates to $224,642 per acre of land. Activity has included:
  - Three new taprooms or breweries;
  - Remodel of a former motel into a boutique hotel;
  - Clean-up of the former Oriento Restaurant site on Meridian Street and redevelopment of the former KFC/Fountain Bistro building; and
  - Substantial residential development along Dupont Street south of Broadway.

**Example land values**

- **Commercial property**: 2416 Meridian Street (Fountain Drug/Melvin) 5,642 sf. building
  - May 2016 sale price: $925,000
Residential property: 2717 Kulshan Street (3 bed, 1 bath) 1,142 sf. home
March 2018 sale price: $380,000

Vacant property: 2605 Meridian Street (Buzz-In Coffee) 8,595 sf. lot
February 2018 sale price: $406,000 ($47.23 per sf.)

Commercial Lease: 2400 Meridian Street (Cascade Square) 1,690 sf. ground-level storefront
Year built: 2004; List price: $19.50 per sf.

Regulatory & market conditions

Notable market-driven, historic, or cultural factors which are outside of the City’s control:
• A historical commercial center situated between several desirable residential neighborhoods, with new business activity and plenty of on-street parking.
• Walkable, with close proximity to downtown, as well as public transit and bike lanes in place.
• A successful test of the Infill Toolkit has been completed (7 townhomes and 6 ADUS) on Peabody Street.
• Market interest in this area has piqued, but land values are still low compared to other villages.
• Limited land supply and small lots with single ownership makes land difficult to consolidate, while small projects aren’t cost-effective for developers.

Notable regulatory factors which are within the City’s influence:
• Lack of pedestrian activity, narrow sidewalks.
• Floor Area Ratio (FAR) is redundant with parking requirements + height limits and inhibits the scale of buildings envisioned in the urban village plan.
• Current required setbacks and “step-backs” result in buildings not built to street edge, loss of buildable space on already small lots.
• Developers report the ability to have shared parking and administrative parking reductions is a big draw in choosing urban villages to site projects.

Recommendations
• Remove the FAR requirement, or it raise significantly – instead utilizing existing height and parking requirements to limit the mass and bulk of new buildings.
• Assess spillover parking issues and solutions.
Samish Way

Context
The Samish Way urban village plan was adopted in November of 2009. Spanning a section of Old Highway 99, Samish Way has a long history of automobile-oriented development. Many of the motels and gas stations that served travelers along this route have since been repurposed into other uses. Even so, Interstate 5 runs alongside Samish Way urban village, and most new development remains oriented to cars.

Another distinguishing feature of this urban village is its close proximity to Western Washington University, with the Bill McDonald Parkway leading directly to campus. As a natural gateway to Bellingham, the vision of the Samish Way urban village plan includes adding more greenspace and pedestrian-friendly environments which cater to students and local residents, and encouraging the construction of housing, which was prohibited under the previous auto-oriented commercial zoning.

In response to recommendations in the city-wide Bicycle and Pedestrian Master Plans and increasing interest in redevelopment, a study was initiated to examine other configurations for the Samish Way corridor design, which is currently two lanes in each direction with a center turn lane. The results of the study support restriping the roadway between the existing curbs to one travel lane in each direction and adding buffered bike lanes on each side of the street. On-street parking on one side was also identified as a future possibility, when and if conditions warrant and funds are available.

Housing
- There are currently 169 residential dwelling units in Samish Way urban village. The units are split almost evenly between condos (23%), single-family (22%) and apartments (22%). Mobile homes parks make up another 15% of the housing.
• At the time the Samish Way urban village plan was adopted, there were 169 housing units. It was estimated that another 646 could be added by 2036. Since 2009, just three new units have been added, meaning that Samish Way is 0% of the way towards the 2036 housing projection.
• There are 38 units that are subsidized for low-income residents, which makes up 22% of all housing units in Samish Way urban village.
• No projects have received a Multi-Family Property Tax Exemption.

![Housing units built vs. projected](chart)

**Employment**
• There are currently 71 employers in the Samish Way urban village, providing a total of 595 jobs. Of these, 57% are in hospitality or food and beverage, 20% are retail, and another 17% are commercial businesses.
• There were 363,406 square feet of commercial space at the plan’s adoption. In 2013, it was estimated that another 306,125 square feet of commercial space could be added by 2036. There have been 17,530 square feet added since 2009, or 5% of the 2036 employment space projection.

![Employment space built to date vs. projected](chart)

**Public investments**
• **Public transportation investments**: Since 2010, there has been $1,070,000 in transportation infrastructure projects completed, and another $1,400,00 in planned investments. This equates to $35,665 per acre, which has mainly been for sidewalks, four flashing crosswalks and curb extensions to improve pedestrian safety, as well as bicycle boulevards to improve access and safety for cyclists.
• **Samish Way corridor study**: A comprehensive corridor study was initiated to examine alternatives for the Samish Way streetscape in 2016. This study identified several methods for improving bicycle and pedestrian comfort and safety, and to change the street to a more urban character.
• **Aloha Motel property redevelopment:** In 2015, the City acquired the site of the former Aloha Motel at 315 N. Samish Way. The property was sold to the Bellingham Housing Authority in 2017 and will be developed as mix of over 150 housing units serving a range of incomes, new office headquarters for the agency, and commercial uses. Redevelopment of the site will be a major step in moving closer towards the future vision for Samish Way urban village.

**Private investments**

• **Private tenant improvements:** Since the urban village plan was adopted in 2009, the private sector has invested $1,088,404 in the form of 19 different improvements to commercial buildings. This equates to $24,187 per year since adoption, or $292,779 per acre of land.

![SAMISH DISTRICT URBAN VILLAGE](image)

**Example land values & rental rates**

- **Residential property** 1312 E Laurel Street (3 bed, 2 bath); 1,148 sf. townhome
  February 2018 sale price: $273,000

- **Vacant properties:** 109 Samish Way; 27,510 sf. lot
  October 2017 sale price: $785,754 ($28.56 per sf.)

  1003 Otis Street (existing 970 sf. home to be demolished); 8,719 sf. lot
  February 2018 sale price: $424,900
**Commercial lease:** 141 Samish Way; 2,800 sf. ground-level storefront  
Year built: 1996; list price: $26.00 per sf.

**Regulatory & market conditions**

**Notable market-driven, historic, or cultural factors which are outside of the City’s control:**
- Proximity to I-5, Downtown, and Western Washington University means business opportunity and customers. The WTA GO Line near Sehome Village Mall has highest frequency of transit trips in the city, due mostly to students.
- Proximity to I-5 means a likelihood of continued auto-oriented development and surface parking.
- Surrounding neighborhoods support dense growth. However, early redevelopment projects have been at a lower density development than are permissible under existing code.
- Current rents and land values are disincentives to redevelopment.

**Notable regulatory factors which are within the City’s influence:**
- Current lack of neighborhood character: no public gathering spaces or amenities, no street trees, wide arterial streets with buildings set back from sidewalk and low density decrease walkability.
- Planned Samish Way alterations will show the City’s support and facilitation of urban character, once implemented (funding request pending).
- Increased transit service will eventually connect Samish to surrounding areas and facilitate parking reductions to limit the prevalence of surface parking lots.
- Ground floor commercial is currently required along entire stretch of N Samish Way, even though it may not be practical for supporting the desired residential growth, compact commercial character or current market demand.
- Proximity of power lines is problematic to higher density growth in some locations.
- Required road and utility improvements have high costs to developers.

**Recommendations**
- Develop focused areas of required ground-floor commercial intensity along the Samish corridor; allow for convertible ground-floor commercial uses in other areas.
- Evaluate adopting parking maximums and density minimums and increasing the allowable FAR to ensure highest and best use of redeveloped properties in commercial zones.
- Proceed with implementing the Samish Way corridor study recommendations to create a more urban street environment and enhance the experience for bicycles and pedestrians.
- Clarify and simplify the street improvement and dedication requirements.
Fairhaven

Context
Unlike many of the City’s other urban villages in earlier stages of evolution, Fairhaven is a model of a well-established urban village. It benefits from a long history that started as a fishing camp and evolved into an independent Victorian town in the 1880’s. It was consolidated into the town of Bellingham in 1903. Many of Fairhaven’s beautiful historic buildings remain today and the Fairhaven urban village plan, adopted in August 2012, aimed to ensure that new development would continue to uphold this architectural form. Since Fairhaven has functioned as a healthy urban village long before the formal plan was adopted, 2006 is used as a baseline for the purposes of this assessment because that is the first year in which the Comprehensive Plan mentions the concept of urban villages.

Well before the plan was adopted, Fairhaven benefitted from steady investment interest and a healthy mix of restaurants, retail, amenities and public gathering space. At this point in time, the vision for Fairhaven’s future is to maintain a balance of environmental stewardship, quality of life, and economic well-being. Of all the urban villages, Fairhaven had the lowest projections for new housing units and commercial square feet to be added, mostly because there is very little land available for redevelopment.

Housing

- There are currently 633 housing units in the Fairhaven urban village. The majority of those are condos (31%), single-family homes (24%), and apartments (23%).
- In 2006 there were 375 housing units in Fairhaven. Another 258 units were added between 2006 and 2013. In 2013, it was estimated that 338 more units could be added by 2036. There have been 258 units added since 2006, putting Fairhaven 48% of the way towards its 2036 housing projection. To date, this rate of housing growth exceeds the estimated growth rate.
• There are 101 units subsidized for low-income residents in Fairhaven, representing 16% of all housing units.
• As of 2016, the MFTE program is available for projects that provide some affordable housing units, but no developers have taken advantage of this incentive to date.

### Employment
- There are 178 employers in Fairhaven providing 1,726 jobs. Of these, 26% are in accommodation, food, and beverage; another 21% are industrial, 17% are retail, and 14% are commercial jobs.
- There are currently 554,730 square feet of commercial space and 677,148 square feet of industrial space in Fairhaven – for a total of over 1.2 million square feet of employment space.
- Since 2006, 161,733 square feet of new employment space has been added. The total projected employment space is 395,155 square feet by 2036. Fairhaven is 41% of the way to the 2036 projections.

### Public investments
- **Public transportation investments:** Since 2010, there has been $835,000 invested in transportation infrastructure projects, which equates to about $4,394 per acre. These have been to improve pedestrian accessibility through sidewalks, crosswalks, and curb extensions. There was also a bicycle boulevard added along Mill Avenue.
- **Public parks and trails:** In 2012, $30,000 was contributed towards improving the South Bay trail at 10th and Mill as part of Shannon Block development. Wayfinding signs were added around the district using Tourism funds.
Private investments

- **Private tenant improvements:** Since the urban village plan was adopted in 2012, the private sector has invested over $3.5 million in improvements to commercial buildings through 48 projects. This equates to $586,504 per year since the plan’s adoption, or $106,717 per acre of land.

![Map of Fairhaven District Urban Village](image)

### Example land values & rental rates

- **Commercial property:** 907-909 Harris Ave (two mixed-use historic buildings); 13,840 sf. total
  October 2017 sale price: $2,350,000

- **Residential property:** 700 Wilson Ave (3 bed, 1 bath); 1,375 sf. single-family home
  May 2018 sale price: $537,500

- **Vacant properties:** 1314 Old Fairhaven Pkwy; 4,250 sf. lot
  July 2015 sale price: $329,000 ($77.41 per sf.)

- **Commercial lease:** 1111 McKenzie Ave; 14,275 sf. ground-level corner suite
  Year built: 1891; list price: $28.00 per sf.
Regulatory & market conditions

Notable market-driven, historic, or cultural factors which are outside of the City’s control:

- Highly desirable location for both residential and businesses; evolved village with plenty of amenities and a right-sized urban core.
- High land values and rents compared to city-wide.
- Market demand means Fairhaven is increasingly unaffordable, which limits economic and demographic diversity.
- Vacant land and larger lots have allowed for past development at a scale that is attractive to developers. Available, buildable lots may become a constraint in the future.
- Perceived lack of parking.
- Transportation hub (Amtrak, Greyhound, ferries).
- Walkable community with easy access to trails and waterfront.

Notable regulatory factors which are within the City’s influence:

- Restrictive development regulations (height limits) limit the remaining opportunity site(s)
- Prescriptive design guidelines (red brick, must fit in with historic Victorian character) fail to differentiate new construction from historic, and do not apply well to the larger developments occurring in the district.
- Lack of parking meters may not create enough turnover of on-street parking, furthering the perception of a parking problem

Recommendations

- Allow more discretion in design review while maintaining a high standard for the neighborhood.
- Examine further opportunities to secure more permanently affordable housing.
Downtown

Context

The most recent Downtown Bellingham Plan was adopted in September 2014, but, the history of what is now Downtown Bellingham reaches back to the first settlers along the shores of Bellingham Bay in the 1850s. Because of this, **2006 is used as a baseline for the purposes of this assessment** because that is the first year in which the Comprehensive Plan mentions the concept of urban villages. During the City’s early history development was centered on the maritime industry and connected to the rest of the region by rail. Much of this heritage is evident in the buildings and infrastructure that characterize Downtown today. Downtown’s retail sector struggled for years after the construction of Bellis Fair Mall in the late 1980’s but is experiencing a resurgence today, with renewed activity and investment. While categorized under the “urban village” definition, Downtown continues to be recognized as the commercial and cultural center of Whatcom County.

Many projects recommended in the Downtown Bellingham Plan have already been implemented and others are still underway. The renewed vision for Downtown that was laid out in the 2014 Downtown Bellingham Plan focused on maintaining and enhancing Downtown’s role as a business, entertainment, and retail core, but also increasing livability and safety.

Urban Village Snapshot

- Land area = 275 acres
- Estimated population = 3,434
- Residential density = 50.6 units per acre
- Employment density = 61.0 jobs per acre

Housing

- There are currently 1,983 housing units in the Downtown urban village, of which 45% are units in mixed-use buildings, and 39% are units in multi-family apartment buildings. Just 7% are condominiums, and 3% are single-family homes.
- As of 2006 there were 1,012 housing units Downtown. By 2013 there were 1,650 units and it was estimated that another 3,300 units could be added by 2036. Since 2006, 971 units have been added, meaning that Downtown is 25% of the way towards the 2036 housing projection.
• There are currently 483 units of permanently subsidized housing Downtown, which makes up 24% of all housing units.

• Seventeen (17) projects have received the multi-family tax exemption (MFTE) credit, supporting the construction of 787 units.

![Housing units built vs. projected](image)

**Employment**

• There are 578 businesses with employees in the Downtown urban village, providing a total of 8,658 jobs. Of these, the majority are in four employment sectors: commercial (31%); healthcare and social services (19%); accommodation, food, and drink (18%); and public administration and government (16%).

• In 2006 there was 3.56 million square feet of employment space Downtown. By 2013 there was 3.58 million square feet, and it was estimated that another 355,000 would be added by 2036. Since 2006, 51,332 square feet have been added, or 14% of the 2036 employment space projection.

• In contrast, actual downtown job growth is exceeding projections. This is likely due to the growth occurring in existing buildings that have been reoccupied. In 2013, there were 7,656 jobs and it was estimated that that number could reach 8,135 by 2036. As indicated above, job growth has already surpassed the 2036 estimation.

![Employment space built vs. projected](image)

**Public investments**

• **Development and infrastructure:** Since 2015, nearly $20 million has been invested in Downtown through public works and community development projects, including street improvements, renovation of the Federal building, sewer replacement, etc.
• **Public transportation investments:** Since 2010, there has been over $13 million in transportation infrastructure projects completed, which equates to $48,685 per acre. These improvements have been to improve ADA and general pedestrian accessibility through sidewalks and curb extensions, as well as bicycle lanes. Other major projects include a roundabout to improve traffic flow.

• **Parks and trails:** In 2018, an accessible pathway was added to Lee Memorial Park at the Central Library. The Mayflower Bridge over Whatcom Creek was replaced when it was damaged by arson, and an unused park property adjacent to the bridge was leased to Northwest Youth Services for a garden.

• **Other public investments:**
  - Economic development and streetscape improvement contracts of $1.4 million since 2014.
  - Public-private partnership to purchase and redevelop the Marketplace Building at 1225 Railroad Avenue and similar agreement to redevelop the former JC Penny building at 1314 Cornwall Avenue.
  - Construction of Depot Market Square on Railroad Ave, home to the Bellingham Farmer’s Market.
  - Federal Building purchase and renovation.
  - Commercial Street Parking Garage upgrades and street-level tenant improvements.
  - Art programs, placemaking projects and other beautification projects.

A summary of these improvements can be found in the City Center Implementation Strategy update.

**Private improvements:**

• **Private tenant improvements:** Since the urban village plan was adopted in 2014, the private sector has invested $13.4 million in improvements to commercial buildings through 87 projects. This equates to $3.35 million per year since adoption, or $73,845 per acre of land.
Example land values & rental rates

Commercial property: 929 N State Street (4 buildings on one 41,313 sf. lot); 16,118 sf. total September 2017 sale price: $3,150,000

Residential property: 901 N Forest Street (2 bed, 1 bath); 762 sf. condo July 2018 sale price: $202,500

Vacant property: 1201 Railroad Avenue (four individual lots in one sale); 34,006 sf. total May 2018 sale price: $2,835,000 ($83.37 per sf.)

Commercial lease: 902 N State Street; 11,808 sf. building (ground-floor retail) Year built: 1980; list price: $17.00 per sf.

Regulatory & market conditions

Notable market-driven, historic, or cultural factors which are outside of the City’s control:

- Affordable commercial rates encourage new business, but low rents discourage new construction.
- Many new businesses opening, healthy entrepreneurship; more diversity, “authentic” college town and local business experience.
- The downtown community embraces change; open to new designs, businesses, experimentation, evolution.
Notable regulatory factors which are within the City’s influence:

- Walkable, pedestrian-friendly environment, but lack of street design tied to redevelopment may be missing opportunities for improving pedestrian environment.
- Limited land-use regulations allow for more flexible use of space; straightforward code and design standards allow for more creativity and variety.
- Some design standards need to be reevaluated against current goals for the district.
- Streetscape design requirements are unclear and difficult to standardize due to the variation in different areas of Downtown.
- The emerging Waterfront District is both an opportunity and a risk for downtown businesses.

Recommendations

- Update City Center design standards in order to make sure designs meet overarching goals and avoid unintended consequences:
  - Develop clear departure procedures and criteria where it’s missing (for example, in the Commercial Core design guidance).
  - Refine language where needed, clarify the intent behind Mass, Scale, and Form guidelines.
- Clarify street improvement requirements and standards.
- Coordinate the evaluation of public and on-street parking with private parking regulations on an ongoing basis.
Barkley

Context

Barkley is unique to Bellingham’s urban villages in several ways. Most notably, although it has no formal designation as an urban village, it was in effect developed as such, and fulfills the same functions as the city’s “official” urban villages. In fact, it was one of the first urban villages to be built in the city as a mixed-use development.

Two hundred acres were cleared by a single property owner in 1987 and the Barkley Village shopping center was developed, surrounded by an open-space perimeter. Although Barkley Village has existed for much longer, 2006 is used as a baseline for the purposes of this assessment because that is the first year in which the Comprehensive Plan mentions the concept of urban villages. The Barkley Neighborhood plan specified that the Barkley urban village should maintain a mix of commercial businesses, offices, and light industrial employment opportunities, and current zoning still reflects this vision. Barkley Village has its own set of development and design policies, which are described in the Barkley Neighborhood Plan.

Barkley Village today is the second largest urban village by land area but has the lowest population density (except for the Waterfront, which has no housing units). Although it has very few residents within the Barkley Village boundaries, there is a substantial residential population within walking distance of the village. Today, commercial and industrial growth continues, and there is renewed interest in adding more mixed-use housing, commercial uses and public amenities.

Housing

- There are currently 217 housing units in the Barkley urban village. Of these, 68% are units in mixed-use buildings and 32% are single family homes.
• In 2006, there were 66 housing units in Barkley village. There were 102 more units added between 2006 and 2013. In 2013, it was estimated that 1,021 new units could be added by 2036. As of 2018 there were 151 new units, meaning Barkley village is 14% of the way towards its 2036 housing projection.

• There are presently no subsidized units for low-income residents, and there have not been any MFTE projects in this urban village.

• As of 2016, the MFTE program is available for projects that provide some affordable housing units, but no developers have taken advantage of this incentive to date.

![Housing units built vs. projected](chart)

**Employment**

• There are 101 businesses with employees in Barkley village, providing a total of 2,292 jobs. Of these, the vast majority are in the commercial (47%) and industrial (26%) sectors. Both of these sectors represent living-wage jobs.

• In 2006, there was 639,450 square feet of employment space. By 2013, it had increased to 847,307 square feet, and it was estimated that another 720,800 square feet would be added. Since 2006, about 208,000 new square feet have been added. So far, Barkley village has reached 22% of its 2036 anticipated employment space.

![Employment space built vs. projected](chart)

**Public investments**

• **Public transportation investments:** Since 2010, there has been $400,000 in public transportation investments, and another $400,000 in private transportation investments in Barkley Village. This equates to $1,546 in public funding per acre. Public funding was to upgrade bike lanes on Barkley Blvd and add curb ramps and traffic signals to improve pedestrian and cyclist safety. The private investments were to extend a 3-lane section of Barkley Blvd.
Private investments

- **Private tenant improvements:** Since 1998, the private sector has invested $20.3 million in improvements to commercial buildings through 168 different projects. This equates to just over $1 million per year since adoption, or $78,410 per acre of land.

Example land values & rental rates

**Commercial property:** 1985 Barkley Blvd (50,000 sf. office building to be built on a 2.43 acre lot)
Active listing: $14,000,000

**Residential property** 311 Newmarket Street #503 (1 bed, 1 bath); 753 sf. condo
May 2018 sale price: $295,500

**Vacant property:** 2130 Premier Way; 40,113 sf. lot
March 2019 sale price: $1,154,896 ($28.79 per sf.)

**Commercial lease:** 3011 Cinema Place, Suite 101; 1,749 sf. ground-level retail storefront
Year built: 2012; list price: $25.00 per sf.
Regulatory & market conditions

Notable market-driven, historic, or cultural factors which are outside of the City’s control:
- Single ownership drives the pace, quality and vision of the district’s development.
- Wetlands and critical areas may limit the buildable area to the northeast of the village core.
- High-quality design and place management have created a desirable location for residents and businesses.
- Mix of commercial, service, entertainment and office space.
- Investment in public space by the property owner has further enhanced the desirability of Barkley as a neighborhood.

Notable regulatory factors which are within the City’s influence:
- The zoning history and regulatory evolution of Barkley has resulted in a complex and convoluted regulatory environment that does not accurately reflect the current vision of the district.
- Current zoning (industrial designation) may not be suitable for current and future growth needs.
- The lack of a formal urban village plan promotes coordination between the Barkley Co. and the City on a piecemeal basis, and makes it unclear to the community the intended future vision for the area.
- The City design review regulations and process may be substandard to the one already in place by the Barkley Company and may inadvertently result in inferior design and/or unnecessarily slow the pace of construction.

Recommendations
- The City and Barkley Company should build on the strengths of the existing urban village and make future growth more streamlined through a formal urban village planning process. This would allow:
  - Reassessment of land use designations/appropriate zoning for the remaining land.
  - Simplification and clarification of regulations and future vision for the area.
  - Exploration of adopting current Barkley design standards in place of City standards.
  - Coordinated planning of transportation systems and public amenities (including exploring opportunities for impact fee credits).
- Work with Barkley Co. to better understand the affordable housing opportunities for the MFTE tax credit in their area and other partnerships for bringing in an affordable housing development.
Old Town

Context
Appropriately named, Old Town is home to the oldest buildings in Bellingham – and even the oldest surviving brick structure in Washington State, the Whatcom Territorial Courthouse. The Old Town District Urban Village Plan was adopted in March 2008. At the time the plan was adopted, Old Town was a historic, and underutilized, part of City Center. For decades following the goldrush, this waterfront area was the primary port of entry to the city. The plan aimed to reclaim and revitalize this historic area, suggesting its historic buildings could be used as anchors for future development and public gathering places.

Unlike most of the other urban villages, to this day the primary employment sector in Old Town remains light industrial, with Northwest Recycling occupying the majority of the developable area. The Parberry family owns Northwest Recycling and in anticipation of relocating their business, have initiated conversations with the City about entering into a Development Agreement. The Development Agreement will be brought forward to the City Council for action in early 2019.

Since the plan’s adoption, Old Town has seen only modest gains in housing but steady growth in terms of employment space. It is also unique in that it is home to the Lighthouse Mission Ministries, which serves Bellingham’s homeless population through a variety of programs. Between 2008 and 2018, over 11,600 sq. ft. was converted from commercial use to the Drop-in Center, and the Agape Home was added as new construction.

Housing
- There are currently 82 housing units in Old Town. Of these, the majority are apartments (37%), units in mixed-use buildings (33%), and condos (20%). As noted above, Old Town is also home to Lighthouse Mission Ministries, which operates the Agape Home for women, the New Life Center
for men, and the Drop-In Center for homeless men and women. These are considered temporary shelter and transitional housing, and not counted among the permanent housing units.

- When the plan was adopted in 2008, there were 35 housing units in Old Town. By 2013, they had increased to 51 housing units and it was estimated that another 495 housing units could be added by 2036. Since 2008, there have been 47 new units added, meaning Old Town is 10% of the way towards its 2036 housing projection.
- There are 20 subsidized rental units in Old Town, making up 24% of all the housing units.
- One project has received the Multi-Family Tax Exemption credit for 31 units.

**Employment**

- There are 41 employers in Old Town providing a total of 425 jobs. Of these, the majority are industrial (33%); accommodation, food, and drink (30%); and to a lesser extent commercial (16%).
- There are currently around 412,000 square feet of industrial or commercial space in Old Town. It was estimated that another 200,000 square feet would be added by 2036. By 2018, 8% of this growth had been achieved, with 16,433 new square feet added since the plan’s adoption. The slow pace of growth is primarily because NW Recycling occupies most of the buildable land in this urban village.

**Public investments**

- **Public transportation investments**: There has been a total of $1.3 million in transportation investments in Old Town since 2010, which amounts to $25,276 per acre. This money has been used for sidewalks and railroad crossing safety infrastructure on C street. Similar upgrades on F street are planned for 2019-20.
- **Environmental clean-up**: Prior to the date of adoption of the Old Town Sub-area Plan, the City, with assistance from the State’s Model Toxics Control Act funding, negotiated a consent decree
with the Department of Ecology to address the Holly Street Landfill. Cleanup was completed in 2006 at an estimated cost of $2.5 million. Another $1.5 million was spent to secure property (600 W Holly) required to conduct cleanup actions. Several million has been spent to make improvements to Maritime Heritage Park.

- **Parks and trails:** Starting in 2015, over $1 million has been invested in improvements at Maritime Heritage Park, including restrooms, lighting, security cameras, seasonal staffing, music, and programming. Additional recreational opportunities are slated for 2019.

**Private investments**

- **Private tenant improvements:** Since the urban village plan adoption, there has been $2,571,475 in private tenant improvements in Old Town through 28 projects. This amounts to $394,247 in tenant improvements per acre of land.

**Example land values & rental rates**

- **Residential property:** 1600 D Street, #203 (2 bed, 2 bath); 1,175 sf. condo September 2018 sale price: $299,000
- **Vacant property:** 315 W Holly Street (surplus property sold by City); 11,001 sf. lot November 2016 sale price: $485,000 ($44.08 per sf.)
- **Commercial lease:** 209 Prospect Street; 8,100 sf. basement-level suite Year built: 1940; list price: $9.82 per sf.
Regulatory & market conditions

Notable market-driven, historic, or cultural factors which are outside of the City’s control:
- Great location abutting dense, historic neighborhoods, high-quality large public park and Whatcom Creek, waterfront access and proximity to the downtown Arts District.
- Historic assets, such as the train station, courthouse, and other structures create a sense of place and interesting character.
- Presence of a high-impact industrial use not compatible with residential development.
- Presence of a historic landfill requires pilings, increasing construction costs.
- Single property ownership of most of the area drives development timeline. Property owner’s interest in historic building renovation could help with early investment and redevelopment.
- Growing interest and costs + limited availability downtown could push some investment interest to this neighborhood.
- Presence of homeless services center creates perception of lack of safety, cleanliness.

Notable regulatory factors which are within the City’s influence:
- Presence of an existing compact street grid and high-capacity utilities.
- Development agreement setting out timeline for City investments and support of NW Recycling relocation.
- Some regulatory constraints (shoreline setbacks, view setbacks and height limits) limit development in certain areas.

Recommendations
- Enter into a development agreement with Parberry family to facilitate relocation of Northwest Recycling and redevelopment of Old Town.
- Provide staff resources and historic preservation redevelopment incentives to facilitate the redevelopment of the former Pacific Marine building at 700 W Holly.
- Continue programming and seasonal activities to Maritime Heritage Park.
Waterfront District

Context
The Waterfront District is the largest and the newest of Bellingham’s urban villages – the plan being adopted in December 2013, after years of community input and site assessment. This plan represented a new chapter in the history of the Bellingham’s working waterfront, transitioning away from an industrial port and towards becoming a mixed-use neighborhood. This new chapter was made possible by purchase of the 137 acres of property by the Port of Bellingham from the Georgia-Pacific corporation in 2005, their clean-up of the site, and the City’s investment in the public infrastructure and amenities.

Today, progress has been made towards reclaiming the Waterfront District for all the community to enjoy – opening up public access to Bellingham Bay for the first time in decades and laying the groundwork for future redevelopment. Waypoint Park opened to the public in August of 2018, incorporating industrial artifacts from the site’s history as a pulp and paper mill. Multiple transportation improvement projects are complete or underway, making the park and future development sites accessible to pedestrians and cyclists, as well as automobile traffic. The Central Avenue pier has been seismically retrofitted, and a crosswalk and traffic signal has been added at the C street railroad crossing to improve safety. The old Granary Building is currently being redeveloped by Harcourt, Inc. as a mixed-use building with offices and retail space on the ground floor, and they are currently underway with their second development, residential condominiums adjacent to Waypoint Park.

Housing

- There are currently no housing units in the Waterfront District urban village. In 2013, it was estimated that 810 new housing units would be added by 2036.
- Ninety-four units in a mixed-use building are currently in the pre-application land use process (anticipated to begin construction in 2019).

Urban Village Snapshot
Land area = 240 acres
Estimated population = 0
Residential density = 0 units per acre
Employment density = 6.0 jobs per acre
Employment

- There are 44 employers in the Waterfront District, providing a total of 428 jobs. Of these, almost half (47%) are industrial. The remainder are mostly in the commercial (26%) and accommodation, food, and drink (12%) sectors.
- At the time of the plan’s adoption in 2013, there was 350,000 square feet of industrial space north of the Whatcom Creek waterway, and 220,000 square feet south of the waterway. Since then, another 51,177 square feet has been added north of the waterway.
- In 2013, it was estimated that 908,125 square feet of new commercial space and 490,630 square feet of industrial space (about 1.4 million in total) would be added by 2036. As of 2018, the Waterfront has reached 3% of the 2036 estimated employment space.

Public investments

- Public transportation investments: There has been over $14.5 million in transportation investments in the Waterfront since 2010, and there are another $1.5 million in planned investments tied to the amount of private development that occurs. This amounts to $67,000 per acre. This money has been used for sidewalks, bike lanes, and railroad crossing safety infrastructure, as well as seismic retrofit of the Central Avenue Pier.
- Parks and trails: The City invested $432,000 for a trail around the ASB pond. Waypoint Park and Central Pier cost $4.6 million.
- Other improvements:
  - The City invested $3.7 million in cleanups of the old landfill site on Cornwall Avenue and the Central Waterfront, and about $2.3 million for cleanup of the former R.G. Haley site. The Port of Bellingham has contributed additional funding in these projects, per the terms of their interlocal agreement.
  - The City and Port invested $25,000 to develop a Historic Resources Plan for the potential reuse of the remaining artifacts onsite.

Private investments

- Private tenant improvements: Since the urban village plan’s adoption, there has been $926,112 in private tenant improvements in the Waterfront District through 9 projects. This amounts to $84,485 in tenant improvements per acre.
Example land values & rental rates
In future status reports, we will enter lease rates and sales of property. As of the date of this report, no leases have been executed between Harcourt and other parties. Properties with light-industrial zoning (i.e. Log Pond Area and Marine Trades Area) will not be tracked.

Regulatory & market conditions

Notable market-driven, historic, or cultural factors which are outside of the City’s control:
- Great location on the water, abutting dense, historic neighborhoods, high-quality large public park and Whatcom Creek, beach access and proximity to downtown.
- Historic industrial artifacts create a sense of place and interesting character. Open space for redevelopment.
- Presence of a historic landfill requires pilings, increasing construction costs.

Notable regulatory factors which are within the City’s influence:
- Waypoint Park is complete, land use permit is underway for 64 new units in mixed-use building.
- Current design standards are not designed to be specific to the Waterfront – borrowed from other urban villages, mandate an “artificial” variety.
Subarea plan update creates opportunity for a plan more responsive to community and redevelopment needs, although planning fatigue may be a threat.

Environmental constraints (shoreline setbacks, view setbacks and height limits).

**Recommendations**

- Continue the subarea plan amendment process to reflect identified barriers and changes needed.
- Update design review standards and guidelines to create a unique and clear architectural vision for the waterfront.
  - Coordinate design and development where private and public spaces connect to ensure outcomes that maximize accessibility and usability of public space.
- Coordinate with the Port of Bellingham to encourage interim creative use of the vacant property while redevelopment proceeds, to encourage public use and enjoyment of the site.
Overall Recommendations

There are several recommendations that were not noted above because they are broadly applicable. These suggestions were offered by a variety of stakeholders and were salient in the context of several or all of the City’s urban villages.

Update the urban village design standards and review process.
1. Consider a systematic rewrite of the overall urban village design guidelines to create a single document for all urban villages, with specific appendices for any requirements unique to each village. Recommend hiring an outside consultant for this task.
2. Planning staff should hold a focus group or roundtable discussion with community stakeholders to get direct feedback on the permitting and design review process, in order to implement the adopted urban village design standards to the highest level possible.
3. Clearly state the intended vision for the overall urban village design and allow architects and developers to realize this vision in creative ways, without being overly prescriptive.

Change or rewrite some specific requirements.
4. Remove building step-back requirement, as these design guidelines are not economically feasible to meet in low- to mid-range buildings and departures from this requirement have been consistently requested and granted.
5. Reevaluate height limit requirement language as it applies to commercial areas to incentivize taller ground-floor ceiling heights and better design.
6. Evaluate and update FAR bonus to encourage higher utilization.
7. Explore expanding infill toolkit types and increasing the density allowed in RT zones.
8. Clarify regulations and policies regarding use of the right-of-way for construction shoring/tie downs.

Align requirements with other city-wide goals.
9. Proactively explore development of key opportunity sites through public-private partnerships.
10. Bring urban village regulations into alignment with updated city-wide commercial codes, wherever appropriate.
11. Establish urban village metrics and monitor on an annual basis to ensure that urban villages are developing as planned – as dense centers of economic and population growth. Consider adding other variables such as job growth, wages, density, and car-free trips.
12. Establish affordable housing targets for each urban village and focus resources to purchase or construct new units.
13. Develop construction management plans for areas that have a potential for highly impacting adjacent uses (provide signage, ensure construction vehicles do not block business entrances, etc.).