


To: Whatcom County County Council; City of Bellingham, Small Cities Caucus
From: Whatcom County Business & Commerce Advisory Committee



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Subject: The Affordable Housing **Crisis** in Whatcom County
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The Whatcom County Business and Commerce Advisory Committee (BAC) was created to inform the Whatcom County Council about challenges to growth that firms and the business community are currently facing and to make suggestions on how to improve and mitigate these foreseen obstacles. After a survey of issues among Committee members, we found that most members reported worker housing (or lack thereof) is a primary obstacle to their business growth and retention in Whatcom County. The BAC has therefore identified and recommends to County Council that the worker housing **crisis** be a top priority for elected leaders in order to maintain our current quality of life, improve business conditions, and encourage development in Whatcom County.

The issue in brief:

Our collective group has recognized that the lack of workers housing and affordable housing is a top impediment to recruiting, retaining, and developing a skilled workforce in Whatcom County. Worker housing is therefore not just a social problem - it is an economic problem. If Whatcom County can increase its supply of housing for all incomes then firms will be able to obtain more workers and increase the number of jobs. Given the magnitude of Whatcom County's housing shortage, we believe that the issue should be treated as and referred to as a **crisis** by Whatcom County Council and city governments. **During crises, normal procedures and processes do not apply.**

We draw on Challenge Seattle's definitions of affordability in order to provide goals for Whatcom County. To be considered affordable a household must spend no more than 30% of their gross monthly income on housing costs. Monthly housing costs can include rent and utilities for renter households and mortgage, insurance, taxes, and utilities for owner households. **In particular, we are interested in increasing the supply of low to middle income housing, if not housing across the income spectrum. In Whatcom County the median household income is \$56,419.**

Low income: earns <60% of Whatcom County's median household income (<\$33,851)

Middle income: earns 60-120% of Whatcom County's median household income (\$33,851 - \$67,703)

High income: earns >120% of Whatcom County's median household income (>\$67,703)

31% of Whatcom County does **not** make \$615 per week (approximately \$30-32,000 per year), the minimum required to afford a one bedroom rental unit in Bellingham (COB 2018). This socioeconomic segment is most likely to carry a large housing-cost burden (over 30% of their income) and is at the highest risk for homelessness.

We urge the County Council and city governments in Whatcom County to adopt a **Temporary Housing Crisis Plan** as soon as possible. Every day that passes more individuals and families move to our county and businesses contemplate leaving Whatcom County. We do not need more studies and reports to tell us what we already know. Adopting a **crisis plan** will allow us to house our current residents, make plans for new residents, and keep businesses in Whatcom County. This is also an opportunity for Whatcom County to be a leader and innovator and has the potential to provide

Below we list and describe our recommendations to Whatcom County and its municipal cities in order to increase the supply of housing. Our recommendations also apply to commercial development, as this industry faces similar obstacles.

Recommendation #1: Publicly declare a Housing Crisis

Recommendation #2: Replace current zoning rules, codes, procedures with a temporary Housing Crisis Plan

BAC recommends that the County Council move to immediately develop a **Temporary Housing Crisis Plan**, developed by an independent group representing many perspectives to develop the plan and better align the plan with community priorities, of which worker and affordable and homelessness were at the top of the list. We believe that a temporary plan will save time and resources, as well as avoid special interest groups and debates on every single code. **The process and the codes must be simplified as soon as possible.** In particular, we recommend simplifying the code and process for land use permitting (design review, planned permits, Infill Toolkit, etc.) residential multifamily, Urban Villages, and the Infill Toolkit.

Currently there is a significant disconnect between the current rule book and worker/affordable housing needs. Tools that deter building include but are not limited to height limits, density limits, commercial requirements, parking requirements, neighborhood approval and more could be waived or modified in order to increase certainty, shorten the process, reduce costs, and allow for more densification and increase affordability. We also therefore recommend that the cities, including Bellingham, Blaine, Ferndale, Lynden, Nooksack, Sumas, and Everson, adopt identical incentives and permit approval processes to make this a county-wide urban development and workforce attraction initiative.

Recommendation #3: Provide infrastructure and resources to increase housing availability

BAC recommends that the County Council support increasing resources and infrastructure in order to reduce building and housing costs. This can be done by developing publicly owned wetland mitigation banks, publicly owned water rights, and provide new and/or improved infrastructure (roads, bridges, electric, sewer, water, stormwater) with the use of Local Improvement Districts (LID) that connects to the remaining buildable lands in Whatcom County.

Recommendation #4: Reduce government fees for housing development

The fees that various government agencies impose on developers and builders increase the cost of building and makes affordable housing projects less attractive to investors. While we understand that these fees often funds other government services and cover the costs of planning and so on. However, in the short to medium term, while in a crisis situation, it does not make sense to knowingly increase the cost of building housing if the primary goal is to increase supply as fast as possible.

Recommendation #5: Provide incentives for hitting affordable housing and workforce targets

We also recommend that the County Council and city governments continue to develop more attractive incentives for building affordable housing or worker housing. Other counties and cities offer reduced turnaround times, reduced fees, and a streamlined permitting process for green builds and affordable housing.

Recommendation #6: Annex additional outlying areas

As the City of Bellingham is currently in the process of annexing the Alderwood district, we recommend that Whatcom County Council and other city governments continue to annex additional land. Some landowners in the Lake Padden and North Bellingham area have tried to have their areas annexed in the past, but were unsuccessful despite already having city utilities and numerous parcels in potential growth areas. Annexing land addresses Whatcom County's lack of buildable lands. This is especially important given that of the 1.9 million acres in Whatcom County, 1.2 million acres are public land, and the County has a goal of having 100,000 acres of active agriculture land. That only leaves approximately 600,000 acres total for residential, commercial, and industrial

development and much of the remaining land is either in critical areas or not currently serviced by our infrastructure and/or utilities.

Finally, we recommend that Whatcom County should maintain Housing Crisis designation and continue processing recommendations 2-6 until the following goals are reached.

Population growth in Whatcom County has been running approximately 1.45-1.85% per year. To keep pace with current net inflow we should be targeting approximately 3300-4200 housing units per year. In order to maximize benefit to businesses in terms of access to workers, ideally, 40% or more of these units would be located within the Bellingham UGA, preferably in neighborhoods close to major transit lines.

Given the lag in new housing starts since the 2008 recession, BAC recommends that crisis protocols remain in place until the following goals be achieved:

1. At least 10,000 new housing starts have been completed (2500-3400 per year for the next 3-4 years), which is approximately a 4% increase in the current available capacity.
2. The average rental vacancy rates returns to 4+%.
3. The average available housing supply is 6+ months.
4. The rent / own split target is set to 50/50 between rental and purchase units.
5. That permitting, zoning, incentives will be such that 65+% of all new investment and development will create capacity in affordable housing (not exceeding 30% of incomes).