

October 2023

Western Washington University College of the Environment

Field Study Findings Report

Affordable Infill:

Recommendations for municipal land use policy to encourage production of entry-level homeownership opportunities through infill development, using strategies of incremental development and community-informed planning.

Prepared as partial completion of a Master of Arts in Urban & Environmental Planning & Policy

By Virginia MacDonald

Committee Members:

Tammi Laninga PhD, AICP (Chair), James Miller PhD, NCARB, & Melanie Bowers PhD

AFFORDABLE INFILL:

Recommendations for municipal land use policy revisions to encourage the production of entry-level homeownership opportunities through infill development, using strategies of incremental development and community-informed planning.

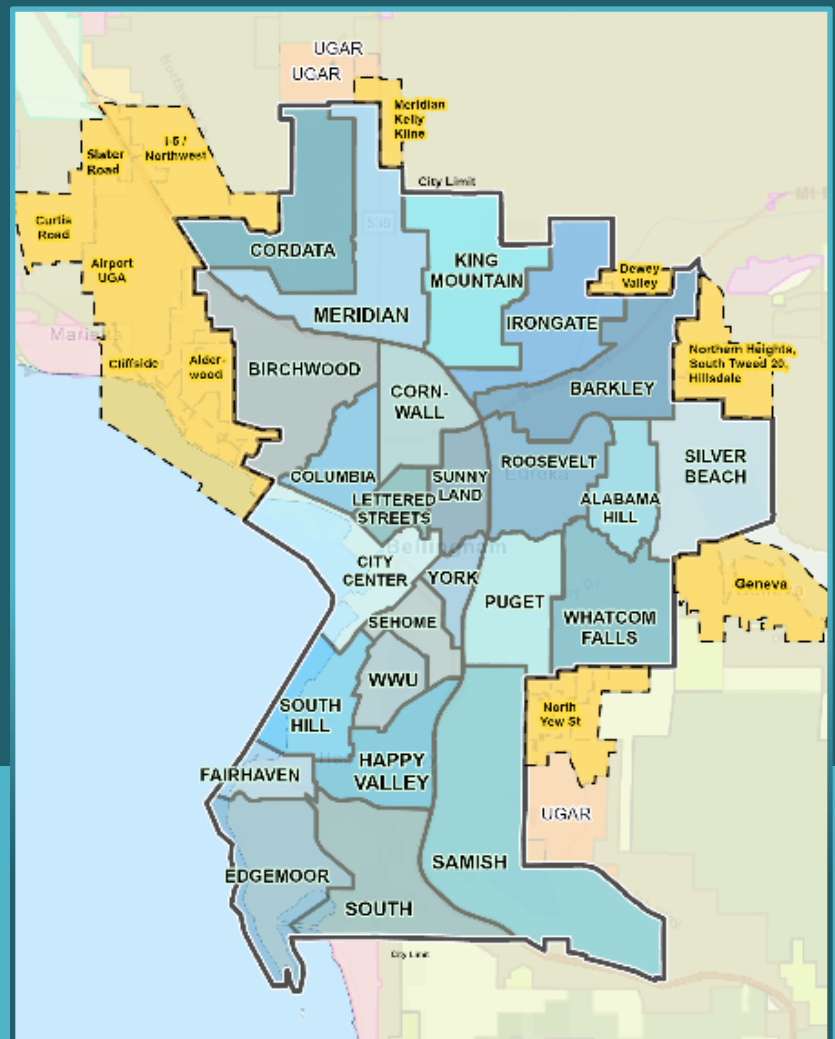
Field Study Findings Report

Prepared as partial completion of a Master of Arts in Environmental Studies, Urban & Environmental Planning & Policy

by Virginia MacDonald

Committee Members:

Tammi Laninga PhD, AICP (Chair),
James Miller PhD, NCARB,
& Melanie Bowers PhD

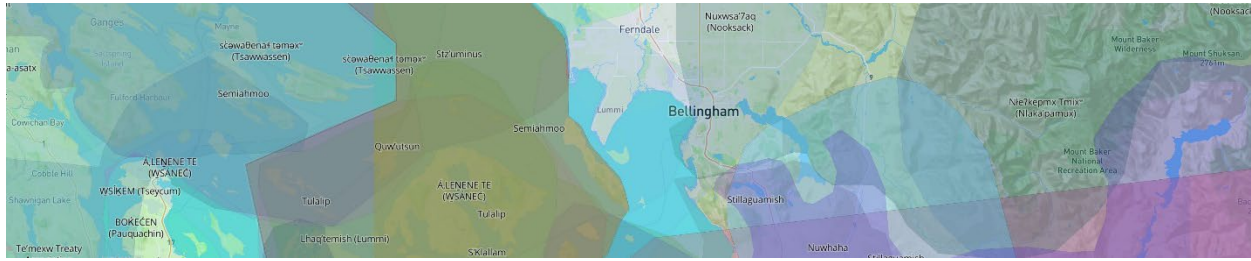


Acknowledgements

Thank you to the College of the Environment for awarding me a Western Small Grant for the cost to attend the Incremental Development Alliance Small Developer Bootcamp over July and August 2023. The Small Developer Bootcamp provides an online technical training series to support small-scale developers with viable development projects, and coaches them through the financing, permitting and pre-development phases. Participation in this training series allowed me to better understand the technical processes of small-scale real estate development.

I would like to thank Kayla Nygren and Aisha Nygren, recent Bachelor of Arts graduates from Western's Urban & Environmental Planning department. Kayla and Aisha volunteered with me over summer 2023 as research assistants and worked with me for 4hrs every Wednesday afternoon. They each helped to develop and edit specific sections of this report, as well visual communication, and community engagement materials.

I am especially thankful to all the individual stakeholder interview participants who have contributed their lived experiences and professional expertise to this research and for the generosity of your time. I have tried to be diligent in representing everyone's input.



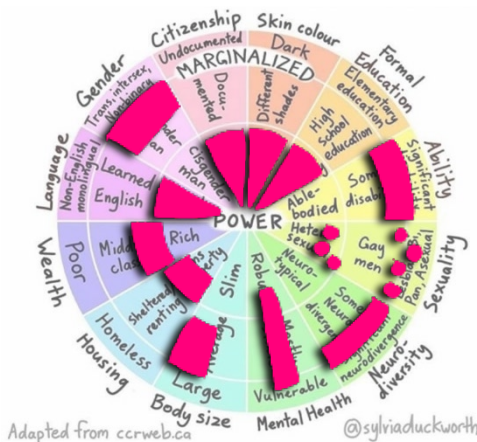
Positionality Statement

A significant portion of this research focuses on tactics for implementing social justice and racial equity through policy design, and it is important to look at my own position of privilege in the context of this work. My professional and personal background has given me the opportunity to conduct this field study as an embedded community member self-reporting from within the study area. At the same time, I am a member of the dominant socioeconomic and racial group of this region and an outsider when seeking to engage in equity work with people of color, renters, and immigrant communities, whom this project sought to engage with specifically. While this research did not seek to engage specifically with indigenous populations, this research takes place within the ancestral territory of the Lummi, Nooksack, and Semiahmoo peoples. The greater Coast Salish region in which Bellingham is located has been my home for my entire life. I grew up in the nearby cities of Mill Creek and Seattle, and I have been a resident in the city of Bellingham for over 10 years. In conducting this research, I have been able to access personal and professional networks to connect with relevant stakeholders. As a recent staff member of the primary social services agency for the region, it was easy for me to contact and receive consultation from senior staff at relevant organizations and commercial companies. In seeking consultation for critical analysis of my research model, I consulted with BIPOC community leaders already doing equity work in Bellingham – particularly Generations Forward/Family Council, the Whatcom Racial Equity Commission, Northwest Youth Services, the Bellingham Tenant’s Union, Tenants Revolt, the Equity Learning Collective and individual organizers.

As an individual person, I am the beneficiary of generations of consolidated wealth through exclusionary land-use policies and outright racial violence. My father’s maternal grandparents met in an Oregon logging camp and his paternal grandparents operated a stagecoach stop on the Oregon Trail. My mother traces her family origins back to soldiers who fought for the abolition of slavery in the American Civil War, but also soldiers who fought to defend and perpetuate it. I am the direct descent of European colonization of North America, Westward Expansion, cowboys on the open range, and the white settler’s need for “elbow room”. And I am also descended from southern belles and country clubs of the

antebellum south, the American Civil War and Jim Crow. Within this constellation of generational & familial privilege, I experience personal marginalization around neurodivergence, gender, chronic illness, and disability. *I also recognize that these individualized challenges occur across all racial and cultural identities, often at far higher rates amongst marginalized racial groups due to institutional systems of oppression.*

My hope is that this research contributes to long-term investments in sustainability, equity and resilience for the peoples currently living within this region. I am grateful for the ongoing input, collaboration, and solidarity shared with me from community leaders and stakeholder participants throughout the process of conducting this research.



Adapted from ccrweb.ca @sylviaaduckworth

Fact Sheet

Title: Affordable Infill

Description: Recommendations for municipal land use policy that encourages production of entry-level homeownership opportunities through infill development, using strategies of incremental development and community-informed planning.

Study Area: City of Bellingham, Washington and all currently identified urban growth areas.

Consulting Members: Samya Lutz, Chris Behee, and Director Blake Lyons, City of Bellingham Planning and Community Development Department

Stakeholder Interviews:

City Planning Staff & Subject Matter Experts	City of Bellingham Planning Department, Incremental Development Alliance, Neighborhood Workshop, Grounded Solutions Network
CLT, Non-Profit Housing Providers & Developers, Advocacy Orgs	Kulshan Community Land Trust, Habitat for Humanity, Northwest Youth Servies, Whatcom Racial Equity Commission, Generations Forward/Family Council, Bellingham Tenants Union
Bankers, Finance Industries, Real Estate, Land Use Law	Terrance Wilson Law Group, Pairadigme, A Hand Up Homes, SaviBank
Builders, Developers, Architects	TC Legends, A1 Design Build, Instinct Builders, CAZ Construction
Current Homeowners from Bellingham Neighborhoods	Lettered Streets, Sunnyland, York, Seahome, Birchwood, York, Alderwood GMA, Goshen
Renters and general community.	Via online survey

Relevant Bellingham Municipal Code:

BMC 20 – Land Use Development	20.08.020 – DEFINITIONS
	20.28 – INFILL HOUSING (aka “Infill Toolkit”)
	20.29 – INCENTIVE PROGRAM FOR INNOVATIVE AFFORDABLE HOMEOWNERSHIP PROJECTS
BMC 23 – Land Division	23.12 SHORT AND CLUSTER SHORT SUBDIVISIONS
	23.16 PRELIMINARY PLATS AND CLUSTER PRELIMINARY PLATS

Whatcom County Policies:

Economic Development Investment (EDI) Funding	Infrastructure Improvements For Affordable Workforce Housing Program
---	--

Washington State Legislation:

HB 1220	Methodology & 20-year Projections for Whatcom County
HB 1110	Middle Housing Bill 4-6 Units/Lot in All Urban Zones
HB 1337	Accessory Dwelling Units allowed, 2 per lot.

Table of Contents

Title Page.....	1
Acknowledgements.....	3
Positionality Statement.....	4
Fact Sheet	5
Table of Contents.....	6
List of Acronyms & Abbreviations.....	8
List of Figures and Tables	8
Executive Summary	11
Purpose	12
Study Area	12
Project Description	12
Quantitative Analysis	12
Qualitative Research	12
Summary of Key Findings.....	13
Policy Recommendations to Increase the Production of Middle Housing:	14
Action Matrix.....	17
Introduction.....	18
Purpose.....	19
Description of Project – Designing Infill Development as Affordable Homeownership	19
Problem	19
History & Context	23
Study Area: Housing Needs in Bellingham, Washington.....	29
Section 3: Literature Review	33
Best Practices for Affordable Homeownership	34
Case Studies.....	41
Section 4: Research Methodology	47
Research Questions.....	48
Methods.....	48
Quantitative: Housing Needs Assessment	49
Quantitative: Online Survey	49
Qualitative: Stakeholder Interviews.....	50

Qualitative: Policy Review	50
Section 5: Findings	51
Quantitative: Housing Needs Assessment	52
Quantitative: Online Survey of Housing Experiences & Preferences	63
Qualitative: Stakeholder Interviews	71
Planning Staff and Subject Matter Experts	72
Community Land Trust & Non-Profit Housing Developers	72
Advocacy Groups & Community Organizations	74
Real Estate & Finance Industries	75
Builders, Developers, Architects	79
Homeowners	86
Key Findings & Summary	89
Qualitative: Policy Review	91
Section 6: Conclusions & Recommendations	98
Summary of Key Findings	99
Discussion	102
Policy Recommendations	107
Action Matrix & Strategy Matrix to Create an Ecosystem of Middle Housing Development	113
Section 7: Dissemination & Future Steps	116
Recommended Future Steps	117
Continuing Research	117
Bibliography	120
Appendix	126

List of Acronyms & Abbreviations

ADU – Accessory Dwelling Unit (may refer to attached or detached units)
 CLT – Community Land Trust
 Commerce – Washington State Department of Commerce
 dADU – Detached Accessory Dwelling Unit
 EDI – Economic Development Investment (Whatcom County/Port of Bellingham)
 IDA – Incremental Development Alliance
 IRA – Inflation Reduction Act
 LEC – Limited Equity Cooperative
 LLC – Limited Liability Corporation
 NOAH – Naturally Occurring Affordable Housing

List of Figures and Tables

Figure 1 – Graph of new residential housing units permitted in Bellingham between 2000 and 2022, highlighting reduced housing unit production from 2008 – 2012, in direct correlation with Subprime Mortgage Crisis. From City of Bellingham Housing Statistics Storymap	23
Figure 2 – Global Real House Price Index, by yearly quarter, 2000 – 2021.....	23
Figure 3 – Median Sales Price of Houses Sold in the United States, from 1965 to 2020.....	24
Figure 4 – United States Income Gains Across Quintiles, from 1967 to 2009 – US Census Bureau Population Survey	25
Figure 5 – Income Gains Across Low, Middle, and Upper Income, from 1983 to 2016 – Pew Research Center.....	25
Figure 6 – From the United Way Whatcom County ALICE Report, United For Alice, 2022.....	26
Figure 7 – Occupations by Wage and Type, Washington, 2018 From the United Way Whatcom County ALICE Report, United For Alice, 2022.....	26
Figure 8 – Map of US POPULATION CHANGE BETWEEN 2010 AND 2021 Between 2010 and 2021, Texas had the largest growth with 4.3 million more residents. Illinois had the largest decline with 169,076 fewer people. Among counties, Maricopa County, Arizona had the largest growth with 671,405 more people. Baltimore city, Maryland had the largest decline with 44,444 fewer residents. Red arrow indicates study area.	29
Figure 9 – Median Home Value VS Median Household Income in Bellingham, WA between 2010 and 2020. From the City of Bellingham “Housing Statistics Storymap” ArcGIS Storymap.	29
Figure 10 (above) – Current Bellingham Housing Inventory by Type, from Bellingham Housing Statistics Storymap, 2023.....	30
Figure 11 (right) – Distribution of current housing types across Bellingham’s Residential Zones, from Bellingham Housing Statistics Storymap.....	30
Figure 12 – Total Beneficiaries by Income. From Bellingham Housing & Human Services Storymap.	31
Figure 13 – Supported Housing Rental Units Built, breakdown by population served. From Bellingham Housing & Human Services Storymap.	31
Figure 14 – From “The Value of Incremental Development and Design in Affordable Housing” by Mukhija, 2014. (Caption from original publication).....	35
Figure 15 – Adaptive Re-Use Housing Forms. From “STEP Buildings™”, Presentation to Upper Midwest American Planning Association, 10/13/2020, by Jim Kumon.	36
Figure 16 – Incremental Development at neighborhood scale.....	36
Figure 17 – Illustration of community-scale economic development.....	37

Figure 18 – Ecosystem of Rental & Ownership Types	39
Figure 19 - Infographic of the United States, detailing Median New Home Price in 2021 and the Total Households Who Can Afford Median Home Price. From Howmuch.net post titled “Home Affordability in the US”. This map identifies housing in-affordability hot spots across the United States, by showing median new home prices in a red color gradient from dark red to pale pink, as background to the pie chart graphics showing the percentage of total households in the state who can afford the median price of homes in turquoise gradient.....	42
Figure 20 – Presidential election 2016: value-by-alpha. Map by Ken Field. This map uses color to indicate the party’s vote share in each county, and opacity (called “alpha channel”) to indicate the population of a given area of the county. A bright, vibrant blue indicates a high Democratic vote share in a densely populated area. A light pink indicates a high Republican vote share in a sparsely populated area. Purples portray areas where one party or another won by a narrow margin. Methodology explanation from the WIRED.com article titled “Is the US Leaning Red or Blue? It All Depends on Your Map.”	43
Figure 21 (Figure 13, repeated) – from Bellingham Housing & Human Services Storymap	52
Figure 22 (Figure 12, repeated) – from Bellingham Housing & Human Services Storymap	52
Figure 23 – Number of People per Household, as percent of total. As reported on “Bellingham Housing Statistics” Storymap, data from 2016-2020 American Community Survey 5-year estimates.	53
Figure 24 – Number of Bedrooms per Housing Unit, as percent of total. From 2023-27 Draft Consolidated Plan Overview.	53
Figure 25 – Occupancy, as percent of total. From 2023-27 Draft Consolidated Plan Overview.	53
Figure 26 – Bellingham Jobs at Each Wage Range, across intervals of \$5,000. Data from Bureau of Labor Statistics.	54
Figure 27 (above) – Bellingham Housing Inventory by Building Type & Owner Location. Interpreted from “Bellingham & UGA Single-Family Home Ownership by Holdings and Owner Locale (2022)” and “Bellingham & UGA Multi-Family Home Ownership by Unit Type and Owner Locale (2023)” reports by COB planning staff. Report document shared directly with researcher.	55
Figure 28 - Land Use Categories, from 2016 Bellingham Comprehensive Plan Land Use Chapter.	57
Figure 29 – Gap Analysis, Current Population VS Housing Inventory. Household by Income compared to Housing Inventory by Cost. Developed from Housing Needs Presentation to the Community Development Advisory Board of Bellingham by city planning staff, Feb 9 th , 2023.	59
Figure 30 – Gap Analysis + 20 Year Projected Growth. Households by Income with projected 20-year population growth, compared to Housing Inventory by Cost with 20-year housing production goals for each income range. *22% population growth assumed from statistical range projected in Growth Management Act population projections for Whatcom County: 2020 to 2050. 20- year housing production goals from the Whatcom County	60
Figure 31 – Responses to Survey Question: “Do you own or rent your home?”	63
Figure 32 – Responses to Survey Question, with breakout between renters and homeowners: “To what extent are you concerned about being displaced from your home due to affordability issues?”	64
Figure 33 – Responses to Survey Question, isolated to Renters with breakout by type of rental arrangement: “To what extent are you concerned about being displaced from your home due to affordability issues?”	65
Figure 34 – Responses to Survey Question, with breakout between renters and homeowners: “Regardless of your current housing situation, which of the following best describes your preferred rental arrangement?”	65

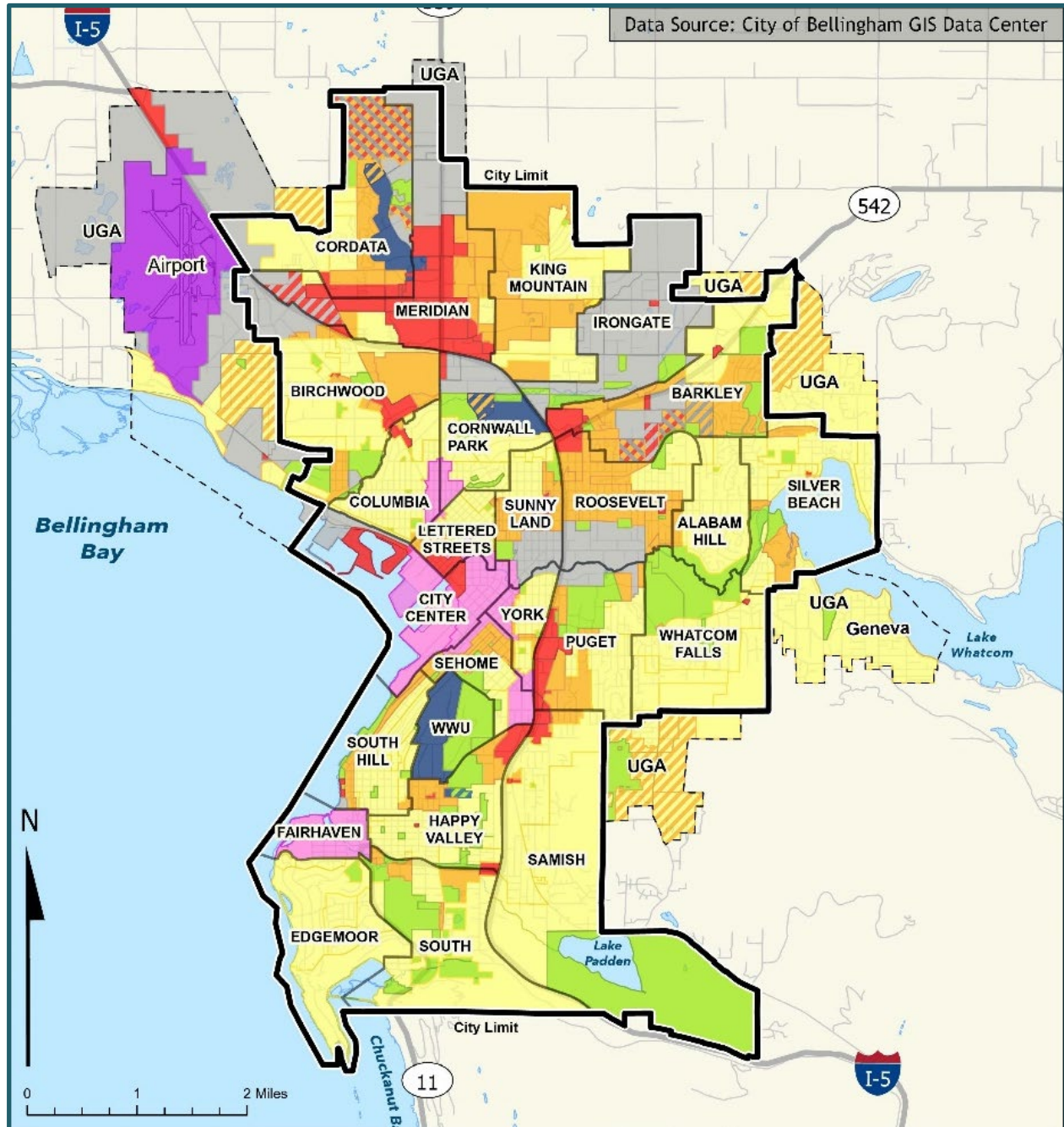
Figure 35 - Responses to Survey Question, with breakout between renters and homeowners: All Participants: “How would you describe your current housing type?”	67
Figure 36 - Responses to Survey Question, with breakout between renters and homeowners: “What type of housing do you prefer to live in? Select your top three, or all that apply.”	67
Figure 37 - Responses to Survey Question, with breakout between renters and homeowners: “What kind of residential development would you most want to see in your neighborhood? Check all that apply.”	68
Figure 38 – Responses to Survey Question, asked only to Homeowners: Do you have plans to redevelop your property? Might include adding Accessory Dwelling Units, converting a single-family residence into a multi-family type, rebuilding the primary structure, subdividing the property, or adding a detached workshop/garage.	69
Figure 39 – Example of a duplex ADU constructed on a multifamily property in the Sehome neighborhood of Bellingham, WA. Screenshot from real estate property listing on Zillow.com.....	76
Figure 40 – Mortgage Affordability Calculator. Screenshot from Zillow.com.	77
Figure 41 – Existing Homes in Bellingham, WA that reflect the architectural forms found in South Bend’s Preapproved Design Catalogue, as well as best practices for economical high performance building design, as described by TC Legends and other residential builders. Photos included were captured from public streets in Bellingham, as a reflection of the building form described, and are not assumed to be built by TC Legends.	83
Figure 42: Graphics from Incremental Development Alliance, Adaptive Middle Housing Forms.....	84

Executive Summary

Western Washington University College of the Environment Field Study Findings Report | October 2023

AFFORDABLE INFILL:

Recommendations for municipal land use policy revisions to encourage the production of entry-level homeownership opportunities through infill development, using strategies of incremental development and community-informed planning.



Purpose

The purpose of this research is to describe a program of local zoning policies that support and encourage small-scale incremental development as a case study of Bellingham, Washington. This project seeks to expand opportunity and access to entry-level homeownership for low- and middle-income households through product design & policy recommendations, within the framework of existing market mechanisms for “fixer-upper” sweat equity.

Study Area

The study area focuses on the City of Bellingham, Washington, including designated urban growth areas and unincorporated Whatcom County properties with a “Bellingham” address.

Project Description

This field study is an inquiry into designing land use and municipal policy to encourage the production of entry level homeownership opportunities in Bellingham, Washington. This study emphasizes affordable homeownership based on recommendations in the Final Report of the Washington Department of Commerce Homeownership Disparities Working Group and the American Planning Association’s “Planning for Equity Policy Guide”. The frameworks utilized in this study originate from a comprehensive literature review, an in-depth analysis of several case studies in North America, and insights from the Incremental Development Alliance. Additionally, I incorporated recommended changes to Bellingham municipal code, as presented in 2022 by the Kulshan Community Land Trust and the Whatcom Business Advisory Council. Merging local policy suggestions with policies from my case studies yielded a preliminary draft of proposed policy amendments, that served as a starting point for stakeholder interviews. The culmination of this research is a comprehensive set of local policy adjustments, curated with feedback and continuous dialogue with stakeholders and community allies, intending to bolster the production of entry-level homeownership through urban infill development in Bellingham, Washington.

Quantitative Analysis

Quantitative analysis conducted for this field study includes a baseline review of housing inventory, household demographics, and labor force data. This baseline analysis is compared to reports published by Bellingham Planning staff as part of the comprehensive plan update process and City Council Meeting Agenda Packets. Quantitative analysis conducted also included an online community survey focused on housing experiences and preferences.

- **Baseline:**
 - Labor force & wage data from Bureau of Labor Statistics
 - Household demographics from Census/American Community Survey
 - Housing inventory from Tax Parcel Data, COB GIS Portal
- **Comparison:**
 - Reports Published by Bellingham Planning Staff
 - City Council Meetings & Agenda Packets
 - 20-year housing development goals under HB 1220 “*Housing for all economic sectors*” methodology report.

Qualitative Research

Qualitative research for this field study included a series of interviews with relevant stakeholders, including community members and local subject matter experts. Guided by input from literature review

and stakeholder interviews, I then conducted a policy review looking at Bellingham Municipal Code, Whatcom County's Economic Development Investment Fund, and recently passed state legislature.

Summary of Key Findings

Key Findings from Data Analysis:

- A household must be earning *more than 200% area median income* to afford current Median Home Prices in Bellingham - currently at \$635,981.
- The majority of renters earn below 120% of Area Median Income, while the majority of homeowners earn above 120% of Area Median Income. This represents a stark socioeconomic split between renters and property owners.
- Single Family Homes:
 - 50% of all housing inventory in Bellingham is made up of single-family homes, but the land that these homes occupy takes up nearly 75% of residentially zoned land.
 - 75% of single-family homes in Bellingham are owned-occupied.
- Multifamily Homes:
 - 30% of all housing inventory in Bellingham is apartment buildings of 5 or more units.
 - 20% of all housing inventory is made up of a combination of condominium, duplex, triplex, fourplex, and mixed-use apartments (urban village) housing types.
 - Only 9% of all multifamily housing units in Bellingham are owner-occupied.
- 25% of all (presumed) rental unit owners live within the city of Bellingham.
- Out-of-town property owners hold 6,320 multi-family housing units, and 1,302 single family homes.
- *To meet the goals of the Housing for All planning tool, 52% of all new housing units need to be affordable to households earning less than 50% AMI, and 25% need to be affordable to households earning less than 30% AMI.*

Key Findings from Online Survey:

- Large apartment buildings are the *least preferred* form of housing, after informal and makeshift structures.
- Renters experience *significantly* higher fear of housing displacement than homeowners.
- There is widespread frustration and dissatisfaction with property management business practices.
- Respondents overwhelmingly prefer to rent from an individual property owner who manages the rental unit themselves but does not live onsite.
 - *Even so, this type of rental arrangement is not more secure than any other types of rental arrangements.*
- As much as 25% of existing homeowners want to do some kind of development on their property, but either lack funding for the project or feel that the permitting processes are a significant barrier.
- *Nearly everyone wants more options for accessory dwelling units, co-housing, clustered housing courts, and small apartment buildings – all forms of Middle Housing.*

Key Findings from Stakeholder Interviews & Policy Analysis, Combined:

Barriers to Housing Development

- **PERMITTING:** Time permitting process adds to overall project timeline, as well as the level of plan detail required to be submitted for building permits.

- **BUILD COSTS:** All builders are struggling to produce housing units at prices that are affordable to low- and middle-income households and also pay their staff and crew a high enough wages to afford local housing prices.
- **PLUMBING:** Cost of lateral sewer connections. Fee to upgrade water meter for additional fixtures.
- **FIRE SAFETY/Large Vehicle Utility Services:** Fire safety requirements such as sprinkler systems and turnaround access for large fire/ambulance/garbage vehicles often add such high costs and physical space requirements to projects that infill development cannot be built, especially for owner-occupied infill projects.
- **ENERGY CODE:** As energy efficiency requirements for homes are increased, overall housing construction costs are also increased. *For these increased efficiency requirements to be equitable, they must be paired with funding for low-income housing development.*
- **ZONING/CODE:** Zoning and Municipal Code definitions do not reflect adaptive re-use or the housing forms that residents want to build.
- **FINANCING:** Lack of access to mortgage and finance options for co-buying and multi-party land ownership.

Why Aren't We Building More Middle Housing?

- Existing municipal code limits opportunities for single family homes to be converted into multifamily, co-housing, cottage court, and other forms of co-operative shared housing.
- Most residential zones where infill is needed are dominated by owner-occupied single-family homes. Current municipal code and affordable housing incentives prioritize industrial, commercial-scale development practices that require a property to be purchased, fully re-developed, and the re-sold to new occupants. These funding programs are not accessible to small-scale developers or owner-occupied infill development.
- As a structure type, middle housing does not fit into housing developers' standard business models and does not offer a high enough return on investment compared to building types currently being constructed.
- Federally backed mortgage products still prioritize single family homes and individual or nuclear family home buyers. These mortgage products exclude all forms of co-buying and co-operative ownership, which are key tactics for existing community members to develop middle housing typologies for themselves to live in.
- *The best way to make Middle Housing more economically viable is for it to be developed by and for the people who are planning to live there, and to incentivize the conversion of existing single-family properties into middle housing types.*

Policy Recommendations to Increase the Production of Middle Housing:

Remove Barriers & Create Incentives

- Revise the existing BMC code definition for “co-housing” to allow developments of *less than 5 units and “cluster short subdivision” (also current BMC code).*
- Add definitions for co-living and cooperative housing to municipal code.
- Create funding incentives for the remodel/redevelopment of single-family homes for adaptive re-use.
- Revise BMC to allow small lot subdivisions.
- Encourage condo ownership of ADUs and Multifamily buildings less than 12 units, per SB 5058.

- Establish a revolving loan fund for strategic acquisition of bottom-market properties and buildable lots.
- (Whatcom County) Use Economic Development Investment Fund (EDI) to fund pre-development of infill lots with electrical, plumbing and sewer connections for affordable housing developments.

Establish a Public Utility Housing Developer to Perform the Following Functions:

- *Work with tenant advocacy groups to establish more ethical business practices for rental property management industry.*
- Operate as rental management service for property owners seeking to access rebates and incentives in exchange for providing below-market rent.
- Acquire, Rehabilitate & De-commodify Multifamily Buildings that qualify as “Naturally Occurring Affordable Housing.”
- Acquire buildable infill lots and pre-develop for desired density using Economic Development Investment funding (and other affordable housing funding sources) to install to water, sewer, and electrical services, groundwork, and foundation.
- Support existing homeowners and co-buyer groups to buy residential property for development, and to convert Single-Family Homes into Co-Housing developments.
- Provide administrative oversight for small-scale developers to access affordable housing funding subsidies.
- Partner with tenant advocacy organizations to establish ethical standards and business practices for residential property managers and rental unit owner/operators.
- *Expand access to a greater variety of ownership models, including all forms of Limited Equity Cooperatives, Condo Ownership, and Private Co-Buying.*

Simple Small Things First

A pivotal strategy to boost owner-occupancy prospects for low- and middle-income populations is their early integration into the property development process. This approach positions them as development partners rather than consumers or clients. With this re-framing, the remodel and redevelopment of existing single-family homes is a primary opportunity for rapidly creating new housing units. Infill development is expensive and finicky, and does not offer high enough return on investment to satisfy pro-forma models of most housing developers. This research proposes a localized practice with an “all-hands-on-deck” approach to affordable housing development, with four clearly defined development pathways.

- One, **partner** directly with existing single-family homeowners to build subsidized housing units on their properties with an affordability covenant attached to the resulting unit.
- Two, **enable** multi-party co-buying of existing single-family homes, to be re-developed by the occupants to create middle housing for themselves.
- Three, **strategically acquire** bottom-market residential and infill properties for re-development as permanently affordable housing.
- Four, **expand** mortgage assistance and financing options for households earning 50 – 120% of area median income.

For all four of these strategies, the existing legal structures of a co-housing condo association can be used to enable affordable homeownership opportunities. The condoization of detached accessory housing units can be used to affect a pre-emptive lot subdivision, in anticipation of state-level reform to legalize small lot subdivisions. *This research also finds that over long-term investment timelines, it is*

more important to subsidize land acquisition and installation of utility services than to subsidize construction of the building itself. Expanding the overall inventory of residential property that is owned in public trust, such as the community land trust model, increases opportunity for retention and recapture of public housing subsidies in tandem with affordable homeownership and community wealth building.

Adoption of recently passed state legislation takes a considerable step towards enabling affordable housing development and entry level home ownership opportunities. But the 2023 package of bills focuses mainly on reducing zoning and land use barriers to the architectural forms of middle housing. Additional incentives, funding sources and financing mechanisms are also needed to ensure that the housing units produced will be affordable to low- and middle-income households. Bellingham can and should do more at the local level to incentivize the development of affordable and entry level homeownership opportunities through infill development. I also found that Bellingham has existing policy frameworks that reflect best practices and innovations identified in my literature review and case studies, but Bellingham's existing policies need reform and revision to be accessible to small-scale developers.

The primary issue that restricts the strategies described in this research is the *availability of financial products to support multi-party co-buying of land and property.* This research focuses mainly on municipal land use and zoning policies, and the availability of financial products is beyond the jurisdiction of local municipal governments. However, there are several pro-active measures that local municipalities can implement within zoning and land use policies to encourage and enable the financial industry to accommodate multi-party co-buying. There are also measures that local municipalities can take to pro-actively lobby for state and federal level reforms, to allow subsidized down payment assistance and home repair funding to be more accessible to co-living and co-owned households. Implementing such reforms at the state and federal level would be the fastest way to spur corresponding actions and mortgage products within finance industries. Within financial and real-estate industries, the biggest concern for expanding the practice of co-ownership and co-buying is the need for a clearly defined legal structure to support individual co-owners to buy in-and and buy-out of co-owned properties, *without triggering refinance of the primary mortgage.* The legal structure of a condominium association, as currently embedded in the Bellingham Municipal Code Definition for "CoHousing", is the most robust existing legal structure to allow for this. However, there are several other structures to support cooperative co-ownership of residential properties that can and should be expanded alongside the condominium structure, including limited equity cooperatives, and tenants in common ownership structures.

Action Matrix

Table 1 - Action Matrix to Create an Ecosystem of Middle Housing Development

	Financing & Subsidy to Match Unit Costs to Low- & Middle-Income Wage Earners	Zoning & Land Use Policy	Construction & Building Design
City & County	<ul style="list-style-type: none"> Expand support for land trust & limited equity cooperatives, deed-restricted units, co-buying/co-living, and adaptive re-use. Programming to train and support small-scale real estate developers. Use Economic Development Investment funds for pre-development, cost of utility hookups to infill development lots. 	<ul style="list-style-type: none"> Allow small lot subdivision and cluster short subdivision of single-family properties. Allow greater density & variety of building types. Implement form-based code & by-right development. Adopt pre-approved design catalogues. FAR based only on building footprints. 	<ul style="list-style-type: none"> Missing Middle Housing Forms: ADUs, duplex/triplex/ fourplex, townhouses, stacked flats, co-housing manor, guest suite/hot plate apartments, co-housing cluster courts, small multifamily (4–10 unit) apartment buildings. Localized Factory/Modular Construction.
State & Regional Gov	<ul style="list-style-type: none"> Revolving Loan Fund for the purchase of buildable small lots and bottom-market residential properties for affordable infill development. Raise income limits for down payment assistance, home repair, and weatherization. Restructure eligibility requirements to make co-living households eligible for assistance programs. 	<ul style="list-style-type: none"> Remove HOA covenant loophole from HB 1337/1110 density requirements. Implement enforcement of HB 1220 twenty-year housing production goals. Adopt form-base code & streamline permit processes. 	<ul style="list-style-type: none"> Create entry level housing products that are designed for expansion & customization by owner-occupant. Import modular housing units when cost effective products are available.
Federal Gov	<ul style="list-style-type: none"> Allow down payment assistance and subsidized loan products for multi-party co-buying. Expand funding for affordable housing development as public health infrastructure. 	<ul style="list-style-type: none"> Fund R&D for cost effective & energy efficient small-footprint housing design. 	<ul style="list-style-type: none"> Develop standard building forms for small, modular, configurable, easy to modify housing units.
Industry	<ul style="list-style-type: none"> Expand mortgage and finance products available for small-scale property development and multi-party co-buying. 	<ul style="list-style-type: none"> Develop standard building forms for small, modular, configurable, easy to modify housing units. 	<ul style="list-style-type: none"> Fund R&D for cost effective & energy efficient small-footprint housing designs.

Introduction

Designing Affordability in the Context of a High-Cost Real Estate Market



Illustration by Kayla Nygren

Purpose

The purpose of this research is to describe a program of local zoning policies that support and encourage small-scale incremental development as a case study of Bellingham, Washington. This project seeks to expand opportunity and access to entry-level homeownership for low- and middle-income households through product design & policy recommendations, within the framework of existing market mechanisms for “fixer-upper” sweat equity.

Description of Project – Designing Infill Development as Affordable Homeownership

Looking at the city of Bellingham, Washington as a case study, this research employs a mixed-methods approach incorporating data analysis, policy review, stakeholder interviews, and a community survey to inform policy recommendations that can serve to increase access to entry level home ownership for low- and middle-income populations. This research employs the practice of infill development as a primary mechanism for creating entry-level homeownership opportunities, and policy recommendations are tailed to small-scale development scenarios. The term “infill” refers to a residential real estate development that seeks to increase the number of individual housing units within an existing neighborhood or urban area. The term infill housing development describes a range of tactics that includes adding additional housing units on existing single-family properties, remodeling an existing home to increase the number of private units, replacing existing single-family homes with townhouses and apartment buildings, and other similar developments that increases the number of housing units per acre in a given neighborhood. Incremental Development is a practice that seeks to place the tools and mechanisms of residential and commercial real estate development into the hands of existing community members and small-scale practitioners. It works on the assumption that the best people to develop a place are the local people who already live and work there. The term “development” refers to any site improvement or building construction on a property that increases economic value and usability. Affordable Infill is a term defined out of the context of this research. It seeks to employ tactics of small-scale, incremental development and economic inclusion to produce entry level homeownership opportunities as an upfront market product.

Problem

Why is this research focused on increasing opportunities for affordable home ownership rather than affordable rental units?

Homeownership is only one piece of a complete housing ecosystem, which also includes tenant protections, market-rate rental units, the acquisition and preservation of naturally occurring affordable housing, as well as permanent supported housing and emergency housing. This research is built upon a core underlying premise that: *expanding access to affordable homeownership requires the inclusion of a greater variety of ownership models, such as co-ownership as tenants-in-common, co-ownership as a privately formed limited equity co-operative, small-lot subdivisions, condominium ownership, and greatly increasing the portion of residential land and housing inventory that is owned in public trust* (Haberle & House, 2021). Homeownership is still the primary mechanism for building generational wealth in United States financial and economic systems. But if we look beyond homeownership as a wealth-building model and see it primarily as a vehicle for establishing long-term housing stability, then we can begin to see beyond the extreme binary of property ownership verses rental tenancy, to consider a greater variety of viable homeownership models. This consideration of expanded models of ownership is described in greater detail within this report, in the Literature Review section titled “Best Practices for Affordable Homeownership”.

The Limitations of Supply-Side-Only Tactics: Just because you’ve produced a “middle housing” building type doesn’t mean its affordable to middle-income households.

Home builders and rental markets are both struggling to produce a housing product that is affordable to households earning less than area median income. At the same time, affordable housing developers and housing support services struggle to produce enough subsidized units to supply the total number of low-income households that qualify for housing support services. In recent years, housing development markets have produced an oversupply of large apartment buildings and rental units as well as high-end single-family homes, on top of an existing oversupply of large single-family homes. While some of the units in large apartment buildings may be affordable to middle-income households, all of the single-family homes being produced are out of reach for low- and middle-income households. States and governments are rushing to reform zoning and land use codes to allow the construction of so-called “middle-housing” typologies, but the middle housing building types being constructed are still more expensive than middle-income households can afford.

In the research paper titled "Land-use reforms and housing costs: Does allowing for increased density lead to greater affordability?" by Christina Stacy et al., the authors summarize their findings on the impact of land-use reforms on housing supply and affordability. The key findings indicate that reforms which loosen restrictions are associated with a statistically significant 0.8% increase in housing supply within three to nine years of reform passage, marginally reducing rent prices at the high-end range of price distribution (Stacy et al., 2023). Stacy et al. found no statistically significant evidence that such reforms lead to increased availability or reduced cost at the low-income range of rent price distribution.

Simply increasing the supply of market-rate housing does *not* produce affordability for low- and middle-income households in any meaningful way. Stacy et al. propose that measures designed to increase housing supply should be combined with policies for producing housing units that are specifically affordable to the regional workforce. Such tactics, targeted towards affordability for regional workforce and localized wage-rates, may be more effective when combined with affordability and subsidy tactics, such as the preservation of naturally occurring affordable housing, tenant protections, the expansion of land trust housing inventory, and expanded funding for the production subsidized housing units. Further, it is not enough to simply produce the architectural forms of middle-housing, it is necessary to produce desirable homeownership opportunities that are affordable to low- and middle-income households.

Supply-side housing development strategies that rely solely on the increase of market-rate housing supply to free up so-called “Naturally Occurring Affordable Housing” (NOAH) fail to address the real housing affordability crisis (Vale et al., 2014; World Economic Forum Insight Report, 2019). An approach that focuses solely on increasing market-rate supply hinges on several problematic assumptions that warrant scrutiny. First, the supply-side approach assumes that the price of existing rental housing units will go down over time as deterioration of the building makes it less desirable, and that these naturally affordable units become steadily available to low- and middle-income households as higher income wage earners move into new market-rate units (BB Housing Online, 2023). But relying on buildings that are in a state of disrepair to create housing opportunities for low- and middle-income wage earners constitutes a vast public health liability and perpetuates substandard living conditions for vulnerable populations (Jones-Rounds et al., 2014; Poortinga et al., 2017; Sokolowsky et al., 2017; Villalobos, 2019).

“Naturally Occurring Affordable Housing” is Often Unsafe, Unhealthy, and a Target for Redevelopment

The term naturally occurring affordable housing (NOAH) refers to housing that is not subsidized by public funding, but that is affordable to low- and middle-income populations due to “naturally occurring” market conditions. NOAH buildings are often older and in a state of disrepair, with deferred maintenance, neglect, and out-of-date appliances: conditions which their value on rental markets. The

same conditions that make the buildings affordable to lower income households also render them increasingly vulnerable to resale and redevelopment, meaning that, while the rent may be affordable, NOAH occupants are often at increasing risk of housing displacement.

It is unjust and unsustainable to expect low-income households to bear the cost of occupying deteriorating housing stock, while investors wait for the price to be right for redevelopment (Vale et al., 2014). Beyond moral and ethical considerations, cost savings on rent experienced by the occupants of NOAH are often cancelled out by high heating bills, healthcare costs associated with poor indoor air quality and other health hazards, and loss of labor opportunity due to ongoing illness and health issues caused by living in buildings that are in poor repair (Hazekamp et al., 2020; Jones-Rounds et al., 2014; Poortinga et al., 2017; Sokolowsky et al., 2017; Tieskens et al., 2021). These costs to individual occupants also represent an immense cost to public resources in the realms of public health, excess consumption of public resources due to high heating loads, and a general malaise of public well-being.

Definition from the NOAH Impact Fund and the National Low Income Housing Coalition:

*NOAH refers to residential rental properties that are affordable but are unsubsidized by any federal program. Their rents are relatively low compared to the regional housing market. NOAH properties are typically **Class B and Class C* rental buildings or complexes built between 1940 and 1990**. Rents are lower-ranging, generally between \$550 and \$1,200 per month, affordable to low- and moderate-income households (What Is NOAH?, 2016).*

** "Class B and Class C" refers to commercial real estate classification of building condition/market value.*

The National Low Income Housing Coalition also highlights the public resource value of naturally occurring affordable housing. These properties do provide essential and needed housing to low- and middle-income households and can often be found located near essential amenities such as transit, schools, and jobs (NLIHC, 2016). The demand for NOAH remains strong in housing markets with record-low vacancy rates, but ongoing threats of conversion to market-rate units loom large for occupants of NOAH units, more so as buildings fall further into disrepair (*What Is NOAH?*, 2016). Sometimes whole communities are displaced when these conversions occur (Villalobos, 2019).

To suggest that simply adding more market-rate units will free up naturally occurring affordable housing overlooks the reality that NOAH properties are a public health and public resource liability. At the same time, it is essential to recognize that this building class is actively in use, and already occupied by low- and middle-income people (NLIHC, 2016). Long-term occupants often develop deep community and relational connections that themselves represent a form of wealth (Vale et al., 2014). The acquisition, repair, and rehabilitation of existing NOAH properties presents an opportunity for high return on investment with public funds (Haberle & House, 2021; *What Is NOAH?*, 2016). Addressing the housing affordability crisis requires a multifaceted strategy and innovative financing structures that address the housing needs of all economic sectors upfront. A full-spectrum affordable housing strategy would include programs to preserve and rehabilitate existing NOAH properties, as well as producing new housing units that are affordable to all income levels.

Summary

The problem analysis above underscores challenges in creating affordable housing for low- and middle-income households, highlighting the ineffectiveness of market-based tactics for producing affordable housing units. It reveals that despite reforms in zoning and land use, and the construction of "middle-housing" typologies, housing remains unaffordable for the target demographic. The research by Christina Stacy et al. further substantiates this, showing that while land-use reforms increase overall

housing supply, they fail to significantly reduce the costs or increase the availability of lower-cost rentals. Stacy et al. critiques the reliance on Naturally Occurring Affordable Housing (NOAH), which, while affordable for some, often compromises public health due to deferred maintenance and building deterioration. Many of the academic and industry sources reviewed advocate for a multifaceted approach, combining the preservation and rehabilitation of NOAH properties with the development of new, affordable housing units, emphasizing the need for strategies that cater to the needs of all income levels (Haberle & House, 2021; NLIHC, 2016; Vale et al., 2014; *What Is NOAH?*, 2016; World Economic Forum Insight Report, 2019). This researcher acknowledges the need for a broad spectrum, yes/and approach to affordable housing, but the focus of this field study looks specifically at developing tactics for adding new housing units to existing single family residential zones by making it easier to remodel existing single-family homes for adaptive re-use and to add housing units to existing single-family properties.

History & Context

12 Years After the Subprime Mortgage Crisis

Between 2000 and 2015 the US population grew by 19%, but housing stock only grew by 14% - this straightforward, quantifiable data shows that there is not enough housing stock available for our current population (Karlinsky et al., 2020). The subprime mortgage crisis occurred circa 2009 and was the first wave of housing market volatility that has continued into the current crisis. The prevailing assumption immediately after the subprime mortgage crisis was that it had been caused by a combination of predatory lending practices and surplus housing stock, leading to market inflation. In the following years,

construction of new homes was scaled back in an effort to stabilize market prices (François, 2021; Retlin, 2018). This national trend is reflected in Bellingham’s housing development data, as shown in Figure 1, as well as the Global Real House Price Index, as shown in Figure 2, and US median sales prices from 1965-2020, shown in Figure 3. The long-term impact of the sub-prime crisis continues to shape the United States housing market in 2021 – the work of Camille François reveals that over a decade after the subprime crisis, foreclosed individuals have not recovered their wealth equity (François, 2021). The United States has never really recovered from the subprime mortgage crisis. Even though the market commodity tactics of restricting the supply of the housing units did successfully stabilize prices in housing markets, this happened at the expense of low-

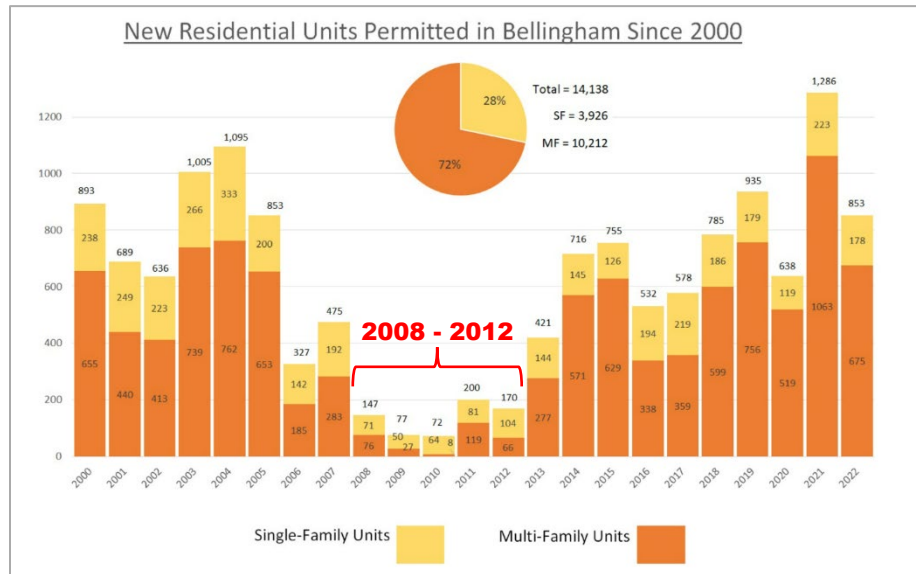


Figure 1 – Graph of new residential housing units permitted in Bellingham between 2000 and 2022, highlighting reduced housing unit production from 2008 – 2012, in direct correlation with Subprime Mortgage Crisis. From City of Bellingham Housing Statistics Storymap

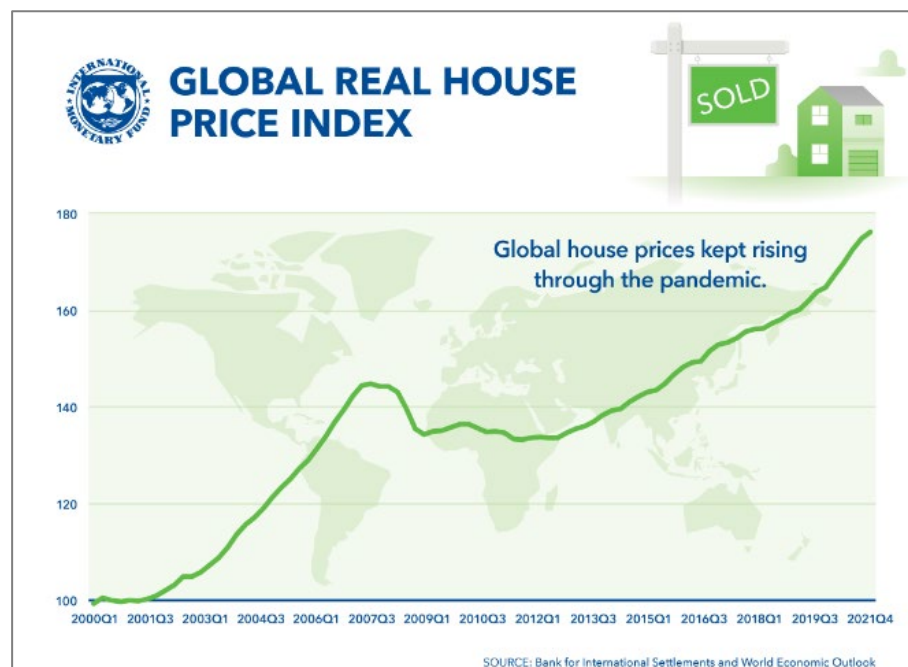


Figure 2 – Global Real House Price Index, by yearly quarter, 2000 – 2021.

and middle-income populations, who have experienced greater and greater housing cost burdens. This ongoing trend of cost inflation in the US housing market was further intensified by the economic disruptions of the COVID-19 pandemic and looming waves of renter evictions (Burch, 2021).

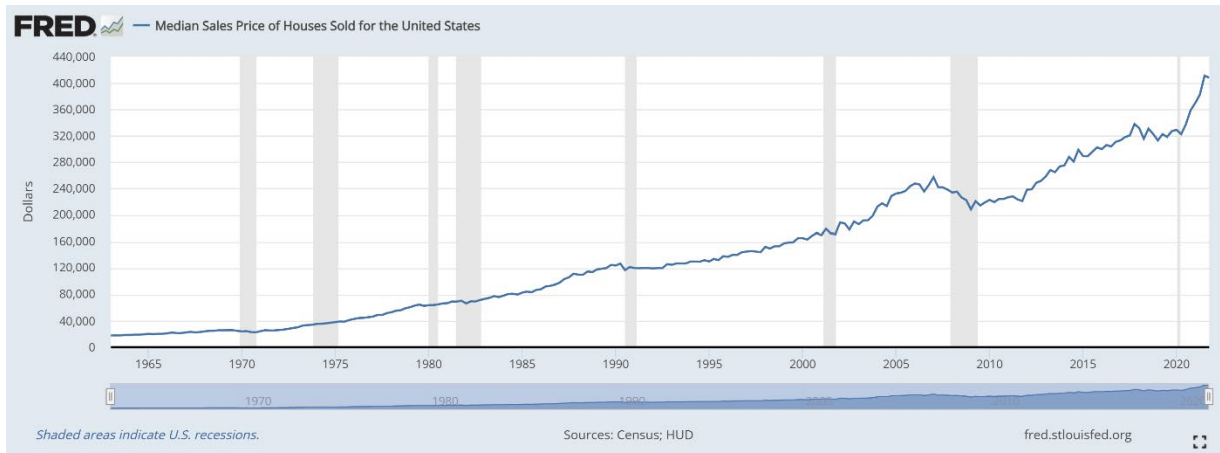


Figure 3 – Median Sales Price of Houses Sold in the United States, from 1965 to 2020

Context of a National & Global Crisis

An alarming trend has been unfolding on both national and global scales in recent years – a crisis marked by rising wage stagnation and income inequality. As housing-related expenses outpace wage increases in urban centers worldwide, the dream of homeownership becomes increasingly elusive. This crisis has been exacerbated by several trends, including: accelerated (re)urbanization of capital and people, the widespread availability of cheap credit, and a growing chasm of social inequality (Wetzstein, 2017). These economic pressures strain the social and economic fabric of communities, pushing more and more households into financial hardship and further stretching the gap between wages and living costs.

The article “Global Urban Housing Affordability Crisis” by Steffen Wetzstein highlights that housing affordability is an under-recognized and under-researched global concern. Ethnographic research from across Western countries reveals that housing-related expenses are skyrocketing everywhere, compared to income growth (Wetzstein, 2017). This disparity in the affordability of housing is not only a financial challenge but also carries severe social and spatial implications.

According to Wetzstein, income inequality within urban centers has been a key driver of this crisis. The gap is widening between the availability of housing support, often only available to households with income below the federal poverty rates, and the income required to participate in real estate markets. As a result, a substantial portion of the population finds itself excluded from the possibility of owning a home, particularly in urban areas where housing costs have soared.

In the “Making Affordable Housing a Reality in Cities” report, the World Economic Forum emphasizes the complexity of the issue. The report argues that affordability is not solely about purchasing or renting a house but also being able to afford to live in it (World Economic Forum Insight Report, 2019). Beyond covering the costs of maintenance and utilities, affordability extends to factors like transportation, infrastructure, and public services. Thus, even a seemingly affordable house may not truly be so if it is located far from essential amenities and livelihood opportunities.

Growing disparities between housing affordability and income levels fuel this global crisis. This issue is shaped by overall income inequality, and an over-reliance on supply-and-demand market strategies. To tackle this crisis, we need holistic approaches that address both sides of the housing market and increased investment in the maintenance of existing housing stock, and creative economic

approaches to increasing opportunities for owner occupancy (Wetzstein, 2017; World Economic Forum Insight Report, 2019).

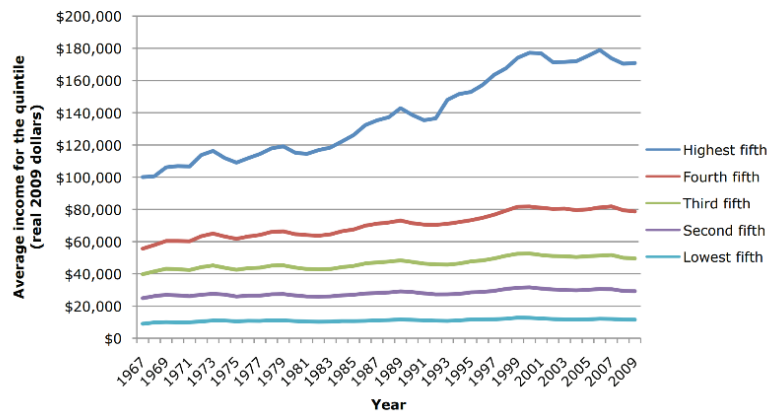
Real Estate Prices & Labor Economy are De-Coupled

Real estate markets are drastically decoupled from labor markets. Throughout the United States and the world, issues of housing affordability are making it difficult for more and more people to afford a safe and stable place to live. The housing affordability crisis occurs within the backdrop of rising income inequality: real wages for many United States citizens have stagnated, even as the income for the top 5% has nearly doubled. Comparing rising home prices to the stagnation in wages reveals the growing portion of the population who cannot afford market rate home prices (Pendall et al., 2016). Rental tenants find themselves at the whim of property owners, often facing eviction for the sake of property sales and redevelopment (Villalobos, 2019).

Figure 3 above shows Median Sales Price of Houses Sold in the United States from 1965 to 2020 (FRED - St Louis FED, 2023). Figure 4 shows a similar time period, from 1967 to 2009, with Average income for US populations separated into quintiles (Pendall et al., 2016). With the population broken up into quintiles, Figure 4 reveals that income for the highest fifth quintile in tracks a similar increase as Median Home Sale prices (shown in Figure 3), but income gains for all other quintiles do not, and have seen minimal increase. Figure 5 shows the same data over a shorter timeline, between 1983 to 2016, in three income categories of low, middle, and high income (Horowitz et al., 2020).

These widening inequalities in the housing market are not just a matter of individual hardship; they have far-reaching consequences for economic growth and societal well-being. When a significant portion of the population is burdened by the high cost of housing, their ability to invest in education, start businesses, or save for the future is severely

Figure 12. Income gains have been steepest for top two quintiles, sharpening income inequality (real 2009 dollars)

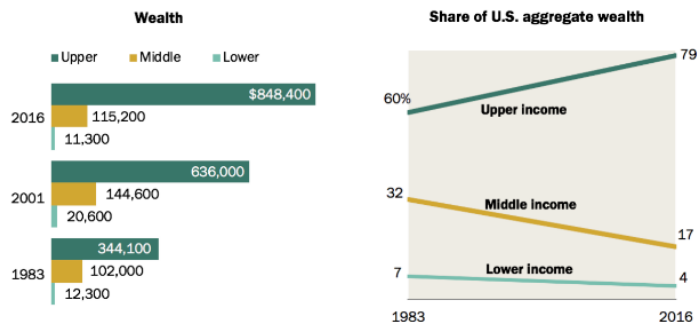


Source: Data from U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements, 2011, Table H-3.

Figure 4 – United States Income Gains Across Quintiles, from 1967 to 2009 – US Census Bureau Population Survey

The gaps in wealth between upper-income and middle- and lower-income families are rising, and the share held by middle-income families is falling

Median family wealth, in 2018 dollars, and share of U.S. aggregate family wealth, by income tier



Note: Families are assigned to income tiers based on their size-adjusted income.
 Source: Pew Research Center analysis of the Survey of Consumer Finances.
 "Most Americans Say There is Too Much Economic Inequality in the U.S., but Fewer Than Half Call it a Top Priority"
 PEW RESEARCH CENTER

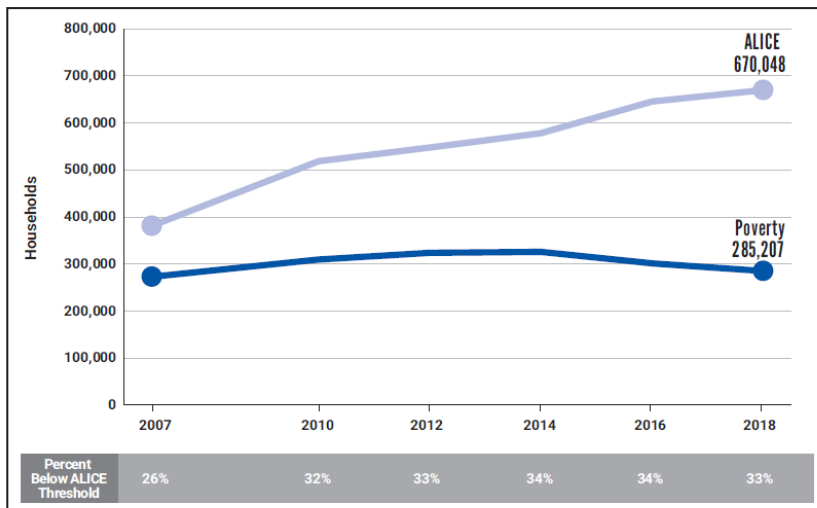
Figure 5 – Income Gains Across Low, Middle, and Upper Income, from 1983 to 2016 – Pew Research Center

constrained. This not only hampers their individual prospects but also restricts the overall potential for economic advancement within a society (Vale et al., 2014). When housing becomes less affordable, there is a corresponding rise of residential segregation, limited social mobility and perpetuating cycles of poverty.

The Number of People Experiencing Housing Cost Burden is Steadily Increasing

While public housing performs an essential role in serving low-income housing needs, it does not provide a pathway for residents to build long-term wealth equity or promote community control of development (Haberle & House, 2021). Current income restrictions for public housing subsidies end well

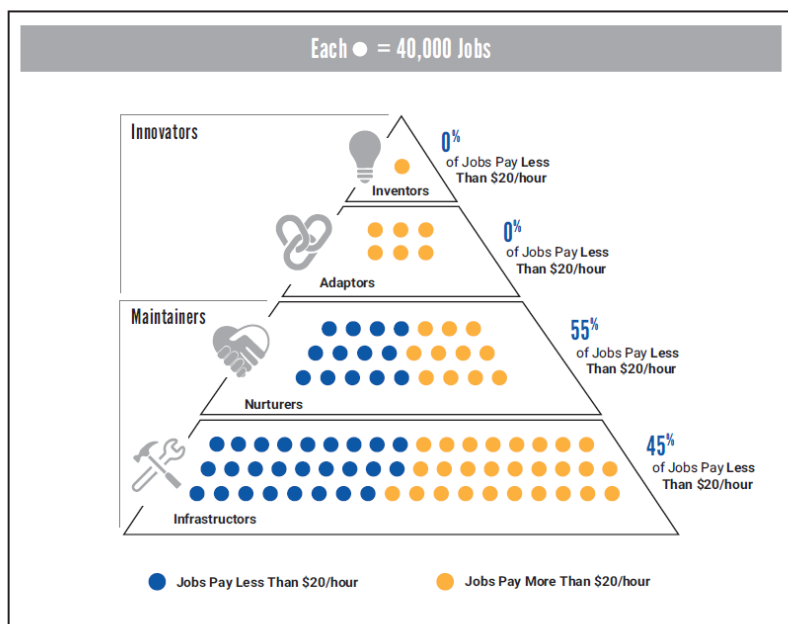
Households by Income, Washington, 2007-2018



Sources: ALICE Threshold, 2007-2018; American Community Survey, 2007-2018

Figure 6 – From the United Way Whatcom County ALICE Report, United For Alice, 2022

Occupations by Wage and Type, Washington, 2018



Source: Bureau of Labor Statistics, Labor Force Statistics, 2018 – Occupational Employment Statistics

Figure 7 – Occupations by Wage and Type, Washington, 2018
From the United Way Whatcom County ALICE Report, United For Alice, 2022

below the scale of market costs and fall short of serving the number of people that do qualify for housing support services (Haberle & House, 2021). The United States Department of Housing and Urban Development defines “affordable housing” as costing no more than 30% of an individual’s or a household’s total income, and this 1/3 rule is commonly accepted in affordable housing research throughout the world (Defining Housing Affordability | HUD USER, 2017; World Economic Forum Insight Report, 2019). Research from the United Way describes a growing demographic of people in the United States who are Asset Limited, Income Constrained, and Employed (ALICE); people who are above the poverty line and working, but still struggling to afford housing costs (Washington / UnitedForALICE, 2022).

The United Way’s ALICE Report of Washington State indicates that 10% of the general population lives below the poverty line while an additional 23% of the population is spending more than 30% of their income on housing costs. That means

that fully 1/3 of the population of Washington is struggling with housing security (*Washington | UnitedForALICE*, 2022). In *Whatcom County*, ALICE households make up 39% of the total population (“ALICE In Whatcom County 2020 Update,” 2020).

Figure 6, titled “Households by Income, Washington, 2007-2018,” shows total households by income within the ALICE definition, and under the Poverty line, over time from 2007 to 2018. While the total number of households under the poverty line remains relatively constant, the total number of households in the ALICE range is steadily increasing. This rise in housing cost burden for workforce populations is an alarming trend. Figure 7 above, titled “Occupations by Wage and Type, Washington, 2018,” illustrates the distribution of wage and job types across the state of Washington’s labor economy, showing that jobs that pay less than \$20 per hour represent a vast portion of the labor market, and perform essential roles in caretaking and infrastructure maintenance. These are not entry level and “unskilled labor” jobs. These are healthcare, education, emergency response and public safety jobs. These are also the jobs of restaurant workers, yoga instructors, massage therapists, musicians, artists, performers, small sole-prop entrepreneurs, landscapers, the neighborhood handyman, nannies, and house cleaners. These are placemaking jobs. No matter how many high-income remote workers move into the community, ALICE workers are needed to make and maintain local infrastructure and culture.

Looking at Occupancy and Tenure as Primary Metrics of Community Resiliency

Occupancy and tenure stand as pivotal metrics when assessing community resiliency. In areas where owner-occupancy rates are high and renter tenure is long-term, communities tend to have a more stable socioeconomic foundation, fostering deeper interpersonal connections and a stronger sense of belonging (Graziani, 2021; Kamel, 2012; Vale et al., 2014). Long-standing residents often have an intimate understanding of their community's strengths and vulnerabilities, enabling them to better navigate and respond to the challenges of their specific community. Greater community engagement also means higher levels of participation in disaster response teams and community organizations, and quicker recovery times after major disruption events such as floods or pandemics. Conversely, regions with high renter turnover and low owner-occupancy may struggle to build the communal bonds vital for resilience during times of adversity. Hence, when analyzing the robustness of a community or planning for sustainable futures, it's crucial to track length of renter tenancy and owner occupancy as indicators of wellbeing and resiliency (Bird et al., 2018; Goldstein, 2018; Hazekamp et al., 2020).

When owner occupancy drops and renters must move frequently due to rising rent costs, local economies can suffer profound repercussions. Low owner occupancy rates can lead to neighborhood disinvestment over time, as the inherent conflict between a renters’ lack of equity and the landlords’ ability to continue extracting rent regardless of building deterioration results in ongoing failure to perform caretaking and maintenance (Goldstein, 2018). Over time, this neglect may result in declining property values and ongoing disinvestment in the surrounding neighborhood, both of which can be directly correlated with negative impacts on occupant health and wellbeing (Goldstein, 2018; Jones-Rounds et al., 2014; Poortinga et al., 2017; Tieskens et al., 2021). Additionally, communities that have a high turnover of rental occupancy often miss out on the benefits of local entrepreneurship and innovation, as individuals are less likely to invest time and resources in areas where they don't see a future (Holland & Squires, 2022). Problems in occupancy and tenure not only erode the social fabric of a community but also undermine its economic vitality (Graziani, 2021; Villalobos, 2019).

Finding Affordability in a High-Cost Property Market

In a depressed real estate market, land trusts can more frequently partner with local governments to acquire undervalued properties (Graziani, 2021). But in regions with a hot real estate market, local governments may have minimal land holdings and the cost of acquiring new properties becomes a major barrier to CLT growth. To meet the requirement to “*plan housing for all economic sectors*” laid out by Washington State House Bill 1220, passed in 2022, new strategies are needed for the acquisition of developable land and re-developable properties in regions with high land values and existing urban density (HB 1220 Update with Projections, 2023) (Haberle & House, 2021). No one tactic will produce the number of affordable housing units needed; a comprehensive and long-range strategy for land purchasing and affordable housing development is needed. Planners must be ready to deploy all available tactics for increasing access to affordable home ownership as part of comprehensive regional strategies.

When market commodity values are allowed to dictate the cost and supply of goods that are essential to basic survival (in this case homes), profit comes at the cost of social welfare and governments struggle to pick up the bill (Pattillo, 2013). Investing in a supply of non-market housing requires a shift from the paradigm of housing as a private financial investment towards housing as collective investment in public health infrastructure (Vale et al., 2014). Vale et al. goes beyond the idea of housing as a right, towards housing as an essential feature of a resilient city – a public benefit for all. Their research proposes four specific criteria for what affordable housing should accomplish.

What affordable housing should accomplish:

- (1) Support the community social structure and economic livelihoods of residents.
- (2) Reduce the vulnerability of residents to environmental risks and stresses.
- (3) Enhance the personal security of residents in the face of violence or threats of displacement.
- (4) Empower communities through enhanced capacities to share in their own governance.

(Vale et al., 2014).

A comprehensive and long-range strategy for acquiring land and developing affordable housing on that land is essential. **Shifting the perspective on housing from a private financial investment to a collective investment in public health infrastructure is crucial to addressing the housing crisis effectively.** This perspective aligns affordable housing with broader goals of creating resilient and equitable cities. Developing affordable housing in a high-cost property market such as the one in Bellingham, Washington necessitates an innovative, multifaceted approach that prioritizes social welfare, community well-being, and collective investment in public infrastructure.

Study Area: Housing Needs in Bellingham, Washington

The study area focuses on the City of Bellingham, Washington, including designated urban growth areas and unincorporated Whatcom County properties with a “Bellingham” address. Nestled halfway between Seattle and Vancouver BC, the city Bellingham is poised for rapid urbanization and growth – and yet, with a population just above 90,000 it is still holding a “small town” identity. According to US Census data, Whatcom County and the greater Pacific Northwest Region are experiencing some of the highest rates of population growth in the nation (Figure 8) (*US Population by Year, Race, Age, Ethnicity, & More | USAFacts, n.d.*).

Bellingham hosts a robust network of interconnected non-profits and community organizations already forming coalitions and councils to address critical issues facing our community - including affordable housing, labor rights, tenant protections, economic development, racial equity, and climate change. Bellingham is also on the front lines of a national and global housing crisis, with some of the highest rates of income inequality and housing cost burdens in the nation (Logani, 2021). As shown in Figure 9, home values are rising sharply in Bellingham, while household incomes have seem minimal increase similar to national and global trends shown above (*Bellingham Housing Statistics Story Map, 2022*). Bellingham and the surrounding region are a microcosm of all the most critical issues facing planners today:

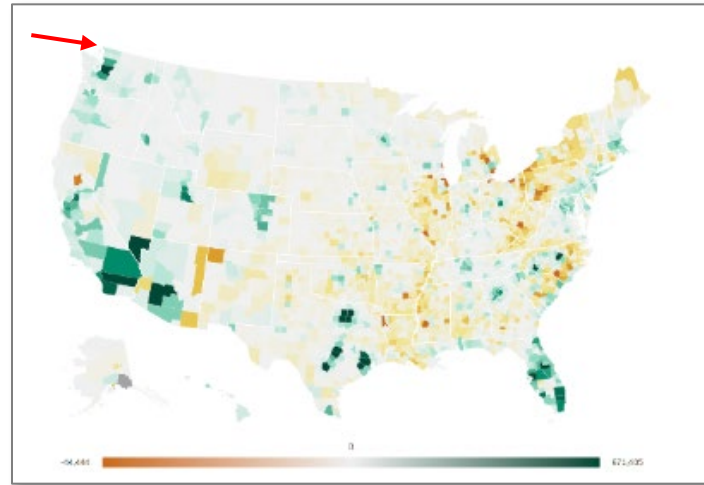


Figure 8 – Map of US POPULATION CHANGE BETWEEN 2010 AND 2021 Between 2010 and 2021, Texas had the largest growth with 4.3 million more residents. Illinois had the largest decline with 169,076 fewer people. Among counties, Maricopa County, Arizona had the largest growth with 671,405 more people. Baltimore city, Maryland had the largest decline with 44,444 fewer residents. Red arrow indicates study area.

How do we build equity and reform land use policies rooted in a historical context of exclusionary policies?

How do we build equity within a hot housing market with skyrocketing property values?

How do we balance short-term needs for new housing stock with our long-term needs for sustainability and ecological well-being?

Operating under the Growth Management Act, enacted into law in 1990, Washington State has put strict limits on the land area expansion of urban and suburban development (*Growth Management Planning for Housing, n.d.*). The Growth Management act is guided by strong values of environmental protection and agricultural resource management that relate directly to human health and well-being. At the same time, Washington State is among the most



Figure 9 – Median Home Value VS Median Household Income in Bellingham, WA between 2010 and 2020. From the City of Bellingham “Housing Statistics Storymap” ArcGIS Storymap.

expensive property markets in the country, one of the most acute crises of housing access in the nation, and ongoing regional in-migration.

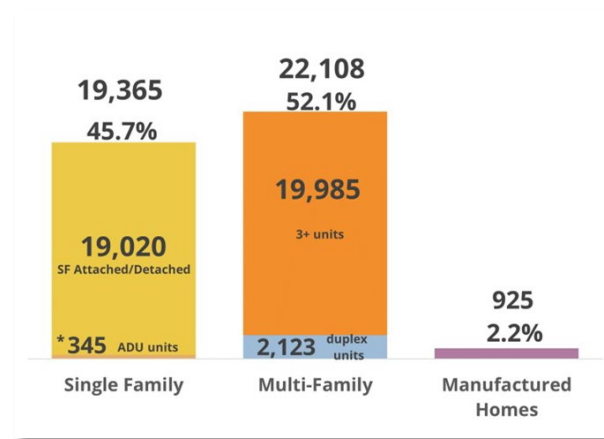
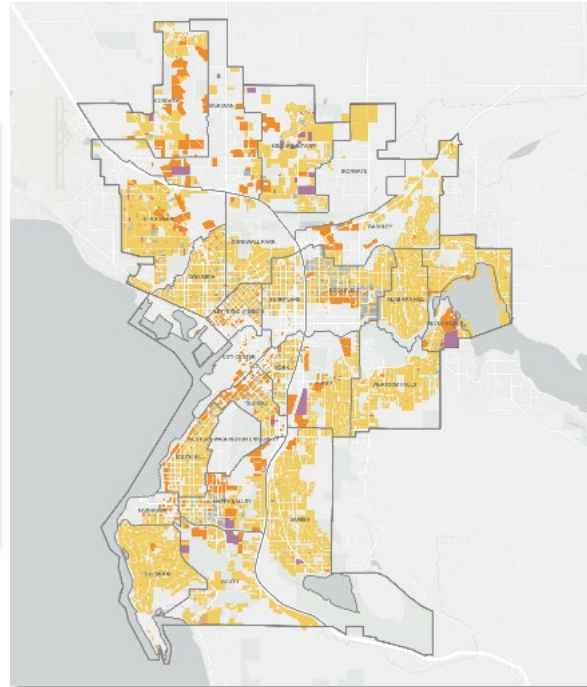


Figure 10 (above) – Current Bellingham Housing Inventory by Type, from Bellingham Housing Statistics Storymap, 2023.

Figure 11 (right) – Distribution of current housing types across Bellingham’s Residential Zones, from Bellingham Housing Statistics Storymap.



Existing Housing Supports: From City of Bellingham Storymaps & Published Reports

The City of Bellingham has already committed considerable planning and resources to addressing housing affordability, with a total 2021 budget of approximately \$15 million dedicated to housing support services, affordable housing development, and repair/maintenance of existing low-income homes. Of that \$15 million budget, nearly half is locally funded through the voter approved Affordable Housing Sales Tax and the Housing Levy. Federal funding makes up less than \$3mil of that budget, with the remaining \$5mil coming from one-time COVID relief emergency funds (Housing & Human Services Story Map, n.d.). According to the COB Housing & Human Services storymap, there are 1,400 subsidized rental units in the city, including both income-restricted rentals and transitional housing. The City of Bellingham already partners with Kulshan Community Land Trust and the WA State Housing Finance Commission to fund down payment and closing costs for individual home purchases (Housing & Human Services Story Map, n.d.). A search of tax parcels in the City of Bellingham shows a total of 132 individual properties owned by Kulshan Community Land Trust, scattered in neighborhoods throughout the city (CityIQ Online Map Viewer, 2022). While some of those units are still under construction, that number positions KCLT as having a relatively large portfolio compared to other community land trusts across North America. Even with this comparably high percentage of land trust properties, Bellingham housing prices are rising fast, and Kulshan CLT faces all the classic barriers to expansion described above.

Bellingham City Council passed an ADU ordinance in 2016 to allow accessory dwelling units along with adoption of the Infill Toolkit. By design, the Infill Toolkit and ADU ordinance allows limited infill development while still restricting density. The City of Bellingham has also invested considerable ongoing work in the preservation of existing mobile home parks (*Housing Solutions*, n.d.). Even with this considerable investment in affordable housing development and preservation, the number of Bellingham

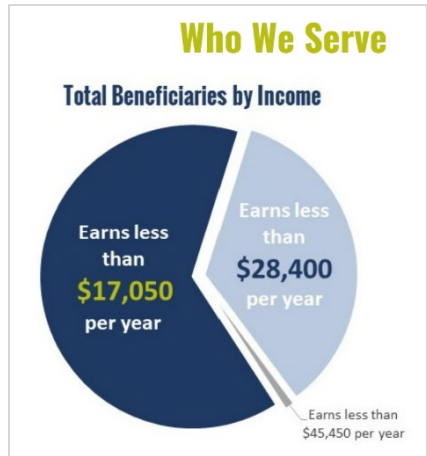


Figure 13 – Total Beneficiaries by Income. From Bellingham Housing & Human Services Storymap.

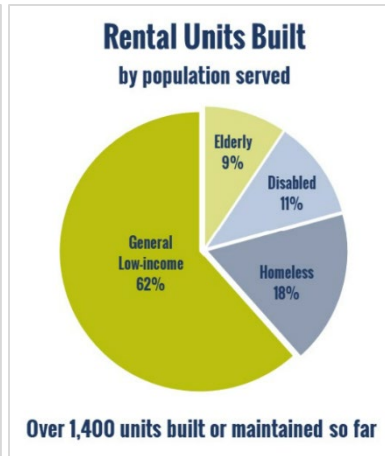


Figure 12 – Supported Housing Rental Units Built, breakdown by population served. From Bellingham Housing & Human Services Storymap.

households struggling to afford housing costs continues to increase at a steady rate. Existing housing support services are targeted almost exclusively to households earning well below poverty level income.

Despite existing infrastructure and dedicated funding for affordable housing support, Bellingham is still experiencing a severe housing crisis. Single-family zoning composes 42% of the City of Bellingham's total land area, compared to multifamily residential zones, which are 14%

of city land area (*City of Bellingham 2018-2022 Consolidated Plan*, 2018). From 2000 to 2016 the median household income rose 46%, while median rent rose 59% and median home value rose 137% (*Bellingham Comprehensive Plan*, 2016). Single family homes make up almost half of the total housing stock in Bellingham. Bellingham residents experience housing cost burden at a higher rate than both Washington State and the National Average – 43% of all households spend more than 30% of their income on housing costs (*City of Bellingham 2018-2022 Consolidated Plan*, 2018). While more affordable housing is needed, the existing infrastructure for the production and maintenance of affordable housing is already operating at maximum capacity. Increasing affordable housing production to a rate and scale that would meet the housing needs of Bellingham and Whatcom County low- and middle-income households, will require an aggressive long-range strategy for expanding operational production capacity, and increased funding.

FROM, A Home for Everyone:

A Strategic Plan to End Homelessness in Whatcom County 2019

"It would be difficult to overstate the severe need for housing in Whatcom County. In Bellingham alone (Whatcom County's largest city and home to about half of the population), planners have estimated that there is a need for an additional 11,000 affordable housing units."

From the City of Bellingham Draft Consolidated Plan 3/6/23

"Rental housing units, primarily apartments, are being added to the housing market in much greater quantity than ownership units; 80% of new residential units permitted in the past 5 years were multi-family housing. Because of restrictive condominium liability laws, there has been a dramatic decrease in the number of multi-family units being built for condo ownership."

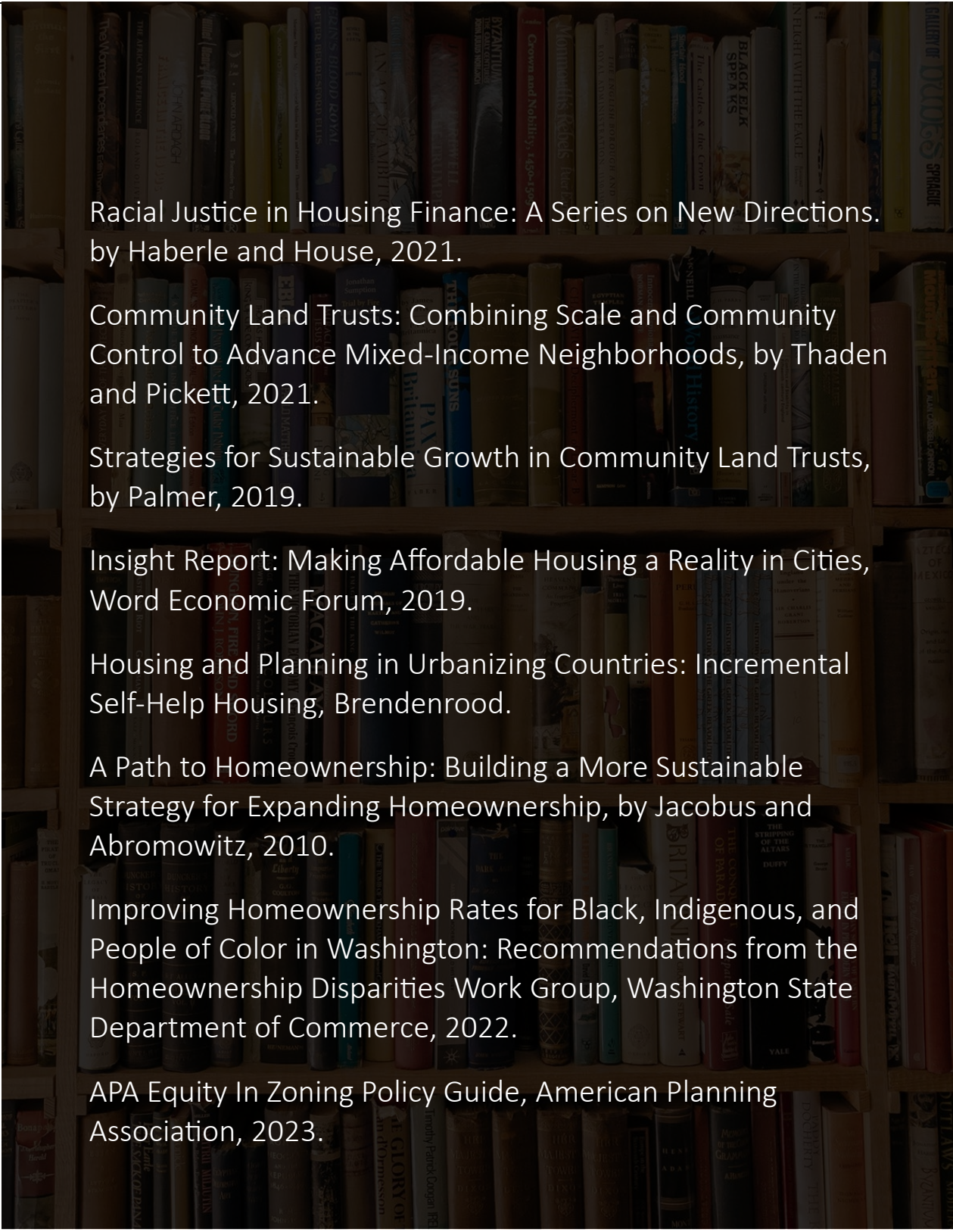
A New State-Wide Mandate to Produce Affordable Housing

Washington state has just passed an historic package of bills aimed at addressing the housing affordability crisis at a state-wide level - most notably HB 1110, which broadly upzones existing urban areas and HB 1337, which loosens restrictions on building accessory dwelling units (Bertolet, 2023). But this state-wide upzone primarily implements market-driven, supply side solutions. Supply side tactics rely on two primary mechanisms to increase housing supply at the bottom end of the market – one, elders aging out of their individual homes and returning a “fixer-upper” house with “good bones” but decades of deferred maintenance to the market and second, the construction of new market rate homes that higher income populations will move into, leaving newly vacated older rentals available for low income populations (World Economic Forum Insight Report, 2019).

At the current moment, homes that were once a fixer-upper opportunity for first time home buyers are now an opportunity for commercial developers. Those commercial developers also face increasing restrictions on suburban expansion from the Growth Management Act and are looking for new market opportunities to maintain their business models (Lyon, 2022). While the newly passed state laws will surely result in a rapid increase in new home production, renters and first-time home buyers in Bellingham are pinched three ways between an oversupply of large single-family homes, a decade of overall underproduction in housing units, and the recent state-wide upzone. Bellingham faces an urgent need for innovative solutions to housing access that respond to short-term community needs while also investing in long-term economic stabilization. More specifically, Bellingham housing markets need entry level homeownership opportunities and housing units that are affordable to low- and middle-income wage earners.

Passed in 2022, HB 1220 does implement new requirements for cities to plan for and accommodate “Housing for All Income Levels”. As part of the implementation of this bill, the Washington State Department of Commerce published detailed guidance for cities and counties to match housing inventory to actual household populations, according to income levels. These new planning requirements have set twenty-year housing production goals, alongside twenty-year population growth projections, which do seek to meet the housing needs of all income levels. The housing production goals set by HB 1220 are ambitious and show that the supply of housing that is affordable to lower income levels is wildly inadequate. The goals set by HB 1220 cannot be met by only producing new market-rate housing units and then waiting for occupants to re-shuffle themselves between newer and older buildings.

Section 3: Literature Review



Racial Justice in Housing Finance: A Series on New Directions.
by Haberle and House, 2021.

Community Land Trusts: Combining Scale and Community Control to Advance Mixed-Income Neighborhoods, by Thaden and Pickett, 2021.

Strategies for Sustainable Growth in Community Land Trusts, by Palmer, 2019.

Insight Report: Making Affordable Housing a Reality in Cities, Word Economic Forum, 2019.

Housing and Planning in Urbanizing Countries: Incremental Self-Help Housing, Brendenrod.

A Path to Homeownership: Building a More Sustainable Strategy for Expanding Homeownership, by Jacobus and Abromowitz, 2010.

Improving Homeownership Rates for Black, Indigenous, and People of Color in Washington: Recommendations from the Homeownership Disparities Work Group, Washington State Department of Commerce, 2022.

APA Equity In Zoning Policy Guide, American Planning Association, 2023.

Best Practices for Affordable Homeownership

De-Commodification & Non-Market Housing Allows Higher ROI From Public Investment

De-commodification and non-market housing are two sides of the same concept. Decommodification refers to the action of transferring properties out of the real estate commodities market and into permanent ownership in public trust. Non-market housing refers to the inventory of residential properties that are publicly owned or held in public trust by a dedicated organization such as a community land trust. The report, “Racial Justice in Housing Finance: A Series on New Directions” by Haberle and House and published in 2021, offers a broad array of tactics for producing affordable housing units. Many of these tactics depend on the community land trust model for the delivery of structural support, including funneling funds for down payment assistance through CLT organizations, purchasing existing multi-family NOAH buildings, and developing new subsidized multifamily housing (Haberle & House, 2021). To meet the housing needs of workforce populations in regions with high land values, new funding sources are needed for the acquisition of developable land and re-developable properties (Haberle & House, 2021). In their report, “Community Land Trusts: Combining Scale and Community Control to Advance Mixed-Income Neighborhoods,” Thaden and Pickett assert that when community land trusts control a “sufficient percentage” of housing in a community, specific benefits for the stabilization of home prices and local economy are achieved (Thaden & Pickett, 2021). Community land trusts can have a demonstrated stabilizing impact on surrounding housing markets, reduce displacement, and foster mixed-income communities (Thaden & Pickett, 2021).

Expanding community land trust property holdings is one way for governments to invest in a permanent supply of non-market housing, with the land trust acting as an intermediary body between public funding, private ownership, and community benefit. By diverting a portion of residential property out of private markets to be held in trust on behalf of the community, land trusts mediate between public investment and private ownership (Palmer 2019). In 2018, Shelterforce reported 225 Community Land Trusts in North America, but roughly 60 of those are either startups or have not yet acquired homes – leaving only 165 operational CLTs with an approximate collective inventory of 12,000 homes. Of the total CLTs holding an inventory of occupied homes, only a handful have more than 50 units in their portfolios (Palmer 2019).

Despite their relatively small numbers, the CLT model shows a steady success rate as a community wealth building strategy. As reported by Palmer, a study conducted by the Urban Institute in 2013 shows community land trust homeowners earned 22% to 39% rate of return on their original purchase investment when selling their homes. While this is substantially less than the rate those home sales could have earned on the open market, those home sales did create access to a reliable wealth building investment for low- and middle-income households that would not have been available from the open real estate market (Palmer, 2019). In addition to creating a more accessible investment product, CLT homeowners are *ten times less likely* to be in foreclosure proceedings, and *six times less likely* to be delinquent on mortgage payments than conventional homeowners (Palmer, 2019). This number would likely be even higher if compared directly to conventional homeowners with equivalent income levels. Because of these emergingly quantifiable benefits, affordable housing stakeholders are looking at ways to expand community land trusts and limited equity cooperative land holdings.

Decommodification also allows for greater recapture and retention of public investment and subsidies (World Economic Forum Insight Report, 2019). While Section 8 housing vouchers are some of the most effective housing subsidies in short-term programs, all public funds that are spent to subsidize low-income households rent paid to private market property owners is lost to the pool of public

resources (Haberle & House, 2021). Expanding the supply of de-commodified and non-market housing and residential properties allows for greater long-term return on investment of public subsidies and funding, as rental support vouchers can be spent on CLT and LEC properties, and public funding can be spent directly for ongoing maintenance and stewarding of residential properties.

Incremental Development Builds the Missing Middle

“Incremental,” when used in the context of urban planning and housing development, is usually a criticism, implying that a tactic is ineffective or too slow to produce any meaningful outcomes. But as described here, Incremental Development is a framework for allowing a wider range of community members to participate in the local economy of housing development. In this context, incrementalism is a tactic of inclusion, not a restriction on the total number of units that can be produced. Incremental development is not new – it is a return to the type of traditional urbanism that built early American Cities (*IncDev Alliance*, n.d.), and it is a regulatory structure that enables Missing Middle housing types. My literature review found two distinct approaches to incremental development: as a design concept, incremental development focuses on building design and occupancy, while incremental development as a policy principle focuses on land use regulations and development financing.

Incremental Development as Design Concept: *Building Design & Occupancy*

Incremental development, as a strategic approach to building design, entails the creation of entry-level affordable housing products that are designed with planned stages of expansion and improvement over time, as shown in Figure 14 (Mukhija, 2014). Rather than constructing fully developed structures from the outset, this tactic involves crafting a basic, livable dwelling that offers essential amenities and functionality, designed to allow for future growth and customization by the occupant. The occupant is then able to customize, expand, and improve the home, according to their evolving needs and financial capacities. This approach can foster a sense of ownership and investment in the community, empowering individuals to shape their living environments and create sustainable, resilient neighborhoods that evolve organically with the passage of time. By prioritizing entry-level affordable housing products with planned stages of expansion and improvement, incremental design fosters sustainable and inclusive living spaces that can adapt to the changing needs of residents and communities.

Self-Help Homes, Decades Later

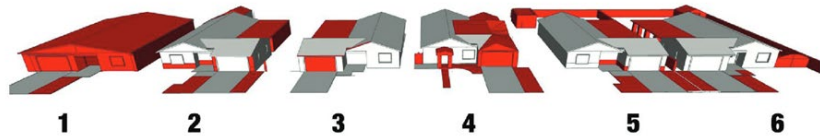


Figure 14 – From “The Value of Incremental Development and Design in Affordable Housing” by Mukhija, 2014. (Caption from original publication)

“Six neighboring homes developed by a nonprofit housing developer in California in the late 1980s. The bottom image shows present-day aerial imagery. The top image shows a three-dimensional model analyzing the incremental changes; features in white and gray represent the original homes, and features in red represent post-occupancy modifications made by the owners. Sources: Top—Mukhija and Scott-Railton (2013); bottom—Google Map”

There is a place making practice often employed in the Post-Colonial global south, of intentionally leaving structures unfinished to accommodate future growth. This practice is beginning to be observed and documented more and more by English speaking researchers and is slowly being translated into applications in the North American context. The primary case studies of this methodology are the Half a House project in Santiago, Chile; Grow Homes in Alberta, Canada; and MiCasa in Texas, United States (Brendenoord, n.d.; Carrasco & O'Brien, 2022; Enterprise Community Partners, 2023). Figure 15 shows illustrations of some adaptive re-use designs for single family buildings that lend themselves to incremental development in the United States (Kumon, 2020).

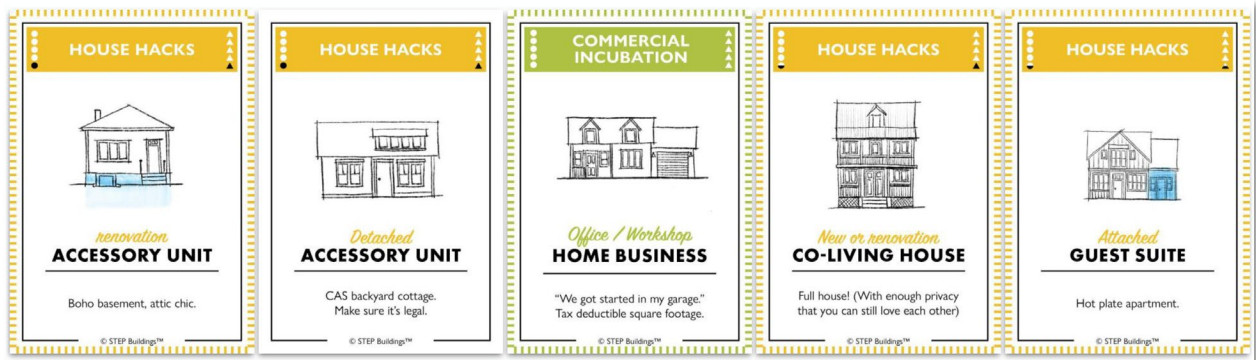


Figure 15 – Adaptive Re-Use Housing Forms. From “STEP Buildings™”, Presentation to Upper Midwest American Planning Association, 10/13/2020, by Jim Kumon.

Incremental Development as Policy Principle: *Land Use Regulations and Development Financing*

As advocated by the Incremental Development Alliance, incremental development is an inclusive “all hands on deck” approach to real estate development. This philosophy centers on breaking down complex projects into smaller, manageable phases to allow for flexibility and evolution over time. Incremental development as a policy principle encourages collaboration between architects, developers, and local stakeholders, empowering smaller players to participate in the creation of dynamic and responsive built environments. With a focus on economic inclusion and social cohesion, incremental development seeks to revitalize neighborhoods and promote equitable urban growth, creating resilient and thriving communities that evolve harmoniously with their inhabitants.



Figure 16 – Incremental Development at neighborhood scale.

From Incremental Development Alliance website, <https://www.incrementaldevelopment.org>.

Building on this approach, incremental design acts as a counterbalance to the large-scale, top-



Figure 17 – Illustration of community-scale economic development.

From Incremental Development Alliance website, <https://www.incrementaldevelopment.org>.

down development projects that are often dissonant to the unique needs and identities of local communities. Instead of imposing monolithic structures that may not reflect the community's

character, incremental development celebrates local narratives, heritage, and aspirations. By adopting a phased approach, it becomes feasible for developers to respond to feedback, make timely adjustments, and ensure that each step is in sync with the community's evolving requirements and visions.

Furthermore, it fosters an environment where local entrepreneurs, craftsmen, and artisans can play a vital role in the shaping of their surroundings. The outcome is not just physical infrastructure, but a fabric of spaces that resonate deeply with those who live, work, and engage within.

Identifying Best Practices for Creating Equitable Access to Affordable Homeownership

At the direction of the state Legislature's 2021-2023 Operating Budget, Washington's Department of Commerce convened the Homeownership Disparities Working Group, chaired by Department of Commerce Director Lisa Brown and made up of affordable housing stakeholders from across the state and housing industry, including representatives from community land trusts, housing providers and developers, state and city governments, banking institutions and tribes. They published a final report in August 2022, the results of which evaluate existing affordable housing policy and funding structures and reviews barriers to homeownership impacting racial minorities and low-income communities. The working group report also "provide[s] budgetary, administrative policy, and legislative recommendations to increase [affordable] ownership unit development" and access to a greater variety of affordable homeownership financial products (Homeownership Disparities Work Group Home Web Page, 2022). The report also outlines a comprehensive set of recommendations for expanding access to affordable homeownership financing, through amendments to state legislation and local regulations, and supporting the expansion of community-based organizations and affordable housing developers.

The proposed strategies to enhance BIPOC homeownership focus on increasing state funding for affordable housing programs, improving technical and financial assistance, and reducing administrative burdens. Key recommendations include targeted support for BIPOC communities, incentives for home sellers, and expanded debt and credit repair programs. The strategies also emphasize the importance of culturally specific outreach and industry awareness to ensure broader access and understanding of homeownership opportunities for BIPOC individuals. The bold emphasis in the numbered list above indicates strategies that are particularly relevant to the scope of this field study.

Barriers to BIPOC Homeownership:

- 1) **Lack of Supply:** Too few affordable homeownership options, including insufficient incentives to create affordable units.
- 2) **Lack of Finance Subsidies:** There is insufficient assistance for BIPOC households who want to become homeowners, including down payment assistance, closing costs, support with maintenance and repair needs, and/or mortgage payment assistance when necessary.

The 12 ready and actionable recommendations are:

- 1) Increase biennial state funding for affordable homeownership programs, including **land acquisition and predevelopment costs**.
 - 2) Fund a technical assistance/capacity-building program to **build the nonprofit organizational infrastructure to develop, finance, facilitate, build, and steward all types of affordable homeownership projects**.
 - 3) **Provide technical planning assistance and resources to municipal governments to increase affordable homeownership units**.
 - 4) Revise Housing Trust Fund and Housing Finance Commission programs to **reduce the administrative burdens** on applicants.
 - 5) Increase the amount of funding available for **direct assistance to homebuyers and homeowners**.
 - 6) Make current programs more flexible by **increasing the per-household limits on existing assistance awards**.
 - 7) **Target homeownership assistance to the BIPOC community** via historical ties to culturally specific areas.
 - 8) Provide **incentives to home sellers to accept offers** from purchasers using **down payment assistance programs**.
 - 9) Expand debt mediation and credit repair programs.
 - 10) Ensure that awareness of homeownership programs is part of licensing and education requirements for people in the real estate industry.
 - 11) Fund culturally specific organizations for outreach to increase the visibility of and access to homeownership assistance programs for BIPOC communities.
 - 12) Explore policies to improve connections with BIPOC communities to ensure that interest in homeownership is understood by funders.
-

American Planning Association, Equity in Zoning Policy Guide

The APA's Equity in Zoning Policy Guide (2023) emphasizes the importance of inclusivity in decision-making processes, urging that those shaping zoning rules should reflect the demographic composition of the community, including representatives from historically disadvantaged and vulnerable communities. The guide underscores the necessity of engaging not only property owners but also business and residential tenants in the drafting of regulations. The Policy Guide's overarching goal is to

eliminate zoning regulations that disproportionately burden historically disadvantaged and vulnerable communities, including people of color, older adults, individuals with disabilities, and LGBTQIA+ communities. It recognizes the critical role zoning plays in perpetuating inequitable planning policies and underscores the need for specific changes in zoning regulations, public engagement processes, mapping, and enforcement to dismantle these barriers. By integrating these equity-focused principles into our research methodologies, the APA aims to develop affordable home ownership solutions that address the unique needs and challenges of marginalized populations, fostering more equitable and inclusive communities.

Filling-In Gaps Across the Housing Ecosystem

This literature review looked at currently published best practices for creating greater equity in urban planning, housing development, and community wealth building. While I have chosen to focus specifically on the tactic of increasing homeownership, it is important that homeownership be addressed as one small piece of a housing ecosystem that also includes new market rate multifamily and rental units, tenant protections, permanent supported housing, and emergency housing. The list below describes a more complete housing ecosystem, beyond the extreme binary of land and property ownership verses rental tenancy:

- Increase Inventory of Permanently Supportive Housing
- Enact Tennant Protections to Reduce Rates of Turnover
- Preserve Existing (Naturally Occurring) Affordable Housing – Multifamily
- Expand Overall Portion of Residential Property Owned in Community Land Trust or Limited Equity Cooperative
- Expand Opportunities for Entry Level Homeownership
- *Expand Access to a Greater Variety of Homeownership & Tenancy Models*

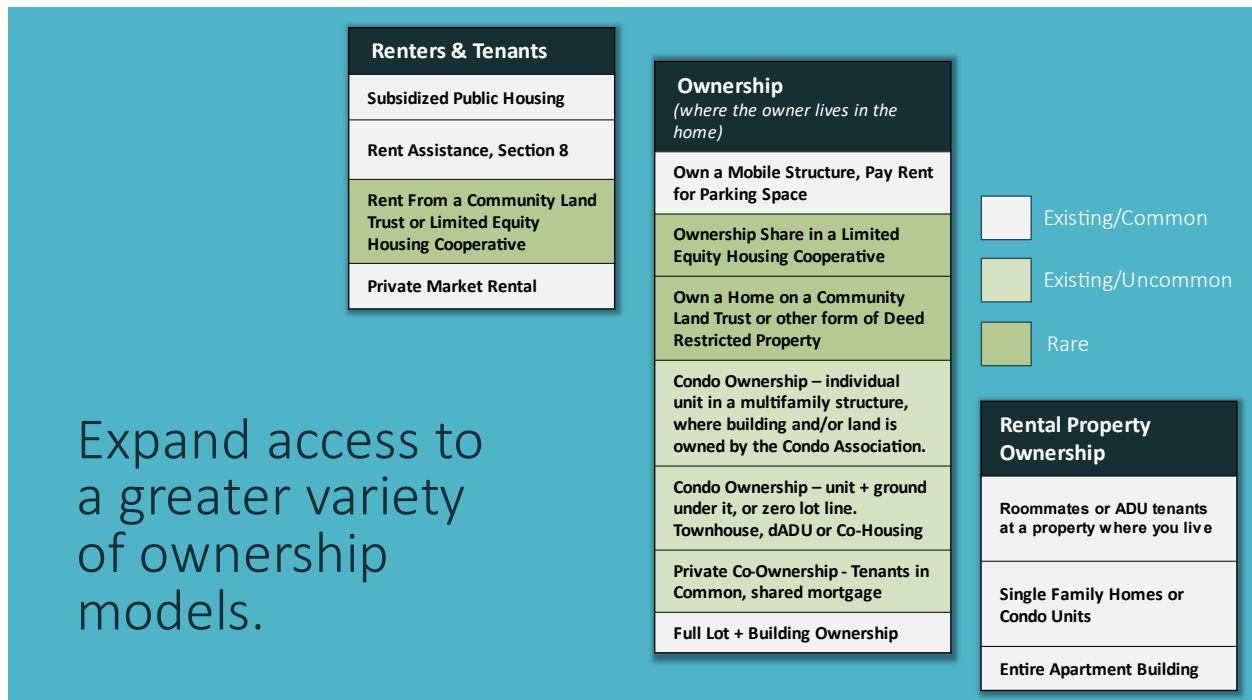


Figure 18 – Ecosystem of Rental & Ownership Types

The research narrows its focus to identifying revision of local zoning and land use regulations, to enable the development of entry-level homeownership opportunities. However, this concentration is intricately linked to the broader goal of expanding access to diverse ownership models, emphasizing the necessity of integrating cooperative and shared equity property ownership. It is imperative that cooperative and shared equity property ownership models be paired with down payment assistance and federally backed financing options for middle housing.

Expanding Access to a Greater Variety of Ownership Models

The financial and real estate industry structures that are needed to expand access to a greater variety of ownership and co-ownership models are beyond the scope of this field study. But expanding this access is essential to creating a more complete range of affordable homeownership options (Abromowitz, 2013; Axel-Lute, 2021; Charles & Hurst, 2002; Graziani, 2021; Haberle & House, 2021; Lawton, 2015; Nelson et al., 2020; Palmer, 2019; World Economic Forum Insight Report, 2019). The negative public health impacts of social isolation are well documented by numerous different quantitative studies, and yet our existing housing stock has been formed from within a mindset that prioritized the white, nuclear family: this is what single-family zoning is designed to perpetuate (Bird et al., 2018; Raymond et al., 2018; ROSE, 2002). Informal Co-Housing and Co-Living are often survival strategies for low- and middle-income households to access affordable housing through the economy of shared space. Beyond economic survival, co-living often offers residents a preferred lifestyle option, combatting the isolation imposed on us today by the legacy of single-family zoning. This legacy exists both through the architecture of our existing building inventory and the real estate financing options that are available to home buyers.

Co-Housing, Co Living, and Social Housing are gaining momentum in the United States - both as an architectural form and as a finance model for establishing autonomous, self-owned multifamily developments that offer the privacy of an individual unit, the camaraderie of a large family manor house, and the financial stability of ownership (Lawton, 2015; Palmer, 2019; Ruiu, 2016). One key principle of Co-Housing and Co Living as architectural forms is the incorporation of a variety of different unit types, as well as great care in the design of shared communal spaces (Laforteza, 2022; Ruiu, 2016; Vestbro, 2000). This development type also lends itself well to use by multi-generational, extended family, as well as chosen family household groups.

One tactic that should be added to this land acquisition toolkit is multi-party co-buying amongst private individuals. Whether comprised of extended family groups, chosen family, business partners, or friends, co-buying increases economic inclusion by expanding the total pool of funding that group has access to. But Co Living and co-ownership of residential property have been aggressively marginalized through the standardization of single-family zoning. There are very few financial products that cater to an unrelated group of co-buyers, and the inability to get a bank to back a mortgage for co-buying is the primary frustration that prevents would-be DIY Co Housing Developments from moving forward. Simply allowing and providing appropriate loan products for co-buying immediately expands homeownership opportunity for middle income households by including them in the entrepreneurial and economic opportunities of real estate development. This field study will use the best practices outlined above as a framework for identifying opportunities to revise the municipal code and land use policies in Bellingham and Whatcom County, to better enable production of entry level homeownership opportunities through small-scale real estate development.

Case Studies

Guided by informational interviews with subject matter experts, including staff and trainers at the Incremental Development Alliance (IDA) (*IncDev Alliance*, n.d.), my case studies are focused on affordable housing innovations occurring in Eastern and Southern regions of the United States. Founded and based in Atlanta, Georgia, the Incremental Development Alliance is a decentralized network of planning consultants and small-scale middle housing developers across the United States. These consultations led to conversations with professional experts working on affordable housing development across the United States.

Affordable Housing Strategies found in Cities of the South and Midwest Regions of the US

The three cities I reviewed in the most depth: South Bend, IN; Chattanooga, TN; Durham, NC; are all located in Midwest and Southeast regions of the United States. Why look here? As noted above, these case studies were identified by the subject matter experts I consulted with as having programs and policies that reflect those outlined in my literature review. Indiana, Tennessee, and North Carolina are all states where the median new home price is between \$300k-\$400k, and close to 40% of residents can afford median home prices, as shown in Figure 19 below. These case study cities are also located in Republican-dominant states. In seeking to interrogate this fact, I was guided by the work of researcher Jenny Schuetz. In her book, “Fixer Upper: How to Repair America’s Broken Housing Systems, Schuetz defends an imperative to build more homes in the locations that people want to live – that is, typically high density areas with jobs and economic opportunity (Schuetz, 2022). But these high density/economic opportunity zones are often the places where housing is most expensive to build. By the laws of supply and demand economics, land value goes up when it is more desired.

When compared to Field’s Value-by-alpha map in Figure 20, the “Home Affordability In the U.S.” map in Figure 19, does indeed show some correlation between a state’s aggregate political party vote and the percentage of people who can afford the Median Home Price. Ezra’s discourse in the interview with Schuetz suggests Republican majority states have a regulatory environment of fewer fees and fewer administrative restrictions. Democratic regions do have a track record of adding increasing regulatory costs to housing development (Klein, 2022). Through permitting fees, parking requirements, design review, or required investments in public development funds, high-density urban municipalities are looking for ways to yolk economic growth to the development of public infrastructure like roads, sidewalks, sewers systems, and affordable housing. Schuetz’s work suggests that these policies are not working the way we want them to in Democratic states. Within those Democratic states and high-density urban zones, the established mechanisms of community participation in local planning have been weaponized by wealthy and white populations and used to exclude renters, low-income community members, and marginalized racial populations from decision-making processes (Klein, 2022). Studying land use policies and affordable housing strategies developed in high density/economic opportunity zones located within majority Republican states (a state-wide atmosphere of de-regulation), offers a roadmap for identifying restrictive regulatory frameworks here in the State of Washington that serve to increase housing costs with negligible public benefit.

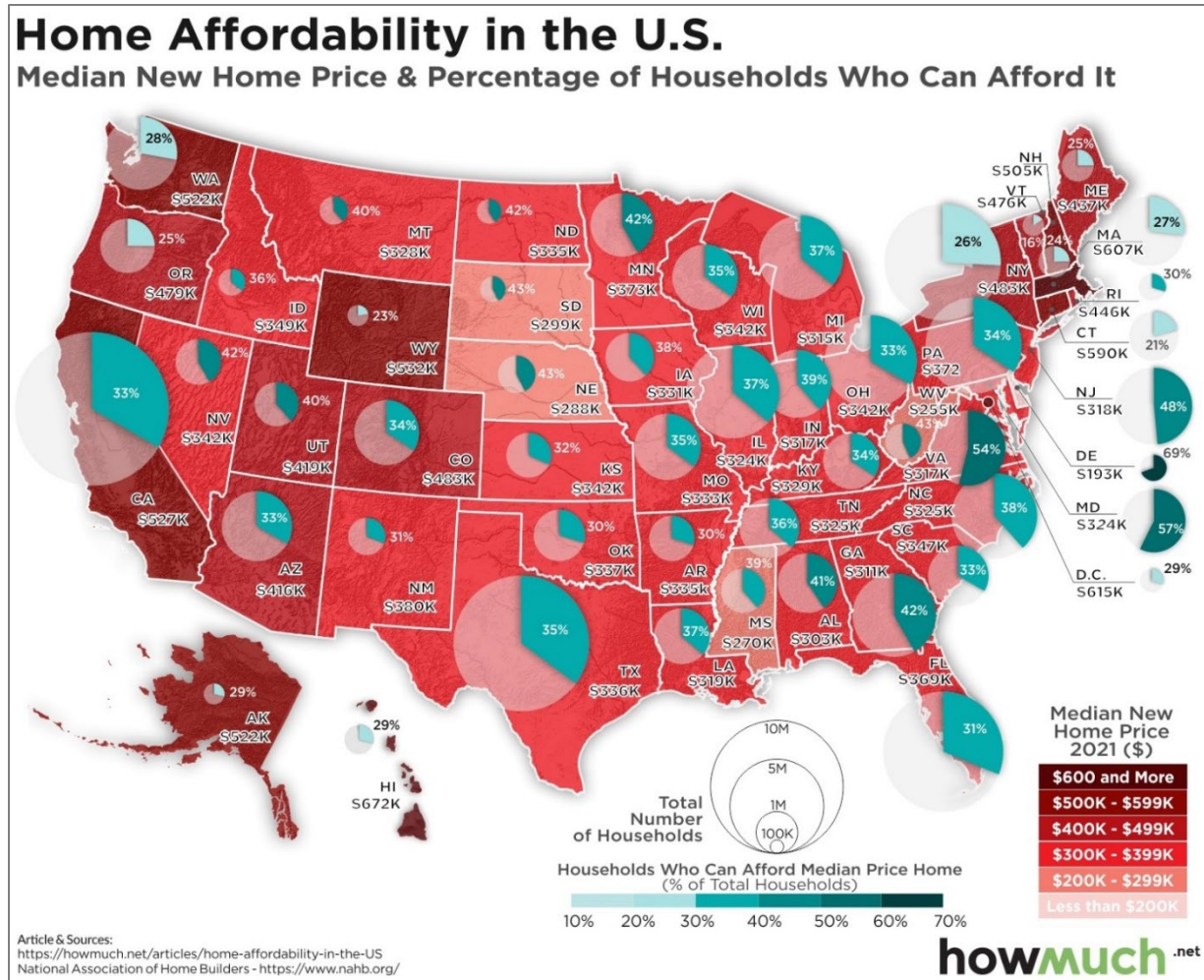


Figure 19 - Infographic of the United States, detailing Median New Home Price in 2021 and the Total Households Who Can Afford Median Home Price. From Howmuch.net post titled "Home Affordability in the US". This map identifies housing in-affordability hot spots across the United States, by showing median new home prices in a red color gradient from dark red to pale pink, as background to the pie chart graphics showing the percentage of total households in the state who can afford the median price of homes in turquoise gradient.

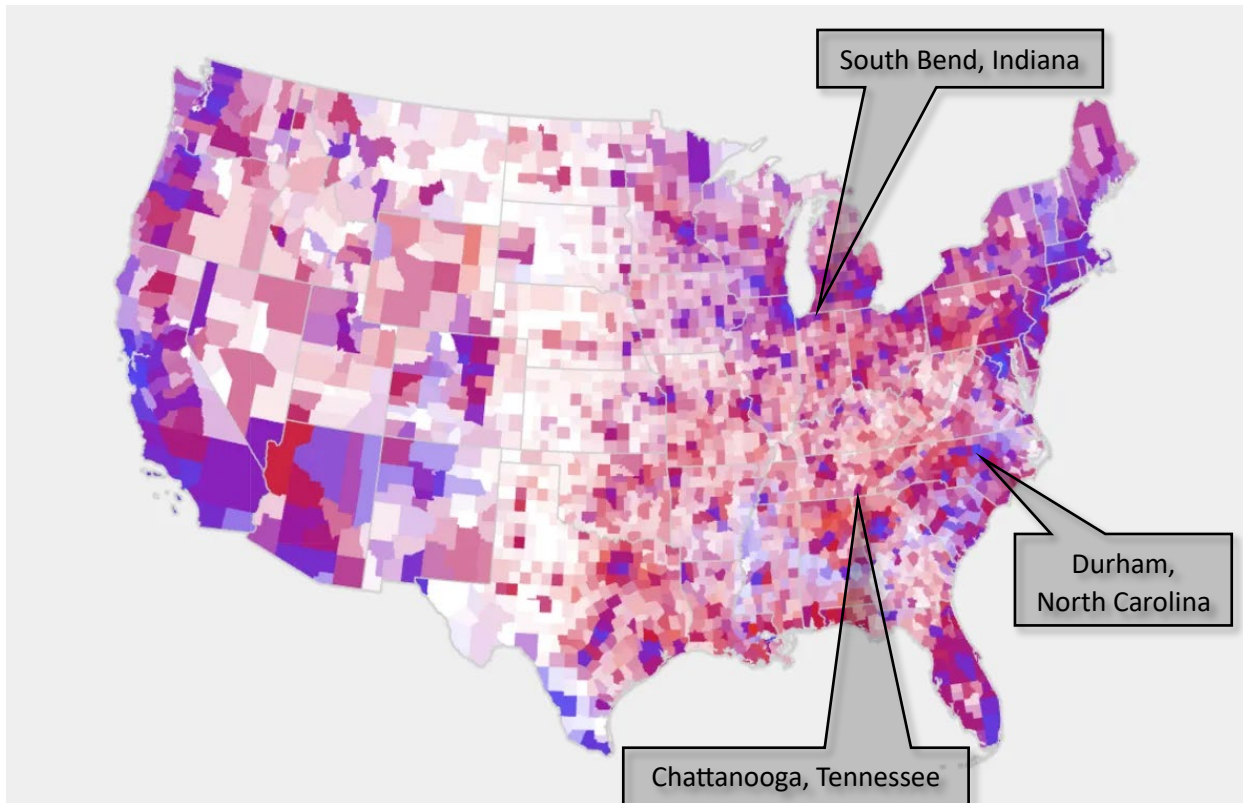


Figure 20 – Presidential election 2016: value-by-alpha. Map by Ken Field.

This map uses color to indicate the party's vote share in each county, and opacity (called "alpha channel") to indicate the population of a given area of the county. A bright, vibrant blue indicates a high Democratic vote share in a densely populated area. A light pink indicates a high Republican vote share in a sparsely populated area. Purples portray areas where one party or another won by a narrow margin. Methodology explanation from the WIRED.com article titled "Is the US Leaning Red or Blue? It All Depends on Your Map."

Also identified on this map are the primary three cities included in the case studies conducted for this report: South Bend, Indiana; Durham, North Carolina; and Chattanooga, Tennessee.

South Bend, Indiana – population 102,686

In recent years, the city of South Bend, Indiana has been a national leader in demonstrating and implementing practical city programming and municipal zoning reforms as a tactic for increasing affordable housing production through small-scale infill development. City leaders have rolled out the New Neighborhood Homes Initiative, “a multi-faceted effort to support the construction of new residential housing units within the city”. These reforms and policies are implemented through the Department of Community Investment. South Bend’s multi-faceted approach focuses on these primary strategies: *reducing regulatory barriers, offering a catalogue of pre-approved designs, issuing targeted Requests for Proposals for infill development, and directly funding affordable housing projects combined with technical assistance for small-scale developers* (Smith, 2022; South Bend, IN, n.d.).

The Community Investment initiative encompasses a comprehensive approach to enhancing urban residential development through a supported cohort of small-scale developers (*A New Generation of Town Makers*, 2021; South Bend, IN, n.d.). Technical assistance to The Swarm is supported with the work of The Neighborhood Development Team, aiming to stimulate local development and community enhancement (“Neighborhood Development,” n.d.). South Bend’s catalogue of pre-approved building designs is by far the most extensive in the United States, designed to streamline the construction process and encourage a diverse range housing types (South Bend, IN, n.d.). The Sewer Lateral Reimbursement Policy reimburses property owners up to \$20,000 for the cost of lateral sewer hookups to neighborhood-scale infill development (City of South Bend, n.d.). This reimbursement significantly reduces the upfront cost to add new housing units and directly funds the installation of essential utility infrastructure. South Bend’s new Neighborhood Homes Initiative aims to empower small-scale developers, improve neighborhoods, and expedite the housing development process with efficient and cost-effective measures.

Chattanooga, Tennessee – population 181,370

In Tennessee, the Chattanooga Neighborhood Enterprise (CNE Inc) empowers communities through comprehensive housing services including financial education and sustainable development initiatives, fostering economically inclusive neighborhoods and empowering residents to achieve their homeownership dreams. CNE Inc operates as a public utility housing developer, property manager, and small-grant financial institution to offer a range of housing support services – including rent relief, down payment assistance, home improvement and foreclosure prevention, and developing new housing units in bulk when large parcels of land become available via landbanking or funding from a local Housing Trust Fund. Founded in 1986, CNE Inc has over 30 years of experience to hone its service models, while becoming adaptable as changes in community demographics, organizational partnerships, and funding opportunities.

Durham, North Carolina – population 276,341

Option for Small Lot & “Flag Lot” Subdivisions allows large single-family lots to be subdivided into two small lots with an access easement on one (Durham, n.d.; Hoffler, 2023; *Small Lot Options in Durham - Information and Inventory*, n.d.). This small lot subdivision allows a greater range of options for how homeowners and home-buyers might choose to develop their property. Property owners can either redevelop the new small lot themselves as an equity investment, or they can sell new parcel as a developable lot. In tandem with the small-lot allowance, Durham Community Land Trustees builds ADUs

on privately-owned and donated lots, and operates as property manager to offer the resulting units as affordable rental units.

Table 2 shows a more detailed list of local policy innovations to support entry-level homeownership and infill development, identifying examples in cities across the US and within the state of Washington.

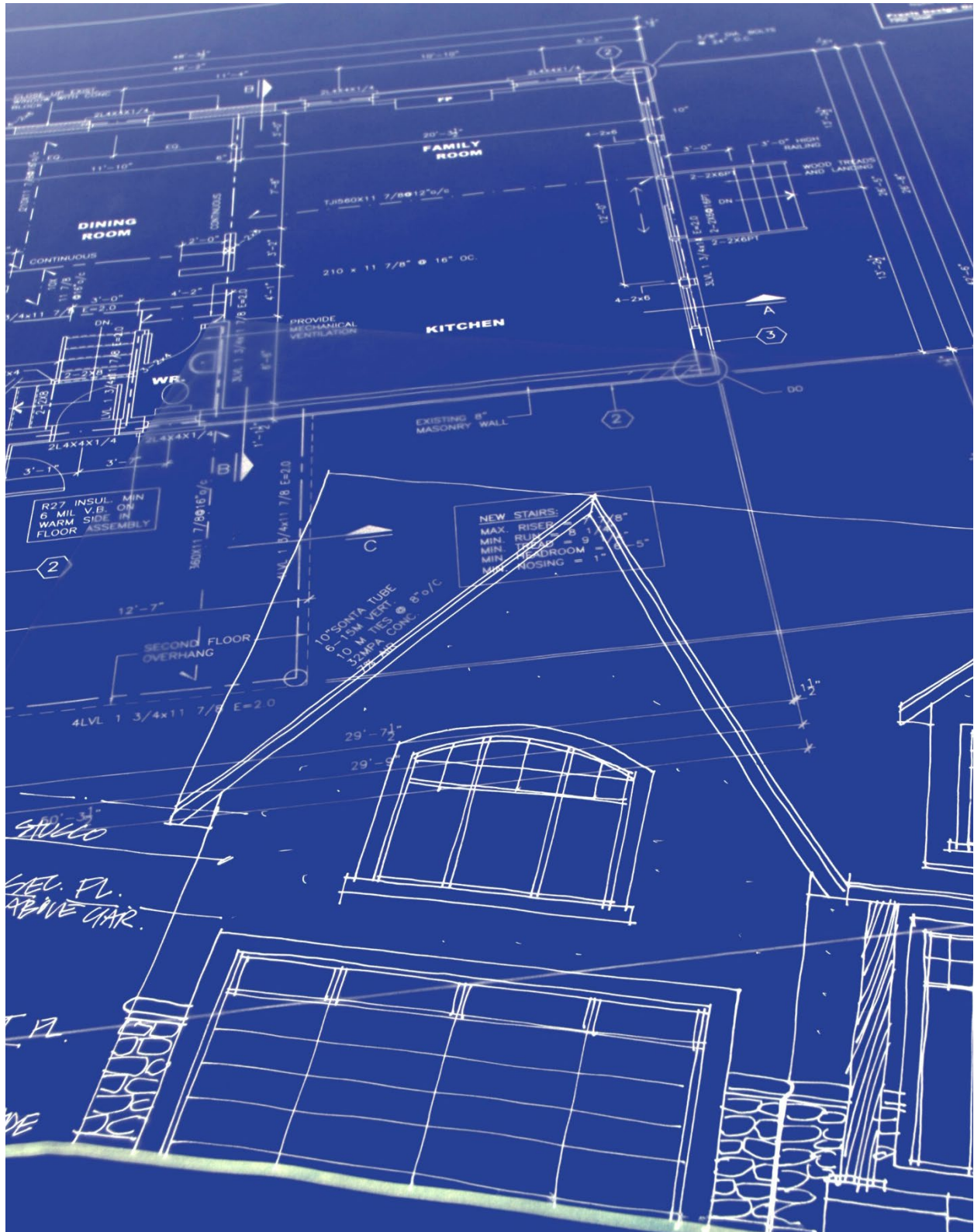
Table 2 Strategies for Affordable Housing Development from Across the United States and within the State of Washington

Strategy	Across USA	Washington
Catalogue of Pre-approved Building Designs	Boise, ID Chattanooga, TN South Bend, IN	Seattle, Spokane, Lacey, Olympia
Grant funding to support ADU construction on privately-owned single-family properties.	State of California (CALHFA)	
Funding Incentives for Cost of Lateral Sewer Hookups available for Small-Scale Infill Development	South Bend, IN	
Training Curriculum & Technical Assistance for small-scale property developers	South Bend, IN Chattanooga, TN	
City Departments Dedicated to Economic Engagement & Empowerment, and Neighborhood Development	South Bend, IN Chattanooga, TN	
Small Lot Subdivision (flag lots)	Durham, NC Portland, OR	
Pocket Neighborhoods of small footprint cottages on half-acre property.	Clarkston, GA	
Community Land Trust Operating as Property Manager for Privately Owned Rental Units	Durham, NC Charlotte, NC	
Community Land Trust Operating as Property Manager of ADUs on built on single-family properties, in collaboration with homeowners seeking to remain in place with infill development.	Charlotte, NC	Ferndale
Community Land Trust Building ADUs on new CLT Land Acquisitions, donated from city or private homeowners.	Durham, NC Charlotte, NC	Ferndale
Donations of small parcels from large single-family properties where mortgage is paid off.	Durham, NC Charlotte, NC	
Small/prefabricated entry level homes designed to be added onto over time.	Rio Grand Valley, TX Pittsburgh, PA	
Pink Zone, Zoning Vacation, Relaxed Permitting Process in Exchange for Provision of Affordable Housing	Chattanooga, TN	Burien
Convene and pay Salary/Stipends for an advisory board of participants from low-income, BIPOC, disabled, and racial minorities as consultants based on the expertise of their lived experience.		Tacoma, Vancouver

Summary

These case studies have explored innovative affordable housing strategies implemented in various U.S. cities, particularly in the Eastern and Southern regions. It highlights case studies from South Bend, Chattanooga, and Durham, showcasing diverse approaches like small lot subdivisions, community land trusts, and support for accessory dwelling units (ADUs). South Bend's initiatives include reducing regulatory barriers and offering a catalogue of pre-approved designs, Chattanooga focuses on comprehensive housing services through the Neighborhood Enterprise, and Durham employs small lot subdivisions and ADU development with their local CLT. The strategies across these cities represent a blend of regulatory, financial, and developmental tactics to address housing affordability, illustrating a matrix of policy actions that can guide future recommendations for expanding affordable housing options. I see four key strategy principles emerging that relate most specifically to scope of city government land use policies and permitting processes: acquire buildable land and infill lots, collaborate directly with target populations, reduce zoning and land use restrictions, and support small scale developers.

Section 4: Research Methodology



Research Questions

How many housing units are needed to serve the unmet demand of middle-income populations in Bellingham? Can the supply of housing stock be tracked against the needs of Bellingham's labor economy?

What are short-term, middle-term, and long-term policy and zoning changes that local governments can make to support small-scale incremental development?

What opportunities are there for partnership and coordination between existing programs, non-profits, homeowners, and property developers?

Assumptions & Expectations

Based on anecdotal conversations and preliminary consultation with subject matter experts, I predicted that there are a high number of single-family homeowners in Bellingham who either: have completed unpermitted infill development that is already functioning as informal affordable housing, *or* who want to complete a permitted development project but lack access to capital resources and/or technical knowledge to do their desired project. Additionally, I am assuming, based on anecdotal social context, that there are many middle-income professionals in Bellingham who want to be homeowners but are currently renting.

Methods

Mixed Method Research Design

I designed a mixed method approach modeled after methodology for developing the housing section of a comprehensive plan (*Bellingham Comprehensive Plan*, 2016). There is also a multimodal research strategy that is often used in the study of housing affordability that I will refer to in this paper as the “conceptual model”. Ancell and Thompson offer a particularly straightforward example of this model in their paper, “The Social Sustainability of Medium Density Housing: A Conceptual Model and Christchurch Case Study (Ancell & Thompson-Fawcett, 2008). The conceptual model strategy starts with analysis of existing policy and data, or an in-depth literature review on a narrowly defined subject. This analysis is used to create a model with which existing conditions can be analyzed. I have also used the field study report of Taylor Webb, “Living in Pele's Workshop: Using Community-informed Planning to Address Housing Needs in Puna, Hawai'i” as a template for designing much of my field study, as it employed a similar conceptual framework and used a similar application of mixed-methods research. Most especially, I used the questions from Webb's community survey to build a version customized to the study area of Bellingham, Washington (Webb, 2014).

To form my own conceptual model for how I would conduct my case study I used geographic information systems (GIS) to analyze existing demographic, land use, and property value data; and conducted a policy analysis of local, state and federal policies related to housing affordability relevant to the case stud area. Once a baseline understanding of existing conditions was established, key informant interviews were conducted to identify practical mechanisms of change that will allow for desired outcomes. In this case, the desired outcome is a rapid production of high-quality housing that is affordable to middle-income populations.

Quantitative: Housing Needs Assessment

How many housing units are needed to serve the unmet demand of middle-income populations in Bellingham?

Can the supply of housing stock be matched to the needs of Bellingham's low- and middle-income families?

To conduct my data analysis and baseline evaluation, I used published GIS data from the City of Bellingham GIS data portal on housing inventory and unit typology, household demographics from the American Community Survey, and employment and wage data from the Bureau of Labor Statistics. The most up-to-date reports by city staff on overall housing needs can be commonly accessed through City Council Meeting Agendas, and city staff have shared early drafts of current reports with me directly. The City of Bellingham has also published two ESRI storymaps, Bellingham Housing Statistics and The primary guiding methodology for data analysis is from HB 1220 – Planning Housing For All Tool (., 2023). Based on these reference points, I have conducted a data analysis that compares housing inventory to household income and occupational employment and wages.

Data Sources:

- **COB GIS PORTAL**
 - Land Use & Tax Parcel Data
- **Bureau of Labor Statistics**
 - Labor force & wage data
- **Census, American Community Survey**
 - Census Quickfacts
 - Household Income
- **Zillow Analytics**
 - Home Values
 - Rental Market
- **Reports Published by COB Staff**
 - 20-year Housing Goals with HB 1220 Methodology
 - Housing Inventory and Property Ownership
 - 2022 Rental Market Study
- **City Council Meeting Agenda Packets**
 - Housing Needs Assessment with new HAPT methodology

Quantitative: Online Survey

What kind of housing do you currently live in?

What kind of housing would you prefer to live in?

What kind of housing do you want to see developed in your neighborhood?

In the methodology employed by Webb in the study of Puna, Hawaii, an online community survey was conducted in tandem with stakeholder interviews (Webb, 2014). The survey results were analyzed in tandem with input from Webb's stakeholder interviews to create a broader baseline of community input. The in-depth qualitative content of one-one interviews was supplemented with the broad quantitative results of the online survey. As the overall focus and subject of Webb's research in Puna was closely aligned with my own research goals, I was able to adapt the survey questions from Webb's research for use in my own study of Bellingham, Washington. To conduct the survey, I used the Qualtrics web-based service, and published the link over my own social media accounts, on the Bellingham sub-Reddit, emailed it to partner organizations and neighborhood associations, and on printed fliers posted in targeted neighborhood locations. The online survey in this field study is meant to supplement the stakeholder interviews that I conducted with homeowners, and to engage with renter populations whom the logistics of time and scope did not allow me to include in my stakeholder interviews.

The questions for this survey asked participants to identify the neighborhood of Bellingham or region of Whatcom County that they live in, baseline demographic questions around age, race, and

income, and asked participants specific questions related to their housing experiences. Questions about participants current housing were divided between one set of questions for homeowners and one set of questions for renters, and then asked one set of questions about housing preferences and what kind of development participants want to see in their neighborhoods. Results of the survey can be broken down broadly between homeowners and renters, to provide insights on the different experiences between these two groups. As the purpose of this field study is to design entry-level homeownership opportunities, and everyone who is a potential first-time home buyer would by default currently be a renter, it seems critical to include renter populations in this study in a meaningful way.

Qualitative: Stakeholder Interviews

What are opportunities for partnership and coordination between existing programs, non-profits, homeowners, and property developers?

Crabtree and Miller describe stakeholder interview participants as a practice of ethnography, where the researcher forms an ongoing relationship with informants over time and becomes an intermediary between objective and subjective forms of information. Stakeholder interviews are not intended to be representative of a population but are instead a selection of individuals who have expertise in the area being studied. This method is described as a particular tool for research in the field of public health, but it has also been used widely in the field of urban planning, especially in the context of housing affordability (Crabtree & Miller, 1999; Palmer, 2019; Villalobos, 2019). It is a common practice to combine informational interviews with other methods, such as *quantitative data analysis* and *policy review*, among others (Crabtree & Miller, 1999). Crabtree & Miller describe interview participants as teachers, consultants, and collaborators rather than subjects of study.

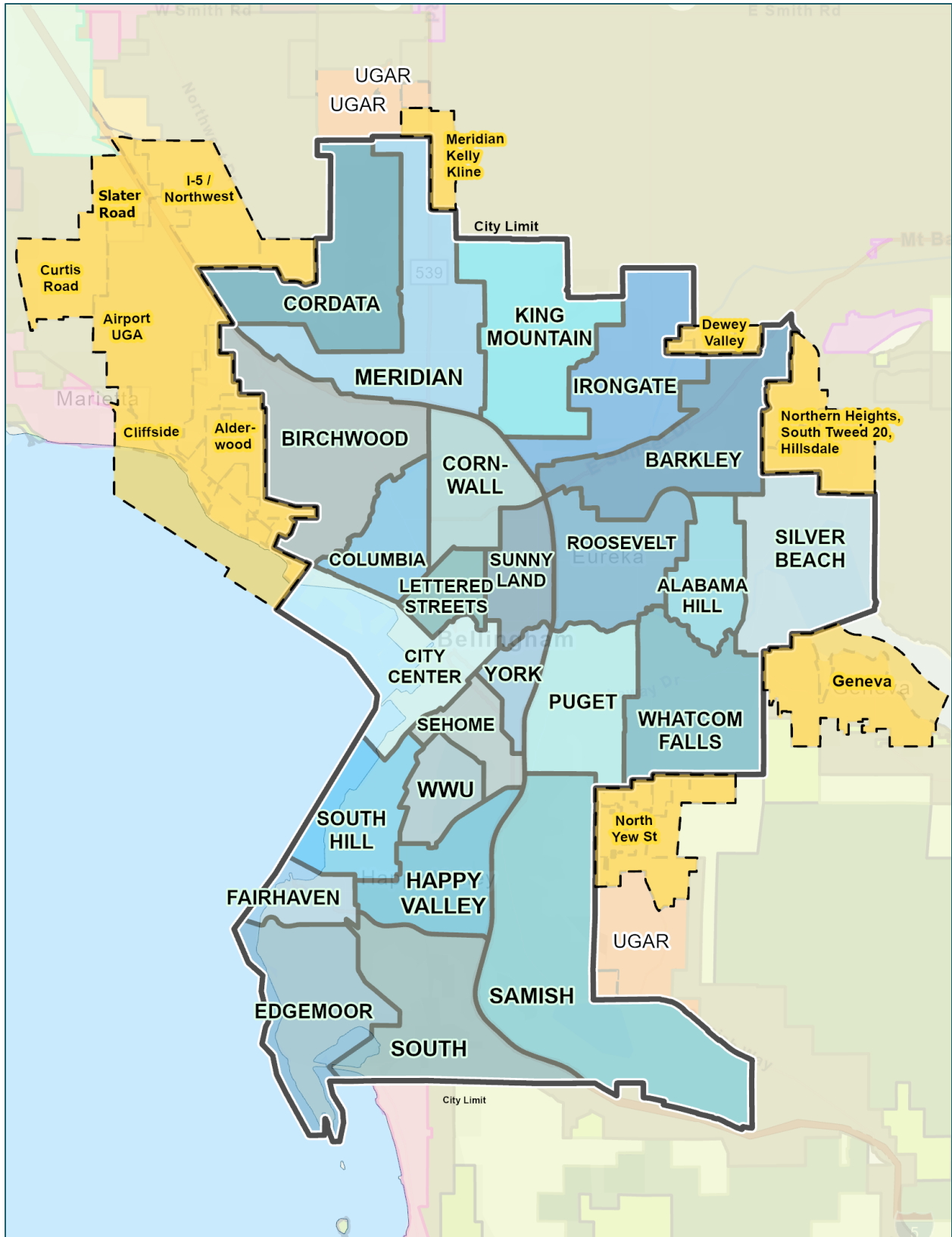
Over February, March, and April of 2023, I conducted a series of formal interviews with key stakeholders relevant to affordable housing development in Bellingham. I identified four primary categories of interview participants and developed a tailored set of interview questions for each group. I also developed two documents: a draft of proposed policy revisions, based on recent recommendations from the Whatcom Business Advisory Council and Kulshan Community Land Trust, and an infographic brochure of my preliminary data analysis and project description. Recordings from stakeholder interviews were transcribed and analyzed for primary emerging themes. Input from interviews were used to inform the final report and policy recommendations.

Qualitative: Policy Review

What are immediate and long-term policy and zoning changes that local governments can make to support the primary affordable housing development strategies identified in the Literature Review and Case Studies?

Guided by input from subject matter experts and stakeholder interviews, I conducted a review of local policies and affordable housing funding sources. This policy review looks at: existing programming for low-income housing, permit application processes, Bellingham Municipal Code, the Whatcom County Infrastructure Development Program for Workforce Housing and recently passed Washington State Middle Housing Legislation. In order to create a baseline for local recommended policy revisions to support affordable housing production, I combined two sets of policy recommendations published in 2022 by Kulshan Community Land Trust and the Business Advisory Council's Working Group on Housing Affordability, operated by the Port of Bellingham, which operates under Whatcom County jurisdiction. In combining these policy recommendations I also incorporated best practices for racial equity in planning from the APA Planning For Racial Equity Guide (*Planning for Equity Policy Guide*, 2019)

Section 5: Findings



Quantitative: Housing Needs Assessment

- ❖ **How many housing units are needed to serve the unmet demand of middle-income populations in Bellingham?**
- ❖ **Can the supply of housing stock be matched to the needs of Bellingham’s labor economy?**

Understanding the Housing Needs Assessment (HNA)

Both of the above research questions guiding my data analysis can be investigated through the existing methodology of a Housing Needs Assessment (HNA), a broad overview of a city and county. Available data metrics tend to keep market rate housing inventories separate from subsidized affordable housing inventories (*Bellingham Housing Statistics Story Map, 2022; Housing & Human Services Story Map, n.d.*). In consulting with one department manager at the Opportunity Council’s Home Improvement Department, it was expressed that the reporting data that most social service programs focus on tracking is total number of clients served and units produced - for weatherization and home repair services, as well as affordable housing and housing support services. The amount of time eligible clients spend on waitlists was not part of their public data reporting. Current waitlists in Bellingham for weatherization and home repair services are reported to be over two years, while waitlists for subsidized housing units and housing choice vouchers are often considerably longer than two years. Receiving a

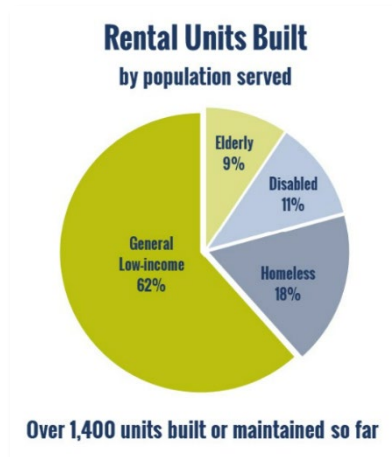


Figure 21 (Figure 13, repeated) – from *Bellingham Housing & Human Services Storymap*

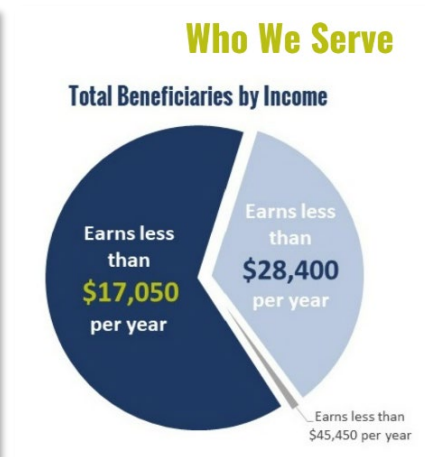


Figure 22 (Figure 12, repeated) – from *Bellingham Housing & Human Services Storymap*

dedicated long-term housing subsidy like Section 8 housing vouchers is much like winning a lottery. Senior staff at housing service provider agencies report on the continually shifting baseline of ever increasing populations of people experiencing housing cost burdens, as programs struggle to increase already limited capacity. The operational result is an environment of triage, where incoming clients are sorted along metrics of highest need; anyone not experiencing an

active and immediate crisis is often sidelined into a waitlist. This reporting is corroborated by the United Way’s Alice Report, as presented in the Introduction section of this report, showing national and global trends of steadily increasing housing cost burdens for middle income wage earners and ALICE populations (*Washington | UnitedForALICE, 2022*).

The numbers represented in Figures 21 and 22 are a good indicator of the existing operational capacity of housing support services in Bellingham, Washington. Current services and programs are targeted almost exclusively to households earning below poverty level income. There is no comparison between total capacity of current services and overall need with the Housing & Human Services Storymap.

Conducting an HNA: Community Profile, Workforce Profile, Housing Inventory, Gap Analysis

There is a well defined methodology for conducting a Housing Needs Assessment, required as part of the Comprehensive Planning process under Washington’s Growth Management Act (Ramsey, 2020). This methodology includes four general sections: community profile, workforce profile, housing inventory, and gap analysis. In preparing my data analysis, I reviewed the City of Bellingham’s 2016 Comprehensive Plan, the 2018-2022 Consolidated Plan, a Housing Needs Presentation to City Council on February 9, 2023 by the Long Range Planning Manager, and the 2023 – 2027 Consolidated Plan Overview published in March 2023, the Housing Statistics Storymap, Housing Support. Not wanting to duplicate work already being done by the city planning department, I used the data analysis below to fill-in information I didn’t find in existing reports, and to arrange or data visualizations in a way that allowed further interpretation of the data. Building from the City of Bellingham Housing Statistics and Housing Services Storymaps, I filled-out my community profile, workforce profile, and housing inventory using the 2022 Rental Market Study published by COB Staff, Census Quickfacts, and Zillow Home Values.

Community Profile:

Who Has Access to Homeownership and Who Can Afford Median Rent in Bellingham, Washington?

Figure 23 shows that Bellingham currently has more renters than owners, with 46% of households who live in a home they own, and 54% of households who live in a home that they rent. Figures 24 and 25 shows that Bellingham’s existing housing stock doesn’t match current household sizes, and reflects an oversupply of large single family homes. As shown by the calculations in Tables 3 and 4 below, a renting household in Bellingham that earns Area Median Income has a housing budget of \$1,475/mo and can just barely afford a studio or one bedroom unit, but not a 2-bedroom or larger unit. When combined with the inventory of Housing Units by Bedroom Count shown in Figure 25, one can see that smaller households of all income levels compete for a constrained supply of smaller housing units.

Community Profile: Household Characteristics

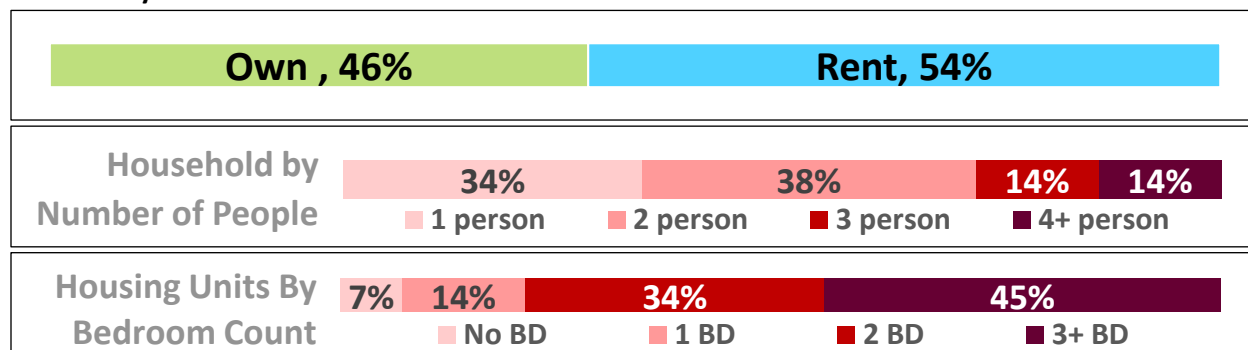


Figure 23 – Number of People per Household, as percent of total. As reported on “Bellingham Housing Statistics” Storymap, data from 2016-2020 American Community Survey 5-year estimates.

Figure 24 – Number of Bedrooms per Housing Unit, as percent of total. From 2023-27 Draft Consolidated Plan Overview.

Figure 25 – Occupancy, as percent of total. From 2023-27 Draft Consolidated Plan Overview.

Table 3, below, shows a calculation of a monthly housing budget and a mortgage purchase budget for a household earning median income in Bellingham, and Table 4 shows a survey of median home values and rental rates in Bellingham, Washinton. In 2021, households earning the City of Bellingham median household income of \$59,163 could afford to purchase a home costing \$305,000, assuming the standard mortgage terms as shown in Table 3 (*Affordability Calculator - How Much House Can I Afford?*, n.d.; *Mortgage Calculator*, n.d.). The current median home sale price in Bellingham is \$635,981, as shown in Table 4 (*Bellingham WA Home Prices & Home Values | Zillow*, n.d.). Under standard lending terms shown in Table 5, home buyers have to be earning more than 200% area median income to afford Bellingam’s current median home sale price, as shown in Table 4.

Community Profile: Housing Cost Analysis

Table 3 – Median Household Income, Median Monthly Income, Monthly Housing Budget, and Calculation of Standard Mortgage Terms for Area Median Income, constructed from various online mortgage calculators, using 2021 interest rates and Median Household Income from American Community Survey 2021. Zillow Mortgage Affordability Calculator, Mortgagecalculator.org, and Bankrate Mortgage Calculator.

Median Household Income: \$59,163		Median Monthly Income: \$4,930	
Monthly Housing Budget: \$1,475		Max Mortgage Can Afford: \$305,000	
Monthly Housing Budget:	\$1,475	Closing costs:	3% of total loan
Loan Term:	30 years, 12 payments /yr	Property tax levy rate:	\$9.29/\$1,000
Annual Interest Rate:	Fixed, 4% (avg for 2021)	Dwelling Value:	59% of total property value
Downpayment of 20%:	\$61,000	Homeowners Insurance:	59% of dwelling value

Table 4 – Survey of Current Home Values in Bellingham, WA. From US Census Quickfacts, Zillow Analytics for Bellingham, WA, and the City of Bellingham Rent Study.

\$440,300	\$635,981	\$2,150	\$1,536	\$1,443	\$1,850	\$2,445
Median Owner-Occupied Home Value 2017-2021 (US Census)	Median Home Sale Price 8/2023 (Zillow)	Median Rent August 2023 (Zillow)	Ave Rent for Studio 2022/23 (COB Rent Study)	Ave Rent for One-Bedroom 2022/23 (COB Rent Study)	Ave Rent for Two-Bedroom 2022/23 (COB Rent Study)	Ave Rent for Three-Bedroom 2022/23 (COB Rent Study)

Bellingham Jobs at Each Wage Range

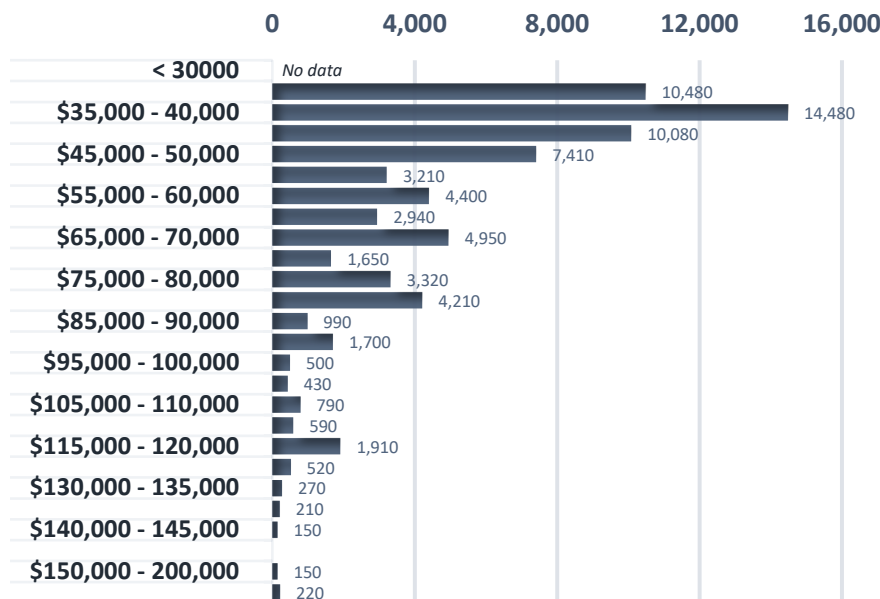


Figure 26 – Bellingham Jobs at Each Wage Range, across intervals of \$5,000. Data from Bureau of Labor Statistics.

Housing Inventory: What type of housing is currently available, and who is it owned by?

Figure 26 and Table 5 below shows a detailed breakdown of Bellingham housing inventory by unit type and property ownership. This chart is compiled from two reports prepared by city planning staff, one looking at multifamily housing, and the other looking at single family housing. When combined into one chart, these reports give a more complete picture of Bellingham housing stock by building type, and they reveal rates of out-of-town rental property ownership by building type. Figure 26 and Table 5 reveal that out-of-town property owners hold far more multifamily buildings of more than five units than any other housing type, and that property owners with an address within Whatcom County own 64% of all rental properties.

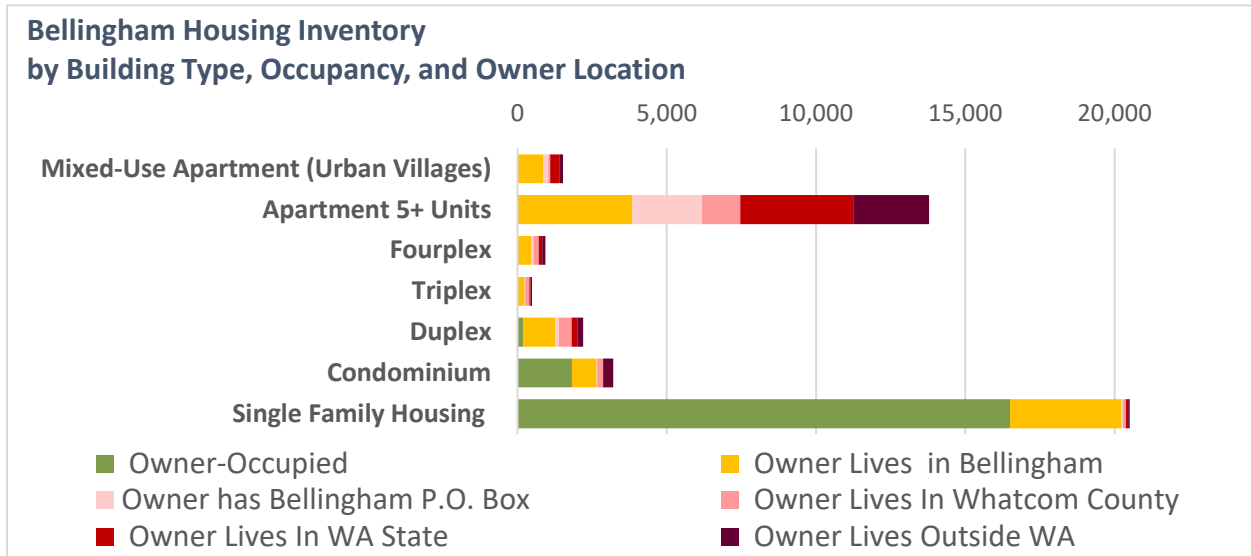


Figure 27 (above) – Bellingham Housing Inventory by Building Type & Owner Location. Interpreted from “Bellingham & UGA Single-Family Home Ownership by Holdings and Owner Locale (2022)” and “Bellingham & UGA Multi-Family Home Ownership by Unit Type and Owner Locale (2023)” reports by COB planning staff. Report document shared directly with researcher.

Methodology Notes from COB Staff Reports: [Method for assessing] owner occupancy based on matching site address and title-owner address in Whatcom County Assessor’s Real Property Master File. Also - there are 96 homes in this category owned by Kulshan Community Land Trust where the homeowner has equity in the housing unit and the trust maintains ownership of the land.

Table 5 (below) – Total of All Types of Bellingham Housing Units by Owner Location, showing % of total for owner locations. Combined totals from “Bellingham & UGA Single-Family Home Ownership by Holdings and Owner Locale (2022)” and “Bellingham & UGA Multi-Family Home Ownership by Unit Type and Owner Locale (2023)” reports by COB planning staff.

Housing Unit Totals by Owner Mailing Address								
Property Address Compared to Owner Mailing Address:	Owner Address = Property Address	Owner has Bellingham Address	Owner has Bellingham P.O. Box	Whatcom County Address	WA State Address	Address Outside WA	(Subtotal of Rental Units)	Total Homes
Single-Family Homes:	16,490	3,719	89	404	663	639	5,514	22,004
Multifamily Homes:	2,059	7,254	2,740	2,287	4,480	3,312	20,132	22,132
Total Homes, All Housing Types:	18,549	10,973	2,829	2,691	5,143	3,951	25,587	44,136
% of Total Rental Homes:		43%	11%	11%	20%	15%		
% of Total Homes:	42%	58%						

Most Single-Family Rental Properties are Owned by Local Residents

Table 6 shows a detailed breakdown of single-family housing inventory by owner mailing address, from the data analysis conducted by City of Bellingham planning staff in “Bellingham & UGA Single-Family Home Ownership by Holdings and Owner Locale (2022)”. Seventy-five percent (75%) of single-family homes in Bellingham are owner-occupied. Twenty-five percent (25%) of all single-family homes in Bellingham are rentals, and 17% of single-family rental homes are owned by someone who lives in Bellingham.

Twenty percent (20%) of single-family rentals in Bellingham are owned by someone who only owns one rental home: a total of four thousand, three hundred and sixty-four (4,367) homes. Most these small holding rental property owners live in the city of Bellingham, accounting for just over twenty-eight hundred (2,800) total homes. Three hundred and twenty-nine (329) either have a Bellingham PO Box or live in Whatcom County. One thousand, one hundred and sixty-nine (1,160) of these homes are owned by people who live outside Whatcom County.

Four percent (4%) of single-family rental properties are owned by people who own less than ten total rental units, a total of eight hundred and eighty-four homes (884). Six-hundred and twenty-seven (627) of these small-holding rental property owners live within the city of Bellingham. One-hundred and twenty-four (124) of these owners have a Bellingham PO Box or live in Whatcom County, and one-hundred thirty-three (133) live somewhere else in Washington state or outside of Washington state.

One percent (1%) of single-family rentals are owned by people who own ten or more rental homes. All of these large holding property owners live in the City of Bellingham or Whatcom County. Within this group, most own between ten (10) and twenty (20) units, with only two families that own more than twenty units: Mike and Robin Stacy own twenty-six homes (26), and the Hansen family owns close to one hundred (100) homes.

Table 6 – Breakdown of single-family property owners by owner location and total number of properties owned. From report by City of Bellingham Planning staff, “Bellingham & UGA Single-Family Home Ownership by Holdings and Owner Locale (2022)”.

Owners, by number of properties owned	Housing Unit Totals by Owner Mailing Address							Total	% of Total
	Total Owners	Owner-Occupied	Bellingham	B'ham P.O. Box	Whatcom County	In WA State	Outside WA		
Hansen Family	1	-	99	-	-	-	-	99	
Mike and Robin Stacy	1	-	26	-	-	-	-	26	
Bach Family	1	-	19	-	-	-	-	19	
Huntco LLC	1	-	19	-	-	-	-	19	
Groom Family	1	-	-	-	18	-	-	18	
Stevensen Family	1	-	16	-	-	-	-	16	
City of Bellingham	1	-	12	-	-	-	-	12	
Bellingham Rentals LLC	1	-	-	-	12	-	-	12	
Watt Family	1	-	11	-	-	-	-	11	
Sunset LLC	1	-	11	-	-	-	-	11	
Executive Homes LLC	1	-	-	10	-	-	-	10	
R.K. Enterprises LLC (Robinson)	1	-	10	-	-	-	-	10	
Subtotal: >10 Rental Homes	12	-	223	10	30	-	-	263	1%
Owners with 5-9	38	-	140	17	14	10	24	205	
Owners with 4	31	-	75	16	18	12	3	124	
Owners with 3	73	-	168	9	16	14	12	219	
Owners with 2	168	-	244	16	18	39	19	336	
Subtotal: 1-9 Rental Homes	310	-	627	58	66	75	58	884	4%
1 Rental Home	4,367	-	2,869	21	308	588	581	4,367	20%
Total Single-Family Homes:		16,490	3,719	89	404	663	639	22,004	
% of single-family homes:		75%	17%	0.4%	1.8%	3.0%	2.9%		

More Than Half of all Apartment Buildings Are Owned by Local Residents

Table 7 shows a detailed breakdown of multifamily housing inventory by building type (number of units in building) and owner mailing address from “Bellingham & UGA Multi-Family Home Ownership by Unit Type and Owner Locale (2023)” prepared by city staff. The report reveals that only 9% of multifamily units are owner occupied. One-third (35%) of multifamily building owners have an address outside of Whatcom County, but more than half (58%) of multifamily units are owned by people with a Bellingham address, a Bellingham PO Box, or a Whatcom County address. While out-of-town investors buying up residential property for investment purposes is often cited as a factor contributing to housing crises, it is important to recognize that a significant majority of all rental units, both multifamily and single-family, are owned and operated by local residents.

Table 7 – Breakdown of multifamily property owners by owner location and building type. From report by City of Bellingham Planning Staff, “Bellingham & UGA Multi-Family Home Ownership by Unit Type and Owner Locale (2023)”.

Multi-Family Housing Units By Building Type	Housing Unit Totals by Owner Mailing Address						Total of Building Type	% of Total
	Owner-Occupied	Bellingham	B’ham P.O. Box	Whatcom County	In WA State	Outside WA		
Condominium	1,820	832	21	189	30	319	3,211	15%
Duplex	189	1,064	128	434	186	202	2,203	10%
Triplex	14	223	27	129	48	39	480	2%
Fourplex	13	435	84	172	120	108	932	4%
Apartment 5+ Units	12	3,840	2,318	1,296	3,775	2,545	13,786	62%
Mixed-Use Apartment (Urban Villages)	11	860	162	67	321	99	1,520	7%
Total Multifamily Homes:	2,059	7,254	2,740	2,287	4,480	3,312	22,132	
% of multifamily homes:	9%	33%	12%	10%	20%	15%		

Large apartment buildings of more than five units also make up two-thirds (62%) of all multifamily housing in Bellingham. While the breakdown of single-family homes versus multifamily housing units is very close to a fifty-fifty split according to the analysis conducted by city staff using tax parcels records, it is also important to recognize that single family properties occupy considerably more land area than multifamily housing units. In Bellingham, low-density single-family use takes up approximately 72% of all residential land area, with multifamily zoning taking up just 28% (see Figure 28, showing total acres of zoning types in Bellingham from the 2016 Comprehensive Plan, Land Use Chapter).

Zoning	Acres	Percent
Residential Single	9,719	42.3%
Residential Multi	3,263	14.2%
Commercial	1,275	5.5%
Industrial	3,908	17.0%
Urban Village	865	3.8%
Institutional	418	1.8%
Airport Ops	1,024	4.5%
Public *	2,517	10.9%
Total Acres	22,989	100.0%

Figure 28 - Land Use Categories, from 2016 Bellingham Comprehensive Plan Land Use Chapter.

Gap Analysis: How much new housing is needed to meet current needs and projected population growth? What income levels need to be supported with greater housing access?

One of the primary concerns I wanted to investigate with my data analysis was connecting the lines between total housing units, housing costs, household income, and available jobs. Chasing the shifting baseline of ever-growing housing needs with constrained funding sources had always seemed like an ineffective and imprecise way to deliver housing support. One of the most significant phenomena in both national and international trends is the steady rate of decoupling between wages and housing costs. My inquiry was guided by the core question, “what would it look like to match the scope of housing needs to the funding and production of housing support?” What would it look like if were to assume, as a basic design metric, that price, type, and availability of housing units should directly correlate to the local labor economy?

Planning Housing For All Income Levels

Passed in 2021, Washington State House Bill 1220 starts to address the issue of a shifting baseline in housing needs by requiring municipalities operating under the WA Growth Management Act to accommodate “housing for all income levels” in their comprehensive plans. In early 2023 Commerce published guidance for a new methodology in data tracking, with the “Housing For All Planning Tool (HAPT)” (Washington State Department of Commerce, 2023b). In March 2023, they published an update with a new methodology for assessing housing needs for all municipalities operating under Washington’s Growth Management Act (Washington State Department of Commerce, 2023a).

Since the Housing For All Planning Tool was published, City of Bellingham Planning staff have published several staff reports analyzing Bellingham housing needs using the new methodology. These reports are publicly available in the Bellingham City Council agenda packets and recorded videos of staff presentations to the City Council. Staff have been kind enough to share files of many of these reports with me directly. I have taken the original data analysis that I conducted using Bureau of Labor Statistics Wage and Number of Jobs data, and the ACS Household Income data, and reviewed it against the city staff housing reports.

Below is the recent housing needs assessment for Whatcom County using the new Housing for All Planning Tool (HAPT) methodology, with extrapolation of Bellingham’s portion - referencing Planning Director Blake Lyon’s presentation to Bellingham City Council on June 5th, 2023. The HB 1220 methods track housing needs across percent of Median Income, from 0% - 30%, 30% - 50%, 50% - 80%, 80% - 100%, and 100% - 120%. As described in Lyon’s presentation, Bellingham needs to produce 524 affordable housing units every year over the next 20 years. The implications of which are that half of all new housing units need to be affordable to households earning less than area median income, and half of those need to be affordable to households earning less than 30% area median income.

I created the visual charts in Figure 29 and 30 to present the Housing Needs Analysis data tables in a format that could be more easily digested and understood by non-planning experts and the broader community. Shown in this way as mirrored bar graphs, or “butterfly graph”, the disparities between income and homeownership and the mismatch between existing households and available housing units is more apparent. Figure 29 shows the Gap Analysis, comparing current household population by income against current housing inventory by unit cost. While the graphs show a surplus of housing units in the 50% to 80% of area median income cost range, it also shows a deficit of overall housing units at the 120% median income range, meaning that those higher income earners are likely out-competing lower income earners at the \$1,000/month unit rent range. Figure 29 also shows the overabundance of rental units for lower-income housing options, while most owner-occupied units are held by people earning greater than 120% of area median income. It also shows an overall 1:1 household to housing unit ratio. The ratio of housing units to households is also referred to as a “vacancy rate”, with Bellingham showing

a current vacancy rate of about 1%. According to the City of Bellingham’s Housing FAQs web page, “A healthy vacancy rate is 5-7% for rentals and around 2% for homeowners” (*Housing FAQs*, n.d.).

Figure 30 shows the same comparison between households and housing inventory by wage range and unit cost, with the 20-year project population growth and housing development goals described by the HAPT methodology. Table 13 shows the yearly housing production goals needed to meet projected population growth at low-, middle-, and high-income ranges over the next 20 years. The Housing For All Planning Tool provides a methodology for tracking housing inventory and cost against a region’s household income, broken down across income ranges. This methodology reiterates the statewide mandate to produce a full range of housing options: only adding market-rate units does not produce the needed housing for populations earning below area median income. This means housing developers must design and produce housing units that are affordable to households earning below area median income as an upfront market product, rather than a secondary market outcome. Further, it is necessary to increase the operational and infrastructure capacity for the development of homes available for owner occupancy at low- and middle-income levels.

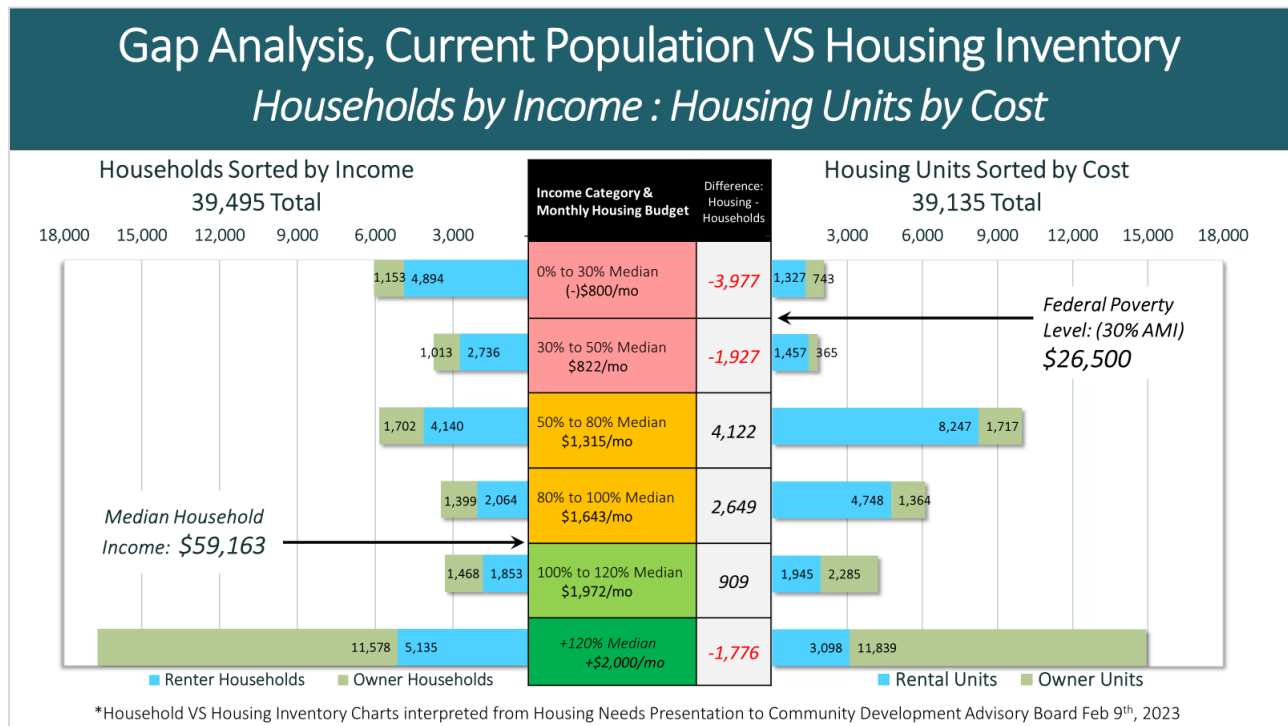


Figure 29 – Gap Analysis, Current Population VS Housing Inventory. Household by Income compared to Housing Inventory by Cost. Developed from Housing Needs Presentation to the Community Development Advisory Board of Bellingham by city planning staff, Feb 9th, 2023.

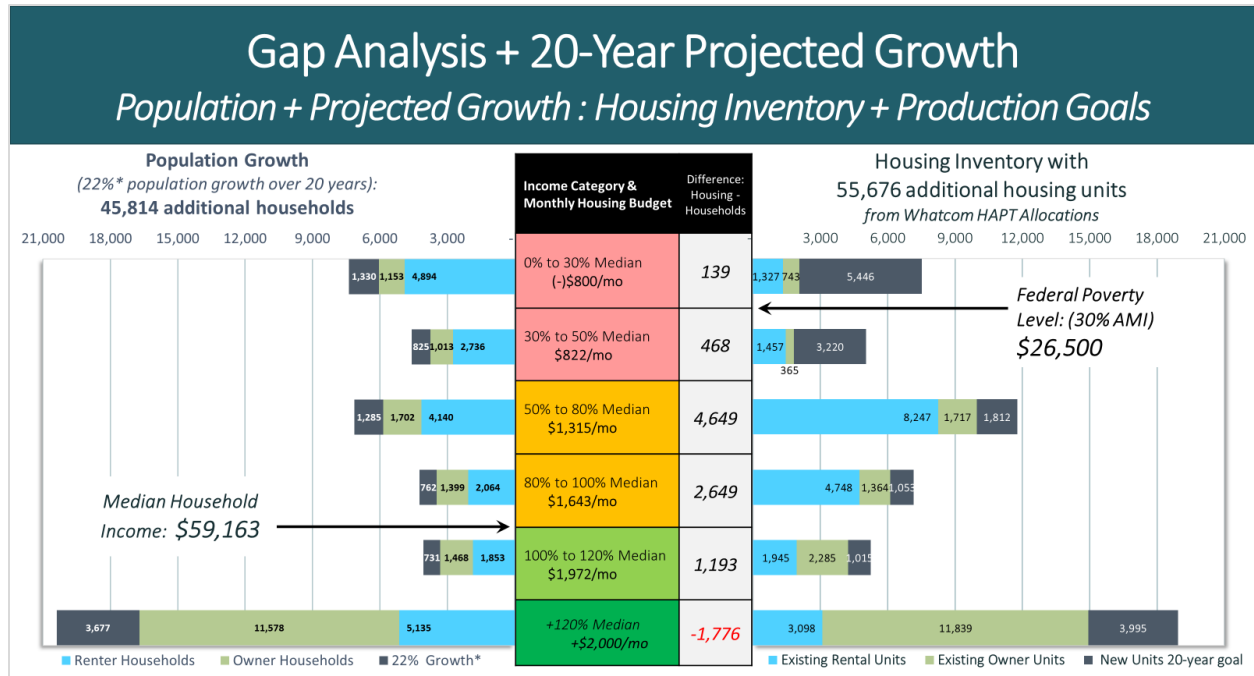


Figure 30 – Gap Analysis + 20 Year Projected Growth. Households by Income with projected 20-year population growth, compared to Housing Inventory by Cost with 20-year housing production goals for each income range. *22% population growth assumed from statistical range projected in Growth Management Act population projections for Whatcom County: 2020 to 2050. 20- year housing production goals from the Whatcom County

Table 8 – 20-year Production Goals for Total Population at Low-, Middle-, and High-Income Ranges.

Income Category (Median = \$59,163)	20-year Production Goal for New Housing Units	Yearly Quota to Achieve 20-year Goal:
0% - 80% AMI	10,478	524
80% - 120% AMI	2,068	103
Above 120% AMI	3,995	200
TOTAL	16,541	827

The 20-year housing production goals and yearly quotas necessary to achieve the goals shown in Table 8 above, reveal the absolute necessity to find new ways of developing housing that is affordable to populations earning below area median income and populations earning below federal poverty levels. Furthermore, housing units that are affordable to these income levels must be produced as an upfront market product. As described in the Introduction Section of this research, relying solely on supply-side production of new market-rate units does not adequately provide housing to all economic sectors, even when added market rate supply may create some incremental reduction in overall housing costs (World Economic Forum Insight Report, 2019). While some portion of the necessary housing units available households earning below 80% AMI can be produced through expanded subsidy funding for affordable housing development, a significant portion of it will have to be developed as market-rate housing.

Key Findings & Summary

Housing Inventory: *What type of housing is currently available, and who is it owned by?*

- A household must be earning *more than 200% area median income* to afford current median home prices in Bellingham - currently at \$635,981.
- The majority of renters earn below 120% of Area Median Income, while the majority of homeowners earn above 120% of Area Median Income. This represents a stark socioeconomic split between households who rent their homes and households who own residential property.
- Single Family Homes:
 - 50% of all housing units in Bellingham is made up of single-family homes, but the land that these homes occupy takes up nearly 75% of residentially zoned land.
 - 75% of single-family homes in Bellingham are owned-occupied.
- Multifamily Homes:
 - 30% of all housing units in Bellingham are in apartment buildings of 5 or more units.
 - 20% of all housing units are made up of a combination of condominium, duplex, triplex, fourplex, and mixed-use apartments (urban village) housing types.
 - Only 9% of all multifamily housing units in Bellingham are owner-occupied.
- 43% of all (presumed) rental unit owners live within the city of Bellingham, and another 22% either maintain a PO Box within the City of Bellingham or have a Whatcom County mailing address. Combined, this means a total of 65% of all presumed rental units in Bellingham are owned by local community members.
- Out-of-town property owners hold 7,792 multi-family housing units (35% of all multi-family), and 1,302 single family homes (6% of all single-family).
- Rates of Owner Occupancy may be dropping. More research would be needed to confirm this observation but, if confirmed, dropping rates of owner occupancy would demonstrate a systematic transfer of wealth away from populations with income below AMI, towards populations with income above AMI. This translates directly into increasing disparity across all racial minorities and marginalized populations, as well as direct impacts to public health.

Gap Analysis: *How many housing units are needed to serve the unmet demand of middle-income populations in Bellingham?*

- According to the House Bill 1220 “Housing For All Income Levels” methodology, Bellingham needs to add at least 500 housing units per year over the next 20 years that are affordable to households below area median income, focusing on units affordable to households earning less than 50% area median income.
- *To meet the goals of the Housing for All planning tool, 52% of all new housing units need to be affordable to households earning less than 50% AMI, and 25% need to be affordable to households earning less than 30% AMI.*

Can the supply of housing stock be tracked against the needs of Bellingham’s labor economy?

- HB 1220 provides detailed methodology for tracking Household Income against Housing Inventory & Unit Cost. This researcher suggests that jobs and wage data from Bureau of Labor Statistics should also be included in this methodology to further link housing inventory and planning goals to the local labor economy.

It is worth observing a particularly alarming data trend of dropping owner occupancy. Figure 23 in the above chapter showed an Occupancy & Tenure Ratio of 46% Owners to 54% Renters from the 2016-2020 American Community Survey, while Table 5 in the above showed an Occupancy & Tenure Ratio of 42% Owners to 48% Renters from the tax parcel analysis conducted by city planning staff in 2023 comparing parcel address to owner address. While these two data points were created using two different methods and cannot be directly compared, it may indicate that the rates of owner occupancy in Bellingham are dropping as housing prices increase, which would correlate to the growing disparity between wages and home prices as well as growing rates of wealth inequality. A shift towards lower rates of owner occupancy and higher rates of renter occupancy is alarming first in that it can represent destabilization in housing security for renters, who make up more than half of the population. Second, dropping rates of owner occupancy represent a steady rate of transfer and consolidation of property ownership, and the associated generational wealth, away from lower income populations and towards higher income populations. Rates of homeownership versus rental tenancy should be closely watched and documented over time, using both the method of tax parcel analysis conducted by city planning staff and the American Community Survey Census data.

In this section, I delved into the quantitative aspect of my research, specifically focusing on the Housing Needs Assessment (HNA) to understand the housing demand among middle-income populations in Bellingham. I explored how this demand correlates with the local labor economy, aiming to bridge the gap between housing supply and demand. Through various data analyses and methodologies, I uncovered disparities between available housing inventory and the needs of different income groups. My investigation underscored the necessity of comprehensive planning to address these gaps, in line with Washington State House Bill 1220, which mandates housing for all income levels. Moreover, I emphasized the importance of integrating job and wage data into housing planning to ensure alignment with the local economy. Additionally, I raised concerns about declining rates of owner occupancy, highlighting potential implications for housing stability and wealth distribution within the community.

Online Survey



Quantitative: Online Survey of Housing Experiences & Preferences

See Appendix III for full report of survey results.

These findings are discussed in three sections – 1) demographics of survey respondents, 2) housing experiences and costs, and 3) neighborhood and housing type development preferences.

Survey Results Analysis/Synthesis

This survey was completed by over 200 people, between February and June of 2023. Those participating were slightly more than half renters (53%) and slightly less than half homeowners (46%) with 2% selecting “other”. Amongst the renters, 47% rent from a property management company, and 37% rent from an individual property owner who manages the property themselves but does not live on site. Renters overall were lower income than owners, younger, more likely to be students, and had shorter tenure in the current housing. Renters also showed a higher rate racial diversity the homeowners, although the overall make-up of survey participants was white. Demographics of survey participants was consistent with City of Bellingham aggregate population demographics.

Do you own or rent your home?

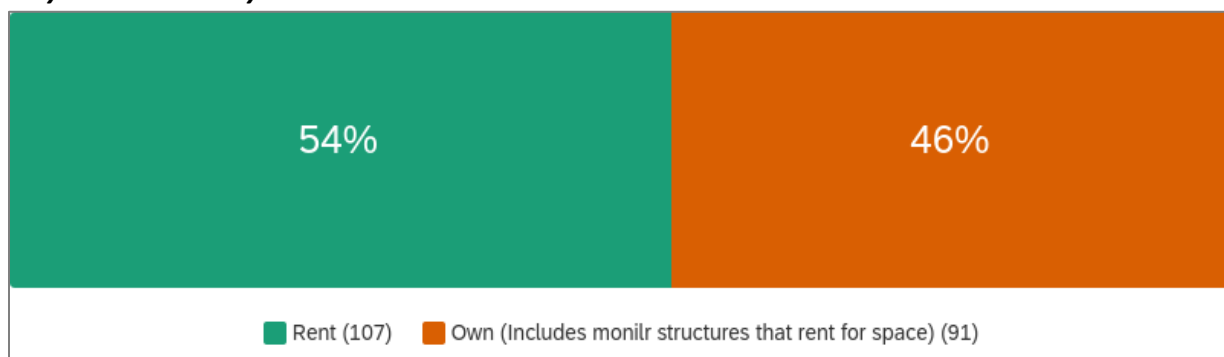


Figure 31 – Responses to Survey Question: “Do you own or rent your home?”

Questions About Current Housing Experiences & Cost

Unsurprisingly, renters report far greater concern about potential eviction than owners, but the stark contrast between them is notable (shown in Figure 32). More notable, is that when renters’ responses to this question are broken down according to type of rental arrangement, their concern about displacement is similar across all rental arrangements but is particularly acute with the rental

arrangement of “individual property owners who manage the property themselves but do not live onsite” (shown in Figure 33).

Overwhelmingly, both homeowners and renters expressed a strong preference for the rental arrangement of renting from “an individual property owner who manages the property themselves but does not live onsite” (shown in Figure 34). This is a notable contradiction to the results for concern about displacement due to affordability issues described in the paragraph above. While renters report particularly high rates of displacement concern for renting from individual property owners who self-manage their rentals, this is still by far the most preferred type of rental arrangement.

This seeming contradiction between, renters’ reported concern over risk of displacement and their overwhelming preference for the rental arrangement of a landlords who manage their rental themselves, can be interpreted in several ways. One straightforward observation is that there is widespread dissatisfaction with the business practices of property management agencies throughout Bellingham. Another is that while there is a perception amongst renters that landlords who manage their own properties directly are likely to be more humane or easier to work with than a rental property company, however the reality is that these landlords may be just as likely to raise rent without warning and fail to respond to tenant complaints and repair requests in a timely manner. Another interpretation is that there is simply a much greater range of potential business practices with landlords who self-manage, with that range including extremes at both ends of abusive or more ethical business practices. Across all types of rental arrangements, participants are concerned about the risk of displacement due to rising rent prices. an independent rental unit, this arrangement is not inherently more secure than rentals operated by property management companies or other more informal arrangements.

Homeowners Vs Renters: “To what extent are you concerned about being displaced from your home due to affordability issues?”

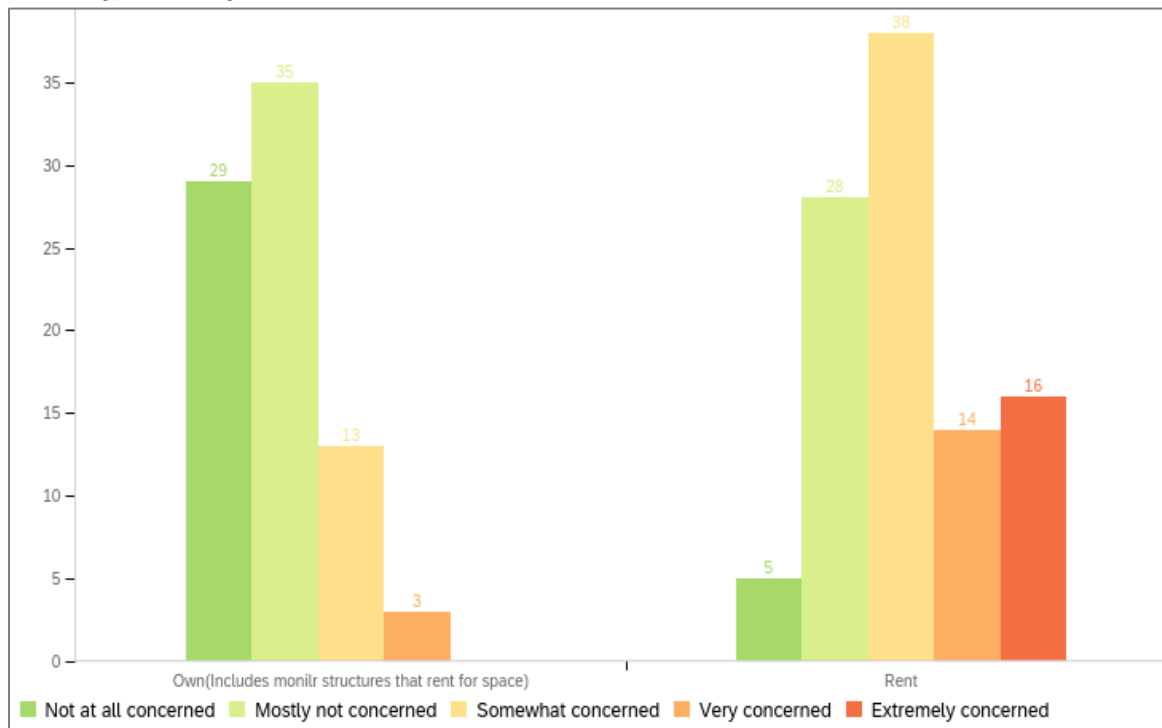


Figure 32 – Responses to Survey Question, with breakout between renters and homeowners: “To what extent are you concerned about being displaced from your home due to affordability issues?”

Renters Only, with breakout between different types of rental arrangement:
“To what extent are you concerned about being displaced from your home due to affordability issues?”

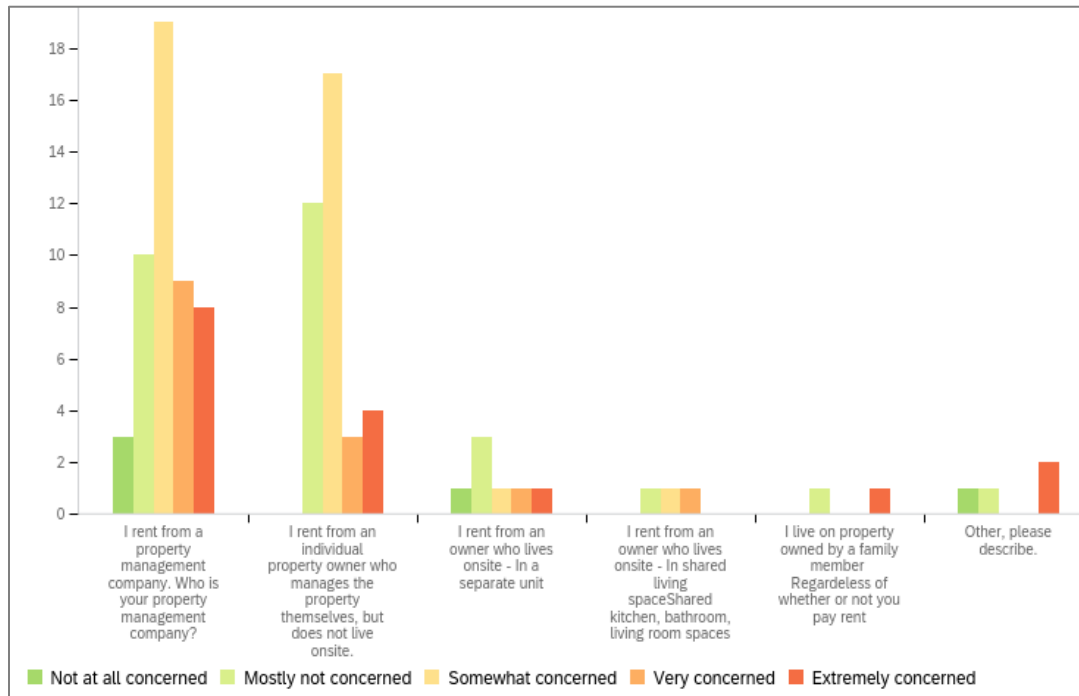


Figure 33 – Responses to Survey Question, isolated to Renters with breakout by type of rental arrangement: “To what extent are you concerned about being displaced from your home due to affordability issues?”

Homeowners Vs Renters: “Regardless of your current housing situation, which of the following best describes your preferred rental arrangement?”

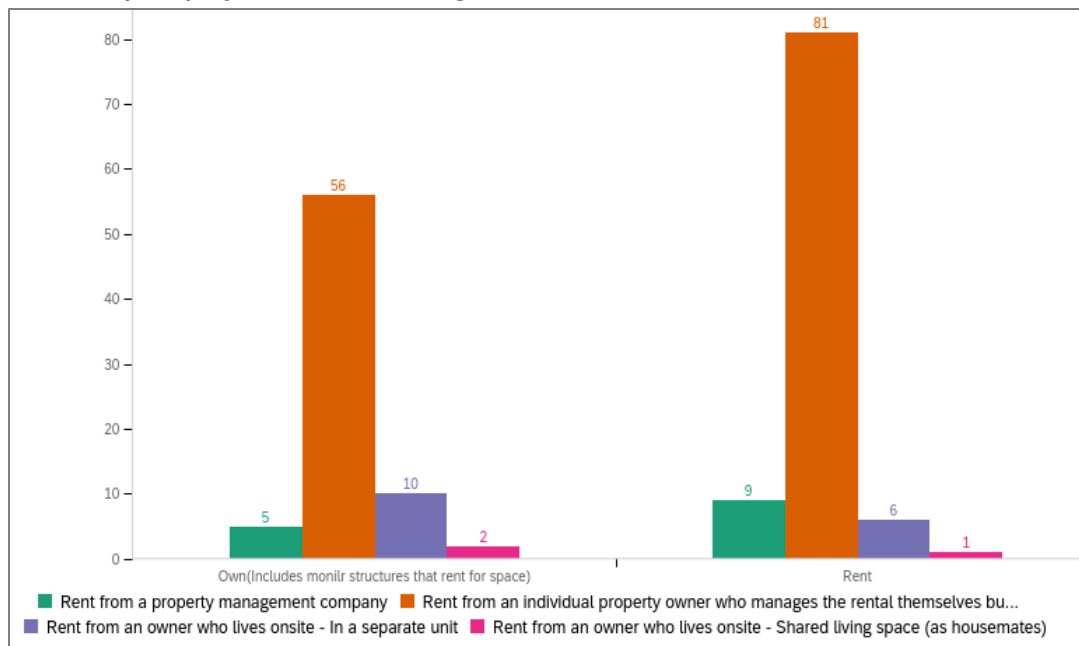


Figure 34 – Responses to Survey Question, with breakout between renters and homeowners: “Regardless of your current housing situation, which of the following best describes your preferred rental arrangement?”

Types of Rental Arrangement, detail from Figure 33 & 34

Figure 33: For renters, what is your *current* rental arrangement?

- I rent from a property management company.
- I rent from a property owner who manages the property themselves but does not live onsite.
- I rent from a property owner who lives onsite in a separate unit.
- I rent from a property owner who lives onsite, with shared living spaces (kitchen, bathroom, living room).
- I live on property owned by a family member
- Other

Figure 34: For all, what is your *preferred* rental arrangement?

- Rent from a property management company.
- Rent from an individual property owner who manages the property themselves but does not live onsite.
- Rent from an owner who lives onsite in a separate unit.
- Rent from an owner who lives onsite, with shared living spaces (kitchen, bathroom, living room).

Neighborhood & Housing Type Development Preferences

Figures 35, 36, and 37 show an interesting gradient from current housing types to preferred housing types, to desired neighborhood development. Participants current housing types reflect current overall housing inventories in Bellingham. While single-family homes were overwhelmingly selected by both homeowners and renters as their preferred housing type, all middle housing types were the next most selected, in the following order of preference: townhouses, duplex/triplex/fourplex, accessory dwelling units, cottage court apartments, medium apartment building (less than 40 units), and tiny homes. The following were all similarly unpopular: large apartment buildings (more than 40 units), high-rise apartment buildings (more than 80 units), informal accessory structures (shed, converted garage, yurt, vehicle parked on private property), mobile home parks, RV.

Figure 37 shows that the most highly desired type of residential development is “*Co-Housing developments that cluster a variety of medium density housing types around shared common spaces*” especially amongst renters. Immediately below that, the most desired type of development is “*Existing homes building mother-in-law suites and accessory dwelling units*”, and right after that is “*single family homes built on existing vacant lots*”. The three least desired forms of development overall are large apartment buildings (+40 units), high-rise apartment buildings (+80 units) and new mobile home parks.

I would interpret these responses as an overall preference for experiencing autonomy and independence in a housing arrangement, regardless of whether the structure of that unit is detached, attached, or part of a multifamily building. While many people like the idea of accessory dwelling units, nobody really wants to live in an apartment in the backyard of a single-family home occupied by strangers, and few people like the power dynamic of being housemates with their landlord. At the same time, respondents reported a strong desire for a greater variety of housing types, and a specific desire for small to medium sized multifamily buildings. They also reported a strong preference for clustered housing types and co-housing, which could be interpreted as a desire for community and closeness, with equalized power dynamics and ownership structures. This reflects and supports current industry discourse about “missing middle” housing forms.

Homeowners Vs Renters: “How would you describe your current housing type?”

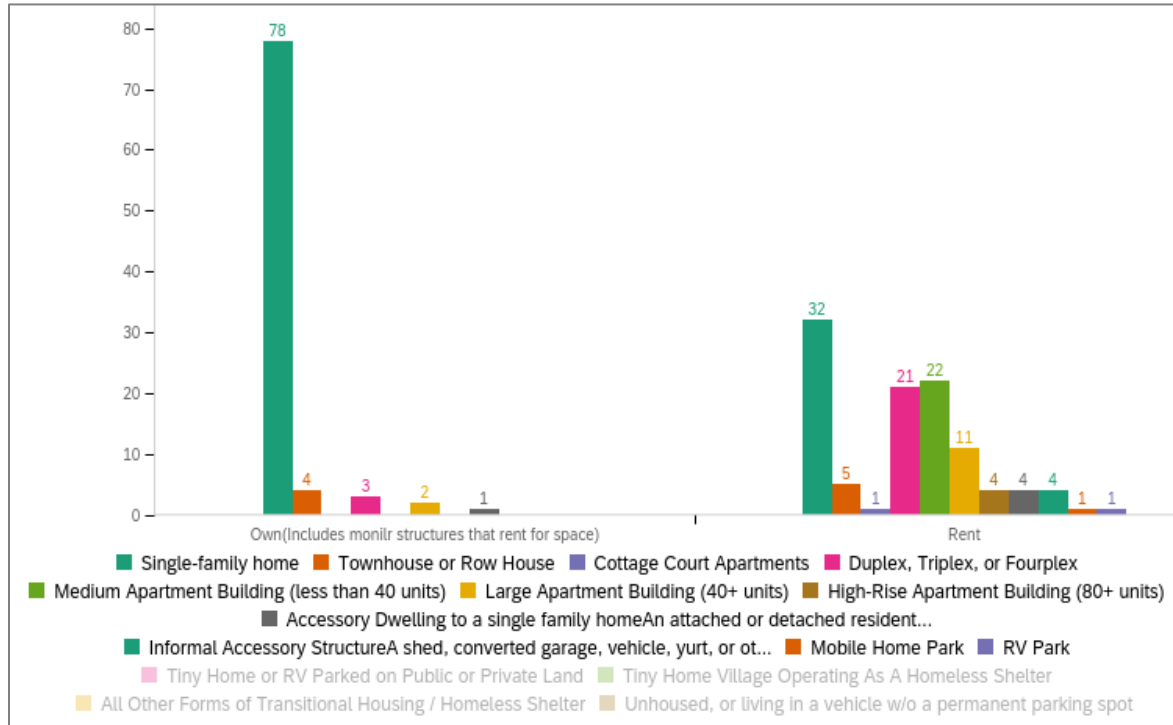


Figure 35 - Responses to Survey Question, with breakout between renters and homeowners: All Participants: “How would you describe your current housing type?”

Homeowners Vs Renters: “What type of housing do you prefer to live in? Select your top three, or all that apply.”



Figure 36 - Responses to Survey Question, with breakout between renters and homeowners: “What type of housing do you prefer to live in? Select your top three, or all that apply.”

Homeowners Vs Renters: “What kind of residential development would you most want to see in your neighborhood? Check all that apply.”

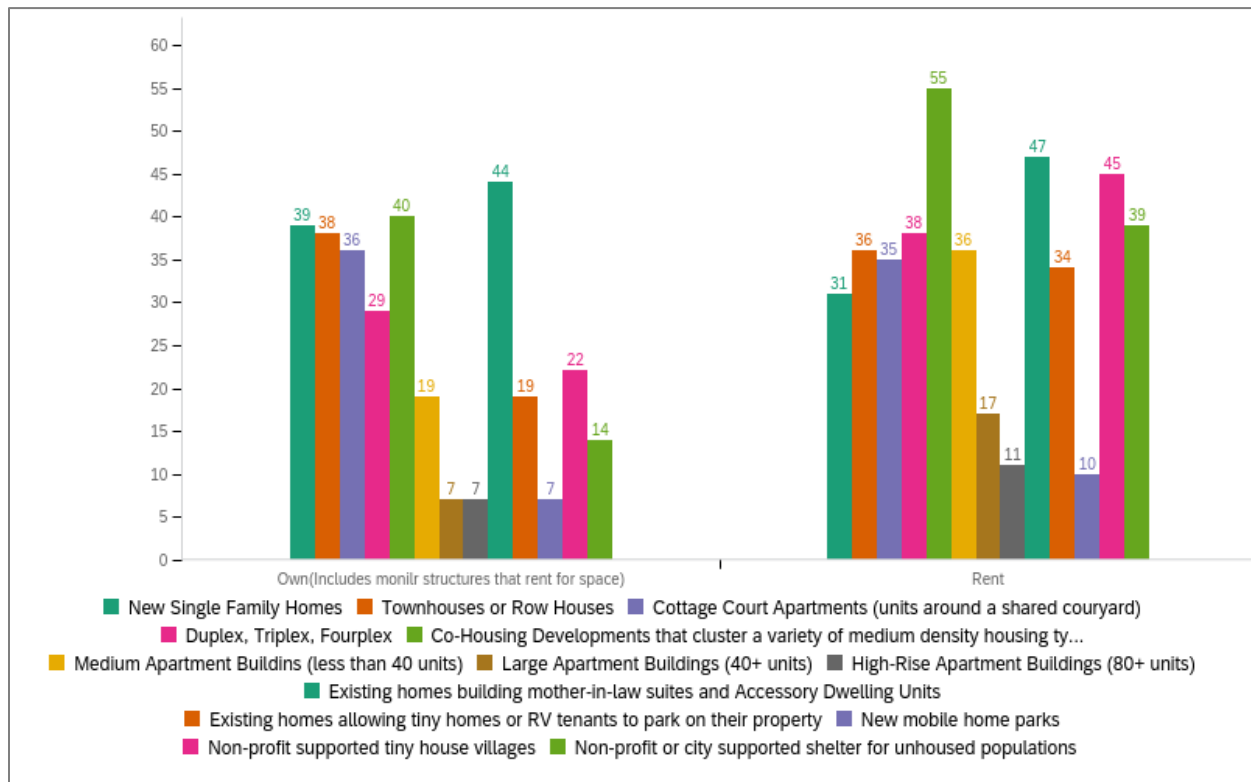


Figure 37 - Responses to Survey Question, with breakout between renters and homeowners:

“What kind of residential development would you most want to see in your neighborhood? Check all that apply.”

Are Current Homeowners in Bellingham, Washinton Interested in doing Small Scale Development?

Results from the housing survey conducted for this research indicate that there is a significant portion of current single family homeowner households who want to do some form of infill development, potentially more than one-quarter of current homeowners. Figure 38 shows that more than a quarter of the homeowners surveyed would like to do some kind of development on their property, but they either don't have funding for the project or permitting and code regulations are a significant barrier. This population is an ideal target demographic for training and technical assistance in small scale infill development. If these survey results are translated across the total Bellingham housing inventory of 18,549 owner-occupied single-family properties, then there could be more than 5,000 potential small-scale developers in Bellingham who would be ready to add additional dwelling units to their properties, with the aid of some financial and technical assistance.

Homeowner: Do you have plans to redevelop your property? Might include adding Accessory Dwelling Units, converting a single-family residence into a multi-family type, rebuilding the primary structure, subdividing the property, or adding a detached workshop/garage.



Figure 38 – Responses to Survey Question, asked only to Homeowners:

Do you have plans to redevelop your property? Might include adding Accessory Dwelling Units, converting a single-family residence into a multi-family type, rebuilding the primary structure, subdividing the property, or adding a detached workshop/garage.

Key Findings & Summary

- Large apartment buildings are the *least preferred* form of housing, after informal and makeshift structures.
- Renters experience *significantly* higher fear of housing displacement than homeowners. This risk of displacement translates directly to costs to public health and wellbeing, as well as increased rates of homelessness.
- There is widespread frustration and dissatisfaction with property management business practices, by both property management companies, and landlords who self-manage.
- Respondents overwhelmingly prefer to rent from an individual property owner who manages the rental unit themselves but does not live onsite.
 - *Even so, this type of rental arrangement is not more secure than any other types of rental arrangements.*
- Potentially as many as 25% of current single-family homeowners want to do some form of infill development. Projected across all owner-occupied homes in Bellingham, this represents more than 5,000 properties who may be interested in seeking partnership for funding and technical assistance for doing infill development.
- *Nearly everyone wants more options for accessory dwelling units, co-housing, clustered housing courts, and small apartment buildings – all forms of Middle Housing.*

Existing rental regulations in Bellingham allow business practices that severely compromise the housing security of renter populations. As described in the introduction/problem section, housing insecurity translates directly to increased costs to public health and homeownership is a primary mechanism for the establishing generational wealth in the United States. Dropping rates of home ownership and rising rent prices represent a systematic transference of wealth away from lower income populations and towards higher income populations. In this way, the lack of regulatory control on rental property business practices functions as a primary mechanism for exacerbating wealth and income inequality in the city of Bellingham, serving to perpetuate systemic wealth disparities for racial minorities and marginalized populations. While nearly everyone who participated in the survey prefers to rent from small holding property owners who self-manage their rental properties, renters reported similar levels of concern over rent increases and abusive business practices across all types of landlords and rental arrangements.

More than a quarter of homeowner participants reported that they would like to do some form of development on their properties but lack access to funding for the project or are intimidated by permitting processes. As a portion of the total population of current owner-occupied single-family homes, there might be over 5,000 potential properties that would like to add residential units to their homes if they had access to funding and administrative support for navigating permitting processes. This population of current homeowners represents an untapped resource of community partnership and buildable properties that should be seriously considered when planning and designing programming for affordable housing development.

Survey responses to questions about preferred forms of housing development highlighted a desire for autonomy and diverse housing options. This desire for autonomy and independence in housing arrangements should also be considered when designing policies for accessory dwelling units and infill development. From renter anxieties to homeowner aspirations, understanding these dynamics is crucial for crafting inclusive and sustainable housing policies and initiatives.

Stakeholder Interviews



Qualitative: Stakeholder Interviews

What are opportunities for partnership and coordination between existing programs, non-profits, homeowners, and property developers?

To identify potential participants for stakeholder interviews, I started by mapping out existing government bodies, non-profit organizations, advisory councils, advocacy groups and community associations with the city of Bellingham and surrounding community. Then I began by reaching out to potential stakeholders to schedule interviews. As I conducted interviews, participants often gave me recommendations and email introductions to additional relevant stakeholders. I approached many participants directly in the context of their professional and organization roles. To recruit homeowner participants, I reached out through professional and personal networks.

Table 9 – Identifying relevant stakeholders and lines of inquiry for interviews.

Stakeholder Lines of Inquiry	With Planning Staff & Subject Matter Experts	With CLT, Non-Profit Housing Service Providers, Developers, Advocacy Orgs	With Bankers, Finance Industries, Real Estate Agents, Real Estate Law	With Builders, Developers, Architects	With Homeowners
Understanding Existing policy structures	X	X			
Data Analysis Guidance	X	X		X	
Connecting public funding to infill development	X	X			
Describing programming to support affordable infill	X	X			X
Creating opportunities for entry level home ownership	X	X	X	X	X
Equity Analysis		X			
ADU Condoization, co-buying, tenants-in-common, lot subdivision		X	X	X	
\$/sf cost to build	X			X	X
Basic livable unit at smallest footprint of \$/sf efficiency	X			X	
Impact of permitting / code regulations	X			X	X
Accessory unit use and occupancy	X				X
Value of DIY labor in small-scale property development		X		X	X

Planning Staff and Subject Matter Experts

City of Bellingham Planning staff have been incredibly generous with their time and assistance throughout the process of conducting this research. Staff in the Planning Department's GIS team contributed greatly to helping me access tax parcel and Zoning data through the city's GIS Data Portal and provided ongoing guidance for my data analysis. Staff in the Community Development and Long-Range Planning Department gave significant input that guided the design of this research study, and the focus of the Literature Review. I also received informal input and consultation of subject matter experts from the Incremental Development Alliance, Neighborhood Workshop, Grounded Solutions Network, and New Energy Homes in South Bend, IN. No city staff agreed to participate in the formal stakeholder interviews described in this section, and most of the subject matter experts from case study regions participated through informal consultation, rather than as stakeholders. As such, their input is woven throughout this research, primarily guiding the Literature Review, Case Studies, and Data Analysis.

Community Land Trust & Non-Profit Housing Developers

What are opportunities for partnership and coordination between existing programs, non-profits, homeowners, and property developers?

What frameworks within existing municipal code and programs can be leveraged to increase affordable infill unit production?

The stakeholder interviews with affordable housing developers and community land trusts in Bellingham covered diverse topics critical to housing initiatives. Conversations focused on understanding policy structures, linking public funds to affordable housing infill, supporting small-scale development, fostering entry-level homeownership, conducting equity analyses, and exploring various strategies like ADU condoization, co-buying, and leveraging DIY labor. Key organizations like Kulshan Community Land Trust and Habitat for Humanity highlighted challenges posed by soaring real estate costs, leading to operational diversification and collaborations with local municipalities. Notably, innovative models like A Hand Up Homes' approach for first-time buyers and ongoing discussions within the Senior Co-Living Discussion Group underscore the diverse efforts and collaborative strategies shaping affordable housing initiatives in Bellingham.

- **A Hand Up Homes** – Susan Burke & Jodie Lit 10/27/22
- **Kulshan Community Land Trust** - (sitting in on board meeting) 2/15/23
- **Department of Commerce** – Taylor Webb
- **Community Frameworks, Senior Housing Developer** – Max Benson 3/16/22
- **Habitat for Humanity** – Senior Staff 3/27/22
- **Working Group to Expand Tactics for CLT Land Acquisition** – Organized by Michael Chivario, multiple dates
- **Senior Co-Living Discussion Group** – Ongoing monthly meeting run by Laura Welker Consulting

Kulshan Community Land Trust and Habitat for Humanity of Whatcom County are the primary organizations working to create affordable home ownership opportunities in Bellingham. While there are several more non-profit organizations working to provide low-income housing and housing support services, they are either rental assistance and/or subsidized rental units. Kulshan Community Land Trust and Habitat for Humanity executive staff have both expressed frustration with the high cost of real estate in the city of Bellingham, and both organizations have had to diversify their operation. Kulshan

has ceased scattered site home purchasing at this time, as prices in the current market are so high that the available subsidy programs for down payment assistance that their model is based on have been priced out of the market. Habitat for Humanity has been able to proceed with their standard business model, as it is based on the resource of volunteer labor to construct new homes on vacant lots, but this model has slowed considerably in the current market. Both organizations have pivoted towards development in collaboration with local cities to build new housing on publicly owned land that cities can transfer into land trust ownership at discounted rates. KCLT and Habitat Whatcom also working with nearby cities of Ferndale and Everson to pursue housing development opportunities in slightly cooler real estate markets. Habitat for Humanity has one active project in Ferndale, where an elder woman who wants to age in place is donating her large property for infill development. Habitat is planning to help preserve the existing home and construct four additional units on the property to help create new homes and allow the primary resident to age in place within her existing home. They are still in the planning and research phase to determine the ownership or property management structure for the resulting housing units. Habitat has another project in progress in Everson, Matteo Meadow, that will produce 30 homeownership units and 16 rental units. The Habitat board will approve income qualification for households earning 80% to 130% area median income ranges, which will support units for households earning 50% area median income. Habitat is establishing a new Community Land Trust entity for Matteo Meadows, which will maintain the homes as permanent affordable non-market housing. These projects reflect similar tactics found in case studies of Durham and Charlotte, North Carolina.

A Hand Up Homes is a small startup in Bellingham with an innovative model aimed at helping first-time home buyers. Their program targets households in the gap between existing programming for low-income households and what it takes to actually buy a home in the current market. A Hand Up Homes uses the legal mechanism of tenants-in-common to co-buy homes with participants, allowing participants to buy-out their share of the mortgage over time as they build equity. Their model also seeks to add an accessory dwelling unit to each home upfront, setting up the homeowner/client as the property manager for the rental unit. This is a new, emerging tactic for supporting entry level homeownership for middle-income households and reflects some of the tactics and approaches of incremental development.

The Senior Co-Living Discussion Group, convened and organized by Laura Welker Consulting, is an ongoing monthly meeting attended by a group of elder women extensively connected across affordable housing fields of Bellingham, and primarily seeking to design and develop co-living housing forms for themselves to live in. With membership overlapping with League of Women Voters and regular attendance from city planning department staff and Whatcom Housing Alliance staff, this group is actively exploring short-term opportunities for cooperative housing and co-living arrangements for seniors who desire a community living housing arrangement. One primary topic explored within the group has been discussions of missing architectural forms to serve this desired style of occupancy. A major consideration is better describing the architectural balance between a desire for private space, and the desire for shared community. This discussion is evolving into brainstorming around how to match housemates to empty bedrooms in large, under-occupied single-family homes to address the growing mismatch between household size and existing housing inventory (as described in the data analysis section above). The group is also brainstorming a description of the missing architectural forms needed to serve the group's desired housing arrangements – describing something that is a middle-ground between a large single-family home and a small to medium multifamily structure. This housing form is being affectionately described as a “Co-Housing Manor” and would feature suites of private rooms with individual bathrooms and possibly wet-bars or kitchenettes, but ample shared communal spaces, living room, home office, and a communal kitchen. A further aspect of this conversation is the extensive overlap between the housing needs described by seniors seeking co-living and cooperative

housing arrangements, and college students who often live in dormitory-style buildings with small, minimal private units clustered around a variety of well-used common spaces.

Advocacy Groups & Community Organizations

What are opportunities for partnership and coordination between existing programs, non-profits, homeowners, and property developers?

Stakeholder interviews with advocacy groups and community organizations shed light on critical issues in housing access and rental rights within Bellingham. The discussions navigated multiple crucial topics, including equity analysis, programming to support housing access, fostering entry-level homeownership, and the urgency to establish ethical and sustainable property management practices. One central concern raised by all participants was the dissatisfaction with prevalent housing forms developed in the city, focusing on an oversupply of large apartment buildings and high-value single-family homes. Concerns were also voiced regarding rental property management practices, with reported issues of rising rental costs, substandard living conditions, and discriminatory practices impacting various segments, particularly Western students facing challenges due to poor living conditions affecting academic pursuits. Advocacy groups highlighted the difficulties faced by renters in accessing accessory dwelling units (ADUs) due to discriminatory practices and the absence of regulatory oversight. Furthermore, stakeholders advocated for regulatory reforms to enable support for cooperative housing arrangements and adaptive re-use, emphasizing the need for a public utility housing developer and flexible financial investment products to support cooperative developments in Whatcom County. These discussions underscore the pressing need for comprehensive reforms addressing housing accessibility and renters' rights in Bellingham.

- **Racial Equity Commission** – 11/14/22
- **Bellingham Tenants Union** – 3/28/22
- **Student Tenant's Revolt** – WWU registered student club, public event, 2/13/22
- **WWU Office of Off Campus Living** – Julia Burns, ongoing consultations
- **Generations Forward / Family Council** – Keith Montoya, ongoing consultations

While this research is focused primarily on the design of affordable home ownership access, considerations of renter rights is a core issue in planning and policy for infill development and the construction of accessory dwelling units. Every potential first-time home buyer is currently a renter, and current renters are the target demographic for first-time homebuyer policy programs. All participants interviewed in this category reported frustration with the housing forms that existing property developers are producing – overproduction at both extreme ends of the housing type spectrum: large apartment buildings and large high-end single-family homes. Participants in this stakeholder category also reported vast dissatisfaction with current business practices for residential rental property management in Bellingham, across all forms of housing types and rental arrangements.

The Student Tenants Revolt reports that both rental costs and building quality have been having ongoing impacts on Western students' ability to pursue their studies (*Why Is Rent Going Up When My House Is on Fire?*, 2023). The reported impacts - including respiratory ailments from poor indoor air quality and mold, flooded units, and fires caused by unsafe electrical wiring - all contribute to an escalated rate of students and other low-income populations being shuffled through a roulette of expensive and unsafe rental units. The time and energy associated with frequent moves and medical emergencies has direct impact on students' ability to engage with their academic studies. This impact is especially magnified for students from low-income families, students who are parents, and older students. These student demographics are more likely to be working to support themselves while in

school and less likely to have a support network to fall back on to help with navigating frequent housing emergencies. The Bellingham Tenants Union and Tenants Revolt report similar issues for renters across Bellingham.

The Bellingham Tenants Union reports that homeowners operating Accessory Dwelling Units are also the most likely to discriminate in favor of renters who are “easy to rent to”. While not overtly intending to discriminate, a landlord seeking this an “easy to rent to” tenant is generally seeking to find tenants who are culturally similar to them, speak English as their first language, and/or whose income is more than three times rent by default. In this way, “easy to rent to” becomes a proxy for discriminatory property management business practices. Beyond this, available ADU rentals are often quietly traded amongst friends and family before they are ever listed as an available unit. BTU reports that the primary benefit of renting through property management agencies is that these larger companies are regulated as a commercial enterprise, and therefore governed by a regulatory framework that explicitly prohibits discriminatory practices in selecting renters. In the current absence of regulatory oversight, ADU units area rarely accessible to renters who are members of racial minorities, renters whose first language is anything other than English, or middle-or lower income renters whose income is less than 3x the rent (current median rent in Bellingham is \$1,925/mo, and unavailable to anyone who relies on any kind of rental assistance. Despite the cultural popularity around the idea of accessory dwelling units, lack of regulatory oversight on small-operation landlords limits these structures from providing a meaningful source of stable housing to the overall housing market. *Renter populations are interested in increased opportunities for co-living, co-ownership, cluster housing, cooperative housing, and other alternative forms of cooperative ownership than homeowners.*

The primary sentiment expressed by all stakeholders in this category is the need for a public utility housing developer serving Whatcom County. Participants in this category expressed frustration with restrictive zoning that makes adaptive re-use and cooperative housing arrangements difficult to produce or outright illegal. They also expressed the need for more flexible financial investment products to fund privately formed limited equity cooperative and cohousing developments.

Real Estate & Finance Industries

What are opportunities for partnership and coordination between existing programs, non-profits, homeowners, and property developers?

Conversations with stakeholders in the real estate and finance sectors centered on transformative strategies like ADU Condoization, co-buying as tenants-in-common, and small lot subdivisions. Discussions highlighted a general lack of familiarity with converting single-family properties into multiple units within Bellingham. However, insights underscored the prevalent practice of ADU Condoization in Seattle, primarily contributing market-rate units rather than affordable housing for lower-income segments. Discussions emphasized the potential for these strategies to enable adaptive re-use of existing housing stock to meet the needs of changing household dynamics, reflecting a growing trend of resource pooling among adult friends or households. Additionally, the emergence of entities facilitating co-buying solutions in Bellingham accentuates the increasing relevance of structured approaches to accommodate evolving housing needs. While these strategies may not inherently produce affordable housing, they present opportunities to expand homeownership and informal transactions, calling for further exploration to develop scalable and inclusive housing models.

- **Banker, Savi Bank, Vice President & Branch Manager** – Christian Christianson 8/9/22
- **Mortgage Broker Caliber Home Loans** – Anonymous, Winter 2023
- **John L Scott Real Estate Agent, Rental Property Owner** - Hannah Cranny 3/7

- **Land Use lawyer, practicing ADU Condoization in Seattle** – Terrance Wilson 3/16
- **Real Estate Agent Specializing in Co-Buying, KCLT Board Member** – Kelcy King 3/27

Topics that I discussed with this group included the creation of opportunities for entry level homeownership using the mechanisms of ADU Condoization, co-buying as tenants-in-common, and small lot subdivisions. This is the stakeholder group that I was able to talk to the fewest number of individuals from. I talked to Hannah Cranny, a real estate agent working within the John L Scott network, as well as Kelcy King, a real estate agent who specializes in facilitating co-buying transactions for groups purchasing homes as tenants-in-common and who has served as a KCLT board member. I was able to talk to the Branch Manager and Vice President of Savi Bank, a small regional bank that offers HELOC and small business loans. I was also able to talk to a local Mortgage Broker with Caliber Home Loans. Beyond the local area of Bellingham, I was able to interview Terrance Wilson, principal operator of Wilson Law Group, a land use law office doing a booming business establishing little three-to-four-unit ADU condo associations in Seattle, WA.

The two participants from Bellingham banking and finance industries reported little-to-no knowledge of established practices for converting single family properties into multiple independently owned household units. Based on this limited sampling, it could be implied that this practice is not occurring at any significant rate in Bellingham at this time. Hannah Cranny, the real estate agent with John L Scott gave me the tip to look at 1010 High Street as one example of an ADU condo produced in Bellingham, shown in Figure 39 below. Upon closer investigation, the duplex B101/B201 appears to have been built as an accessory building on the existing multifamily condominium building at 1000 High Street. Checking the Zillow listing against the Whatcom County Assessor record reveals that unit B101 sold for \$475,000 on March 17, 2023, and unit B201 sold for \$435,000 on July 29, 2022. At 875 square feet per unit, these sale prices translate to a cost \$543 per square foot for unit B101 and \$497 per square foot for B201.

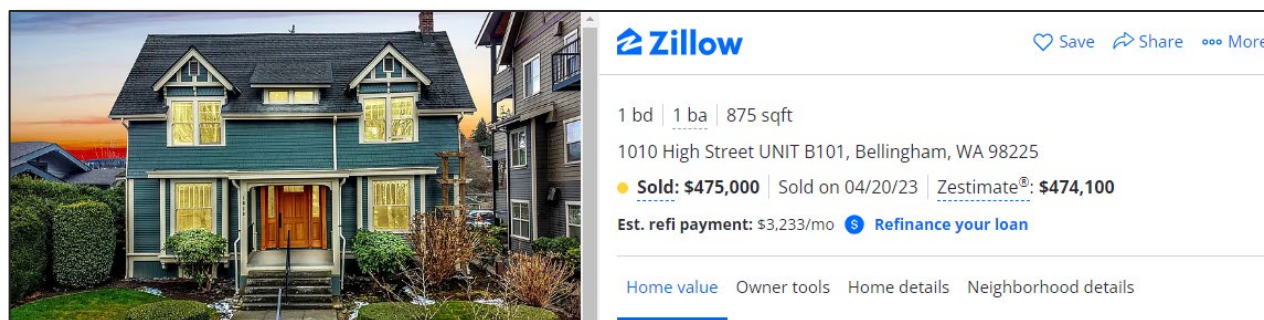


Figure 39 – Example of a duplex ADU constructed on a multifamily property in the Sehome neighborhood of Bellingham, WA. Screenshot from real estate property listing on Zillow.com.

In order to further investigate and learn about practices of ADU condoization, I contacted land use lawyer Terrance Wilson of the Wilson Law Group of Washington. Within the past two years, Wilson Law Group's practice has become dominated by the creation of small two-to-four-unit condo associations for single family properties redeveloped into something approximating zero lot line short plat subdivisions using Seattle's land use zoning that allows two Accessory Dwelling Units on a single-family lot. Wilson reported that condominiums are governed by Washington State law and that the internal structure for how individual condo units are allocated is largely unregulated under this governance, allowing each new condo association to set up their HOA according to their own preference. In the context of this unregulated environment, Terrance reported that the vast majority of these new HOAs were choosing to delineate ownership by reflecting a zero-lot line model similar to townhomes or cohousing communities,

so that each unit also owns the section of property that their unit sits on, with underground utilities being managed communally under the HOA agreements. Practiced in this way, ADU Condoization effectively becomes a work around to accomplish small-lot subdivisions without going through the long and expensive process of subdividing single-family lots.

As described by Wilson Law Group, the practice of ADU Condoization in Seattle is an opportunity for developers to purchase existing single-family properties and convert them into clusters of smaller single-family homes. While this definitively adds more market-rate units to the Seattle housing market, **nothing about the practice of ADU Condoization produces housing units that are affordable to households earning less than area median income.** Seattle's current AMI is \$105,391 - using Zillow's affordability calculator shown in Figure 40, even when assuming a 20% down payment. The lowest price that most of the houses produced under ADU Condoization practices in Seattle is \$600,000 and well out of reach of workers earning Seattle's area median income. Again, the primary benefit of this practice is increasing overall residential unit density in existing neighborhoods and increasing the production of owner occupied housing units over rental units.

Affordability Calculator

Use Zillow's affordability calculator to estimate a comfortable mortgage amount based on your current budget. Enter details about your income, down payment and monthly debts to determine how much to spend on a house.

Annual income [?]

Calculate by payment

Monthly debts

Down payment

Advanced

Calculator disclaimer

Home price | Payment

You can afford a house up to \$400,000

Based on your income, a house at this price should fit comfortably within your budget.

\$2,391/mo

Figure 40 – Mortgage Affordability Calculator. Screenshot from Zillow.com.

Partial Release/Reconveyance

When I inquired specifically about the above observation with Wilson, he confirmed the assessment that, while the practice of ADU Condoization performs the important function of adding additional market-rate homeownership opportunities to the housing market, it does not inherently produce units that are affordable to populations earning below area median income. In discussing how this practice could be applied as a tool in the context of affordable housing production, we identified two primary strategies. First, ADU Condoization can be a mechanism for existing single-family homeowners to reduce their overall housing costs and consolidate their property equity, by selling an ADU (or the development rights for an ADU-eligible lot). As reported by Wilson, this can be accomplished through the legal mechanism of a partial release, also referred to as a partial reconveyance. As described by Wildson, in the practice of establishing a new condo HOA, the partial release/reconveyance legal transaction can allow an existing homeowner who has built an Accessory Dwelling Unit to sell the small plot of land that the ADU sits on without having to refinance their mortgage and without having to subdivide the property. Again, this wouldn't necessarily create a housing product affordable to households earning below area median income, but it can help to add more home ownership opportunities to the market rather than rental units, and it increases opportunity for informal transactions in the context of existing personal relationships. Most importantly, the possibility of existing single-family homes being able to sell ADU *development rights*, could create an opportunity for community land trusts to purchase the development rights with funding from affordable housing subsidy programs, use public funding to bring in utility services to the plot, and then partner directly with a future occupant/land trust homeowner to finance construction of the resulting unit. Further research is needed to explore these legal mechanisms and design a repeatable and scalable financial product.

The second strategy for using ADU Condoization to produce affordable (and/or non-market) housing discussed with this category of stakeholders, would be as a tool for groups to co-buy an existing single-family property as tenants-in-common, as a limited equity cooperative, or as a pre-emptively formed CoHousing Condo Association. As imagined, the co-owners can then redevelop the property into a cluster of attached or detached independent housing units for themselves, according to individual preference. All of the stakeholder participants that I interviewed from real estate industries reported that, as overall property values rise, it is becoming increasingly common practice for adult friends or groups of small households to pool resources and buy residential property together. This pooling increases the group's upfront purchasing capital, as well as collaborative labor capacity for DIY repair, maintenance, and improvement of the property over time. **While shared housing and co-living has been an informal tactic for adult households to create informal affordable housing for decades, this practice has been largely ignored and marginalized by mainstream real estate and financial institutions, as well as municipal zoning and land use policies.** In current practice though, co-buying and co-living are being re-examined under the category of adaptive re-use, as planners and real estate industries observe the mismatch between household size and an existing building stock dominated by single family homes, (shown above, in Figures 24 and 25 of the Data Analysis).

Pairadime, or "PAIRADIME," is a company in Bellingham that I did not conduct a stakeholder interview with due to limitations of time and logistics, but whose business model is highly relevant to this research. Located in Bellingham, Washinton but serving both the United States and Canada, Pairadime facilitates all forms of residential property co-buying including parents co-buying with their adult children, friends co-buying together, and unmarried partners. Services they provide include co-buyer matching, client education, matching with mortgage brokers and real estate agents, and contract agreements household co-ownership.

In summary, my discussions with various real estate and finance stakeholders revealed that ADU condoization, co-buying as tenants-in-common, and small lot subdivisions are the most actionable strategies for producing more middle housing home ownership opportunities with infill, within shorter timelines. These strategies themselves do not inherently produce affordable housing for those below area median income. Nevertheless, they serve as valuable tools for expanding home ownership opportunities, promoting informal transactions, and accommodating changing household dynamics. Additionally, the emergence of companies like Pairadime in Bellingham underscores the growing relevance of co-buying practices in the evolving landscape of housing solutions. Further research and exploration are essential to refine these strategies and create scalable models that can contribute to more inclusive and equitable housing options.

Builders, Developers, Architects

What are the primary barriers to producing affordable housing units in the context of urban infill development?

What frameworks within existing municipal code and programs can be leveraged to increase affordable infill unit production?

What are opportunities for partnership and coordination between existing programs, non-profits, homeowners, and property developers?

In this section, insights from interviews with builders, developers, and architects underscore key challenges and strategies shaping Bellingham's housing landscape. Topics explored range from ADU condoization, co-buying models, and the impact of building codes on construction costs. Builders highlighted hurdles in converting properties, citing permitting fees, design reviews, and site work expenses as significant barriers. Contrasting perspectives emerged on relaxing energy codes for smaller units, while exploring the potential of mobile tiny homes and co-housing models as viable alternatives. Participants also had extensive input on the small footprint/high efficiency building design, and architectural forms for the co-living manor that promise cost-effective and community-oriented housing options. Conversations with stakeholders in this category highlight critical barriers and innovative solutions essential to advancing affordable housing initiatives in Bellingham.

- **Faber Construction/West Coast Homes** – Raymond Faber & Mat Metcalf 2/13/23
- **TC Legends Home Builders** – Ted Clifton 2/16
- **Bundle Design Studio, architect** – Dan Welch 3/8
- **Tiny House Nation** – host/tiny house expert - Zack Giffin 3/9
- **CAZ Construction**, Business Advisory Council, Member BIAW - Dan Dunne 2/16/
- **Jones Engineering** – Brian & Darcy Jones 3/13
- **Instinct Builders** – Jason Wheeler 3/24
- **A1 Design Build** – Patrick Martin & Maggie Bates 3/23/23

Interviews with stakeholders in this category tended to be the most technical, with participants engaging directly with the draft of proposed code revisions. This was unsurprising, since several members of the Business Advisory Council are also residential builders and housing developers - including Dan Dunn who spearheaded the Building Advisory Council working group that produce the policy recommendations. Contractors and builders generally supported the draft code revisions written by Kulshan CLT and the Business Advisory council without critique.

Primary Permitting, Zoning & Land Use Policies that Increase Infill Development Costs:

- Design Review adds the most cost by increasing overall project time. Architect/Drafting time required to revise plans is expensive upfront and time delays increase overall project management costs.
- Site work associated with adding parking spaces and/or laneway access can easily cost up to \$30,000 – \$40,000 per parking space. Excessive parking requirements for infill development also limits what can be built under overall FAR requirements.
- \$7,000 fee for increasing water meter size, triggered by count of individual plumbing fixtures.

- Subdividing lots is overall cost prohibitive – one developer reported an experience that I took 2 years + \$50,000 to subdivide an existing double lot.

Overall, builders reported that they are doing a booming business of home remodel projects to expand the living area of homes in Bellingham, and that remodel projects far outpace the rate of detached Accessory Dwelling Units. All contractors reported that they don't think the overall costs of permitting fees for building accessory dwelling units are particularly onerous, although large-scale multifamily developers did not share this sentiment. Smaller residential builders and contractors did report a very consistent set of complaints: the overall time that that ADU design review processes adds to projects, the cost of any site work associated with adding parking spaces or laneway access to satisfy parking requirements, and the \$7,000 fee associated with increasing the water meter size triggered by overall fixture count. Costs associated with sitework requirements to add parking or expand alley access for ADUs was cited by contractors as by far the most expensive hard cost associated with ADU construction, with casual estimates of impacts to previous projects ranging from \$30,000 to \$60,000. The fee for increasing the water meter size based on fixture count was reported at \$7,000 by several participants and cited as the most onerous and inescapable cost associated with otherwise economical ADU projects, especially for attached ADUs. These specific issues were the primary aspects of the ADU process that residential contractors and builders identified as adding overwhelming project costs to ADU projects. These costs prevent all but the most well-resourced homeowners from attempting these types of builds and incentivize less resourced homeowners to subvert permitting processes for smaller building projects.

Considering a Small-Footprint / Mobile Tiny Home Code Variance

There was a wide variety of reactions and input on the code variance that I wrote for small footprint residential buildings (see copy in Appendix ##). The proposed small footprint code variance would reduce certain requirements from the energy code in the context of small footprint structures, developed primarily from a tour that occurred September of 2022, of the company 360 Modular's Ferndale factory. The tour was hosted by owner/operator of 360 Modular Rob Dale, and attended by Port of Bellingham Community Development Director Don Goldberg, Senator Sharon Shewmake, and myself. 360 Modular was a business working to build prefabricated modular housing units specifically to serve the bottom end of the housing market. In this tour, Rob Dale, the 360 Modular owner/operator, reported the company's struggle to establish a working business model. Dale's specific frustration was that existing building codes that optimize for energy efficiency are scaled to a typical building size that is considerably larger than 360 Modular's products and the size of units that are affordable to low- and middle-income populations (target customer base). 360 Modular simply was not able to produce a housing unit that was both affordable to low-income markets that also meets current energy codes, and in fall 2022 the operation closed shop. The code variance was also informed by my literature reviews looking specifically at innovative new designs for modular housing units that are economical to produce, and architectural designs that plan for later development/expansion of the home by the end user, as well as my own background in building performance analysis.

To investigate this proposed code variance in further depth, I interviewed Zack Giffin host of the Tiny House Nation TV show, as well as the executive team at Faber Construction a local contracting company that builds tiny homes rated for seasonal vacation use. Faber Construction would like to expand their tiny house product offerings to structures rated for full-time occupation but expressed the same difficulty as 360 Modular in producing a small-footprint housing unit that is both affordable for low-income buyers and that meets energy code requirements for residential structures. Architects and builders working in more traditional site-built home construction expressed enthusiastic opposition to the proposal to waive energy code requirements for the sake of creating small footprint housing units for low-income home

buyers. This opposition was expressed around two primary sentiments. The first is that to do this would be to construct ghettos of poor-quality buildings that would further exacerbate cycles of poverty. The second is that in fact, small footprint structures would benefit from even more stringent energy requirements because of their increased ratio of exterior surface area to internal volume. While both sentiments are well-founded in rational building science, there are several mitigating factors that should be considered in this equation.

The international building code for residential structures is written to a design standard for a 2,000 square foot building. It is true that smaller units have a considerably higher surface area to volume ratio and it is through surface area, as well as window and door openings, that heat is lost. Under this design standard, multifamily structures vastly outperform single family homes in overall energy efficiency – and yet, we continue to build detached single-family homes out of an overriding cultural preference for the detached single family structure type. There is also a strong building science argument made by Tiny Home proponents, that building performance models based on structures that are +2,000 square feet, are not equivalent to building performance of small footprint units between 400 sq ft and 600 sq ft. This is because of two primary factors. First, is that even though the surface area to internal volume ratio is considerably higher, the amount of time it takes to heat this small volume of air can be almost immediate, meaning that occupants have far less need to run heating appliances to maintain a minimum temperature while the building is left unoccupied. This is because the small volume drastically reduces the amount of time required to bring the unit up to a comfortable internal temperature, fundamentally altering the occupant’s behavior and use of the building. Second is the consideration that insulation and energy performance codes for recreational vehicles are far lower than residential buildings codes. While it may not be cost effective for tiny homes to meet current residential building codes for a 2,000 sq ft site-built house, it is cost effective for them to be constructed with much higher insulation and energy performance than a comparable-size mobile home.

Zack Giffin and the Tiny Home Industry Association (THIA) propose a middle-ground code designation for mobile tiny homes that maxes out cost effective insulation values based on standard wood framing dimensions of 2x4 inch lumber and 2x6 inch lumber, where insulation fills the space inside the wall. THIA’s proposed insulation requirements mirror current tiny home building practices of local construction contractor Faber Construction, which max-out total insulation value against overall construction costs with standard 2x4 and 2x6 wall framing, where insulation fills the space inside the wall. Additional R-value for wall, floor, or ceilings is typically accomplished by adding a layer of rigid foam insulation to the exterior shell of the building, at considerable additional cost. Table 10 below shows a comparison of insulation requirements for different building types, including recreational vehicles, park models approved for longer-term occupation, Faber Construction’s tiny home products, and the Washington State energy code for permanent residential structures.

More research is needed to understand and effectively implement code regulations specific to small footprint and mobile structures, and making specific code recommendations to allow the placement of mobile tiny homes in existing residential lots in Bellingham is ultimately found to be beyond the scope of this research. However, it should be given serious attention, considering the potential benefits and advantages that small footprint mobile structures can offer.

Table 10: Comparison of Building Code Insulation Requirements. Compiled from stakeholder interviews, American National Standards Institute (ANSI) for recreational vehicles, and Washington State Energy Code.

	Recreational Vehicle Cert (as described by stakeholder interviews)	<u>ANSI A119.5 Park Model RV Standard (2020 Edition)</u>	Faber's Custom Park Model <i>(maximizes energy efficiency at cost affordable to most potential buyers)</i>	WA State Energy Code Residential Chapter 51-11C WAC TABLE R402.11
walls	No insulation required	R-19	R-15 (2x4 framing with fiberglass)	R-21
Floors	No insulation required	R-11 or R-13	R-20 Fill 2x6 ceiling joist cavity with fiberglass	R-30
ceiling	No insulation required	R-22	R-25 Fill 2x6 ceiling joist cavity with fiberglass, plus layer of rigid foam	R-49 (but this will go up to R60 with recent legislation)

Because mobile tiny homes do not require a permanent foundation, they can be gentler to the environment, and make them more appropriate on lots and areas with high water tables, irregular terrain, or sensitive ecosystem conditions. Because small footprint mobile homes can be moved periodically, they offer a greater level of flexibility over time, not just to the residents but to the property hosts. This can allow housing units to be placed in ecologically dynamic locations, and moved and relocated as landscape conditions change over time. One household located on Bennet Street, in the Alderwood Growth Area, started with a small house on a double lot, and is working to develop their own co-housing cluster community over time. Their first project was the build a second single family house with Net Zero green building design, and to then to host a tiny house, allowing them to rapidly expand the number of housing units in their small community, beyond the capacity of their own building projects. A small handful of mobile tiny homes, and an available space for housing them, are an excellent accessory to a cohousing development.

The placement of mobile tiny homes on residential lots can also facilitate more aggressive owner-occupied property development. One of the primary limiting factors for owner-occupied developers in being able to max-out their allowed zoning density or to fully redevelop an existing house, is the question “where will we live while the house is under construction,” and the financial consideration of paying rent for an alternate living space. While paying rent for another place to live over the duration of construction may make the remodel project not financially viable, being able to place a mobile structure onsite can be more economical. Many may consider the possibility of renting or buying an RV, but Tiny Homes are often superior to RVs in energy performance, aesthetic appearance, indoor air quality, livability, and durability over time.



Figure 41 – Existing Homes in Bellingham, WA that reflect the architectural forms found in South Bend’s Preapproved Design Catalogue, as well as best practices for economical high performance building design, as described by TC Legends and other residential builders. Photos included were captured from public streets in Bellingham, as a reflection of the building form described, and are not assumed to be built by TC Legends.

Describing Bellingham’s “Efficiency Special”: a dignified, healthy & livable housing unit that maximizes building cost per square foot and energy efficiency.

TC Legends offers a 900 square foot footprint, two-story home as a cost-effective option for maximizing building cost and energy efficiency. Part of what makes the home both energy efficient and economical to build is the use of the SIPS product – “structurally insulated panels” made up of rigid foam insulation sandwiched between sheets of plywood – that makes up the wall assembly, usually paired with timber frame style construction. Not only do SIPS panels offer high thermal performance and insulation value, but they also enable considerable cost savings in labor on the time required to construct standard 2x4 framing with insulation and sheathing onsite. TC Legends’ basic design features a steep roof peak with vaulted ceilings, spacious interiors, high-quality finishes, high-efficiency appliances, and net-zero building performance. This basic architectural shape can be seen popping up in neighborhoods all over Bellingham. Most frequently seen as a detached single-family home with a wrap-

around porch, there are also occurrences that could be presumed to be a stacked duplex or an apartment over a garage or workshop. This form also shows up in older homes, often with a kitchen/laundry addition or an attached garage.

Across all detached housing types, the overall building cost per square foot increases for detached structures residential structures under 1,000sf. This is due in part to increased ratios of surface area to interior space, but it is primarily due to the hard costs of: earth moving and foundation work, lateral sewer hookups and electrical service, and interior plumbing fixtures and heating appliances. These hard costs are a high value opportunity for public funding and energy efficiency subsidies.



Figure 42: Graphics from Incremental Development Alliance, Adaptive Middle Housing Forms

Describing the “Co-Housing Manor” as a cost savings tactic over comparable multifamily structures

Builders did identify several opportunities for potential cost savings from particularly high costs imposed under international building codes. These cost savings are achieved through an architectural vocabulary of shared spaces and shared utilities. Consider a typical four-plex apartment building, compared to a large single-family home of the same footprint and size. The four-plex multifamily structure will be required to have firewalls between each unit, separate utility meters, and additional code requirements associated with health and safety for independent and unassociated households to occupy each unit. But a comparable single-family home built to accommodate a similar number of people is only required to have one utility meter, and only enough sound insulation between interior sections as to provide privacy to the occupants. Similarly, a single-family home being creatively converted into a duplex or multiple attached units may face fewer upfront code requirements and/or lower overall project costs compared to the construction of new multifamily structures. Establishing a clearly defined architectural form and building code for a co-living house, as a cluster of semi-private

suites arranged around generous shared communal spaces, may offer opportunities for building cost savings that would otherwise be unacceptable compromises to health and safety requirements for multifamily buildings.

Jason Wheeler with Instinct Builders proposed creating a design standard for a “co-housing manor” that is an equivalent building size and occupancy to a fourplex apartment building, with shared communal spaced and co-housing ownership structures. This is one place where the rigor of health and safety requirements in the international building code might be piling on unnecessary cost requirements. On the one hand, a fourplex apartment building that is going to be rented by independent, unrelated households should absolutely follow energy code in installing firewalls, separate energy meters, and other health and safety measures as required by building code. On the other hand, an existing single-family home being converted into separate units or installing an attached accessory unit may not be required to implement these measures. Among the residential contractors interviewed, all reported booming business of remodels to increase living space or add extra bathrooms to existing homes, but a relatively slow update of homeowners building permitted accessory dwelling units.

Beyond cost savings in building and structural codes, co-living offers cost savings in shared appliances, such as laundry machines, and it allows pooled investment in higher-quality commercial appliances. One current co-living rental household reports that 2 and ½ bathrooms serves six single working adults very satisfactorily without overcrowding. And, while a co-living ‘manor’ house that is a collection of individual suites might have a kitchenette or wet-bar in each unit, they can also afford to install a central household kitchen with commercial quality appliances and set-up for shared meals and collaborative food preparation. When operated as a self-owned co-op, this type of household can also have greater DIY labor resources for landscape and building maintenance.

Homeowners

What are the primary barriers to producing affordable housing units in the context of urban infill development?

What are opportunities for partnership and coordination between existing programs, non-profits, homeowners, and property developers?

In my conversations with homeowners, various essential topics emerged, underscoring the challenges and innovative adaptations within Bellingham's housing landscape. Participants discussed the need for programming supporting affordable infill, the impact of permitting and code regulations, and the value of do-it-yourself (DIY) labor in small-scale property development. Additionally, themes around creating entry-level homeownership opportunities, the cost per square foot in building, and the utilization and occupancy of accessory units were prevalent. Notably, a pervasive culture of fear around informal structures and unpermitted housing arrangements impacted the dialogue, revealing underlying complexities in housing arrangements and code enforcement. These insights emphasize the multifaceted nature of housing dynamics and the pressing need for balanced regulations that cater to diverse homeowner needs while ensuring safety, equity, and meaningful housing security for renters.

- **Unpermitted dADU Rental** – single family home, dADU new build. 50% DIY Labor, DIY Project management.
- **Unpermitted Duplex Rental** – single-family home converted to duplex with major remodel/update of existing. Originally owner-occupied in one duplex unit, with 2nd unit rented. Owners later purchased a second property and moved there, both units in duplex now operated as market rentals.
- **Unpermitted dADU Garage Conversion** – single family home with unpermitted conversion of existing detached garage into ADU, visions for further infill development pending multifamily re-zone.
- **Alderwood Infill Co-Housing/Incremental Development in Progress**– single family home with double lot, completed infill to build new 2,000 sf home on vacant lot (TC Legends Builder). New home is currently rented, homeowners occupy original house and hosting a tiny house. Homeowners have plans to further develop property into urban farm and clustered housing community.
- **Birchwood Infill Visions** – single family home, no current adu or rental space, but very large lot and a family/friend who needs housing – would like to purchase a mobile tiny house to park on existing lot, visions for future infill development pending policy reforms/re-zone.
- **100 Acre Wood ADU Rental** – single family home with permitted attached garage conversion to aADU, below-market rental (by choice/ethics), KCLT board member
- **Columbia, KCLT Home** – Being a CLT homeowner has been overall excellent homeownership experience but is frustrated with barriers to accessing accrued home equity to pay for needed home maintenance and repairs. Land Trust homeowners in Bellingham are unable to access equity/HELOC loans to pay for needed repair and maintenance. Discussed visions for potential infill development pending policy reforms/re-zone
- **Birchwood Co-Living** – large ½ acre lot with existing primary dwelling, unpermitted structures, mobile structures, desire to convert to private co-op/cluster housing. One housemate is property owner, but would prefer to convert to co-ownership of housing co-op, frustrated with lack of mortgage and financial products to support this.
- **Sunnyland ADU for Elder Parents** – single family house with permitted ADU detached garage conversion to housing for elder parents, mostly DIY labor
- **Goshen Co-Living** – rural acreage with a spacious 6 bd home, several unpermitted structures, mobile structures, operated as a co-living collective. One housemate is the property owner but would prefer to convert to co-ownership as housing co-op, frustrated with lack of mortgage and financial products to support this.

Finding a Culture of Fear

Several homeowner participants agreed to sign a consent form giving permission to use their names in this research. There were also several participants who were only willing to participate on the condition of anonymity, and several more who declined to participate at all, specifically because of their concern about compromising the security of existing illegal or informal structures and building uses. Because of the overall atmosphere of fear that I observed amongst homeowner participants, I have decided to anonymize all content and input from interviews in this stakeholder category. One specific group that I hoped to interview is homeowners who purchased their home as tenants-in-common with friends; however, between the logistics of scheduling limitations and sentiments of fear regarding unpermitted structures, I was unable to interview any such households.

Bicycling through neighborhoods and alleys of Bellingham, one can spot obviously illegal, unpermitted, and outright prohibited structural forms scattered throughout the city. While it would no doubt be illuminating to this research, I was not comfortable conducting a windshield survey to document this, especially considering the atmosphere of fear I encountered when recruiting participants. A large portion of Bellingham households depend upon informal housing arrangements, illegal housing units, backyard sheds, and unregistered and unpermitted accessory units. It is common for a detached structure to be converted into an unpermitted dADU, or just a spare bedroom to extend the living space of a single-family home. A 10 ft by 12 ft ‘utility shed’ is the largest unpermitted structure a household is allowed to construct under Bellingham Municipal Code, and one can see a growing proliferation of 10 ft by 12 ft structures in covert use as additional bedrooms, with occupants using bathroom and kitchen facilities in the primary dwelling. One common characteristic is the fact that these structures do not have bathrooms or kitchens, but they extend the total living space of the household. The benefit provided by these “detached bedrooms” is the autonomy and privacy of having a separate space, while supporting relational housing arrangements for co-living. It is also a practice that seeks to cope with the mismatch between available housing inventory and current household demographics. This use strategy occurs primarily in relational housing arrangements – groups of friends, family and chosen family making the most of limited resources. Many of these households fall under the BMC household definition of a “Boarding or Rooming House”, but most would prefer to define themselves as informal Co-Housing or Co-Living arrangements. The term “Boarding House” currently defined in Bellingham Municipal Code implies a detached and transactional context that most renters find to be a distasteful and bleak housing arrangement.

One primary frustration expressed by several households interviewed was the city’s overall hostility towards tiny homes placed on single family properties. The city operates its code enforcement on a complaint-based system – meaning that households that can install a tiny home in a manner that is aesthetically pleasing to their neighbors, or at least hidden from view, might “get away” with hosting a tiny home. At the same time, a household hosting a tiny home that for one reason or the other triggers complaints from neighbors, might find itself in the unfortunate position of having to evict tenants that they would otherwise choose to continue hosting. The subsequent impact being that the tiny home tenants have to find a new housing arrangement and are likely forced to search for a host property somewhere outside city limits, increasing their commuting and transportation distances. The hosting household loses the opportunity for supplemental rent income. Complaints about the seemingly arbitrary and capricious impacts experienced under the current complaint-driven system was a primary topic in interviews with homeowner participants. Another frustration homeowner participants reported was the double-standard that it would be considered legal (or at least, not a code violation) to convert an existing detached garage into a living space to be rented out to a tenant, but it would be illegal to have a tiny home of comparable or better construction quality parked on a property within the exact same use and footprint.

The business of illegal dwelling units and unregistered rentals

In addition to 10 x 12 “sheds” in covert use as accessory bedrooms, there is a proliferation of illegal dwelling units in Bellingham - defined under Bellingham Municipal Code as “*any unpermitted residence within a building or a portion of a building that includes sleeping, sanitation, and cooking facilities*”. These illegal dwelling units run the gamut between basement or attic units, existing detached garages converted into one-room studios, and new structures permitted as a garage or utility structure with interior spaces finished into an apartment unit without an ADU permit. For homeowners with the skills and knowledge to be their own general contractors - meaning they manage the overall project design and permitting themselves, hire each specialty contractor directly rather than paying one contractor to run the whole project, and perform portions of the construction labor themselves – overall project costs were reported at nearly 1/3 the cost of turn-key construction services for a comparable permitted structure. Considering that the bottom end of the market to build a safe, healthy, and livable housing unit is around \$300/sq ft from most contractors and developers (separate from land value and retail markups), it is significant that small-scale DIY homeowner/developers can produce housing units at around \$100/sq ft in out-of-pocket costs. ***It should be noted that a major portion of these cost savings occur in the form of the homeowner’s DIY labor, the value of which is most easily realized by charging market rate or close to market rate rent for the units.*** DIY ADU builders do have far more flexibility to make these units available to friends and family at steeply discounted rental rates, or to negotiate work-trade rent with tenants who are able to perform property maintenance. Two of the couples I interviewed were retired. Most homeowners who had completed a DIY ADU build were married couples with dual income that allowed one partner to take time off work to conduct the bulk of the project work.

These illegal and informal dwelling units and rentals fulfill an essential market function in the form of adaptive re-use of outdated architecture and providing affordable rental units to middle-income households. Moreover, illegal dwelling units play a crucial role in facilitating multi-generational households, creating opportunities for working family members to extend housing support to parents, elder family members, adult children, or disabled family members. As a result, they serve as a vital component of our housing landscape, addressing the diverse needs of our communities.

While the cost savings associated with an unpermitted and/or DIY dwelling unit can translate to discounted below market rent, it may also translate to greater housing insecurity for tenants. As reported by the Bellingham Tenant’s Union and supported by survey results discussed below, the homeowners of these informal rental units are *the most likely to discriminate in selecting tenants, place behavioral restrictions on tenants with regards to property use and access, evict tenants in favor of friends and family in need, or simply select the first applicant with the highest income*. These informal forms of housing arrangements are the most successful when there is a strong relational bond between the landlord and the tenant, or group of tenants. Otherwise, renters report best outcomes when the landlord is fully committed to operating the unit as a legal rental and chooses to follow established best practices with regards to landlord tenant laws. In the case of illegal and unregistered rental units, the rental tenants are exposed to far greater risk than the property owner. **According to reports from renters and tenants, small holding rental property owners need to be regulated just as much as large holding property owners and large multifamily properties.**

In conclusion, there is a pressing need to streamline and simplify the permitting process for remodels and additional dwelling units, and to facilitate cooperative and co-living households' ability to engage in adaptive re-use of single-family properties. Simultaneously, it is imperative that robust regulations and policy interventions are put in place to ensure that small-scale landlords, particularly those with ADUs, adhere to safe and equitable business practices. Striking this balance will contribute to more inclusive and sustainable housing options for our communities.

Stakeholder Interview Key Findings & Summary

Barriers to Housing Development

- **PERMITTING:** Time that the permitting process adds to overall project timeline, as well as the level of plan detail required to be submitted for building permits.
- **BUILD COSTS:** All builders are struggling to produce housing units at prices that are affordable to low- and middle-income households and also pay their staff and crew a high enough wage to afford local housing prices.
- **PLUMBING:** Cost of lateral sewer connections, and the \$7,000 fee to upgrade a water meter for additional fixtures.
- **FIRE SAFETY/Large Vehicle Utility Services:** Fire safety requirements such as sprinkler systems and turnaround access for large fire/ambulance/garbage vehicles often add such high costs and physical space requirements to projects that infill development cannot be built, especially for owner-occupied infill projects.
- **ENERGY CODE:** As energy efficiency requirements for homes are increased, overall housing construction costs are also increased. *For these increased efficiency requirements to be equitable, they must be paired with funding for low-income housing development.*
- **ZONING/CODE:** Zoning and Municipal Code definitions do not reflect adaptive re-use or the housing forms that residents want to build.
- **FINANCING:** Lack of access to mortgage and finance options for co-buying and multi-party land ownership.

Why Aren't We Building More Middle Housing?

- Existing municipal code limits opportunities for single family homes to be converted into multifamily, co-housing, cottage court, and other forms of co-operative shared housing.
- Most residential zones where infill is needed are dominated by owner-occupied single-family homes. Current municipal code and affordable housing incentives prioritize industrial, commercial-scale development practices that require a property to be purchased, fully re-developed, and the re-sold to new occupants. These funding programs are not accessible to small-scale developers or owner-occupied infill development.
- As a structure type, middle housing does not fit into housing developers' standard business models and does not offer a high enough return on investment compared to building types currently being constructed.
- Federally backed mortgage products still prioritize single family homes and individual or nuclear family home buyers. These mortgage products exclude all forms of co-buying and co-operative ownership, which are key tactics for existing community members to develop middle housing typologies for themselves to live in.

Affordability and Access

- According to reports from renters and tenants, small holding rental property owners need to be regulated just as much as large holding property owners and large multifamily properties.
- While shared housing and co-living has been an informal tactic for adult households to create affordable housing for decades, this practice has been largely ignored and marginalized by mainstream real estate and financial institutions, as well as municipal zoning and land use policies.

In conducting stakeholder interviews for this research, I mapped out relevant government bodies, non-profits, and community associations, initiating conversations with diverse stakeholders. Insights from planning staff, subject matter experts, and community land trusts illuminated critical housing policy structures and collaborative strategies. Advocacy groups and community organizations highlighted pressing concerns surrounding housing access, renters' rights, and regulatory reforms. Engaging with stakeholders from real estate, finance, and construction sectors revealed challenges such as permitting barriers, escalating construction costs, and zoning limitations hindering affordable housing development. Homeowner perspectives underscored the need for programming supporting owner-occupied infill and balanced regulations catering to diverse housing needs. Key findings emphasize the urgency of addressing permitting complexities, building costs, and zoning constraints to foster inclusive and sustainable housing initiatives in Bellingham. *The primary way to make Middle Housing more economically viable is for it to be developed by and for the people who are planning to live there, and to incentivize the conversion of existing single-family properties into middle housing types.*



Policy Review

Qualitative: Policy Review

Guided by input from stakeholder interviews, I conducted a policy review of local municipal code and affordable housing funding programs. The set of documents I looked at were specific sections of Bellingham Municipal Codes that stakeholder input had identified as primary barriers to affordable infill development. The review of Bellingham Municipal Codes looks at the specific sections of code that stakeholders had identified as primary barriers to affordable infill development. I also reviewed the Whatcom County Economic Development Investment Funding Program, based on the policy recommendations from the Business Advisory Council. Finally, I did a broad overview of all middle housing bills passed in the 2023 Washington State Legislative Session.

A product of this policy review, I created a summary matrix of the key insights from reviewing policies identified from stakeholder surveys. Referencing the list of key strategies and best practices identified through my literature review for development without displacement, equitable planning, and increasing production of entry-level affordable homeownership opportunities. The resulting summary, shown in Table 12 at the end of this section, provides a roadmap for the implementation of these best practices within the city of Bellingham.

Bellingham Municipal Codes

The current language in the Bellingham Municipal Code prohibits the conversion of existing single-family lots into cohousing developments or cluster short subdivisions. Consequently, this restriction severely limits the overall capacity of the development market to meet the demand for this housing type. Despite its popularity, there have been fewer than three developments within this category in over 50 years. Additionally, existing restrictions around co-housing, as defined in Bellingham Municipal Code, hamper small-scale developers from producing such housing, as the required lot size makes this housing type cost-prohibitive to develop.

BMC 20.08.020 - Definitions

“Cluster short subdivision” means a subdivision into *four or fewer lots in which* standard requirements may be modified in order to provide desirable open space, recreational opportunity or

achieve other significant public benefits without increasing the overall density of dwelling units per acre except as provided in BMC Title 23 and the applicable neighborhood subarea pursuant to zoning tables in Chapter 20.00 BMC.

“Cluster subdivision” means a *subdivision into five or more* lots in which standard requirements may be modified in order to provide desirable open space, recreational opportunity or achieve other significant public benefits without increasing the overall density of dwelling units per acre except as provided in BMC Title 23 and the applicable neighborhood subarea pursuant to zoning tables in Chapter 20.00 BMC.

“Co-housing” means **a residential development on one contiguous parcel of land, designed by and developed for members of an existing co-housing organization in which members of the co-housing organization will own and reside.** A co-housing development shall consist of *at least five residential dwelling units and shall be operated as a condominium, co-op or similar form which allows for individual ownership of each dwelling unit.* It shall also include one or more common structures containing a shared kitchen, library, computer room, laundry, greenhouse, play area or other common residential facilities for use by the residents.

“Co-housing organization” means a legal development entity, during development and construction of a co-housing project, that transforms into a legal residential association upon completion of the development and subsequent occupation of the dwelling units. Membership of the association is open only to owners of dwelling units in the development.

BMC 20.29 – Incentive Program For Innovative Affordable Homeownership Projects

As currently written, this program requires income qualification of occupants in the units produced, much like income qualification required for Low Income Tax Credit Subsidies. The program is not designed for, nor is it able to accommodate, small scale developers and it cannot provide funding for small individual development projects. Furthermore, the State of Washington has strict laws in place that prevent the expenditure of public funds on the enrichment of private property. In order to make this funding available as small grants for targeted support on the most expensive aspects of installing utility service to a housing unit build site, Bellingham and Whatcom County would need an intermediary entity, to act much the way the Chattanooga Neighborhood Enterprise and the South Bend Neighborhood Development Teams operate – providing a non-profit institutional bridge between large-scale funding sources with complex administrative requirements, and the small-scale housing developers, first-time home buyers, and existing owner-occupants who want to build middle housing infill units.

Whatcom County EDI Funding

The Port of Bellingham (operating under Whatcom County jurisdiction) has an existing program to support the development of affordable workforce housing, titled “Infrastructure Improvements for Affordable Workforce Housing Program”.

From term definitions in the program guidelines: “long-term” is a minimum of 20 years supported by a deed restriction that requires the housing unit to be rented or sold to persons with incomes at 120% AMI and lower (*Economic Development Funding | Port of Bellingham, WA - Official Website*, n.d.).

From email correspondence with Don Goldberg, Director of Economic Development:

“Regarding EDI funding for infrastructure and infill projects; as long as the infrastructure is owned by a public agency and has a benefit to the public, the funding is available for that purpose now.”

The biggest challenge to enacting the policies from the case study of South Bend, Indiana that subsidize the pre-development costs for installing in-ground utilities, is Washington State’s strict controls that public funds for housing subsidies can only be spent on property and infrastructure that is owned by a public agency. This limitation could be worked around by the formation of a public utility agency or community land trust entity dedicated to the purchasing bottom-market real estate, for the purpose of re-developing into pocket neighborhoods, small cluster housing and co-housing developments, as well as remodeling existing oversized homes or just building new apartment units on these larger lots.

The Port of Bellingham’s EDI Funding is currently an under-utilized funding source for workforce and middle-housing development. Used strategically as a small-grant program for the cost of lateral sewer hookups to new infill development lots, similar to South Bend’s rebate program, the public can realize a high return on the investment of public funding. Under the institutional structure of a supporting public utility housing developer, an opt-in housing affordability covenant could be created, where the affordability condition is attached specifically to the attached or detached housing unit the funding helped to build. Such an affordability covenant could allow state and federal funding to be spent for small-scale affordable housing units. This would also allow existing single family home owners who may want to participate in infill development, but lack the funding, time, or know-how to take on their project, to host a guest housing structure that would be owned and operated as an affordable housing unit by the local land trust.

Washington State Legislature from 2023 Legislative Session

The past two years, WA state has passed the bills, detailed in Table 11. This recent work at the state level has preempted some of the specific recommendations from the policy analysis described below in recommended implementation for Bellingham. Washington State Legislature and Department of Commerce are both dedicated to ongoing reforms to state housing regulations that can allow local municipalities to better support housing for all income levels.

Table 11 – Washington State Legislature

Bill	Summary	How it applies to Bellingham (pop 95,000)
HB 1220	(passed 2022) Established new goals and methodology for housing needs assessments, and imperative to plan housing for all income levels .	Already in effect. Bellingham is already required to follow these regulations in comprehensive planning cycle.
HB 1110	Legalizes middle housing options like duplexes, fourplexes, or sixplexes, depending on city size and proximity to transit, on most residential lots in Washington’s urban communities. Meeting the requirements of the bill puts cities in compliance with projected housing needs until 2032	Goes into effect 6 months after the jurisdiction’s next periodic comprehensive plan update – 2026.
HB 1337	Makes it easier for homeowners to add accessory dwelling units (ADUs) , also known as “backyard cottages” and “bonus homes,” by ending renter bans (requirements for owners to live on-site), capping impact fees and parking mandates, legalizing two ADUs per lot, and setting baseline standards on lot and ADU size.	Allows two ADUs per lot, any combination of attached or detached. Goes into effect 6 months after the jurisdiction’s next periodic comprehensive plan update – 2026.

SB 5258	Reforms regulations for small-scale condos , specifically laws on construction defect actions and warranties, deposit requirements, and local government planning, and exempts first-time homebuyers from the real estate excise tax.	Beginning 2025
SB 5058	Also helps small-scale condo development, exempting buildings with 12 or fewer units and no more than two stories from the definition of “multi-unit residential building,” which eliminates building enclosure design and enclosure inspection requirements that add excessive costs to small scale-condo developments.	
HB 1181	Makes a broad set of changes to the Growth Management Act to address climate change , including a provision for local governments to legalize higher-density housing .	Both Bellingham and Whatcom County must meet the requirements of the GHG emissions reduction sub-element of the climate change and resiliency element.
HB 1293	Streamlines local design review processes, requiring them to use “clear and objective” standards that don’t reduce development capacity otherwise allowed. In addition, the process cannot require more than one public meeting.	Beginning 6 months after the next comprehensive plan update - 2026
SB 5290	Supports local governments in streamlining their permit processes for new housing, establishing grant programs for them to reduce permit review timelines and to support local governments’ transition from paper-based to software/web-based systems.	Plan from department of commerce for increased staffing must be introduced by December 1, 2023
HB 1474	Supports first-time homebuyers harmed by historical discriminatory covenants . It establishes a Special Purpose Credit Program, funded by a \$100 document recording fee, to provide down payment assistance and closing cost assistance to first-time homebuyers with income less than the area median who were themselves, or are descendants of someone who was, excluded from homeownership in Washington by a racially restrictive real estate covenant prior to April 11, 1968 (passage of the Fair Housing Act).	Beginning Jan 1, 2024 with subsequent studies CHP studies required (March 2024, December 2028, and then every 5 years)
HB 1695	Clarifies the definitions of affordable housing that qualify as a “public benefit” to authorize governments and public agencies to sell publicly owned surplus property at discounted prices for affordable housing development .	May be relevant to expanding the kind of projects that the Port’s EDI Workforce funding can be used for.
SB 5045	Creates a property tax exemption for ADUs to owners who offer them at rent affordable to people making 60 percent of the area median income.	n/a - Only applies to counties with pop over 1.5 mil, Whatcom has around 230,000. Possibility to use this bill as a template to enact pre-emptive local policy.
HB 1326	Reduces utility costs for affordable housing by authorizing local waivers of utility connection charges for affordable and supportive housing owned by nonprofits and housing authorities.	

Implementation of Recommended Best Practices in Bellingham, Washington

Bellingham and Whatcom County both have existing programs and structures that resemble some of the strategies identified in the Literature Review and Case Studies, but there are gaps and missing links. Table 19 provides a feasibility assessment for each of the key housing development strategies identified in the Literature Review and Case Studies of this research. Feasibility is rated on a scale from “Easy to Implement, or Already in Practice (bright green),” to “Some organizations and programs to support this strategy, but the programs are scattered across different orgs (light green),” “Precedence for this strategy in nearby municipalities, but none within City of Bellingham (yellow),” and “This strategy is illegal under local regulations or state law (orange)”.

Table 12 – Implementation Feasibility in Bellingham, WA for key strategies identified in Literature Review and Case Studies

Strategy:	Feasibility to Implement in Bellingham:
Catalogue of Pre-approved Building Designs	This is already being developed by City Staff, and the Whatcom Housing Alliance ran an ADU Design Competition to build public engagement for it over September and October of 2023.
Funding Incentives for Cost of Lateral Sewer Hookups available for Small-Scale Infill Development	Implementing this in Washington State requires: an affordability covenant that can be attached to the specific housing unit created, the existence of a public utility housing developer to provide institutional oversight and funding options for small scale development projects, or a repeal/amendment to the Washington state law that prohibits the use of public funding for enrichment of private property.
Grant funding to support ADU construction on privately-owned single-family properties.	See above for Lateral Sewer Hookups.
Training Curriculum & Technical Assistance for small-scale property developers	This programming could be rapidly developed, with an initial grant to run a pilot demonstration, recruiting the first round of small-developer cohorts from residents with existing, viable development projects, and Accessory Dwelling Unit projects.
City Department Dedicated to Economic Engagement & Empowerment	Bellingham already has several Non-profit organizations that operate different facets of this strategy, including the Chuckanut Health Foundation, Project Neighborly, and some city grants for community benefit and housing development. However, these are all separate organizations with overlapping but distinct missions and current grant funds from these are limited.
Small Lot Subdivision (flag lots)	Allowing this would require revision of BMC, possibly require city council vote.

Strategy:	Feasibility to Implement in Bellingham:
Pocket Neighborhoods of small footprint cottages built on existing single-family lots, or adjacent single-family lots.	Current BMC requires that Co-Housing developments consist of at least four units. With land values in Bellingham and Whatcom County at historical highs, this lot and unit minimum prevents the development and small lot, cluster court Co Housing developments.
Community Land Trust Operating as Property Manager for any Privately Owned Rental Unit and autonomously formed co-living households.	Requires the existence of a public utility housing developer to operate as rental property manager.
Community Land Trust Operating as Property Manager of ADUs built on single-family properties, in collaboration with homeowners seeking to remain in place with infill development.	Kulshan CLT and Habitat for Humanity have a joint pilot project in Lynden, in collaboration with an elder homeowner who wants to age in place.
Community Land Trust Building ADUs on land donated from city.	Kulshan Community Land Trust and the City of Bellingham are already doing this, at every available opportunity.
Donations of small parcels from large single-family properties where mortgage is paid off, or infill development where an elder homeowner plans to age in place.	There are limited case studies of this strategy locally, but definite interest from the local community of retired homeowners.
Small/prefabricated entry level homes designed to be added onto over time.	Examples exist within the United States in Oregon, Texas, and Pennsylvania, but as of yet there are no local housing developments that employ this strategy as an opportunity for entry-level homeownership.
Pink Zone, Zoning Vacation, Overlay Zone, Relaxed Permitting Process intended to allow short-term development of Affordable Housing.	A version of technique was employed in 2018 when the first ADU Ordinance was passed as a pilot project overlay zone of Happy Valley, in collaboration with Happy Valley Neighborhood Association.
Convene and Pay Salary/Stipends for an advisory board for participants from renters, low-income, racial minorities, disabled, and other marginalized populations.	Grant funding is available from Dept of Commerce for this, as well as the precedent set in Cities of Tacoma and Vancouver.

Easy to Implement, or Already in Practice.	Bellingham has some organizations and programs that could support this strategy, but the programs are scattered across different orgs.	There is precedence for this strategy in nearby municipalities, but none within City of Bellingham.	There is either no existing precedence for the strategy, it is illegal under local regulations, or state law.
---	--	---	---

Summary of Policy Review Findings:

Bellingham has several existing land-use policies and programs that could be leveraged to further incentivize small-scale and incremental infill development, but these existing policies are currently siloed in separate sections of the municipal code and are primarily geared towards large-scale and institutional developers. The BMC 20.29 – Incentive Program for Innovative Affordable Homeownership Projects is written in such a way that only institutional developers with dedicated administrative staff and the ability to conduct income qualification for low-income housing recipients can use the program. The existing definition for “co-housing” is an excellent starting point, but the definition only applies to new development and builders and developers are not voluntarily producing this as project type. To date the only new market-rate development project in Bellingham to fall under this designation is Millworks Co-Housing in Fairhaven, with resale prices currently in excess of \$600,000. The Conclusions & Recommendations section below is dedicated to translating the strategies above into actionable revisions to Bellingham Municipal Code and creating a matrix of housing strategies at local, regional, and state levels.

Section 6: Conclusions & Recommendations



Summary of Key Findings

I started my field study by crafting a mixed-method approach around a specific series of questions. As I progressed through my field study, those questions were revised and further refined, based on preliminary findings and stakeholder input. Recurring themes emerged in response to each question, as summarized below.

Key Findings from Data Analysis:

Establish baselines for housing inventory, labor economy, and household income.

- A household must be earning *more than 200% area median income* to afford current median home prices in Bellingham - currently at \$635,981.
- Most renters earn below 120% of Area Median Income, while the majority of homeowners earn above 120% of Area Median Income. This represents a stark socioeconomic split between households who rent their homes and households who own residential property.
- Single Family Homes:
 - 50% of all housing units in Bellingham is made up of single-family homes, but the land that these homes occupy takes up nearly 75% of residentially zoned land.
 - 75% of single-family homes in Bellingham are owned-occupied.
- Multifamily Homes:
 - 30% of all housing units in Bellingham are in apartment buildings of 5 or more units.
 - 20% of all housing units are made up of a combination of condominium, duplex, triplex, fourplex, and mixed-use apartments (urban village) housing types.
 - Only 9% of all multifamily housing units in Bellingham are owner-occupied.
- 43% of all (presumed) rental unit owners live within the city of Bellingham, and another 22% either maintain a PO Box within the City of Bellingham or have a Whatcom County mailing address. Combined, this means a total of 65% of all presumed rental units in Bellingham are owned by local community members.
- Out-of-town property owners hold 7,792 multi-family housing units (35% of all multi-family), and 1,302 single family homes (6% of all single-family).
- Rates of Owner Occupancy may be dropping. More research would be needed to confirm this observation but, if confirmed, dropping rates of owner occupancy would demonstrate a systematic transfer of wealth away from populations with income below AMI, towards populations with income above AMI. This translates directly into increasing disparity across all racial minorities and marginalized populations, as well as impacts to public health.

How many housing units are needed to serve the unmet demand of middle-income populations in Bellingham?

- According to the House Bill 1220 “Housing For All Income Levels” methodology, Bellingham needs to add at least 500 housing units per year over the next 20 years that are affordable to households below area median income, focusing on units affordable to households earning less than 50% area median income.
- *To meet the goals of the Housing for All planning tool, 52% of all new housing units need to be affordable to households earning less than 50% AMI, and 25% need to be affordable to households earning less than 30% AMI.*

Can the supply of housing stock be tracked against the needs of Bellingham's labor economy?

- HB 1220 provides detailed methodology for tracking Household Income against Housing Inventory & Unit Cost. This researcher suggests that jobs and wage data from Bureau of Labor Statistics should also be included in this methodology to further link housing inventory and planning goals to the local labor economy.

Key Findings from Online Survey:

- Large apartment buildings are the *least preferred* form of housing, after informal and makeshift structures.
- Renters experience *significantly* higher fear of housing displacement than homeowners. This risk of displacement translates directly to costs to public health and wellbeing, as well as increased rates of homelessness.
- There is widespread frustration and dissatisfaction with property management business practices, by both property management companies, and landlords who self-manage.
- Respondents overwhelmingly prefer to rent from an individual property owner who manages the rental unit themselves but does not live onsite.
 - *Even so, this type of rental arrangement is not more secure than any other types of rental arrangements.*
- Potentially more than 25% of current single-family homeowners want to do some form of infill development. Projected across all owner-occupied homes in Bellingham, this represents more than 5,000 properties who may be interested in seeking partnership for funding and technical assistance for doing infill development.
- *Nearly everyone wants more options for accessory dwelling units, co-housing, clustered housing courts, and small apartment buildings – all forms of Middle Housing.*

Key Findings from Stakeholder Interviews & Policy Analysis, Combined:

Barriers to Housing Development

- **PERMITTING:** Time permitting process adds to overall project timeline, as well as the level of plan detail required to be submitted for building permits.
- **BUILD COSTS:** All builders are struggling to produce housing units at prices that are affordable to low- and middle-income households and also pay their staff and crew a high enough wage to afford local housing prices.
- **PLUMBING:** Cost of lateral sewer connections. Fee to upgrade water meter for additional fixtures.
- **FIRE SAFETY/Large Vehicle Utility Services:** Fire safety requirements such as sprinkler systems and turnaround access for large fire/ambulance/garbage vehicles often add such high costs and physical space requirements to projects that infill development cannot be built, especially for owner-occupied infill projects.
- **ENERGY CODE:** As energy efficiency requirements for homes are increased, overall housing construction costs are also increased. *For these increased efficiency requirements to be equitable, they must be paired with funding for low-income housing development.*
- **ZONING/CODE:** Zoning and Municipal Code definitions do not reflect adaptive re-use or the housing forms that residents want to build.
- **FINANCING:** Lack of access to mortgage and finance options for co-buying and multi-party land ownership.

Why Aren't We Building More Middle Housing?

- Existing municipal code limits opportunities for single family homes to be converted into multifamily, co-housing, cottage court, and other forms of co-operative shared housing.
- Most residential zones where infill is needed are dominated by owner-occupied single-family homes. Current municipal code and affordable housing incentives prioritize industrial, commercial-scale development practices that require a property to be purchased, fully re-developed, and then re-sold to new occupants. These funding programs are not accessible for small-scale developers or owner-occupied infill development.
- As a structure type, middle housing does not fit into housing developers' standard business models and does not offer a high enough return on investment compared to building types currently being constructed.
- Federally backed mortgage products still prioritize single family homes and individual or nuclear family home buyers. These mortgage products exclude all forms of co-buying and co-operative ownership, which are key tactics for existing community members to develop middle housing typologies for themselves to live in.
- *The best way to make Middle Housing more economically viable is for it to be developed by and for the people who are planning to live there, and to incentivize the conversion of existing single-family properties into middle housing types.*

What frameworks within existing municipal code and programs can be leveraged to increase affordable infill unit production?

- 20.08.020 – Definitions for “CoHousing,” “Cluster Subdivision,” “Cluster Short Subdivision” Should be revised to allow existing single-family properties to be converted into co-housing developments of less than five units.
- BMC 20.29 – Incentive Program for Innovative Affordable Homeownership Projects Allow existing affordable housing developers to partner directly with homeowners and small-scale developers to apply affordable homeownership incentives to small-scale infill development projects, and owner-occupied properties.
- Whatcom County Economic Development Investment (EDI) – Infrastructure Improvements for Workforce Housing Use EDI funding for the cost of adding expanded utility service and later hookups for infill development, in tandem with the partnership described above.

Establish a Public Utility Housing Development Entity, serving Bellingham and Whatcom County

To enable greater collaboration between existing funding for affordable housing development, non-profit housing service providers, property developers, homeowners and low- and middle-income home buyers, establish a public utility housing developer to make funding for affordable housing available to small-scale residential infill development.

1. Strategically acquire bottom-market residential and infill properties for re-development as affordable housing.
2. Enable multi-party co-buying of existing single-family homes to be re-developed by the occupants to create Co Living and Co Housing units for themselves.
3. Partner directly with existing single-family homeowners to build subsidized housing units with an affordability covenant attached to the resulting unit.

Discussion

In this section, I explored practical strategies to enhance owner-occupancy for low- and middle-income populations, focusing on their early involvement in the property development process. This inclusive approach transforms them from mere consumers to active development partners, leveraging the remodeling of existing single-family homes as a primary method for creating new housing units. The research advocates for a collaborative, community-driven approach to housing development, detailing three specific strategies: partnering with homeowners to build subsidized units, facilitating multi-party co-buying for redevelopment, and enabling public utility developers to acquire and redevelop properties for affordable housing. These methods, supported by existing co-housing legal structures and innovative land use policies, aim to increase affordable homeownership opportunities and foster community wealth building, despite the challenges posed by current financial and regulatory environments.

One of the best ways to invest public resources into affordable housing development is to expand inventory of community land trust and non-market housing. Community land trust homes and de-commodified/non-market housing are not a comparable wealth-generating mechanism when compared to market-commodity home ownership, but it does offer considerably greater financial stability and housing security when compared to market rentals. De-commodifying the property of a housing unit offers greater long-range return on investment for the expenditure of public funds than subsidy of construction costs or purchase price alone. Subsidies for construction costs and down payment assistance remain a vital part of the equation for producing “housing for all income levels”, especially for households earning below 30% area median income. But to increase production of both subsidized low-income housing as well as middle-income housing, a new middle-ground can be described where the only part that is subsidized is the land ownership and installation of in-ground utility services, while the building structures might still be produced as market rate construction costs. If such housing units are owned by or held within a community land trust or other privately formed limited equity cooperative, the units can be made available to middle-income households as a more financially stable form of housing that occupies a market space somewhere between renting and condo ownership, producing a high rate of return on the investment of public funds.

As applied by these research findings, the concept of “Simple Small Things First”, and “Low-hanging fruit” emphasize the importance of starting with easily achievable, yet impactful strategies in the realm of affordable housing development. The approach described below advocates for leveraging existing resources and opportunities, such as remodeling single-family homes and many individual small-scale development projects, to quickly create new housing. By engaging low- and middle-income individuals as partners in development rather than passive recipients, this strategy aims to catalyze owner-occupancy and foster community-driven development processes. It represents a pragmatic step towards addressing housing challenges by focusing on straightforward, readily implementable solutions that can have an immediate and significant impact.

Shifting towards form based code rather than Euclidean (use-based) code represents a paradigm shift in urban planning and zoning. Form-based codes focus on the physical form of the built environment, rather than segregating land uses, as is common in traditional Euclidean zoning. This shift enables more flexible, adaptive use of space, catering to the evolving needs of communities and demographics. It allows for a more inclusive, diverse urban landscape, facilitating a mix of residential, commercial, and communal spaces. This approach can contribute to more vibrant, walkable neighborhoods and can be instrumental in overcoming historical zoning practices that have often led to socioeconomic and racial segregation, promoting greater equity and accessibility in housing.

Simple Small Things First

A pivotal strategy to boost owner-occupancy prospects for low- and middle-income populations is their early integration into the property development process. This approach positions them as

development partners rather than consumers or clients. With this re-framing, the remodel and redevelopment of existing single-family homes is a primary opportunity for rapidly creating new housing units. Infill development is expensive and finicky and does not offer high enough return on investment to satisfy pro-forma models of most housing developers. This research proposes a localized practice with an “*all-hands-on-deck*” approach to affordable housing development, with four clearly defined development pathways.

- One, **partner** directly with existing single-family homeowners to build subsidized housing units on their properties with an affordability covenant attached to the resulting unit.
- Two, **enable** multi-party co-buying of existing single-family homes, to be re-developed by the occupants to create middle housing for themselves.
- Three, **strategically acquire** bottom-market residential and infill properties for re-development as permanently affordable housing.
- Four, **expand** mortgage assistance and financing options for households earning 50 – 120% of area median income.

For all four of these strategies, the existing legal structures of a co-housing condo association can be used to enable affordable homeownership opportunities. The condoization of detached accessory housing units can be used to affect a pre-emptive lot subdivision, in anticipation of state-level reform to legalize small lot subdivisions. *This research also finds that over long-term investment timelines, it is more important to subsidize land acquisition and installation of utility services than to subsidize construction of the building itself.* Expanding the overall inventory of residential property that is owned in public trust, such as the community land trust model, increases opportunity for retention and recapture of public housing subsidies in tandem with affordable homeownership and community wealth building.

Adoption of recently passed state legislation takes a considerable step towards enabling affordable housing development and entry level home ownership opportunities. But the 2023 package of bills focuses mainly on reducing zoning and land use barriers to the architectural forms of middle housing. Additional incentives, funding sources and financing mechanisms are also needed to ensure that the housing units produced will be affordable to low- and middle-income households. Bellingham can and should do more at the local level to incentivize the development of affordable and entry level homeownership opportunities through infill development. I also found that Bellingham has existing policy frameworks that reflect best practices and innovations identified in my literature review and case studies, but Bellingham’s existing policies need reform and revision to be accessible to small-scale developers.

The primary issue that restricts the strategies described in this research is the *availability of financial products to support multi-party co-buying of land and property.* This research focuses mainly on municipal land use and zoning policies, and the availability of financial products is beyond the jurisdiction of local municipal governments. However, there are several pro-active measures that local municipalities can implement within zoning and land use policies to encourage and enable the financial industry to accommodate multi-party co-buying. There are also measures that local municipalities can take to proactively lobby for state and federal level reforms, to allow subsidized down payment assistance and home repair funding to be more accessible to co-living and co-owned households. Implementing such reforms at the state and federal level would be the fastest way to spur corresponding actions and mortgage products within finance industries. Within financial and real-estate industries, the biggest concern for expanding the practice of co-ownership and co-buying is the need for a clearly defined legal structure to support individual co-owners to buy in-and and buy-out of co-owned properties, *without triggering refinance of the primary mortgage.* The legal structure of a condominium association, as currently embedded in the Bellingham Municipal Code Definition for “CoHousing”, is the

most robust existing legal structure to allow for this. However, there are several other structures to support cooperative co-ownership of residential properties that can and should be expanded alongside the condominium structure, including limited equity cooperatives, and tenants in common ownership structures.

Expanding support and opportunity for Co-buying

This research proposes an additional mechanism, described through inquiry with Wilson Law Group, where a single-family homeowner with an existing mortgage (*for whom there is a strong financial incentive to avoid refinancing their mortgage*) sells either an undeveloped portion of their property or a fully developed ADU to a buyer, thereby converting the ADU rental unit into an owner-occupied condo. This type of sale would avoid refinance of the existing homeowner's mortgage through the legal mechanism of a partial release, or partial reconveyance. In conversations with local mortgage broker Brian Crovo, as well as Joe Hoppis of Pairadime, both expressed the sentiment that there is no reason for an existing mortgage lender to allow a partial reconveyance as described by Wilson. Further research is needed to determine whether this is a viable and scalable model, and to identify potential financial incentives for a homeowner with an existing mortgage to do this.

Pairadime is a company based in Bellingham, serving clients in the United States and Canada, that supports co-buying purchases for anyone looking to purchase property together outside of a standard marriage relationship – including extended family, non-married partners, and groups of friends. The primary innovation that Pairadime offers is a structured process for determining equity shares for co-buyers, negotiating and drafting a robust agreement contract for co-buyers that outlines the terms of their shared property ownership, as well as terms for any partner to be bought out should they desire to divest from the property and move away at any time. As discussed with Hoppis, there is no reason that one of the co-buyers couldn't be a community land trust, and there's no reason that the co-buying agreement couldn't mirror the ADU Condominiumization model practiced by Wilson Law Group in Seattle, whereby a pre-platting agreement is drawn up so that the owner of an individual unit also owns the surrounding micro-lot that their unit sits on. Again, more research is needed to investigate and describe the potential legal mechanisms and financial incentives for co-buying, co-ownership, and pre-platting of residential properties.

Describing an Underserved Market Sector

The above literature review, data analysis, and community survey results in this research support the re-framing of low- and middle-income households as an underserved market sector and potential development partners, rather than a category of social service clients. Re-framed in this light, the production of middle housing and affordable homeownership opportunities can be approached as a design challenge and a long-range economic investment. Our housing development systems are all geared towards providing a fully completed consumer product that is designed and constructed around the primary metric of producing profit for developers and builders, with the interests of the end user/occupant secondarily represented through building code and sales markets. In this current scenario, buyers must choose between a relatively limited range of housing that existing developers know to be reliably profitable. Custom-built homes are, for the most part, only accessible to very high-income clients served by a high-end boutique building industry.

On the other side, developers specializing in subsidized housing development for low-income households are burdened with layers of increased administrative requirements and greatly extended project timelines that increase overall cost per square foot to construct individual units. Often, this increased cost per square foot to produce units translates into choosing lower grade construction materials and appliances to keep projects within available funding budgets. Beyond considerations of overall building costs, affordable housing developers are always chasing a shifting baseline of continuously expanding need, even as they seek to increase s of low-income unit production.

Middle income households existing in the awkward space between limited supply of subsidized affordable housing, and market-rate housing developers seeking to max-out their profit margins and the “highest and best use” of a property. Middle income households have historically relied on the cast-off housing of higher-income developments, as the buildings age and deteriorate over time and as elder households pass away or downsize into assisted living arrangements. This is the model of the “fixer-upper” and “sweat-equity” opportunities for entry-level homeownership. But this model has been failing to meet the needs of middle-income households for some time, and has become a fairy tale under current market conditions. This research proposes that homeownership products that are accessible to all income levels and all sectors of a region’s local economy, as well as entry level starter homes with opportunity for expansion and improvement by the occupants, must be designed as upfront market products, not assumed as downstream byproducts of market turnover.

This research also describes a sort of “DIY Social Housing” tactic – by making the mechanisms of property development available to middle-income households to invest in and develop residential properties for themselves. One pioneer in this model is the Little Mountain Co-Housing Development in Vancouver, British Columbia. The Little Mountain Co-Housing Development is a private development built by and for a group of friends consisting of multiple household family units who collaborated to build and develop an eight-unit condo building to suit their specific desire for semi-private and semi-shared co-housing architectural form. Little Mountain Co-Housing is a pioneer, and they share their specific frustrations and the barriers they faced in producing this new architectural form and “irregular building use”, as well as their relative privilege as well-resourced families on the higher end of “middle-income”. But it still provides an excellent early example of the kind of “DIY Social Housing” model I am seeking to design a tactical mechanism for. One important aspect of developing non-market housing is that it does not inherently rely on public subsidy to make the units affordable. Affordability comes from the long-range investment of removing those housing units from the commodities market so that the unit rents do not rise at pace with economic inflation. Instead, rents reflect the cost of construction and development at the time they are built, while the units are operated, managed, and maintained at cost by building occupants. This model simply removes the building owner and their need for profit and investment returns from the rental property management equation and returns that income value directly to the occupants.

Opportunities for DIY labor in small-scale property development

Table 14 at the end of this section describes a rough outline of the stages of residential home building and identifies key opportunities for DIY labor and sweat equity. This Strategy Matrix was developed from conversations with residential builders and homeowners who have completed DIY construction of both attached and detached accessory dwelling units. Most general contractors expressed discomfort or outright refusal to participate in projects where homeowners are completing any portion of the work themselves, based on their business operations for larger projects with complex schedule coordination and tightly controlled timelines. But beyond general contractors who provide that sort of turn-key service, there is a vast economy of small-scale specialty contractors whose business models are focused on isolated repair and remodel projects. The most accessible DIY labor for homeowners to take on is the role of general contractor, which includes overall project permitting and scheduling each specialty contractor for various stages of project work. The most likely DIY projects undertaken by homeowners tended to be remodel projects within existing structures. Homeowners reported that overall, interior finishing work was the most accessible DIY labor, aside from overall project management. Homeowners that took on larger portions of DIY labor, or projects involving new construction, often had some relevant professional expertise within the building trades. One was a union electrician; another was a project coordinator for home repair projects at a local social service agency.

All the participants I interviewed who took on a DIY ADU project were married couples, where the spouse taking on the bulk of the project management and labor had the ability to take extensive time off work.

Shifting Away from Euclidean (Use-Based) Code, Towards Form Based Code

Single Family Zoning is an example of use-based code that employs an outdated definition of what a family unit looks like in the attempt to prevent overcrowding of existing structures and neighborhood utility infrastructure. But Euclidean, or Use-Based, codes often serve to restrict adaptive re-use and make it difficult to remodel existing homes to match changing household demographics. Further, Use-Based codes are rooted in positions of out-right racial and socioeconomic prejudice, and the attempt to preserve a dominant racial identity and cultural norm that revolves around a white heteronormative family unit of two adult parents and their immediate offspring (Bird et al., 2018; Wells et al., 2010). This baseline cultural norm actively restricts alternative household arrangements such as generational households, chosen family units, and cooperative living arrangements. Euclidean zoning also centers around car-dependent neighborhoods of single-family homes, segregated away from commercial areas and multi-family housing.

“Evidence shows that single-household only residential zoning has a disproportionate impact on the ability of historically disadvantaged and vulnerable groups to access attainable housing and quality schools and services (American Planning Association, 2022).”

Use-based code often creates functional absurdities, that subvert the stated purpose of the code, as described in the discussion above. Switching over to form-based code ensures that building structures can be safe, healthy and energy efficient, while allowing greater flexibility for adaptive re-use according to occupants’ need. It also allows neighborhood occupants to customize building functions and create both residential and commercial structures according to their own needs. Furthermore, form-based code can make it easier to transition away from car-dependency, allowing neighborhood occupants to customize walking and bicycle infrastructure for their own neighborhoods with development that supports the immediate needs of the neighborhood. This creates opportunity for cross-sector co-benefits, increases access to economic opportunity and entrepreneurship, and reduces overall carbon emissions as community members create the kind of businesses and housing units that are most needed. These small, neighborhood-scale businesses might look like corner stores, produce stands, childcare services, bicycle repair, front-yard storefronts, and in-home cottage industries.

Invest In Non-Market Housing & Expand Mechanisms for CLT Land Acquisition

One primary mechanism for producing and stabilizing an inventory of homes that are affordable to low- and middle-income households is to expand the supply of non-market housing. Haberle and House describe some of the limitations of CLTs in delivering racial equity through homeownership, and suggests that the community land trust model be considered as a mechanism for expanding supply and inventory of public housing more than a mechanism for household wealth building (Haberle & House, 2021). While there is *“an inherent tension between CLTs’ permanent affordability protections and asset building,”* CLTs offer a cost-effective mechanism for expanding the overall supply of non-market housing (Haberle & House, 2021). While there is limited data in the US to determine the overall impacts of Community Land Trust homes on surrounding housing prices, the **WEF Insight Report titled “Making Affordable Housing a Reality in Cities” identifies the expansion of and investment in a supply of non-market housing as a primary tactic for stabilizing a city’s housing markets** (Nelson et al., 2020; World Economic Forum Insight Report, 2019).

Based on my interviews with Kulshan Community Land Trust, Habitat for Humanity of Whatcom County, and the KCLT Board Home Equity Investment Working Group, as well as subject matter experts across the nation, there are an emerging set of tactics for increasing the overall rate of CLT land acquisition. One, is existing elders deeding or donating their homes into the land trust, upon which the land trust develops infill units on the property and provides building maintenance and upkeep on the existing home, supporting the residents to age in place. In this donated property scenario, the new residential units are operated as affordable housing rental units by the community land trust. A second mechanism is for homeowners of large lots with ADU infill rights who have paid off their mortgages in full, is to donate portions of the property that are eligible for infill development directly to a community land trust, thereby reducing their overall tax burden for the property that they retain. These first two mechanisms are relatively straightforward and easily operate within existing land use law and legal functions.

Small Lot Acquisition and Pre-Development

One way to design an upfront affordable housing product is to break-up the stages of housing development and connect each stage to a greater variety of funding sources. A primary suggestion from the Business Advisory Council's working group on housing is to use the Port of Bellingham (technically under Whatcom County jurisdiction) Economic Development Investment fund for affordable housing and workforce housing development. One restriction on this funding source is that it can only be used for improvements to publicly owned land. This would imply that it can only be used for the development of publicly owned housing and in-street utility infrastructure associated with increasing residential density. It could not be used to construct accessory dwelling units on privately-owned single-family properties, and not an existing privately owned property seeking to add new infill units. One way to navigate around this requirement is for community land trusts to engage in land acquisition and pre-development for infill with EDI funding and other public funding sources, then sell the pre-developed lots to directly to income qualifying middle- and low-income home buyers as a sweat-equity DIY development opportunity with packages of pre-approved building designs, prefabricated housing units and DIY build kits.

Within current regulatory environments and market conditions, Kulshan Community Land Trust has had to completely cease scattered site home purchasing, as the funds they have available for housing unit subsidies cannot compete with current real estate market prices for single-family homes. While Kulshan has pivoted their business model towards the development of new housing units with publicly owned and donated land. The possibility of pre-developing infill lots creates a new source of land acquisition for community land trust and affordable housing development to replace the purchasing of scattered site single family homes. Wilson described a "wild west land-grab" atmosphere in the city of Seattle around the purchasing of single-family lots for redevelopment into ADU Condos.

Policy Recommendations

Key Strategies to Encourage Production of Homeownership Opportunities Accessible to Low- and Middle-Income Households:

The policy recommendations below seek to fill in gaps in Bellingham's affordable housing development infrastructures identified through Stakeholder Interviews and the Policy Review. Bellingham has several progressive policies that seek to support the development of middle housing, like the Infill Toolkit and the pre-emptive adoption of HB 1337 for reduced restrictions on Accessory Dwelling Units. However, uptake on new building permits for these middle housing types still lags well behind the goals set by the Housing for All Planning Tool. Restrictions on total building mass governed by the Floor Area Ratio may prevent a homeowner or builder from building taller structures that preserve more landscaping area of the yard. Bellingham has an existing municipal code for CoHousing developments

that utilizes the legal mechanism of a condominium, but it is restricted with a minimum lot size and minimum number of units that has drastically limited the feasibility of CoHousing, and acquisition of a large enough parcel to meet the minimum requirement is more and more cost prohibitive as land values rise. Most of all, there is a need for connecting public subsidies for affordable housing and utility infrastructure development to small scale and owner-occupied housing developers. Bellingham has an Incentive Program for Innovative Affordable Housing Projects intended to spur affordable housing infill projects, but the administrative requirements for participation are complex and the program is only usable for large-scale affordable housing developers. Similarly, Whatcom County and the Port of Bellingham have a program to fund infrastructure improvements for affordable workforce housing, but the administrative requirements for proving public benefit prevent small scale developers from accessing this funding source. Within all of these gaps, the most limiting is the need for a dedicated funding source to focus on strategic acquisition of buildable lands to be transferred into community land trust ownership.

Create a New Organization to Implement Programming Support for Small-Scale Infill Development:

Establish program funding to support the formation of an expanded city planning department, public utility, or non-profit agency dedicated to the development of affordable home ownership and affordable rental housing units. The development of this agency should look to the model of Chattanooga Neighborhood Enterprise, and be customized to the local context of Bellingham, Washinton. Once formed, this agency is to implement a city-wide program of systematically purchasing bottom-market and dilapidated residential properties, to be transferred into CLT ownership for repair and/or re-development as permanently affordable non-market housing. In tandem with a program of land and property acquisition, this agency will operate to provide support, training and oversight for small-scale developers and homeowner.

- **Acquire developable and re-developable residential properties, complete pre-development to install utility services to build sites.**
- **Provide institutional support for multi-party co-buying and privately formed limited equity coop structures of property ownership.** Provide any necessary institutional support for the formation of legal frameworks and land acquisition for:
 - Financial and land use **legal support for the formation of condo associations and limited equity cooperative** entities necessary for the co-ownership of residential property, support the drafting to tenants-in-common contracts.
 - **Convert existing single-family buildings into co-housing developments.** Encourage the conversion of single-family properties into cluster short subdivision as co-housing developments. Use EDI and other affordable housing subsidy funding to pre-develop cluster short subdivision lots with in-ground utilities, necessary groundwork, and/or installation of foundations for pre-approved building designs.
 - **Support adaptive re-use of existing housing stock:** small home remodel projects adding kitchen and bathroom facilities to existing single family homes to make them more appropriate for co-housing and shared housing arrangements.
- **Facilitate small-scale and owner-occupied developers to access affordable housing funding subsidies.** Provide institutional and administrative oversight for small-scale developers to construct infill development as permanent affordable housing units. Provide ongoing technical assistance to support small-scale incremental development, customized to individual property scenarios.

- **Funding Source:** Whatcom County’s Economic Development Investment funds under the existing *Infrastructure Improvements for Affordable Workforce Housing Program*, as well as state funding for affordable housing development. (in tandem with state-funding programs for affordable housing development)
- **Incentive:** *BMC 20.29 Affordable Homeownership Program* (as amended by KCLT policy recommendations).
- **Case Studies & Model Programs:**
 - California HFA – ADU Grant Program, \$40,000 grant to cover pre-development costs (*ADU Grant Program | CalHFA*, n.d.)
 - South Bend, Indiana – Sewer Lateral Reimbursement Policy (“New Neighborhood Homes Initiative,” n.d.)
- **Partner directly with existing homeowners to build Accessory/Infill Units on their properties.** Construct ADU rental units on properties where it doesn't make sense to subdivide or condominium-ize (because of existing mortgage terms or owner preference).
-&-
- **Provide institutional oversight and property management services for participating rental unit owners to receive tax rebates in exchange for offering below market rent.** Facilitate private property owners with any kind of rental unit to receive tax exemptions for offering rental units with below market rate rent. Partner with an existing non-profit housing services provider that already does property management to connect income qualifying tenants with subsidized rental units.
 - **Case Studies & Model Programs - National:**
 - Durham, North Carolina (*Home - Durham Community Land Trustees*, n.d.)
 - Chattanooga Neighborhood Enterprise (*Creating Homes*, n.d.)
 - **Case Studies & Model Programs – in Washington**
 - Ferndale Habitat for Humanity Development
 - **Washington State Bill 5045** - *Creates a property tax exemption for ADUs to owners who offer them at rent affordable to people making 60 percent of the area median income. SB 5045 only applies to counties with +2mil population and does not apply to Whatcom County, but provides a template for developing our own version.*
- **Operate ongoing training and education in property development for a local cohort of small-scale real estate developers.** Sponsor and host ongoing training and education in property development for homeowners and small-scale developers, such as the Incremental Development Alliance programming like the “The Swarm” Small Developer Curriculum offered in South Bend, Indiana.
 - Coordinate with university, community college, or technical college to design localized curriculum and certification programming for small-scale property development and real estate finance as a stand-alone professional development course available to local community.
 - Collaborate with Whatcom Housing Alliance, Incremental Development Alliance, and Neighborhood Workshop consulting services to develop localized curriculum, as well as training for planning staff and development professionals in incremental development principles and tactics.
 - Informal monthly workshop between Planning director, staff, land use consultants, bankers and mortgage brokers, homeowner-developers, tenants, for-profit and non-profit developers for feedback in all directions.

- **Case Studies & Model Programs:**
 - South Bend, IN Departments of Community Investment & Neighborhood Investment (City of South Bend, n.d.; Herriges, 2021)
- **Homeowner Mentorship**

Provide ongoing mentorship and support for homeowners and condo coops in budgeting and planning for long-term maintenance/upgrades of their building structures.

 - Home buyer education and preparation classes.
 - Coaching and curriculum for ongoing home maintenance.
 - Support access to funding programs for long-term maintenance, repairs, and improvements, coordinated with existing low-income weatherization and home repair loan and grant programs.
 - **Case Studies & Model Programs:**
 - Chattanooga Neighborhood Enterprise (*Creating Homes*, n.d.)
 - Kulshan Community Land Trust (discontinued since COVID, but Kulshan has operated home buyer education classes for residents of Bellingham and Whatcom County)

Recommended Policy Revisions to enable tactics of Affordable Infill in Bellingham, Washington:

Further amend Bellingham Municipal Code to encourage greater diversity of housing types and adaptive re-use strategies of existing housing stock:

- a. Include municipal code definitions and allowances for a greater variety of small building types: *pocket neighborhoods, cottage courts, cluster housing, stacked flats, co-living manor, guest/co-living suites, and mobile tiny houses as approved building types.*
 - b. Revise municipal code and zoning allowances for small lot and zero lot line subdivisions.
 - c. Add municipal code and zoning definitions for cooperative housing, co-ownership, and small condo developments.
 - d. To encourage both density and the preservation of greenspace/permeable landscaping for stormwater management: revise floor-area-ratio (FAR) calculation to only include building footprints, rely on height restriction to limit overall building height and density development.
 - e. In place of the ADU owner-occupancy requirement, adopt and opt-in affordability covenant in tandem with Bellingham Municipal Code 20.29 – Affordable Homeownership Incentive Program. This measure would allow public funding (to be made available for installation of water supply, sewer and electrical utility services for infill development, when an affordability or deed-restriction covenant is in place.
- **Revise BMC 20.08.020 Terminology Definitions:**
 - **Revise existing definition for “boarding and rooming house”:**
“Boarding and rooming house” means a structure used for the purpose of providing lodging or lodging and meals, for persons other than those under the “family” definition. This term includes dormitories, ~~cooperative housing~~ and similar establishments but does not include hotels, motels, medical care facilities or short-term rentals. [add: Designation as a boarding or rooming house implies that each renter occupant has an individual lease directly with the homeowner or property manager.]

- **Add definition for “co-living or guest suite”:**
 “Co-living suite or guest suite” means any attached or detached set of adjoining rooms that may include sanitation facilities and a partial kitchen, such as a wet bar sink and plug-in cooking or refrigeration appliances. Guest suites must have close access to any shared household amenities not provided within the suite, including bathrooms and bathing, laundry facilities, and/or communal household kitchen spaces. May or may not have an independent exterior entrance. May not be operated as independent rental unit but may be rented as a room when primary dwelling is owner occupied or occupied in the context of a co-living or cooperative housing arrangement.
- **Add new definition for “cooperative housing”:**
 “Cooperative housing” means a structure used for the purpose of housing a self-organized group of non-family individuals. This term also includes co-living, extended family, and chosen family households. When occurring in rental units, defined by the household having a single shared lease agreement. This term also includes any housing structure that is owned by an LLC or limited equity cooperative, where the occupants own a share of the LLC or LEC, but not an individual dwelling unit.
- **Revise “co-housing” definition to include “cluster short subdivision”:**
 “Co-housing” means a residential development on one contiguous parcel of land, designed by and developed for members of an existing co-housing organization in which members of the co-housing organization will own and reside. A co-housing development shall consist of at least five residential dwelling units and shall be operated as a condominium, co-op or similar form which allows for individual ownership of each dwelling unit. It shall also include one or more common structures containing a shared kitchen, library, computer room, laundry, greenhouse, play area or other common residential facilities for use by the residents.
- **Revise existing definition for “family”:**
 “Family” means one or more persons related by blood, marriage, or adoption, ~~or not more than three unrelated persons~~ [add: “or choice”], living together within a single dwelling unit. For purposes of this definition, children with familial status within the meaning of 42 U.S.C. 3602(k) and individuals with disabilities within the meaning of 42 U.S.C. 3602(h) will not be counted as unrelated persons. “Adult family homes,” as defined by RCW 70.128.010, are included within the definition of “family.” Facilities housing individuals who are incarcerated as the result of a conviction or other court order shall not be included within this definition.
- **Revise existing definition for “floor area ratio”:**
 “Floor area ratio (FAR)” means the ~~total floor area~~ [add: footprint of enclosed floor area of the building(s) and any building overhang] on a site divided by the site area. For the purposes of calculating FAR, all floor area with ceiling height not more than three feet above the adjacent finished ground level is excluded.
- **Revise BMC 20.28 – Infill Toolkit**
 - In response to HB 1337, Remove any contradictions or redundancies between Infill Toolkit and International Residential Code, Energy Code, and recently passed HB 1110 & 1337.
 - July 7 – *City Council Adopted revisions to BMC to comply with HB 1337 (except owner occupancy).*

- **In place of the ADU owner-occupancy requirement, adopt and opt-in affordability covenant in tandem with Bellingham Municipal Code 20.29 – Affordable Homeownership Incentive Program.**
 - Adoption of affordability covenant can allow the development of subsidized housing units on existing privately owned property, and can allow existing housing units to be converted into affordable housing subsidies in tandem with
 - Allows access to public funding for pre-development costs, including installation of water supply, sewer and electrical utility services for infill development, when an affordability or deed-restriction covenant is in place.
 - Use as a template, “2021 Model Declaration of Affordability Covenants with Refinance and Resale Restriction and Purchase Option” published by the Grounded Solutions Network (*2021 Model Deed Restriction*, n.d.)
- **Revise BMC 20.29 – Affordable Homeownership Incentive Program**
 - Increase the earned density bonus for affordable housing units to 200% (goes beyond density allowed in transit zones under HB 1110), as proposed by Kulshan Community Land Trust leadership staff.
 - Allow non-profit housing developers and community land trust organizations to provide administrative oversight and technical support to small-scale developers seeking to participate in affordable housing incentive programs that require income qualification for potential tenants/home buyers.
- **Revise BMC 19 – Impact Fees & BMC 21 – Procedures and Administration**
 - **Waive or restructure development fees and streamline permitting processes.**
 - Waive all permitting fees altogether for housing units developed with affordability covenant, either as homeownership or rental units.
 - **Change fee structure for Water Meter Upgrade/Fixture Count to reduce the \$7,000 charge.**
 - **HB 1326** – *Reduce utility costs for affordable housing by authorizing local waivers of utility connection charges for affordable and supportive housing owned by nonprofits and housing authorities.*
- **Further reduce permit review timelines and waive or reduce permitting fees:**
 - **HB 1293** - *Streamlines local design review processes, requiring them to use “clear and objective” standards that don’t reduce development capacity otherwise allowed. In addition, the process cannot require more than one public meeting.*
 - **HB 5412** – *Reduces unnecessary environmental review of homebuilding proposals, exempting from State Environmental Policy Act review proposed housing developments within urban growth areas that comply with local Comprehensive Plans.*
 - **SB 5290** – *Supports local governments in streamlining their permit processes for new housing, establishing grant programs for them to reduce permit review timelines and to support local governments’ transition from paper-based to software/web-based systems.*
- **Adopt a catalogue of pre-approved building designs for infill development (already underway).**
 - Include housing types allowed by **HB 1110** – four and six-plex multifamily – in pre-approved design catalogue.
 - **HB 1337** allows two ADUs per lot, new maximum 1,000 square feet per unit (assumes new construction not remodel).

- A two-story 1,000 square foot unit (500sf footprint) with one kitchen and bathroom currently maximizes cost/square foot price points. A two-story building with a 500sf footprint can also be two stacked studio apartments. Develop a pre-approved net-zero building design to max-out this cost/square foot price point and further subsidize this unit. Allow this unit to be developed as zero lot-line townhouses, stacked flats, and cottage court cluster housing.
- **Design small footprint homeownership starter units with options and flexibility for future addition, expansion and improvements.**
- Develop starter home design into a flap-pack DIY build kit sourced from local lumber & material suppliers.
 - Simple structural components, easy to configure in different ways.
- Encourage localized factory construction of pre-approved housing designs.
- Encourage the production of flat pack DIY build kits with local lumber and building supply industries.

Action Matrix, Strategy Matrix to Create an Ecosystem of Middle Housing Development

The action matrix distills the findings from the above research into a framework sorted by regional scale and economic sectors. Many of the affordability strategies identified in the Literature Review and Case Studies require reforms at a scale beyond the scope of a city government and may require reform and new product development within private industries. Table 13 below provides an Action Matrix, outlining regional scale and sectors where each reform would be most effectively implemented. On the following page, Table 14 shows a Strategy Matrix, breaking out of construction phases in order to identify and clarify the recommendations to focus different funding sources on pre-development and in-ground utilities. Table 14 further identifies expanded opportunities for cost savings through pre-approved design and modular construction methods, as well as primary opportunities for sweat equity labor by small-scale developers and owner-occupants.

Table 13 - Action Matrix to Create an Ecosystem of Middle Housing Development

	Financing & Subsidy to Match Housing Unit Costs to Middle-Income Wage Earners	Zoning & Land Use Policy	Construction & Building Design
City & County	<ul style="list-style-type: none"> Expanded support for land trust & limited equity cooperatives, deed-restricted units, co-buying & co-living, adaptive re-use, programming to train and support small-scale real estate development. Use Economic Development Investment funds for pre-development, cost of utility hookups to infill development lots. 	<ul style="list-style-type: none"> Small lot subdivision, cluster short subdivision, allowing greater density & variety of building types, Adopt pre-approved design catalogues Implement form-based code & by-right development FAR based only on building footprints. 	<ul style="list-style-type: none"> Missing Middle Housing Forms: ADUs, duplex/ triplex/ fourplex, townhouses, stacked flats, co-housing manor, guest suite/hot plate apartments, co-housing cluster courts, small multifamily (4–10 unit) apartment buildings. Localized Factory/Modular Construction.
State & Regional Gov	<ul style="list-style-type: none"> Revolving Loan Fund for purchase of small lot buildable lands and bottom-market residential properties for affordable infill development. Raise income limits for down payment assistance, home repair and weatherization, restructure to make co-living and shared households eligible for programs. 	<ul style="list-style-type: none"> Remove HOA covenant loophole from HB 1337/1110 Implement enforcement for HB 1220 housing goals Further shifting towards form-base code & streamlined permitting. 	<ul style="list-style-type: none"> Entry level housing products designed for expansion & customization as homeowner gains equity & wealth.
Federal Gov	<ul style="list-style-type: none"> Allow multi-party co-buying for down payment assistance and subsidized loan products. Expand funding for affordable housing development as public health infrastructure. 		<ul style="list-style-type: none"> Import modular housing units when cost effective products are available.
Industry	<ul style="list-style-type: none"> Expand mortgage and finance products available for small-scale property development and multi-party co-buying. 		

Table 14 - Strategies Matrix for Infill Development Project Stages

Stages	1 Planning	2 Site Prep	3 Exterior Shell	4 Interior Rough	5 Interior Finishing	6 Exterior Finishing
New Construction: Detached ADUs, Tear-Down Redevelopment, Infill Lots						
Build Work	Land Acquisition Building Design Construction Financing Permitting	Sitework, moving dirt to make a buildable site. Lateral sewer hookups, electrical tie-in, power box. Foundation, Slab Pouring.	Structural Framing, Roofing, Exterior Wall Sheathing, Siding, Exterior Paint Insulation	Interior Wall Framing Interior electrical wiring Interior plumbing supply and sewer lines	Interior Flooring, Tilework, Wall surfaces, Ceilings Painting, Trim Electrical Outlets Install switches & fixtures for plumbing & electrical, install cabinets	Landscaping, Additional Site Improvements, Detached Utility/Storage Interior Design, Ongoing Maintenance
	Revolving Loan Fund for purchase of buildable land and bottom market single family properties. Pre-approved designs. Partner with existing homeowners.	Pre-Development with EDI Funding & Affordable Housing Incentives. Pre-sale of buildable lots to income qualifying buyers.	Opportunity for offsite/ modular construction and prefabricated kits.	Opportunity for offsite/ modular construction and prefab kits. Partial completion leaves opportunity for DIY & Sweat Equity.	Opportunity for offsite/ modular construction and prefab kits. Opportunity for Buyer Completion, DIY & Sweat Equity	Opportunity for Buyer Completion, DIY & Sweat Equity. Access to Subsidies for ongoing maintenance, improvements, expansions. + Equity Value of Owner Improvements
Remodels, Attached Additions, Conversion of Existing Structures						
Build Work	Building Design Construction Financing Permitting	Any necessary work to expand sewer & electrical capacity.	N/A for conversion within existing building shell.	Same As New Construction, depending on nature of addition.	Same As New Construction.	Same As New Construction, depending on original condition of site.
Small-Scale Developers, & Private Co-Ownership	Multi Party Co-buying of existing residential properties. Incentives & Grant Programs for adding new housing units to existing single family properties.	Affordability Covenant Allows Access to Greater Subsidy for pre-development and utility services.	Co-owners redevelop to create separate units, either attached or detached.	Opportunity for cost savings with shared utilities & common spaces.	Opportunity for DIY & Sweat Equity	Clearly Defined Buyout Agreements. Access to Subsidies for ongoing maintenance.

Section 7: Dissemination & Future Steps



Recommended Future Steps

Expanded Language Inclusion

Lack of funding for language translation was a primary barrier in equity and inclusion with non-English speaking populations in conducting this research. Spanish language speakers and Hispanic populations make up the largest portion of non-English language speakers in Bellingham and Whatcom County, and Spanish language community members were the main language minority group contacted in conducting this research. There are several existing community advocacy groups, including the Community-to-Community Partnership, a newly forming Hispanic Chamber of Commerce, who are already actively working to support Hispanic populations in Bellingham and Whatcom County. There is also a Hispanic Student Club at Western Washington University, as well as faculty who are first-language Spanish speakers.

When planning language inclusion and engagement, community partners express the vital importance of in-depth and long-term engagement. Specifically, this means not just translating engagement content into additional languages but translating the results of their input back to the target language community and ensuring meaningful, ongoing inclusion of minority community needs and contributions. This requires a dedication to ongoing dialogue and partnership with minority communities.

Conduct a city-wide Zoning Audit

Bellingham currently has over 100 different zoning districts, specific to each designated neighborhood. Each one is developed directly with individual neighborhood associations, and many of them are overdue for update and revision in compliance with current comprehensive planning requirements under the Growth Management Act and recently passed legislation. Conduct a city-wide zoning audit that compares existing housing inventory in Bellingham with new density allowed under House Bills 1110, 1337 and projected 20-year density goals under House Bill 1220.

Case Studies & Model Programs:

- St Paul, Minnesota – 1-4 Unit Housing Study Phase 2. Zoning Text Amendments, March3, 2023.

Continuing Research

Regional Equity Dashboard

Create a Bellingham/Whatcom County Housing Equity Dashboard as a live online web app using ESRI software services and programs, modeled after the Tacoma Equity Dashboard. This could be a multi-quarter studio class with WWU GIS and Planning students. The primary metrics to track will be owner occupancy vs rental units, homeownership rates amongst racial minorities, and tracking cost of housing units against available local jobs.

Case Studies & Model Programs:

- Tacoma, WA (*Home Page - Tacoma Equity Map*, n.d.)
- Kirkland, WA (*City of Kirkland Housing Dashboard*, n.d.)

Is there still a meaningful difference between “Accessory Dwelling Units” and a Duplex or Triplex?

What do we mean by the term “accessory dwelling unit”? As of the 2023 package of pro-housing laws passed by the WA State Legislature, there is no meaningful distinction between a two- or three-unit multifamily residential property, and a single-family home that has added the maximum allowable number of accessory dwelling units (currently two units, under HB 1337). At this time, the only functional distinction between a single-family lot with accessory dwelling units on it, and a duplex or

triplex, is simply whether the lot was zoned single family or multifamily to begin with. In Seattle, the legal structures of condo associations are being used to produce homeownership opportunities. As practiced in Seattle, commercial developers purchase single family properties for re-development into micro-cluster subdivisions, legally structured as a condo association, maxing out allowable density for accessory dwelling units on a single-family lot.

Table 15 - **Is It Single Family or Multifamily?**

Single Family with an ADU	Duplex, Triplex, Fourplex	More than Four Units
May be zoned Single Family or Multifamily	Any existing residential zone w/in urban boundaries (hb1110)	Must be Zoned Multifamily (policy is undetermined)
Units may have separate utility meters, units may also have a single utility meter.	Units must have separate utility meters.	Units must have separate utility meters.
Accessory structures may be constructed with a separate sewer connection.	Lot typically has a single sewer main.	
Likely to be owner occupied.	May be owner occupied, more likely to be fully operated as rental units.	Maybe condo units, but typically owned/operated by commercial developer
Eligible for owner-occupancy mortgage rates & first-time homebuyer down payment assistance.	May be eligible for owner-occupancy mortgage	Not eligible for any kind of subsidized or federally backed mortgage assistance, treated as commercial investment property.

The impacts and implications of House Bill 1110 on residential property development require multiple industries to reconsider the definitions of single family and multifamily zoning, as well as single-family and multifamily property appraisals. Does single family zoning still exist in established urban zones within the State of Washington? What are the impacts on mortgage finance industries, and the kind of mortgage products that are available to home buyers? The answers to these questions will be negotiated over the next several years, as housing industries adapt to the impacts of House Bill 1110.

Economic Analysis for Local, Vertically Integrated, Prefabricated Modular or Panelized Housing Production

This researcher has made extensive reference to modular housing programs in the literature review and case studies sections, as well as reviewing the potential cost savings of modular pre-fabrication for affordable housing production. It is also true that the company, 360 Modular, has already made an attempt to produce prefabricated modular housing specifically to serve low- and middle-income households in Whatcom County and their business model failed. 360 Modular was established in 2020 with extensive support and encouragement directly from the Port of Bellingham, including a generous land grant that included a warehouse and operating facility located in Ferndale. Despite this economic support and numerous contracts with both Whatcom County and the City of Bellingham that included building emergency weather shelters, stacking modular units for multifamily construction, 600sf detached accessory units, and FEMA trailers, 360 Modular was not able to maintain a positive cash flow and they were not able to produce a small footprint housing unit that was genuinely affordable to target low-income demographics while also following International Building Code and Energy Code standards for insulation thickness and high-efficiency mechanical appliances. When I toured the 360 Modular

factory in August 2022, they also cited excessive delays in permitting processes as a significant barrier to maintaining business operations. By the end of the 2022 fiscal year, 360 Modular had folded and ceased business operations.

This researcher recommends a detailed economic study of why the 360 Modular business model failed, with comparison to what is working for the FABER Construction business model and emerging modular housing producers across the United States, for a consideration of what it would take to develop vertically integrated modular housing production in Whatcom and/or Skagit Counties. Such a study should include case studies of winners from the Enterprise Community Partners Housing Affordability Breakthrough Challenge: MiCasita in Texas, and Forterra in Tacoma/Darrington.

Bibliography

- 2021 Model Deed Restriction*. (n.d.). Grounded Solutions Network. Retrieved December 28, 2022, from <https://groundedsolutions.org/tools-for-success/resource-library/2021-model-deed-restriction>
- A New Generation of Town Makers*. (2021, October 22). Strong Towns. <https://www.strongtowns.org/journal/2021/10/20/a-new-generation-of-town-makers>
- Abromowitz, D. M. (2013). The Housing Market Is Not Only for Homeowners: Policymakers Need to Focus on Renters to Facilitate a True “Housing Recovery.” *Journal of Affordable Housing & Community Development Law*, 21(3/4), 271–280. <http://www.jstor.org/stable/24389763>
- ADU Grant Program | CalHFA*. (n.d.). Retrieved September 22, 2022, from <https://www.calhfa.ca.gov/adu/>
- Affordability Calculator—How Much House Can I Afford?* (n.d.). Zillow. Retrieved November 27, 2023, from <https://www.zillow.com/mortgage-calculator/house-affordability/>
- ALICE In Whatcom County 2020 Update. (2020). *United Way*.
- American Planning Association. (2022, December 20). *Equity in Zoning Policy Guide*. American Planning Association. <https://www.planning.org/publications/document/9264386/>
- Ancell, S., & Thompson-Fawcett, M. (2008). The Social Sustainability of Medium Density Housing: A Conceptual Model and Christchurch Case Study. *Housing Studies*, 23(3), 423–442. <https://doi.org/10.1080/02673030802029990>
- Axel-Lute, M. (2021, July 13). Scaling Up: How Some Community Land Trusts Are Getting Bigger. *Shelterforce*. <https://shelterforce.org/2021/07/13/gaining-scale-how-some-community-land-trusts-are-getting-bigger/>
- BB Housing Online. (2023). *Naturally Occurring Affordable Housing*. <http://bbhousingonline.com/naturally-occurring-affordable-housing/>
- Bellingham Comprehensive Plan*. (2016). City of Bellingham. <https://cob.org/services/planning/comprehensive-plan>
- Bellingham Housing Statistics Story Map*. (2022, August 3). ArcGIS StoryMaps. <https://storymaps.arcgis.com/stories/3e1c77f31cbf4cc8bf94b39f62970fdf>
- Bellingham WA Home Prices & Home Values | Zillow*. (n.d.). Retrieved November 27, 2023, from <https://www.zillow.com/home-values/50950/bellingham-wa/>
- Bertolet, D. (2023, January 3). Washington’s 2023 Middle Housing Bill, Explained. *Sightline Institute*. <https://www.sightline.org/2023/01/03/washingtons-2023-middle-housing-bill-explained/>
- Bird, E. L., Ige, J. O., Pilkington, P., Pinto, A., Petrokofsky, C., & Burgess-Allen, J. (2018). Built and natural environment planning principles for promoting health: An umbrella review. *BMC Public Health*, 18(1), N.PAG-N.PAG. <https://doi.org/10.1186/s12889-018-5870-2>
- Brendenoord, J. (n.d.). *Incremental self-help housing*. Housing and Planning in Urbanizing Countries. Retrieved May 15, 2023, from <https://brendenoordhousingresearch.com/incremental-housing/>
- Burch, S. (2021). *Accelerating a Just Transition to Smart, Sustainable Cities*. Centre for International Governance Innovation. <http://www.jstor.org/stable/resrep30264>

- Carrasco, S., & O'Brien, D. (2022). Incremental Pathways of Post-Disaster Housing Self-Recovery in Villa Verde, Chile. *Architecture*, 2(3), Article 3. <https://doi.org/10.3390/architecture2030030>
- Charles, K. K., & Hurst, E. (2002). The Transition to Home Ownership and the Black-White Wealth Gap. *The Review of Economics and Statistics*, 84(2), 281–297. <https://www.jstor.org/stable/3211777>
- City of Bellingham 2018-2022 Consolidated Plan*. (2018). City of Bellingham. <https://cob.org/services/planning/consolidated-plan>
- City of Kirkland Housing Dashboard*. (n.d.). Retrieved October 13, 2023, from <https://www.arcgis.com/apps/dashboards/8899c6a5566349b98765b97a73f721fb>
- City of South Bend, I. (n.d.). New Neighborhood Homes Initiative. *South Bend, Indiana*. Retrieved November 19, 2023, from <https://southbendin.gov/newneighborhoodhousing/>
- CityIQ Online Map Viewer*. (2022, June 3). City of Bellingham. <https://cob.org/services/maps/online-mapping>
- Crabtree, B. F., & Miller, B. (1999, August 24). *Doing Qualitative Research*. <https://ereader.perlego.com/1/book/2800779/12>
- Creating Homes*. (n.d.). CNE Inc. Retrieved November 20, 2023, from <https://www.cneinc.org/creating-homes>
- Defining Housing Affordability | HUD USER*. (2017, August 14). <https://www.huduser.gov/portal/pdredge/pdr-edge-featd-article-081417.html>
- Durham, N. C. (n.d.). *Small House/Small Lot*.
- Economic Development Funding | Port of Bellingham, WA - Official Website*. (n.d.). Retrieved November 20, 2023, from <https://www.portofbellingham.com/158/Economic-Development-Funding>
- Enterprise Community Partners. (2023, June 7). *come dream. Come build*. HOUSING AFFORDABILITY BREAKTHROUGH CHALLENGE. <https://www.enterprisecommunity.org/housing-affordability-breakthrough-challenge/2020-winners/cdcb-come-dream-come-build>
- François, C. (2021). A Social Portrait of the Subprime Crisis. *Metropolitics*. <https://metropolitics.org/A-Social-Portrait-of-the-Subprime-Crisis.html>
- FRED - St Louis FED. (2023, October 25). *Median Sales Price of Houses Sold for the United States*. FRED, Federal Reserve Bank of St. Louis; FRED, Federal Reserve Bank of St. Louis. <https://fred.stlouisfed.org/series/MSPUS>
- Goldstein, A. (2018). The Social Ecology of Speculation: Community Organization and Non-occupancy Investment in the U.S. Housing Bubble. *American Sociological Review*, 83(6), 1108–1143. <http://www.jstor.org/stable/48588587>
- Graziani, K. (2021). Land Banks and Community Land Trusts. *Center for Community Progress*. <https://communityprogress.org/publications/land-banks-and-community-land-trusts/>
- Growth Management Planning for Housing*. (n.d.). Washington State Department of Commerce. Retrieved October 22, 2021, from <https://www.commerce.wa.gov/serving-communities/growth-management/growth-management-topics/planning-for-housing/>
- Haberle, M., & House, S. (2021). *Moving Beyond the Market: Community Ownership and the Right to Housing* (Racial Justice in Housing Finance:, pp. 71–104). Poverty & Race Research Action Council. <http://www.jstor.org/stable/resrep32132.6>

- Hazekamp, C., Yousuf, S., Day, K., Daly, M. K., & Sheehan, K. (2020). Eviction and Pediatric Health Outcomes in Chicago. *Journal of Community Health, 45*(5), 891–899. <https://doi.org/10.1007/s10900-020-00806-y>
- HB 1220 Update with Projections. (2023, March). <https://deptofcommerce.app.box.com/s/j37f7794huxsoahkedc862o9n5corgpd>
- Herriges, D. (2021). *Unleash the Swarm: Reviving Small-Scale Development In America's Cities*. Strong Towns. <https://www.strongtowns.org/journal/2021/12/13/unleash-the-swarm-a-new-e-book-on-reviving-small-scale-development>
- Hoffler, C. J. (2023). Tiny Home Lot Split Policy: A Needed Adjunct to Accessory Dwelling Units in Promoting Affordable Housing. *UNC School of Law, 27*.
- Holland, D., & Squires, G. D. (2022). Community reinvestment challenges in the age of gentrification: Pittsburgh, Pennsylvania as a case study for wide bank lending disparities. *Community Development Journal, bsac022*. <https://doi.org/10.1093/cdj/bsac022>
- Home Page—Tacoma Equity Map. (n.d.). Retrieved February 14, 2022, from <https://tacomaequitymap.caimaps.info/CAILive/?location=Tacoma&layer=EconomyLayer&searchType=city&area=EquityCalcTacoma&tab=enviro>
- Home—Durham Community Land Trustees. (n.d.). Retrieved November 20, 2023, from <https://dclt.org/>
- Horowitz, J. M., Igielnik, R., & Kochhar, R. (2020, January 9). 1. Trends in income and wealth inequality. *Pew Research Center's Social & Demographic Trends Project*. <https://www.pewresearch.org/social-trends/2020/01/09/trends-in-income-and-wealth-inequality/>
- Housing & Human Services Story Map. (n.d.). [Story map]. Housing & Human Services. Retrieved June 9, 2022, from <https://storymaps.arcgis.com/stories/b361c076ced14f47b758e929331f7af7>
- Housing FAQs. (n.d.). City of Bellingham. Retrieved November 27, 2022, from <https://cob.org/services/planning/key-housing-questions>
- Housing Solutions. (n.d.). City of Bellingham. Retrieved November 7, 2021, from <https://cob.org/gov/council/issues/housing-for-all>
- IncDev Alliance. (n.d.). IncDev Alliance. Retrieved November 19, 2023, from <https://www.incrementaldevelopment.org>
- Jones-Rounds, M. L., Evans, G. W., & Braubach, M. (2014). The interactive effects of housing and neighbourhood quality on psychological well-being. *Journal of Epidemiology and Community Health (1979-), 68*(2), 171–175. <http://www.jstor.org/stable/43281707>
- Kamel, N. (2012). The Actualization of Neoliberal Space and the Loss of Housing Affordability in Santa Monica, California. *Geoforum, 43*(3), 453–463. <https://doi.org/10.1016/j.geoforum.2011.10.005>
- Karlinsky, S., Wang, K., Szambelan, S. J., & Josefowitz, N. (2020). *What caused the housing crisis? (What It Will Really Take to Create an Affordable Bay Area*, pp. 6–11). SPUR (San Francisco Bay Area Planning and Urban Research Association). <http://www.jstor.org/stable/resrep26076.4>
- Klein, E. (2022, July 19). Why Housing Is So Expensive—Particularly in Blue States. *The New York Times*. <https://www.nytimes.com/2022/07/19/opinion/ezra-klein-podcast-jenny-schuetz.html>
- Kumon, J. (2020, October 13). *STEP Buildings (TM)*. Upper Midwest American Planning Association.

- Laforteza, R. C. (2022). *Co-Housing: A Housing Approach to Fostering a Multigenerational Community* [UNIVERSITY OF HAWAII AT MĀNOA].
<https://scholarspace.manoa.hawaii.edu/server/api/core/bitstreams/442c9b14-cd48-4246-8619-d8a797c5447e/content>
- Lapowsky, I. (2018, July 26). Is the US Leaning Red or Blue? It All Depends on Your Map. *Wired*.
<https://www.wired.com/story/is-us-leaning-red-or-blue-election-maps/>
- Lawton, J. D. (2015). Limited Equity Cooperatives: The Non-Economic Value of Homeownership. *Journal of Affordable Housing & Community Development Law*, 23(3–4), 393–425.
<http://www.jstor.org/stable/26408147>
- Logani, I. (2021). *Washington State's Housing Affordability Crisis* (Office of Lieutenant Governor Denny Heck) [Research Fellowship]. State of Washington.
- Lyon, B. (2022, May). *Consultation on Affordable Housing and Infill Development. Mortgage Calculator*. (n.d.). Bankrate. Retrieved November 27, 2023, from
<https://www.bankrate.com/mortgages/mortgage-calculator/>
- Mukhija, V. (2014). The Value of Incremental Development and Design in Affordable Housing. *Cityscape*, 16(2), 11–20. <https://www.jstor.org/stable/26326881>
- Neighborhood Development. (n.d.). *South Bend, Indiana*. Retrieved November 19, 2023, from
<https://southbendin.gov/departments/community-investment/neighborhood-development/>
- Nelson, K., DeFilippis, J., Kruger, R., Williams, O., Pierce, J., Martin, D., & Hadizadeh Esfahani, A. (2020). The Commodity Effects of Decommodification: Community Land Trusts and Neighborhood Property Values. *Housing Policy Debate*, 30(5), 823–842.
<https://doi.org/10.1080/10511482.2020.1768573>
- New Neighborhood Homes Initiative. (n.d.). *South Bend, Indiana*. Retrieved October 11, 2023, from
<https://southbendin.gov/newneighborhoodhousing/>
- NLIHC. (2016, November 7). *Naturally Occurring Affordable Housing Benefits Moderate Income Households, But Not the Poor*. National Low Income Housing Coalition.
<https://nlihc.org/resource/naturally-occurring-affordable-housing-benefits-moderate-income-households-not-poor>
- Palmer, A. (2019, March). *Strategies for Sustainable Growth in Community Land Trusts | Joint Center for Housing Studies*. <https://www.jchs.harvard.edu/research-areas/working-papers/strategies-sustainable-growth-community-land-trusts>
- Pattillo, M. (2013). Housing: Commodity versus Right. *Annual Review of Sociology*, 39, 509–531.
<http://www.jstor.org/stable/43049647>
- Pendall, R., Freiman, L., Myers, D., & Hepp, S. (2016, June 4). *Demographic Challenges and Opportunities for U.S. Housing Markets*. Urban Institute.
<https://www.urban.org/research/publication/demographic-challenges-and-opportunities-us-housing-markets>
- Planning for Equity Policy Guide*. (2019, May 14). American Planning Association.
<https://www.planning.org/publications/document/9178541/>
- Poortinga, W., Jones, N., Lannon, S., & Jenkins, H. (2017). Social and health outcomes following upgrades to a national housing standard: A multilevel analysis of a five-wave repeated cross-sectional survey. *BMC Public Health*, 17, 1–15. <https://doi.org/10.1186/s12889-017-4928-x>

- Ramsey, K. (2020). How to prepare a housing needs assessment. *MRSC*.
- Raymond, E. L., Duckworth, R., Miller, B., Lucas, M., & Pokharel, S. (2018). From Foreclosure to Eviction: Housing Insecurity in Corporate-Owned Single-Family Rentals. *Cityscape*, 20(3), 159–188. <http://www.jstor.org/stable/26524878>
- Retlin, C. (COM). (2018). *2018 Affordable Housing Update*. 12.
- ROSE, K. (2002). Combating Gentrification Through Equitable Development. *Race, Poverty & the Environment*, 9(1), 5–56. <http://www.jstor.org/stable/41554331>
- Ruiu, M. L. (2016). The Social Capital of Cohousing Communities. *Sociology*, 50(2), 400–415. <https://doi.org/10.1177/0038038515573473>
- Schuetz, J. (2022). *Fixer-Upper: How to Repair America's Broken Housing Systems*. Brookings Institution Press.
- Small Lot Options in Durham—Information and Inventory*. (n.d.). Trianglehousehunter.Com. Retrieved November 20, 2023, from <https://www.trianglehousehunter.com/small-lots-sale-durham-nc/>
- Smith, J. (2022). South Bend program to cover construction costs to encourage new housing in neighborhoods. *South Bend Tribune*. <https://www.southbendtribune.com/story/news/2022/06/29/homes-for-sale-south-bend-real-estate-housing-developers/7714558001/>
- Sokolowsky, A., Marquez, E., Sheehy, E., Barber, C., & Gerstenberger, S. (2017). Health Hazards in the Home: An Assessment of a Southern Nevada Community. *Journal of Community Health*, 42(4), 730–738. <https://doi.org/10.1007/s10900-016-0311-6>
- South Bend, IN, C. of. (n.d.). *Community Investment*. South Bend, Indiana | Department of Community Investment. Retrieved November 20, 2023, from <https://52.249.193.224/department/community-investment/>
- Stacy, C., Davis, C., Freemark, Y. S., Lo, L., MacDonald, G., Zheng, V., & Pendall, R. (2023). Land-use reforms and housing costs: Does allowing for increased density lead to greater affordability? *Urban Studies*, 00420980231159500. <https://doi.org/10.1177/00420980231159500>
- Tieskens, K. F., Milando, C. W., Underhill, L. J., Vermeer, K., Levy, J. I., & Fabian, M. P. (2021). The impact of energy retrofits on pediatric asthma exacerbation in a Boston multi-family housing complex: A systems science approach. *Environmental Health: A Global Access Science Source*, 20(1), 1–9. <https://doi.org/10.1186/s12940-021-00699-x>
- US population by year, race, age, ethnicity, & more | USAFacts*. (n.d.). Retrieved May 30, 2023, from <https://usafacts.org/data/topics/people-society/population-and-demographics/our-changing-population/>
- Vale, L. J., Shamsuddin, S., Gray, A., & Bertumen, K. (2014). What Affordable Housing Should Afford: Housing for Resilient Cities. *Cityscape*, 16(2), 21–50. <http://www.jstor.org/stable/26326882>
- Vestbro, D. U. (2000). From Collective Housing to Cohousing—A Summary of Research. *Journal of Architectural and Planning Research*, 17(2), 164–178. <https://www.jstor.org/stable/43030534>
- Villalobos, A. Z. (2019). A Model Approach to Effective Municipal Housing Affordability Programs. *An Applied Research Project Submitted to the Department of Political Science, Texas State University, in Partial Fulfillment for the Requirements for the Degree of Masters of Public Administration, Spring 2019*. <https://digital.library.txstate.edu/handle/10877/8188>
- Washington | UnitedForALICE. (2022). Research Center. <https://unitedforalice.org/washington>

- Washington State Department of Commerce, G. M. S. (2023a). *HB 1220 Update with FINAL Projections*. <https://deptofcommerce.app.box.com/s/6z6bjbnbat83wikpp23yiuktutm0z4zv>
- Washington State Department of Commerce, G. M. S. (2023b). *Housing for All Planning Tool (HAPT)*. <https://deptofcommerce.app.box.com/s/48o8fzedzxn63xth6aofi2jc2npcjoa>
- Webb, D. (2014). Placemaking and Social Equity: Expanding the Framework of Creative Placemaking. *Artivate*, 3(1), 35–48. <https://doi.org/10.1353/artv.2014.0000>
- Wells, N. M., Evans, G. W., & Yang, Y. (2010). Environments and Health: Planning Decisions as Public-Health Decisions. *Journal of Architectural and Planning Research*, 27(2), 124–143. <http://www.jstor.org/stable/43030900>
- Wetzstein, S. (2017). The global urban housing affordability crisis. *Urban Studies*, 54(14), 3159–3177. <https://doi.org/10.1177/0042098017711649>
- What Is NOAH?* (2016, September 26). NOAH Impact Fund. <https://noahimpactfund.com/impact-investing-affordable-housing-minnesota/what-is-noah/>
- Why is Rent Going Up When my House is on Fire? A Panel Event with Student Tenants Revolt*. (2023). <https://win.wvu.edu/event/9019085>
- World Economic Forum Insight Report. (2019). *Making Affordable Housing a Reality in Cities*. World Economic Forum. <https://www.weforum.org/whitepapers/making-affordable-housing-a-reality-in-cities/>

Glossary of Key Terms:

Affordable Infill: Affordable Infill seeks to use tactics of small-scale, incremental development and economic inclusion to produce entry level homeownership opportunities as an upfront market product.

Affordable Housing (subsidized)

“Housing that is developed with public funding to ensure long-term affordable housing. These tools include but are not limited to homeownership housing units created through nonprofits and community land trusts, inclusionary housing programs, and/or deed-restricted homes” (ECONorthwest, 2022, p. 2).

- ECONorthwest. (2022). *Homeownership disparities work group*.
<https://deptofcommerce.app.box.com/s/lds65xpxf8d44cf4ulzw61nenich6uwr/file/937730668900>

see also:

“affordable” means that the net monthly mortgage or rent payment shall not exceed 30% of the worker’s monthly wage. This shall be verified at time of move in and may be verified at additional time benchmarks, at the discretion of the housing management entity - from **Whatcom County Infrastructure Improvements for Affordable Workforce Housing Program**.

Naturally Occurring Affordable Housing (“affordable housing, bottom of the market)

Naturally occurring affordable housing (NOAH) does not require financial assistance or subsidy to be affordable for low- and middle-income households. Typically, this housing is Class B or C rental housing built between 1940 and 1990. Class C properties are generally over 20 years old, are in less desirable locations, or in need of overdue renovations. Class B generally refers to older buildings that are otherwise well maintained and in good condition.

- Lacaria, C. (n.d.). *Housing and homelessness myths busted: Naturally occurring affordable housing*. Charlotte-Mecklenburg Housing and Homelessness Dashboard.
<https://mecklenburghousingdata.org/blog/housing-homelessness-myths-busted-naturally-occurring-affordable-housing/>
- Greater Minnesota Housing Fund. (2023). *What is NOAH?* NOAH Impact Fund.
<https://noahimpactfund.com/impact-investing-affordable-housing-minnesota/what-is-noah/>

Community land trust (CLT)

“A land banking model where a community organization owns land and provides long-term ground leases to low-income households to purchase the homes on the land, agreeing to purchase prices, resale prices, equity capture, and other terms. This model allows low-income households to become homeowners and capture a portion of the growth in home value as equity but ensures that the home remains affordable for future homebuyers”.

- ECONorthwest. (2022). *Homeownership disparities work*. Washington State Department of Commerce. group.
<https://deptofcommerce.app.box.com/s/lds65xpxf8d44cf4ulzw61nenich6uwr/file/937730668900>

Community Wealth Building

Community wealth building is the concept that communities have local ownership and control over their community assets, and access to economic opportunity for developing those community assets.

- Theodos, B., Marx, R., Nunna, T. (2021, December 7). *Community wealth building models*. Urban Institute. <https://www.urban.org/research/publication/community-wealth-building-models>

De-Commodified Housing

Housing units that have been taken out of the speculative market so they cannot be bought and sold as investment properties.

- Tegeler, P. (2021). *Racial justice in housing finance; A series on new directions*. Poverty and Race Research Action Council. <https://www.jstor.org/stable/pdf/resrep32132.6.pdf?acceptTC=true>
- Sonoma County Tenants Union. (2020). *Decommodified housing*. <https://www.sonomatenants.org/de-commodified-housing#:~:text=Decommodifying%20housing%20means%20taking%20housing,housing%20for%20generations%20to%20come.>
- See also: Non-Market Housing

Development without displacement

Development without displacement refers to a socio-economic approach that aims to promote equitable urban development while safeguarding existing residents from involuntary displacement. It involves implementing inclusive policies, affordable housing measures, and participatory decision-making to balance progress with the preservation of community integrity.

- Zuk, M., Bierbaum, A.H., Chapple, K., Gorska, K., Loukaitou-Sideris, A., Ong, P., Thomas, T. (2015, August 24). *Gentrification, displacement, and the role of public investment: A literature review*. Federal Reserve Bank of San Francisco. <https://www.frbsf.org/community-development/publications/working-papers/2015/august/gentrification-displacement-role-of-public-investment/>
- SPARCC. (2023). *Displacement toolbox*. <https://www.sparcchub.org/pathways-to-prosperity/displacement-resources/>

Economic Inclusion

All consumers have access to safe, secure, and affordable financial products and services, as well as opportunities for wealth building.

- FDIC. (2022, October 25). *What is economic inclusion?* <https://www.fdic.gov/analysis/household-survey/economic-inclusion/index.html#:~:text=Economic%20inclusion%20means%20that%20all,affordable%20financial%20products%20and%20services.>

Incremental (Small-Scale) Development: A practice that seeks to place the tools and mechanisms of residential and commercial real estate development into the hands of existing community members and small-scale practitioners. Based on the assumption that the best people to develop a place are the local people who already live and work there.

- **As a policy model**

- Marohn, C. (2017, June 12). *The power of growing incrementally*. Strong Towns. <https://www.strongtowns.org/journal/2017/6/12/the-power-of-growing-incrementally>
- Steuteville, R. (2017, April 5). *Great idea: Incremental development*. Public Square: A CNU Journal. <https://www.cnu.org/publicsquare/2017/04/05/great-idea-incremental-development>
- **As a design principle**
 - Mukhija, V. (2014). The value of incremental development and design in affordable housing. *Cityscape: A Journal of Policy Development and Research*, 16(2), 11-20. <https://www.jstor.org/stable/26326881>
 - Bredenoord, J. (n.d.). *Incremental self-help housing*. Housing and Planning in Urbanizing Countries <https://bredenoordhousingresearch.com/incremental-housing/>

Infill Development: Increasing the density of existing residential neighborhoods. Integrating missing architectural forms and neighborhood improvements within residential urban zones.

Infill: Building new houses in-between existing houses, increasing the number of private units within an existing home, and replacing existing single-family homes with townhouses and apartment buildings.

Development: Any site improvement or building construction that increases the usability and economic value of a property.

Labor Force, Workforce

People aged 16 and over either employed or unemployed - Bureau of Labor Statistics.

The people engaged in or available for work, either in a country or area or in a particular company or industry - Google definition.

Land Banking

"A land bank is a governmental or nongovernmental nonprofit entity established, at least in part, to assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging re-use or redevelopment of urban property".

- HUD. (2023). *What is the definition of a land bank?* HUD Exchange. <https://www.hudexchange.info/faqs/programs/neighborhood-stabilization-program-nsp/program-requirements/eligible-activitiesuses/what-is-the-definition-of-a-land-bank/>

Limited Equity Cooperative (LEC)

A model of homeownership where residents buy a share in a development rather than an individual unit and agree to sell at a rate formulated to keep the housing affordable over the long term for subsequent buyers.

- Local Housing Solutions. (n.d.). *Limited equity cooperatives*. <https://localhousingsolutions.org/housing-policy-library/limited-equity-cooperatives/#:~:text=or%20Community%20Development-Overview,and%20over%20the%20long%20term.>

See also: Limited Equity Housing Cooperative

A limited equity cooperative (LEC) is a homeownership model in which residents purchase a share in a

development, rather than an individual unit, and commit to resell their share at a determined, restricted price that maintains affordability of the housing unit. Government assistance, subsidies, and low interest loans help to create initial affordability for the housing development. LECs are often initiated by a non-profit agency, but unlike other housing models, LECs usually have a self-governing group of residents or members who share stock of the cooperative and pay a monthly fee to cover common expenses and maintenance. The price of a share is usually limited to ensure affordability for workforce households.

- Webb, T. (2022, March). *Workforce housing report: Housing essential workers in Whatcom County*. Whatcom Housing Alliance. [Workforce-Housing-Report-Updated-March-2022.pdf](https://www.whatcomhousingalliance.org/Workforce-Housing-Report-Updated-March-2022.pdf) ([whatcomhousingalliance.org](https://www.whatcomhousingalliance.org))

Non-Market Housing

Non-market housing is for rent or purchase at below-market costs, through government or non-profit ownership or deed-restricted trust (Law Insider, n.d.). May or may not require income qualification.

- Law Insider. (n.d.). *Non market housing definition*. <https://www.lawinsider.com/dictionary/non-market-housing>
- See also: De-Commodified Housing

Owner-Occupied Development

Owner-occupied development is “residential development in which the same person or persons are sole or majority owner(s) of the property at the time of first approval of the development and at the time the development receives its building permit, and those persons make and record a legally binding agreement.”

- Law Insider. (n.d.). *Owner-occupied development definition*. <https://www.lawinsider.com/dictionary/owner-occupied-development#:~:text=Owner%20occupied%20development%20means%20a,record%20a%20legally%20binding%20agreement%2C>

Producer's Coop

Producer's Co-ops are owned by a group of people who produce similar goods or services, improving their abilities to negotiate prices and access larger markets. The Co-op can add additional value to member goods by processing them further.

- University of Wisconsin-Madison. (n.d.). *Types of Co-ops*. UW Center for Cooperatives: Fostering critical thinking and understanding about cooperatives. <https://uwcc.wisc.edu/about-co-ops/types-of-co-ops/#:~:text=Producer%20cooperatives%20are%20owned%20by,value%20and%20increase%20producer%20returns>

Scenario planning

“Scenario planning helps decision-makers identify ranges of potential outcomes and impacts, evaluate responses and manage for both positive and negative possibilities. It is an integrated approach to dealing with uncertainty. Scenario planning is also about visualizing different representations of an organization's future, based on assumptions about the forces driving the market — some good, some bad.”

- Luther, D., Ali, R. (2022, August 24). Scenario planning: Strategy, steps and practice. Oracle Netsuite. <https://www.netsuite.com/portal/resource/articles/financial-management/scenario-planning.shtml>

Tenants-In-Common

Tenancy in common (TIC) is a type of concurrent estate in which all owners own a share of the property. Owner shares are not necessarily equal, but all parties have the right to use and occupy all parts of the property.

- Legal Information Institute (LII). (n.d.). *Tenancy in common*. Cornell Law School. https://www.law.cornell.edu/wex/tenancy_in_common

Trauma Informed Design

Combining trauma-informed care with the architectural and built environment design processes – designing the built environment to “regulate the body and support therapeutic approaches.” The idea that our surroundings should help regulate our bodies by focusing on comfort, community, and choice when designing the built environment (Grabowska et al., 2021).

- Grabowska, S., Holtzinger, C., Wilson, J., Rossbert, L., Macur, R., Brisson, D. (2021). *Architectural principles in the service of trauma informed design*. Shopworks Architecture. <https://shopworksarc.com/wp-content/uploads/2021/10/Arc-Principles-in-the-Service-of-TID.pdf>
- Preservation of Affordable Housing (POAH). (2023). *What is trauma-informed design?* Trauma-Informed Housing: A Toolkit for Advancing Equity and Economic Opportunity in Affordable Housing. <https://traumainformedhousing.poah.org/what-is-trauma-informed-design>

Term Definitions from *Whatcom County Infrastructure Improvements for Affordable Workforce Housing Program*:

“**workforce**” means wage earners making 120% or less than Average Median Income (AMI) for Whatcom County.

“**low income**” means wage earners making 60% or less than AMI, and by such definition falls within “workforce” category.

“**affordable**” means that the net monthly mortgage or rent payment shall not exceed 30% of the worker’s monthly wage. This shall be verified at time of move in and may be verified at additional time benchmarks, at the discretion of the housing management entity.

“**long-term**” is a minimum of 20 years supported by a deed restriction that requires the housing unit to be rented or sold to persons with incomes at 120% AMI and lower.

“**proponent**” means a partnership between a sponsoring local jurisdiction and a for-profit developer, a non-profit developer;bjpbhui , and/or a housing agency or housing NGO.

“**local jurisdiction**” means a city, town, water, sewer and port districts located within the Whatcom County, as outlined in RCW 82.14.370.

- Infrastructure Improvements for the Workforce – EDI Grant updated 9-20-21
[Guidelines-Infrastructure-Improvement-for-WH-Program- \(whatcomcounty.us\)](https://www.whatcomcounty.us/guidelines-infrastructure-improvement-for-wh-program)

Specific Definitions From Bellingham Municipal Code: BMC 20.08.020

<https://bellingham.municipal.codes/BMC/20.08>

“**Accessory building**” means a separate and subordinate structure, the use of which is incidental to that of the main building located on the same lot. If the roof and wall of the accessory building is a continuation of the roof and wall of the main building, the accessory building shall be considered as part of the main building and shall meet all requirements of a main building. However, in no case shall an accessory building be considered attached and therefore part of a main building if the attachment is only by a covered but unenclosed breezeway.

“**Accessory dwelling unit,**” or “**ADU,**” means a second dwelling unit located on the same lot as, and subordinate to, a single-family dwelling unit. An ADU may consist of either of the following:

“**Attached accessory dwelling unit,**” or “**A-ADU,**” means an accessory dwelling unit located within or attached to a single-family residence. To be considered attached the roof and wall of the accessory dwelling unit must be an extension of the roof and wall of the existing single-family residence. In no case shall the attachment be made through an unenclosed structure.

“**Detached accessory dwelling unit,**” or “**D-ADU,**” means an accessory dwelling unit that consists partly or entirely of a building that is accessory to a single-family dwelling unit.

“Boarding and rooming house” means a structure used for the purpose of providing lodging or lodging and meals, for persons other than those under the “family” definition. This term includes dormitories, cooperative housing and similar establishments but does not include hotels, motels, medical care facilities or short-term rentals.

“Cluster short subdivision” means a subdivision into four or fewer lots in which standard requirements may be modified in order to provide desirable open space, recreational opportunity or achieve other significant public benefits without increasing the overall density of dwelling units per acre except as provided in BMC Title 23 and the applicable neighborhood subarea pursuant to zoning tables in Chapter 20.00 BMC.

“Cluster subdivision” means a subdivision into five or more lots in which standard requirements may be modified in order to provide desirable open space, recreational opportunity or achieve other significant public benefits without increasing the overall density of dwelling units per acre except as provided in BMC Title 23 and the applicable neighborhood subarea pursuant to zoning tables in Chapter 20.00 BMC.

“Co-housing” means a residential development on one contiguous parcel of land, designed by and developed for members of an existing co-housing organization in which members of the co-housing organization will own and reside. A co-housing development shall consist of at least five residential dwelling units and shall be operated as a condominium, co-op or similar form which allows for individual ownership of each dwelling unit. It shall also include one or more common structures containing a shared kitchen, library, computer room, laundry, greenhouse, play area or other common residential facilities for use by the residents.

“Co-housing dwelling unit” means an individual dwelling unit within a co-housing development that is privately owned.

“Co-housing organization” means a legal development entity, during development and construction of a co-housing project, that transforms into a legal residential association upon completion of the development and subsequent occupation of the dwelling units. Membership of the association is open only to owners of dwelling units in the development.

“Dwelling unit” means a single unit providing complete, independent living facilities for one family including permanent provisions for living, sleeping, eating, cooking, and sanitation.

“Family” means one or more persons related by blood, marriage, or adoption, or not more than three unrelated persons, living together within a single dwelling unit. For purposes of this definition, children with familial status within the meaning of 42 U.S.C. 3602(k) and individuals with disabilities within the meaning of 42 U.S.C. 3602(h) will not be counted as unrelated persons. “Adult family homes,” as defined by RCW 70.128.010, are included within the definition of “family.” Facilities housing individuals who are incarcerated as the result of a conviction or other court order shall not be included within this definition.

- *FAQs about why city is thinking of changing the family definition:*
<https://engagebellingham.org/family-definition/widgets/20830/faqs#question2967>

“Illegal dwelling unit” means any unpermitted residence within a building or a portion of a building that includes sleeping, sanitation, and cooking facilities.

Proposed Actions To Support Small-Scale Incremental Infill Development in Single Family Zones in the City of Bellingham

Goal: *make the residential development process usable for small-scale projects, regular homeowners and small-scale operators.*

This policy model is developed from:

- “Proposals to Increase Access to Housing for All Income Levels in the City of Bellingham”, written by the **Whatcom Business Advisory Council - Working Group on Housing**
- “Go Big And Grow Homes: Available policy levers to increase affordable home pipeline,” written by Dean Fearing & David Ellsworth-Keller of **Kulshan Community Land Trust**
- Ongoing feedback and consultation with **key stakeholders**
- Academic research on **policy models for economic inclusion, community wealth building, and development without displacement**
- ***A series of stakeholder interviews conducted over Jan - May 2023***

Revise Existing:

(Kulshan CLT). Expand the analysis of cost burdened households by income, to 200% of MFI

(Business Advisory Council) Target an average rental vacancy of 3-5% for all income levels, and available housing supply of 4-6 months for all income levels.

1. *Track housing inventory against the number of available jobs across income levels and overall household income demographics.*

(Business Advisory Council) Streamline the permitting process for affordable housing projects.

1. Expedite permitting for permanently affordable housing (complete permit sets approved within 90 days).
2. Approve land use permits within 4 months, and building permits within 3
3. Adopt inclusionary zoning, with incentives for permanently affordable homeownership and rentals.

Funding (Business Advisory Council):

1. **Use Port of Bellingham's *Economic Development Investment* funds as a long term, low interest loan to pay for onsite infrastructure for affordable housing development (include small-scale & owner-occupied development in eligibility for this funding).**
2. Administer all the Bellingham Housing Levy locally, instead of shifting the homeownership portion to the Washington State Housing Finance Commission. This would allow Kulshan CLT to resume scattered site home purchasing.

Revisions to BMC 20.29 - Affordable Homeownership Incentive Program (Kulshan CLT)

1. Increase the earned density bonus in BMC 20.29 (demonstration ordinance) to 200%
2. *Create a subset of this code section dedicated to owner-occupied and small-scale infill development*
3. Waive all permitting fees for owner-occupied and small-scale infill development projects with affordable rent/sales covenant applied to new unit (oversight for buyer/renter income qualification provided by partner agencies).

Revisions to BMC 20.28 - Infill Toolkit (ITK) (Business Advisory Council)

- a. Make ITK a Type 1 process (up to 4 units), **allow by right**, and reduce design review by adopting **Form Based Code**.
- b. Reduce design standards in ITK, especially the ones that are consistently modified by the Planning Director or Hearing Examiner.
- c. Allow residential development with binding site plan
- d. **Simplify and expand the ITK to all residential zones including urban growth areas**
- e. Remove the Floor Area Ratio and Greenfactor requirements from the ITK.
 - i. *FAR and Greenfactor are already governed by other sections of code, having additional requirements in the ITK is redundant and excessively limits what can be built.*

(Business Advisory Council + Model Policy Research)

Revisions to General Bellingham Municipal Code

1. **Measure floor area to exterior of stem wall** not exterior of siding (or exterior of wall framing) for ADU, or those using exterior insulation. Existing code measures floor area to exterior of siding, which penalizes high r-value insulation and exterior siding assemblies.
2. Extend all city and county land use permit timelines to a minimum of 5 years to align the Infill Toolkit with stormwater permits, development agreements, and wetland permits.
3. **Eliminate "Rule of 3" regarding the number of unrelated people living together in a home.**

Adopt New

Schedule informal monthly *workshop* between Planning director, staff, land use consultants, tenants, homeowner-developers, for-profit and non-profit developers for feedback in all directions (*Business Advisory Council + Model Policy Research*).

1. Coordinate with [Generations Forward & Family Council](#) for recruitment and administration of stipends to tenant participants, or any participant who is requested to join workshops for their “lived experience”.
 - a. Model after Dept of Commerce [Compensation For Lived Experience Draft Policy](#).
2. Contract with the [Incremental Development Alliance](#) for facilitation and training content.

Develop an Equity Analysis Dashboard for Bellingham & Whatcom County (*Case Study Research*)

1. Modeled after [Tacoma's Equity Analysis Map](#)

Develop a catalogue of pre-approved building designs for infill development (*Case Study Research*)

4. Allow prefabricated factory-built construction for all infill models

Land Use & Building Code (*Kulshan CLT + Model Policy Research*):

1. Adopt as a pilot program, an ordinance to **allow ADU, duplexes, and up to 4-plexes in all single-family zones (*may be superseded by state legislation*)**.
 - a. **Spokane C36232** as model code.
 - b. Conduct Lean Scan / Zoning Audit of all Bellingham neighborhoods to identify underutilized assets and opportunities for affordable infill development.
 - c. Identify [Pink Zones](#) for participating neighborhoods to develop pilot projects of new policy, and innovative building design and ownership models.

2. Allow Residential Building Code Variance (CUP?) for small footprint affordable housing units

(*Consultation with Builders, Architects, Building Energy Efficiency Experts*):

- a. Develop a pre-approved small footprint variance to residential building codes that reduces energy efficiency requirements for units less than 600sf (bonus if locally prefabricated). Incentivize high quality thermal boundary and building structure with reduced efficiency requirements on highest-cost *mechanical appliances and building materials*.
 - i. *Or provide subsidy funding for high-cost high-efficiency mechanical units as extension of utility grid infrastructure for affordable housing.*
- b. **Wave efficiency requirements for High-Cost mechanical equipment:**
 - i. High-E Triple Pane Windows
 1. Allow basic double pane vinyl
 - ii. Heat Pumps
 1. Allow alternate options: Infrared panel heaters, Radiant panel heaters, Radiant floor heating
 - iii. Heat Recovery Ventilator
 1. Allow exhaust-only ventilation

c. Earned incentive points for:

- i. Solar, or other onsite energy production, that provides [minimum %] of power generation for the unit's electrical needs
- ii. Passive ventilation accomplished through architectural design elements.
- iii. Exterior sunshade elements that reduce need for mechanical cooling
- iv. Covered outdoor living spaces as integrated elements of building design (covered porches, patios, awning.
- v. Extra investment in landscaping, fruit bearing trees, incorporation of biophilic design elements.
- vi. Painting the unit any color other than grey

DRAFT

Affordable Infill Field Project Appendix III

Community Survey, Full Report of Participant Responses

- Section 1 - All Responses, breakout by Renters VS Homeowners
- Section 2 - Renter Responses to Specific Questions
- Section 3 - Homeowner Responses to Specific Questions

Section 1

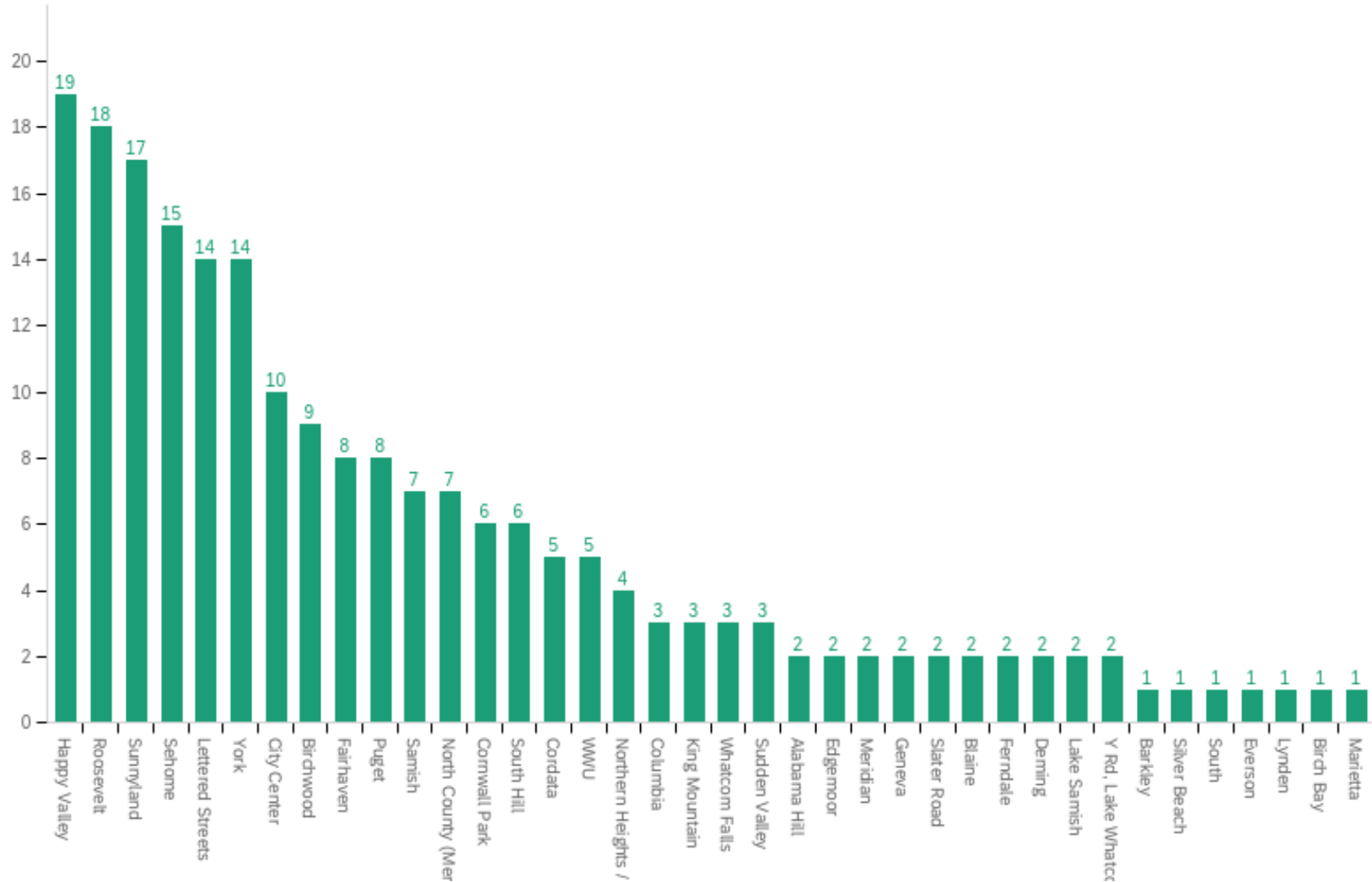
All Responses, breakout by Renters VS Homeowners

Q16 - Do you own or rent your home?

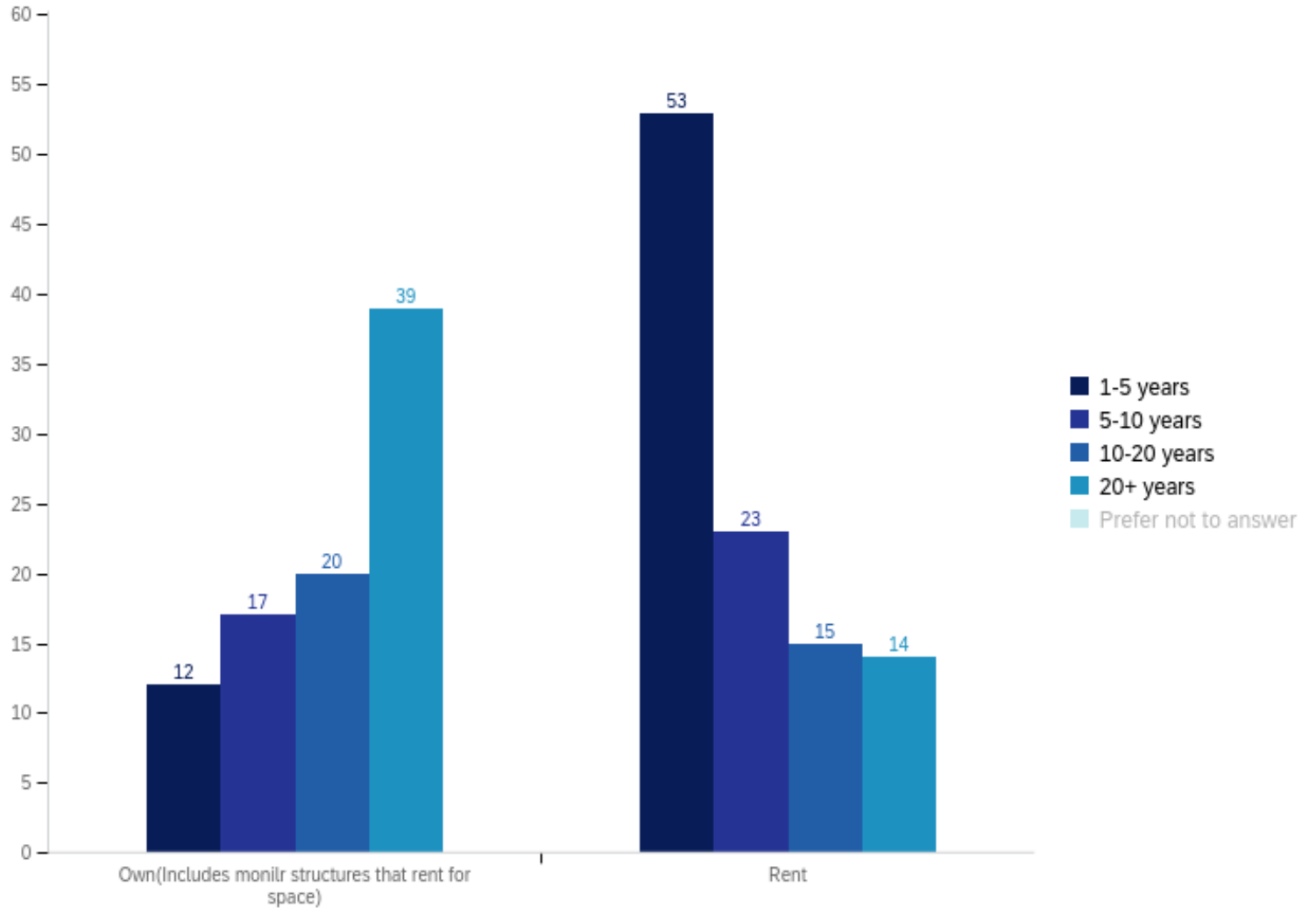


■ Rent (107) ■ Own (Includes monilr structures that rent for space) (91)

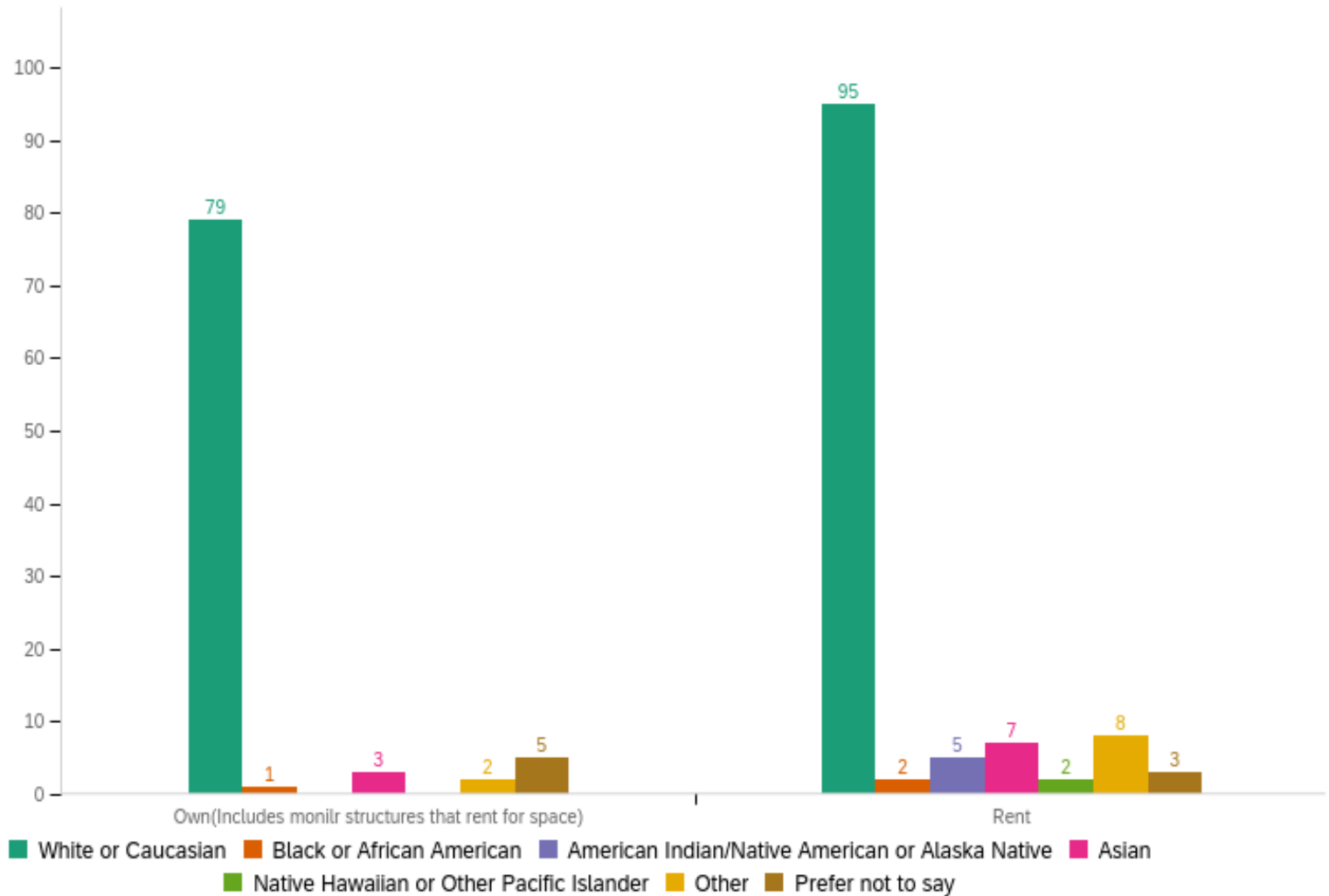
Q36 - What neighborhood or sub-area do you live in?



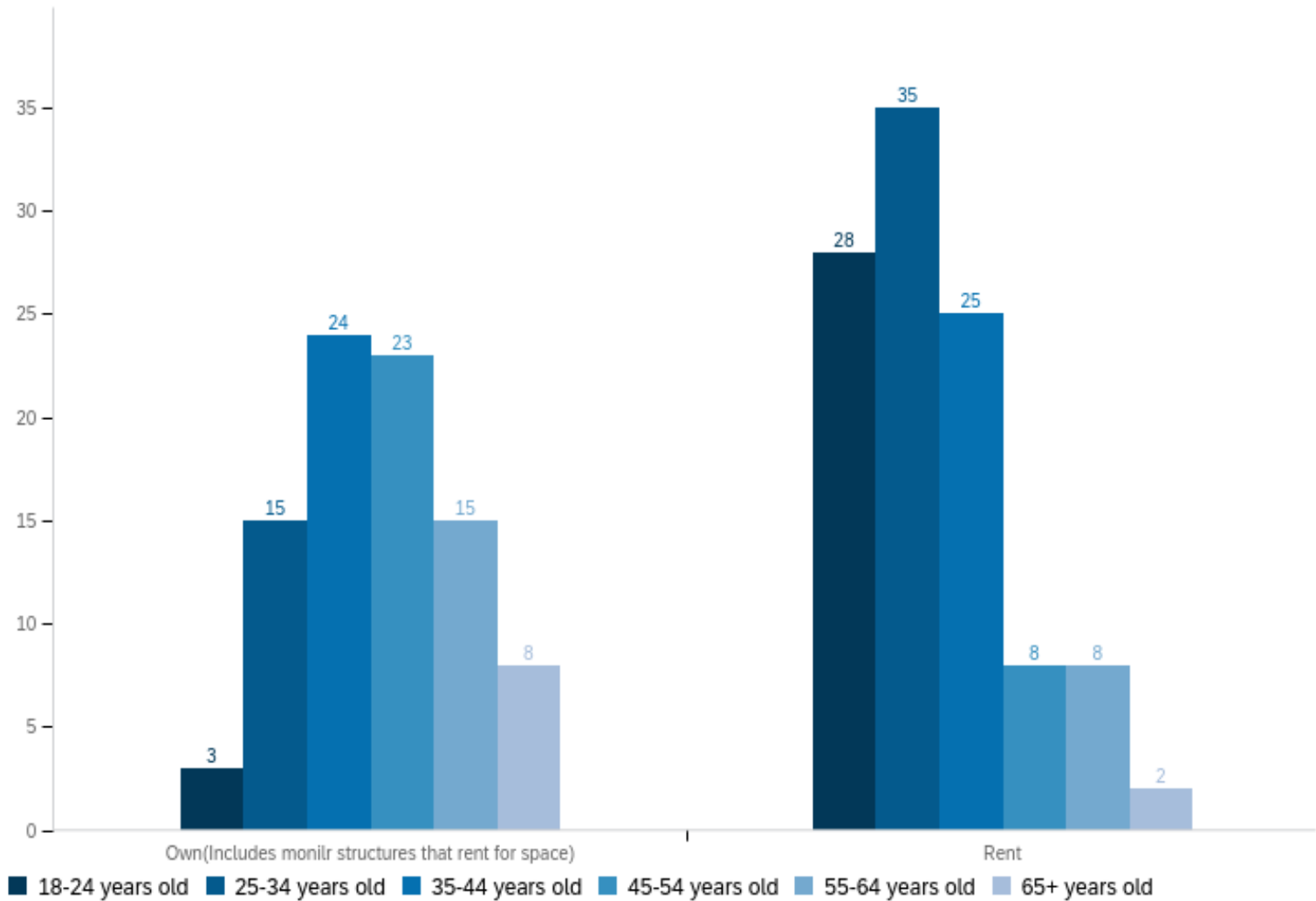
Q44 - How long have you lived in the City of Bellingham or Whatcom County?



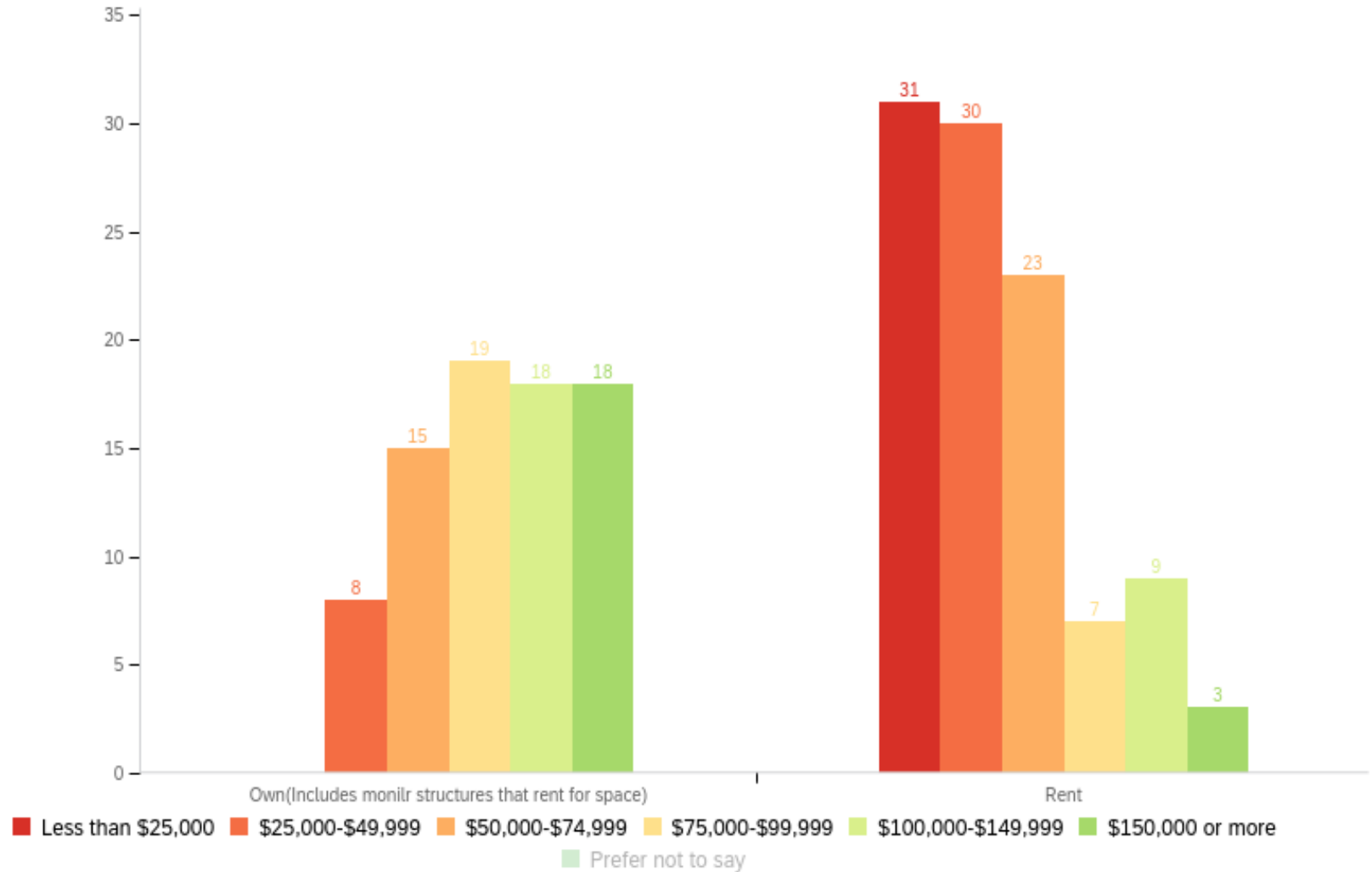
Q2 - Choose one or more races that you consider yourself to be



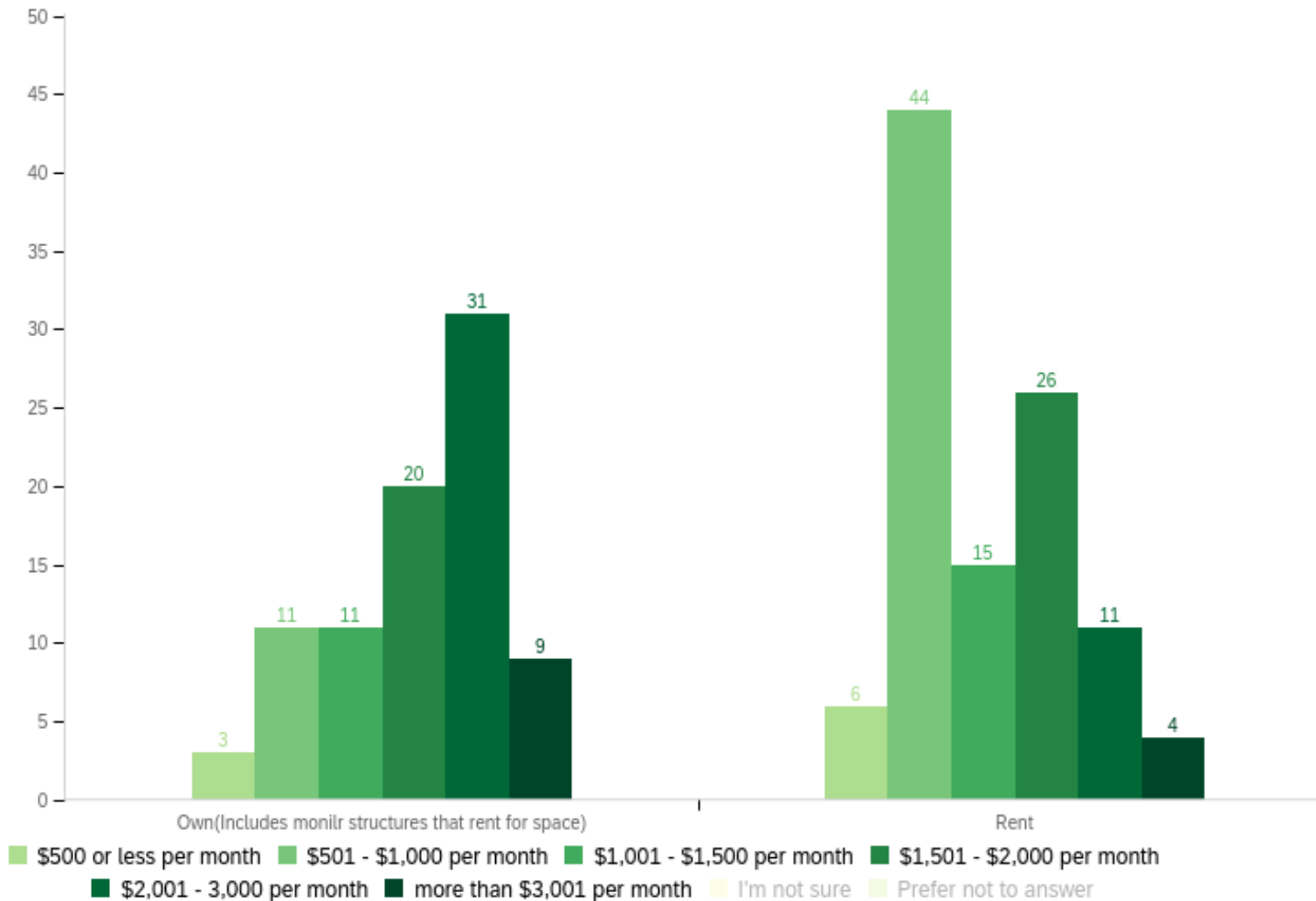
Q32 - What is your age?



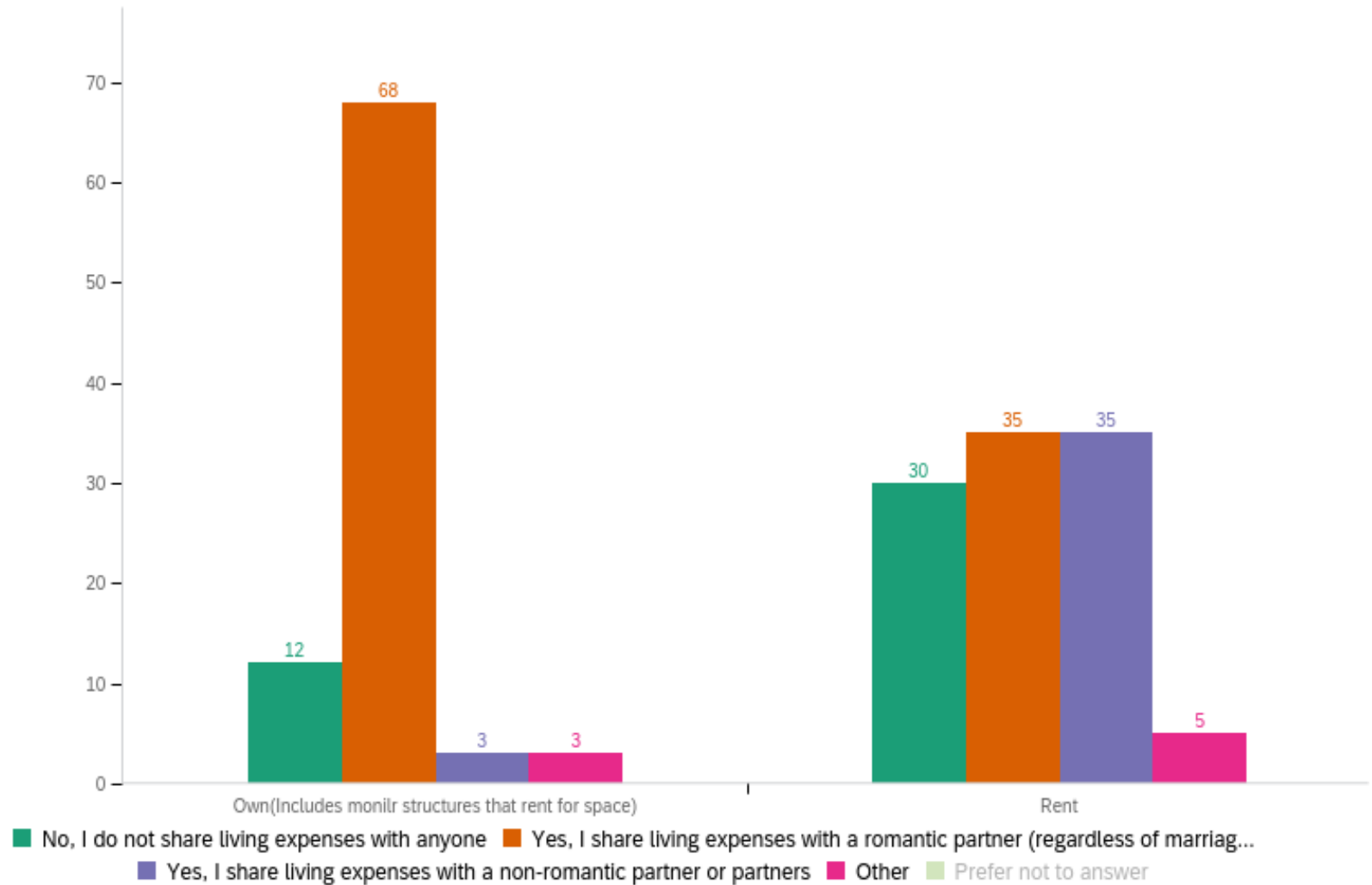
Q4 - What was your total household income before taxes during the past 12 months?



Q18 - How much of your monthly gross income do you spend on housing related costs? Include rent or mortgage payments, utility payments, renter or homeowners insurance.



Q23 - Do you share housing expenses with a spouse, romantic partner, or other working adult?



Q23 - Do you share housing expenses with a spouse, romantic partner, or other working adult?

Q23_3_TEXT - Other

Other - Text

support a disabled romantic partner

Romantic partner and non-romantic partners (roommates)

Romantic partner and non-romantic partner. My husband and I co-own our home with a friend with a 70/30 split

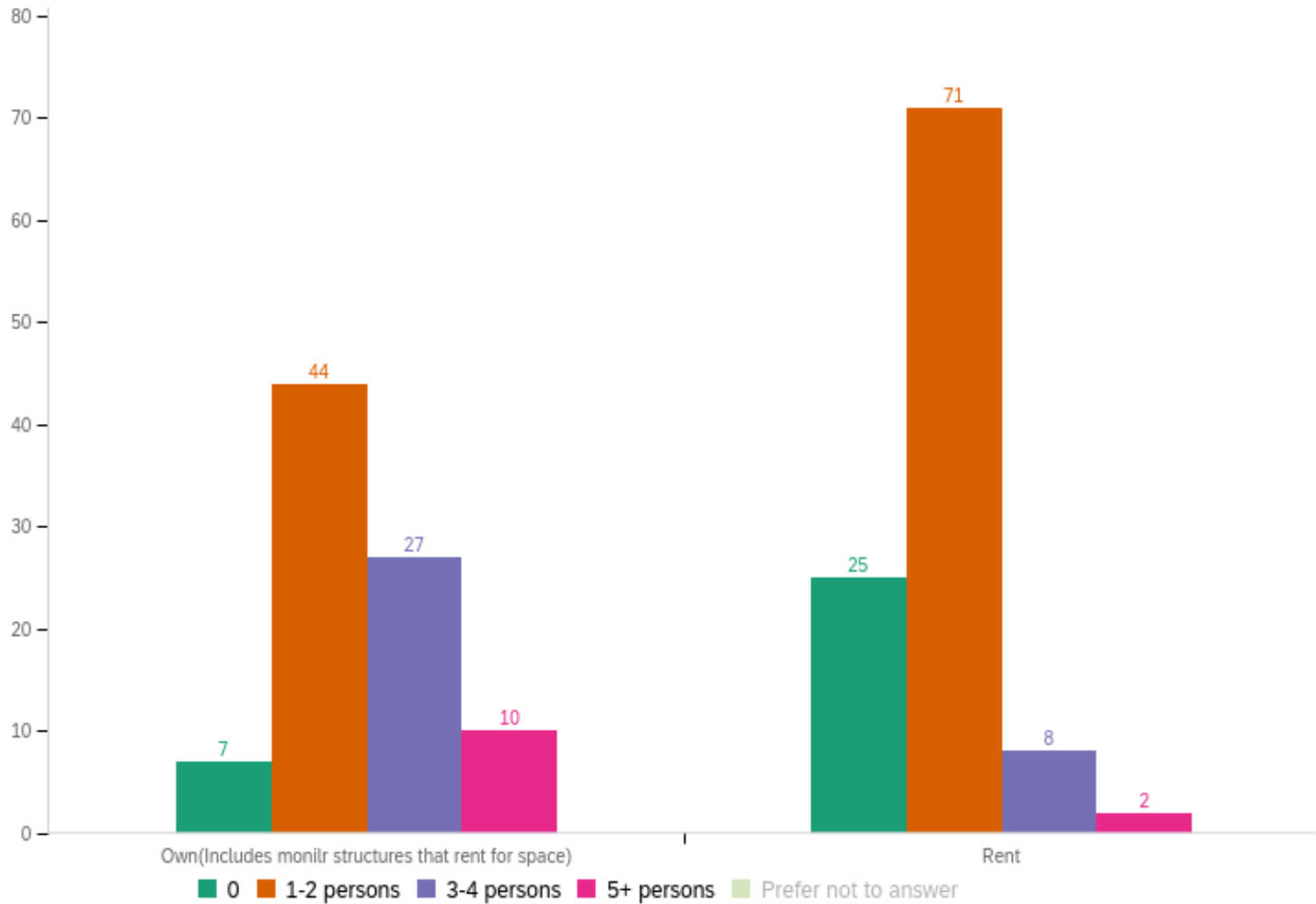
I share living expenses with my adult disabled daughter

I share housing expenses with my spouse. Maybe you ought to include that as an option

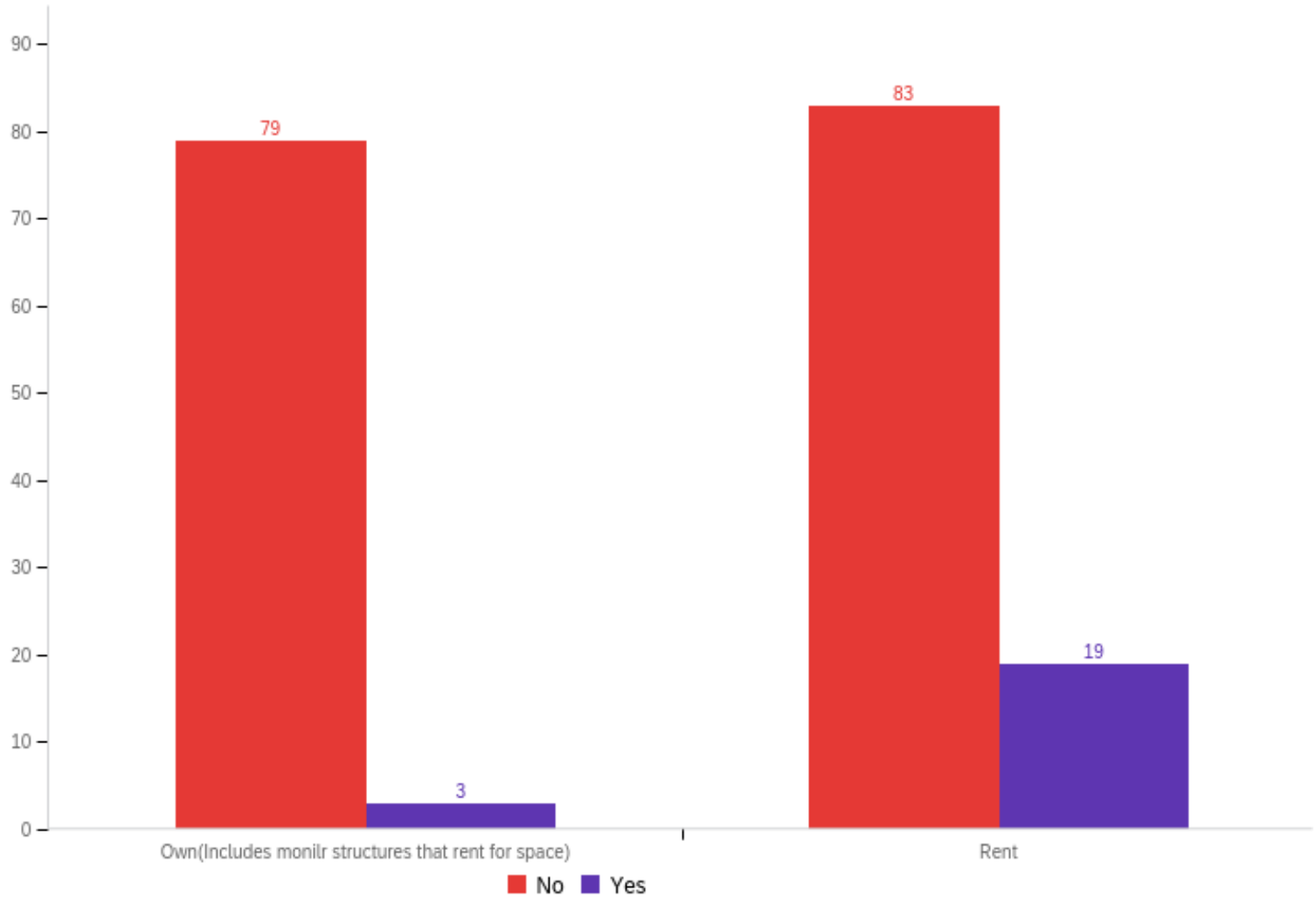
I have 7 housemates

I am married but my spouse is a student; I handle our expenses alone.

Q24 - In addition to yourself, how many people does your household income support?

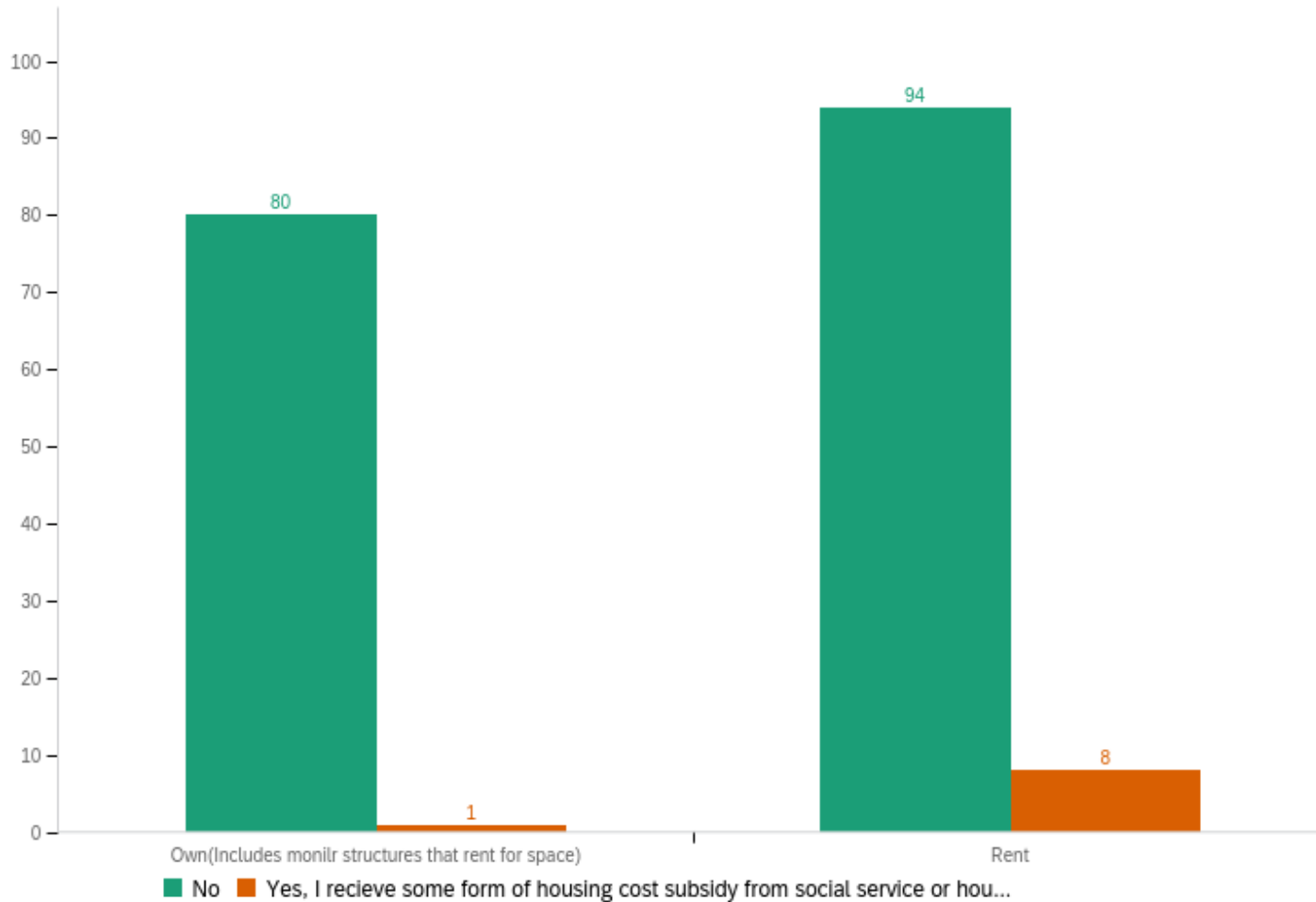


Q57 - Do you receive support from family to help with monthly housing costs?

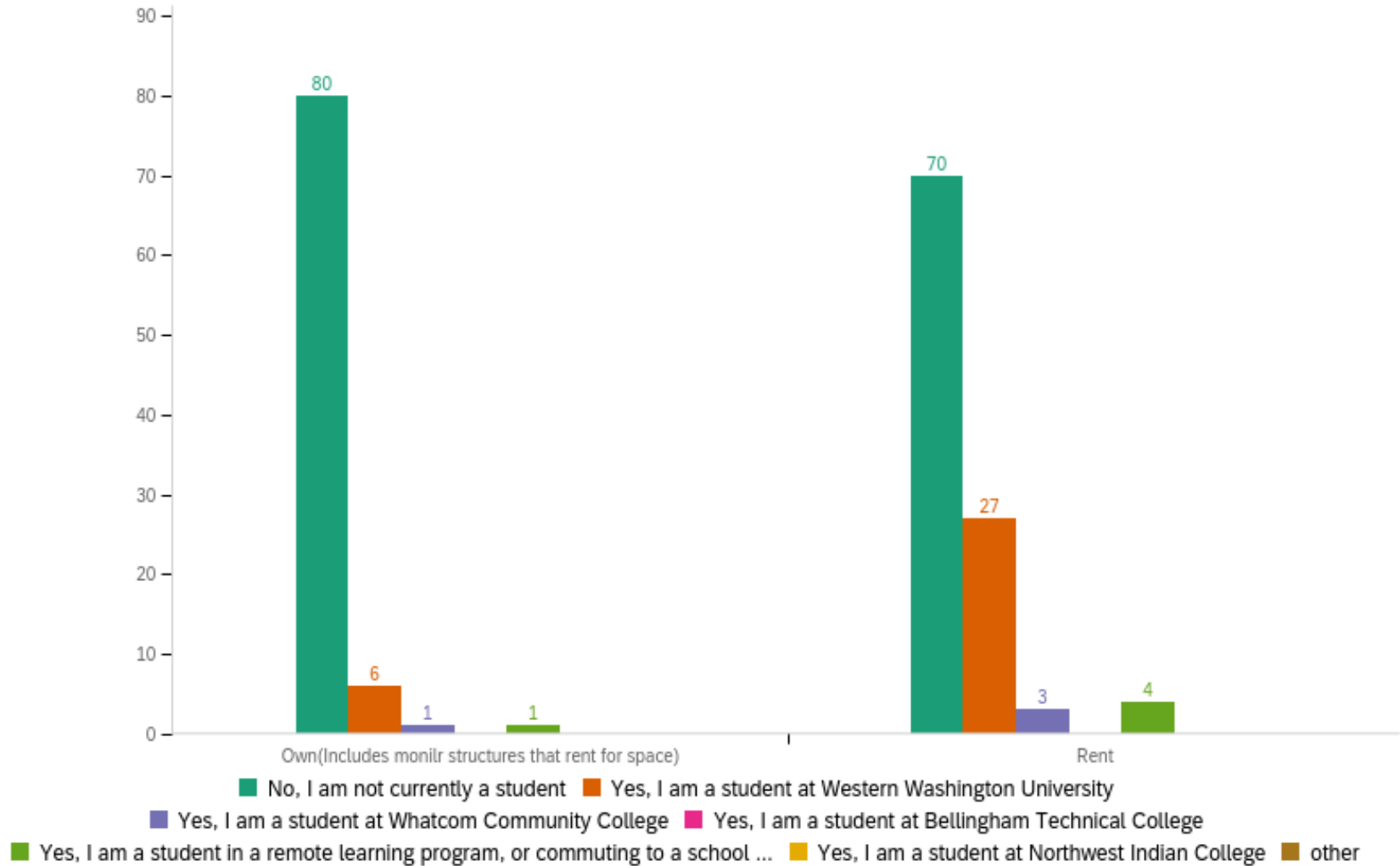


Q56 - Do you receive any government assistance to help cover your monthly housing costs?

(Only include housing-related assistance like a rental voucher, housing subsidy, or energy assistance for heating utilities)

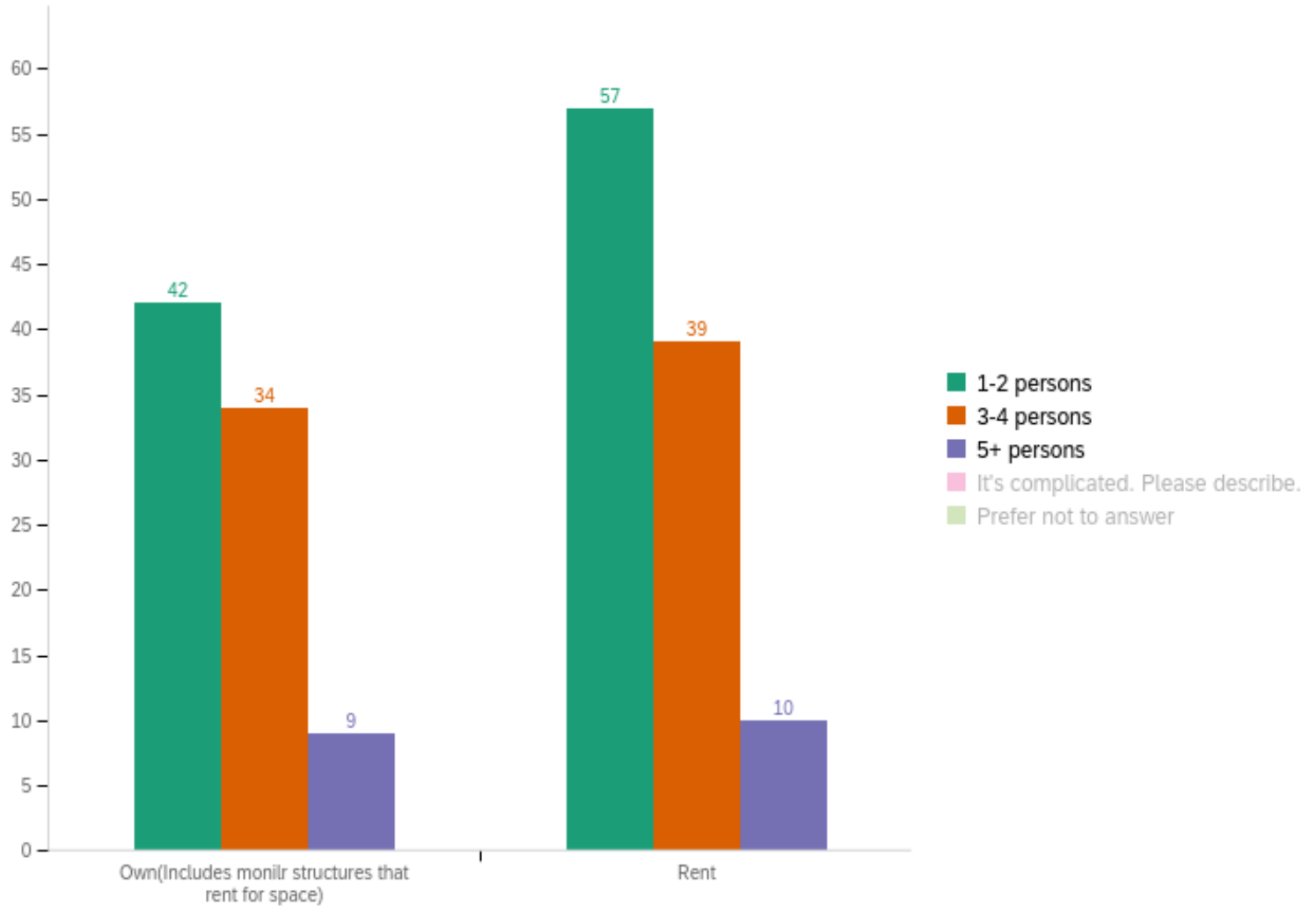


Q49 - Are you currently a college student? Include full and part-time enrollment.

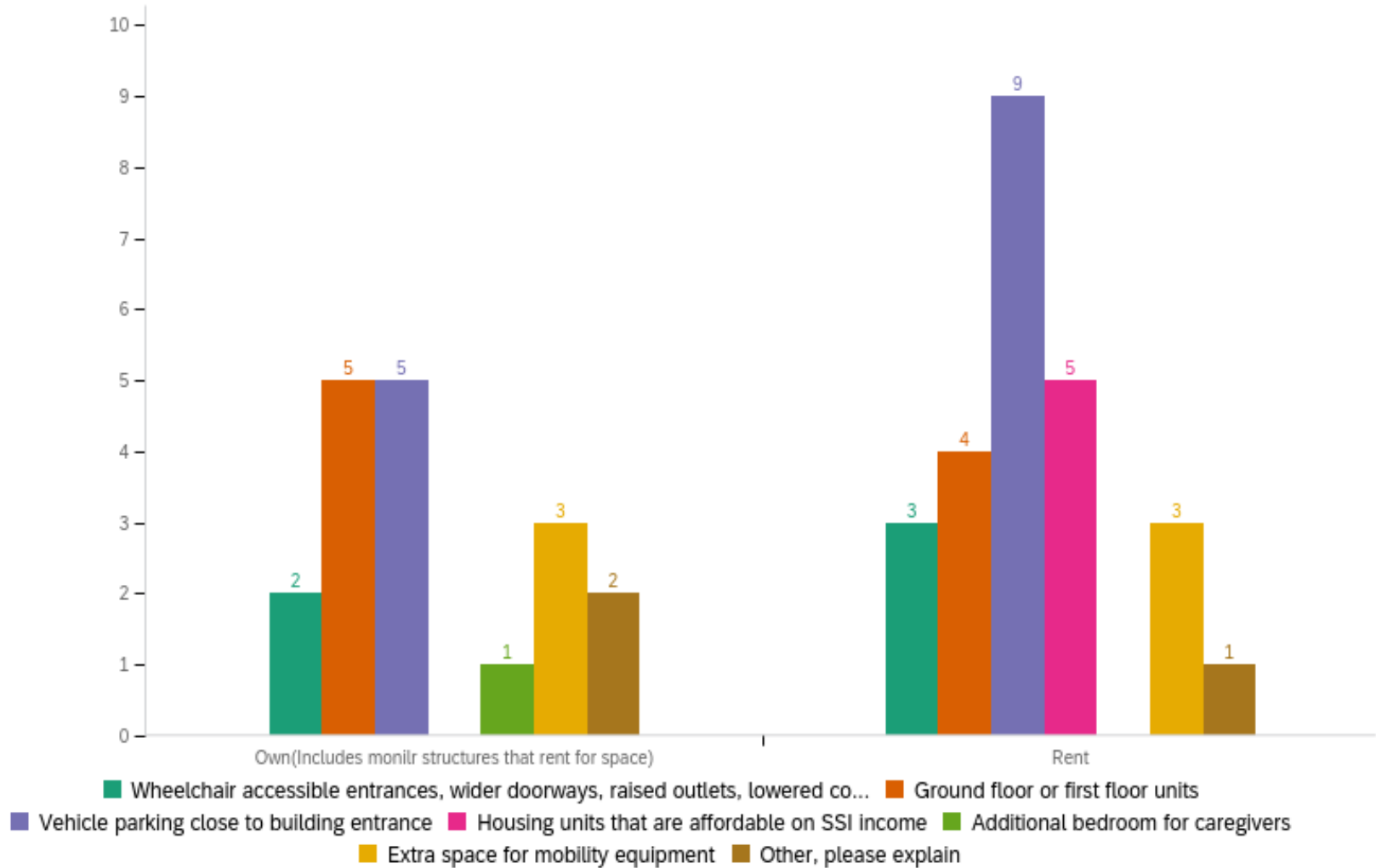


Q7 - How many people live in your home?

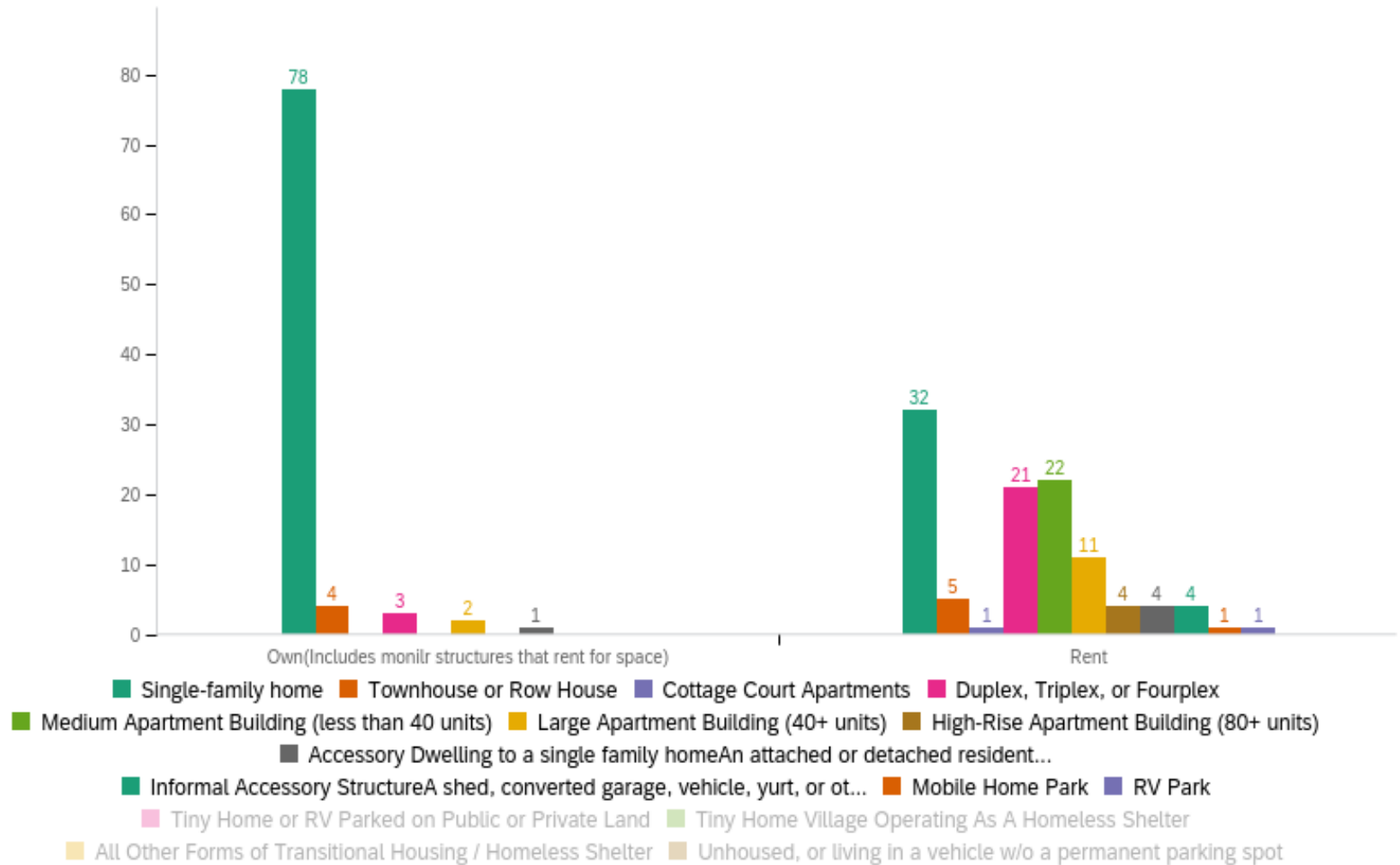
Not your tax filing status, but the actual number of people who you share living space with. Please include unrelated roommates, part-time household members if they have a dedicated bedroom, and children who rotate from one parent's house to another. If there are multiple occupied structures or separate units on the property where you live, include anyone you share a kitchen and bathroom with.



Q28 - What kind of disability accommodations or support services do you need for housing?

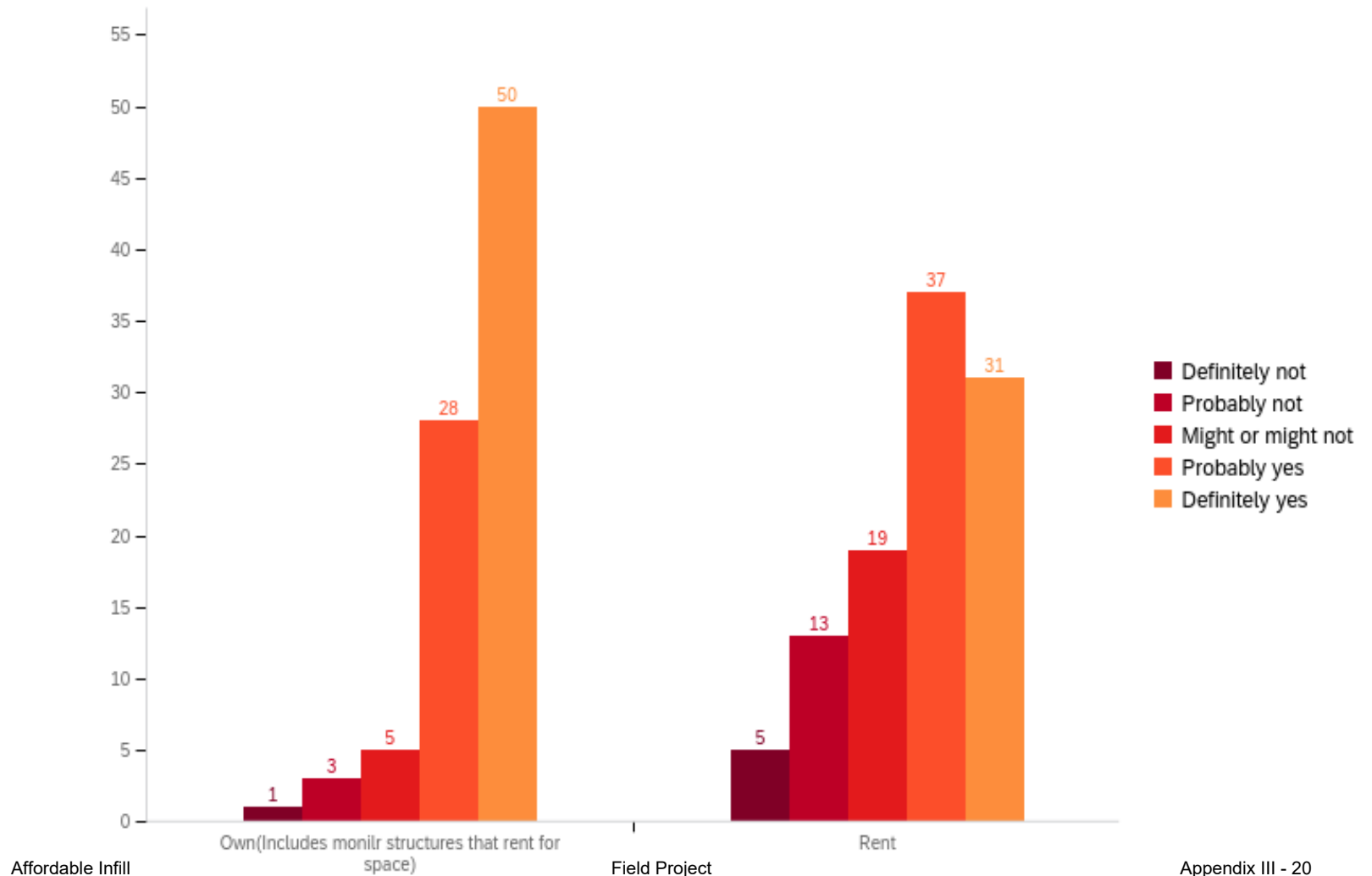


Q15 - How would you describe your current housing type?

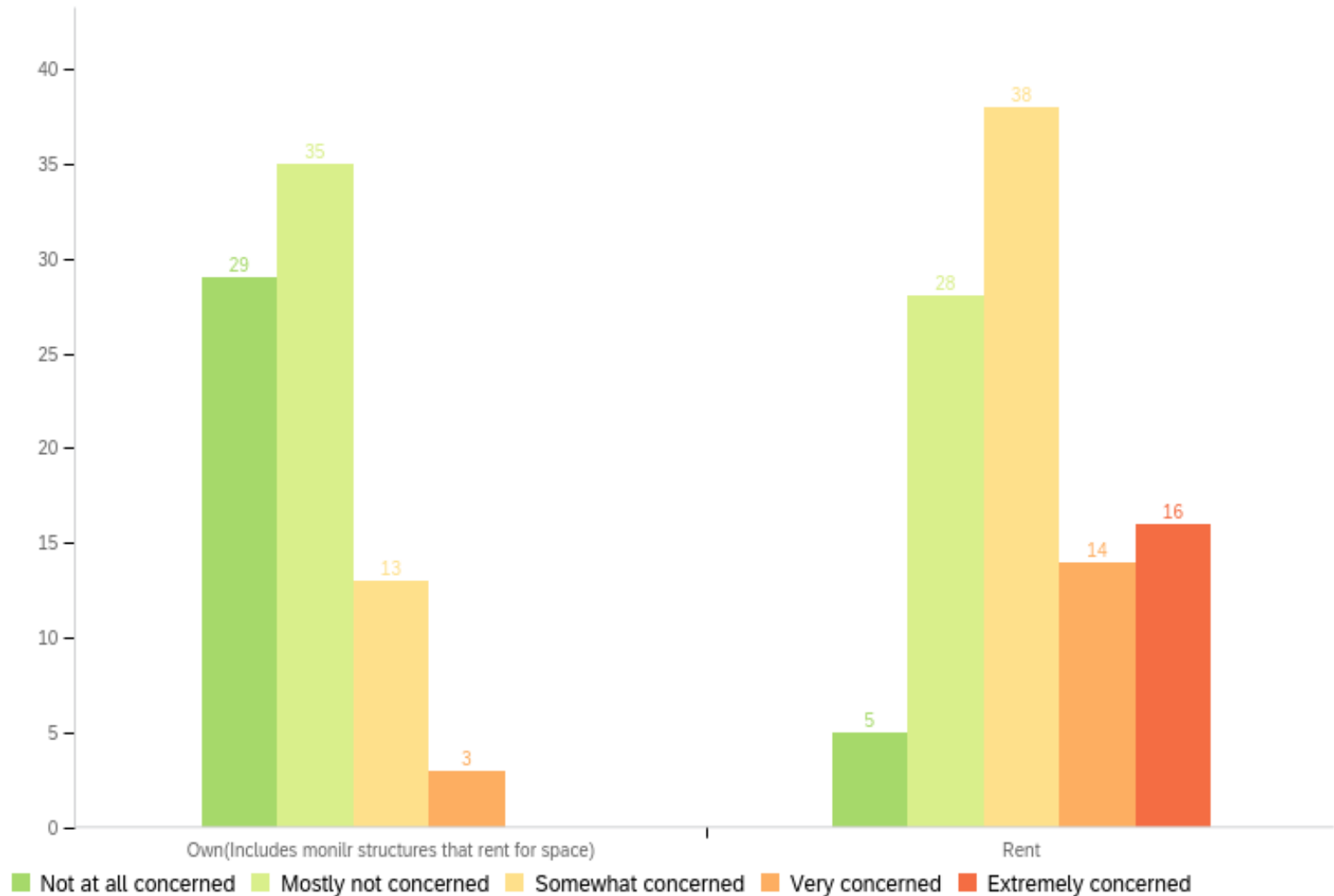


Q21 - Is your home in well-maintained?

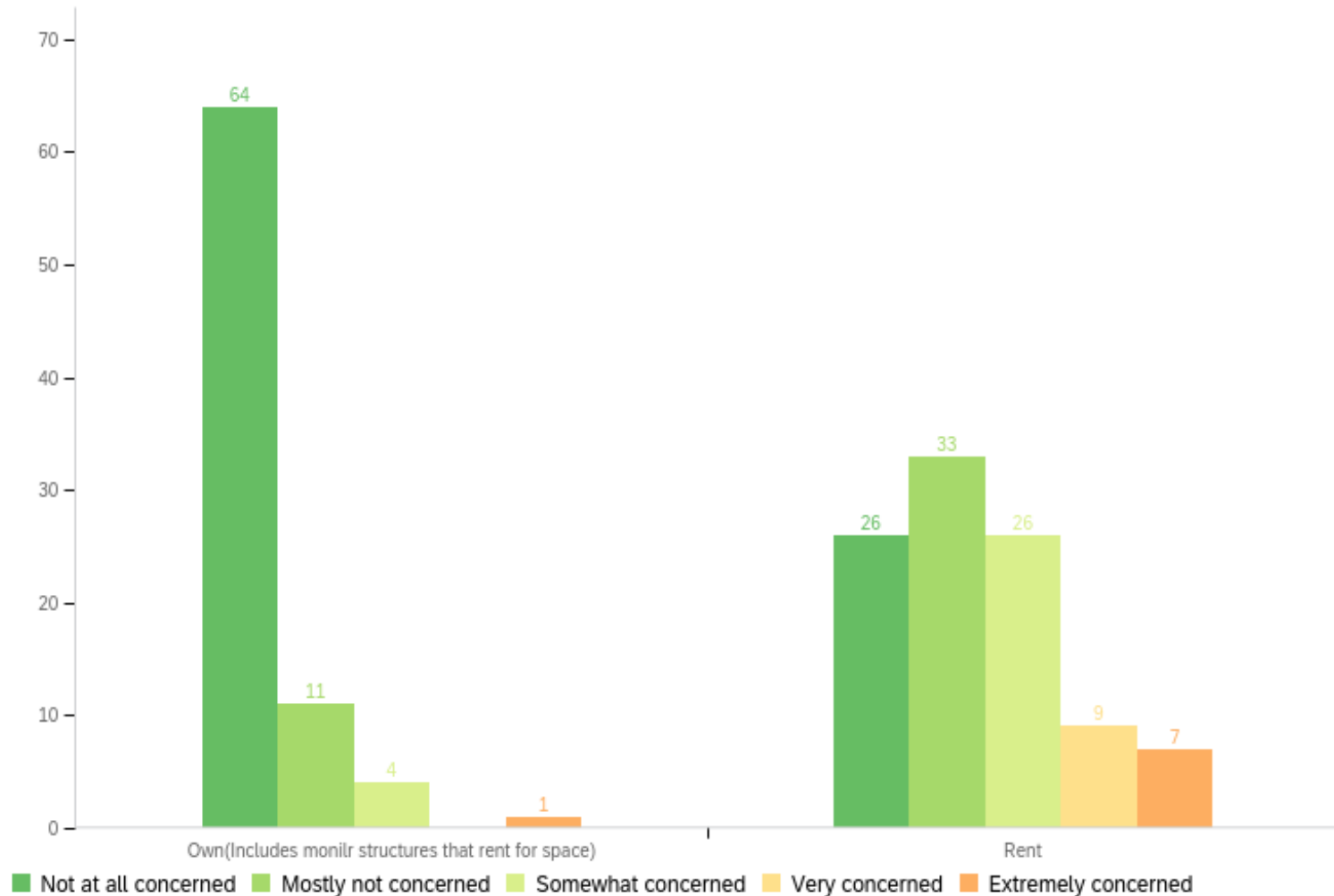
Interior living spaces / apartment hallways (floors, walls, ceilings, stairs, lights and light switches, sinks and faucets, etc)



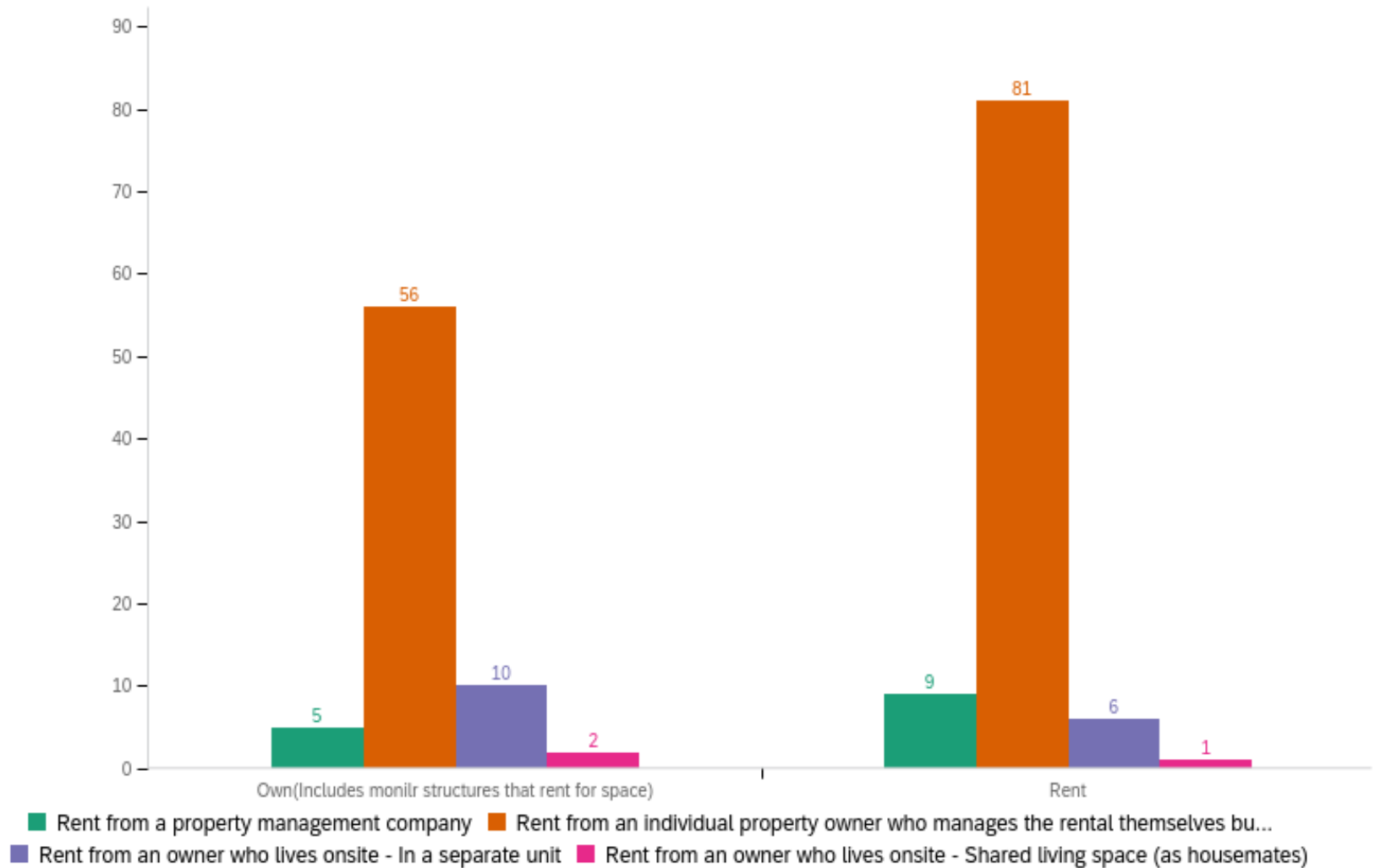
Q71 - To what extent are you concerned about being displaced from your home due to affordability issues?



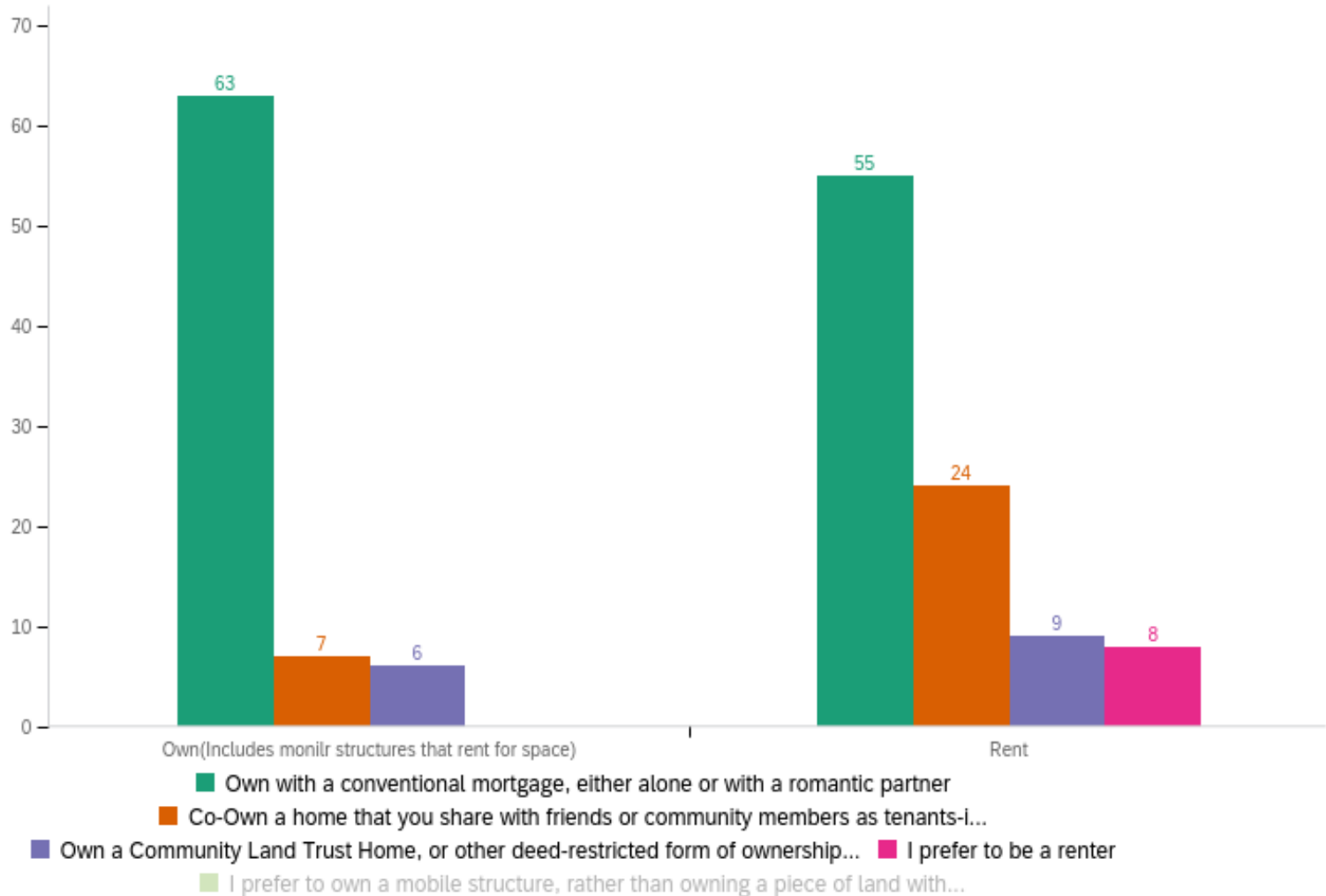
Q73 - To what extent are you concerned about being displaced for reasons other than affordability? For example because of your relationship with your landlord, no-cause eviction or potential property sales.



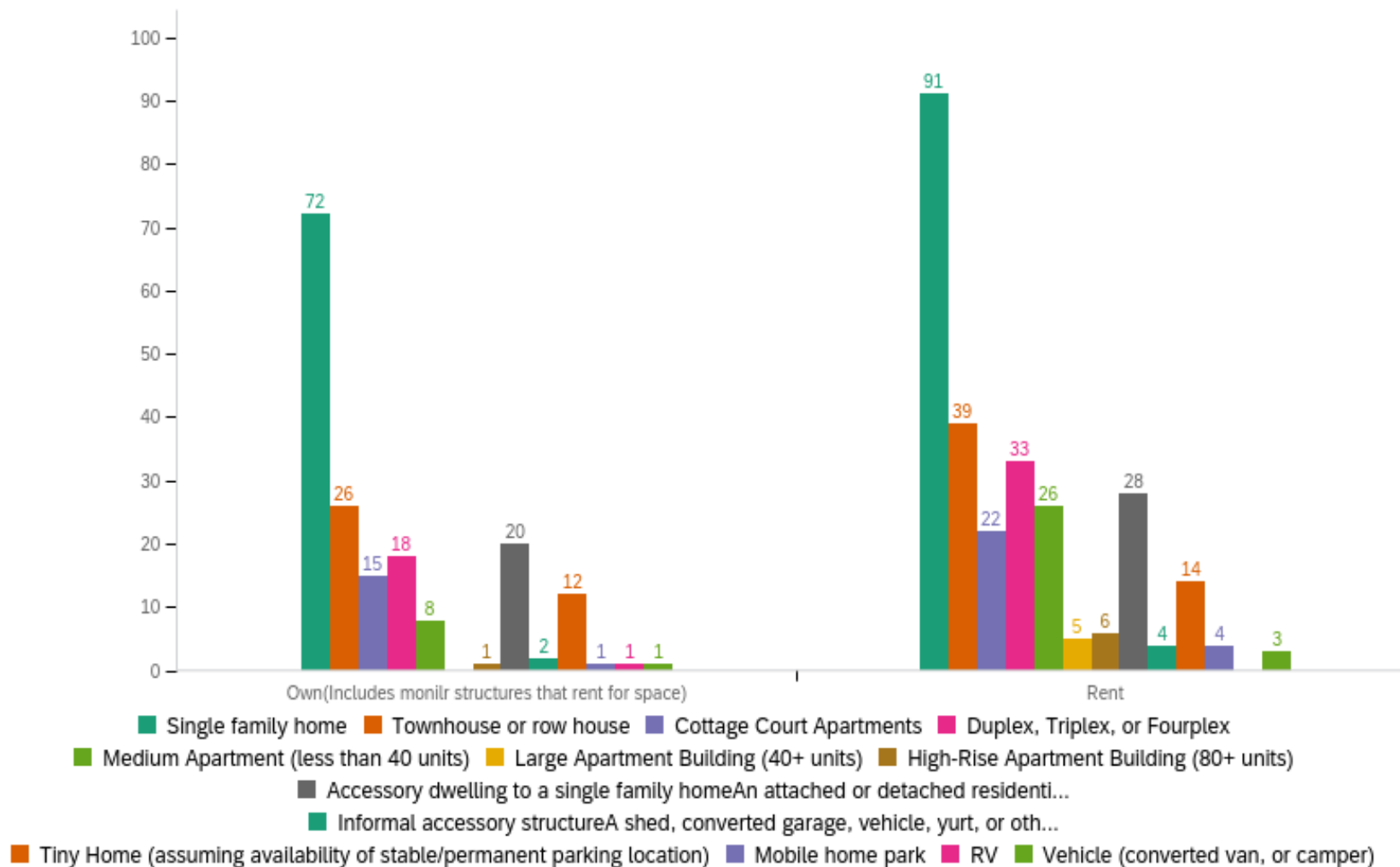
Q42 - Regardless of your current housing situation, which of the following best describes your preferred rental arrangement?



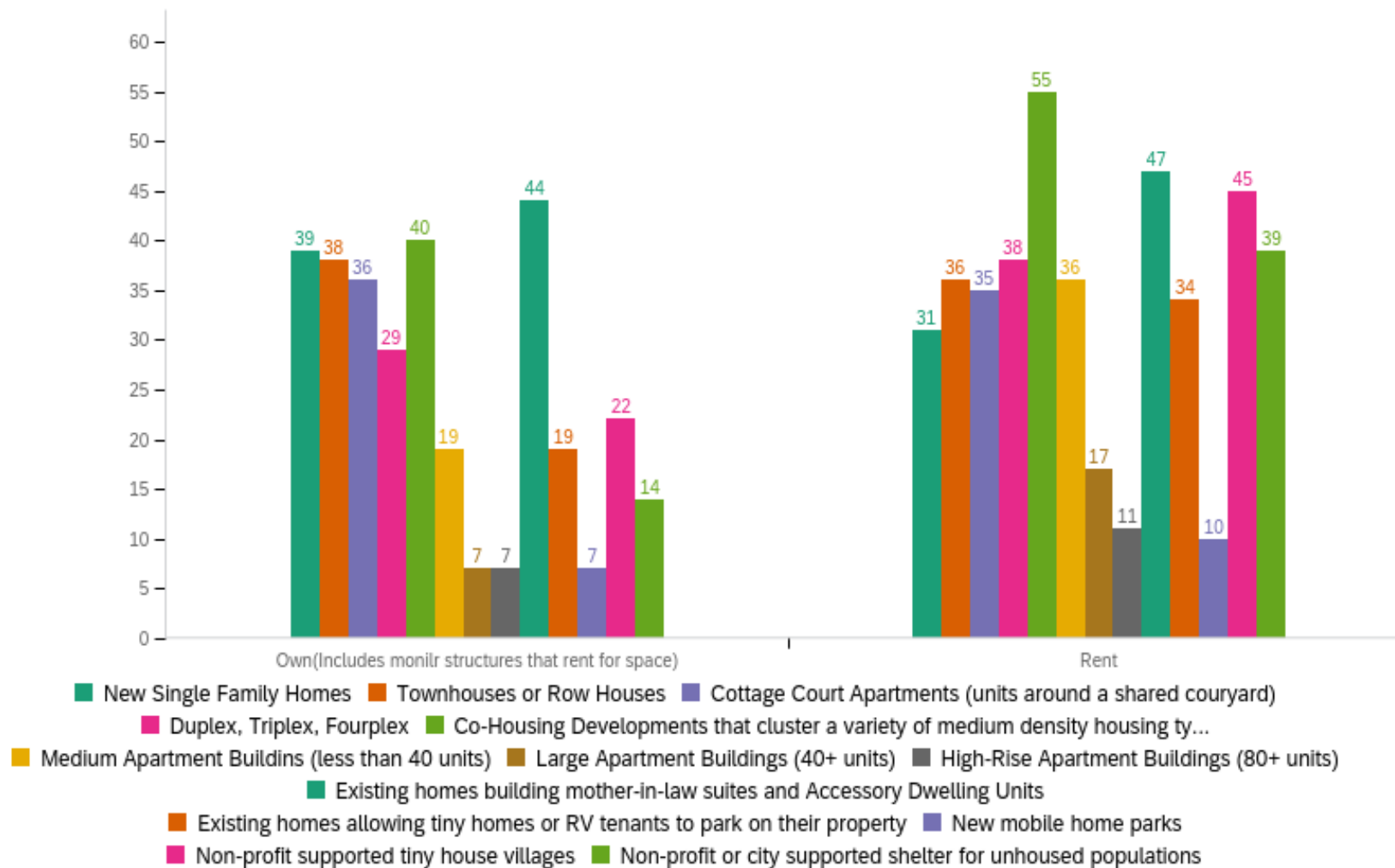
Q79 - Regardless of your current housing situation, which of the following best describes your preferred form of homeownership?



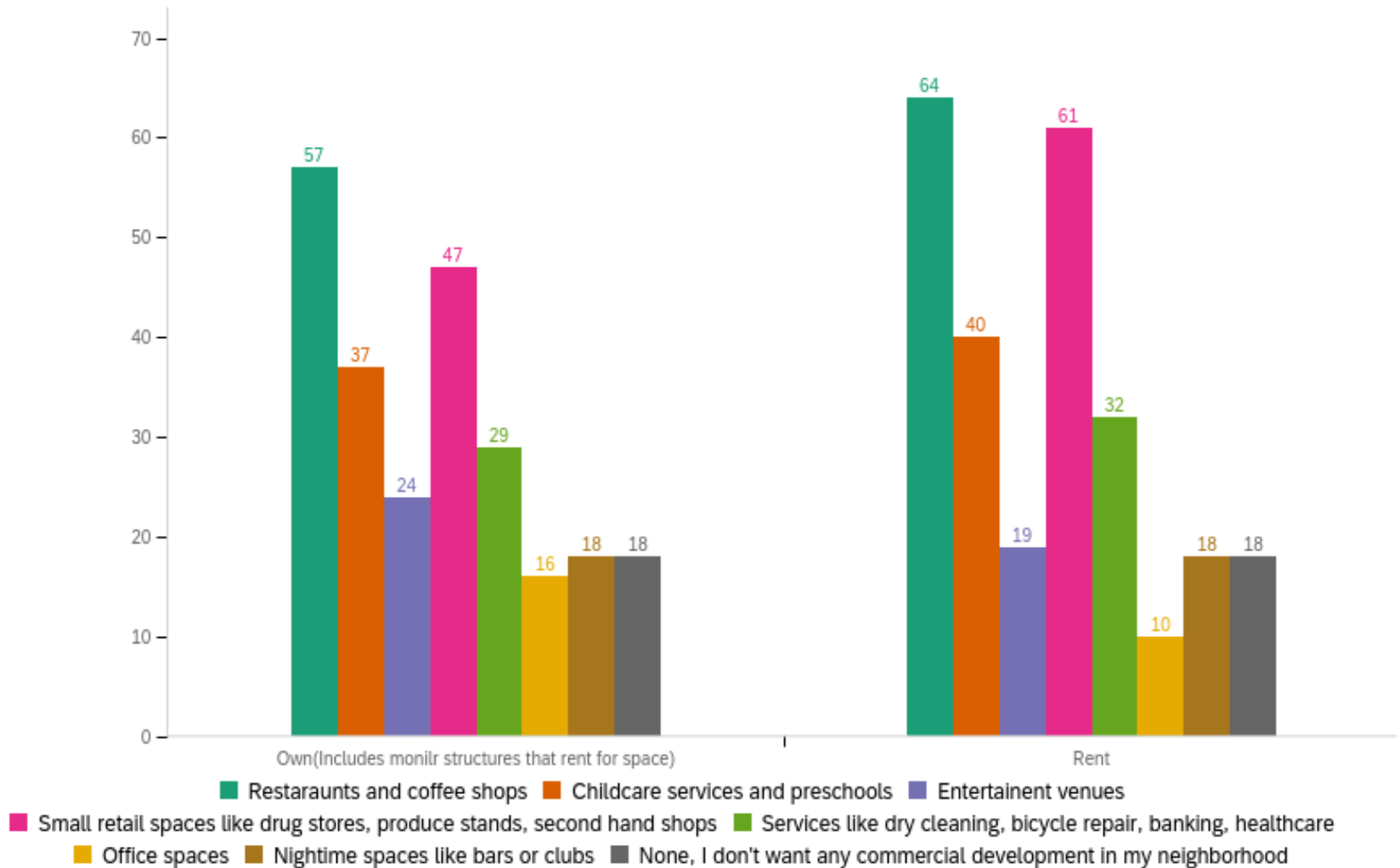
Q25 - What type of housing do you prefer to live in? Select your top three, or all that apply.



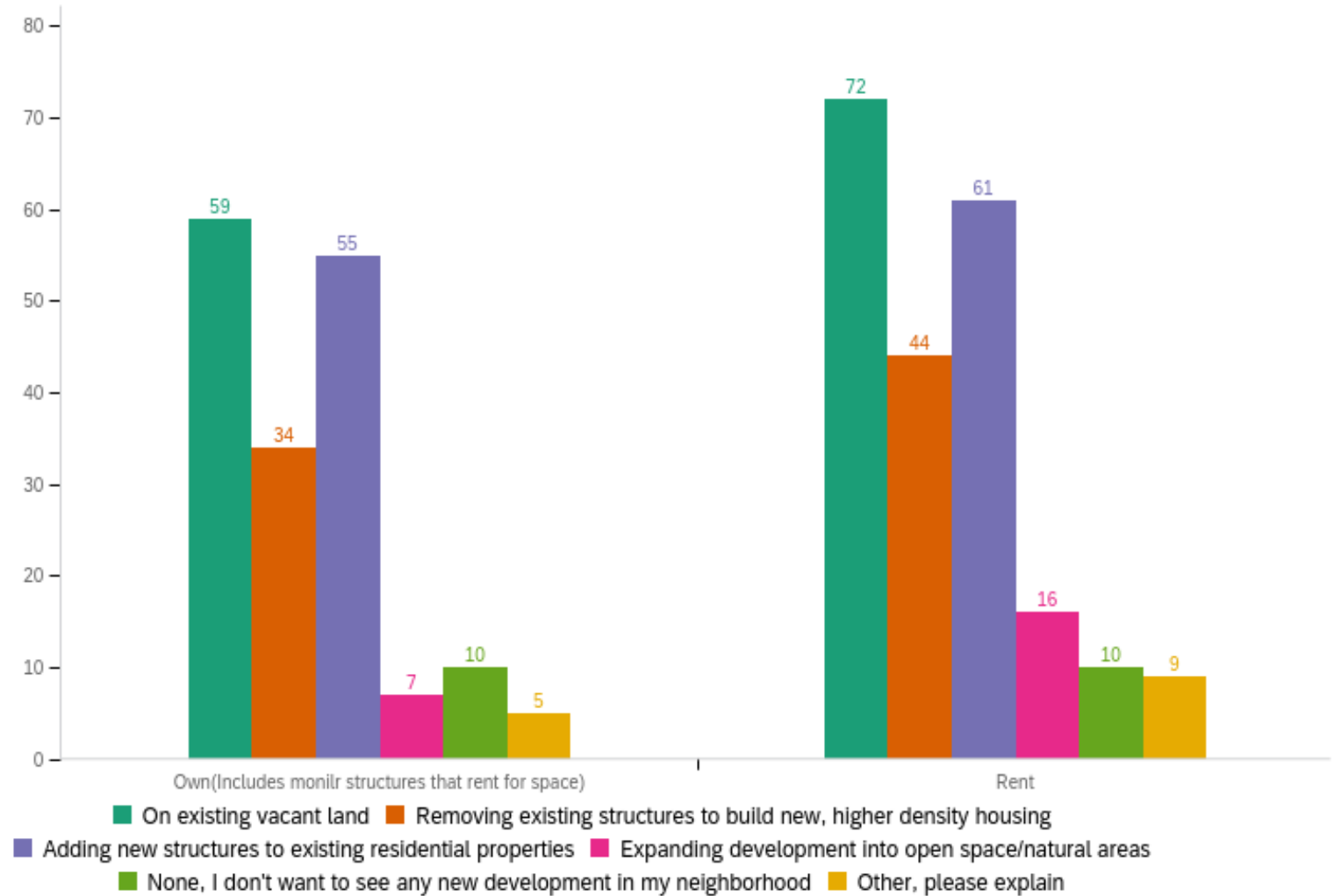
Q52 - What kind of residential development would you most want to see in your neighborhood? Check all that apply.



Q78 - What kind of commercial development do you most want to see in your neighborhood (w/in 15min walk of home)? Check all that apply.



Q53 - Where would you support development of new homes in your neighborhood? Check all that apply.



Q53 - Where would you support development of new homes in your neighborhood? Check all that apply.

Q53_4_TEXT - Other, please explain

Other, please explain - Text

The problem isn't a lack of housing but a lack of AFFORDABLE housing. there are lots of apartment buildings here and a lot of unhoused folks, gotta get people in them. But also I'm pretty new here so I don't know all the deets

Development ONLY IF AND WHEN PROPERTY OWNERS WANT TO SELL.

I don't like modern day apartment buildings. Most look ugly

This is challenging because I live in proper downtown and much of the existing space has been developed (also why I don't really feel like I need more commercial development near me)

There is a lot of vacant commercially zoned space in birchwood. I'd love to see that get developed.

Opposed to development of open/natural land whenever possible. Build up, not out.

No new single family homes

If we could mostly do an update of the existing structures that would be nice. A lot of the apartment complexes are too expensive for what they are, small and outdated. Poorly taken care of. If we could just renovate existing spaces to either reflect the prices, or lower prices all together, that would be good for me neighborhood.

Q53 - Where would you support development of new homes in your neighborhood? Check all that apply.

Q53_4_TEXT - Other, please explain

Other, please explain - Text

I've seen one apartment building go from 2 stories to 4. I support that.

I would like the strip malls currently being built to be reverted back to nature space

I'm concerned by the potential for private equity investments in properties that seek profit above all other outcomes.

There are some pretty unsafe buildings around, and replacing those with more stable buildings would be preferable. I live in Viking Gardens right now and there is no accessibility, and the stair handrails are precarious. The building is full of water damage and mold, and silverfish. Please I want the building destroyed and anyone renting there placed into a new building under a similar lease.

only if existing structures are unsalvageable, and the replacement living units must be affordable!

I'd be sad to lose my view of the mountains.

Section 2 - Renter Analysis

Q41 – Renters: Who do you rent from?



■ I rent from a property management company. Who is your property management company? (47%)

■ I rent from an individual property owner who manages the property themselves, but does not live onsite. (37%)

■ I rent from an owner who lives onsite - In a separate unit (6%) ■ Other, please describe. (5%)

■ I rent from an owner who lives onsite - In shared living space Shared kitchen, bathroom, living room spaces (4%)

■ I live on property owned by a family member; Regardless of whether or not you pay rent (2%)

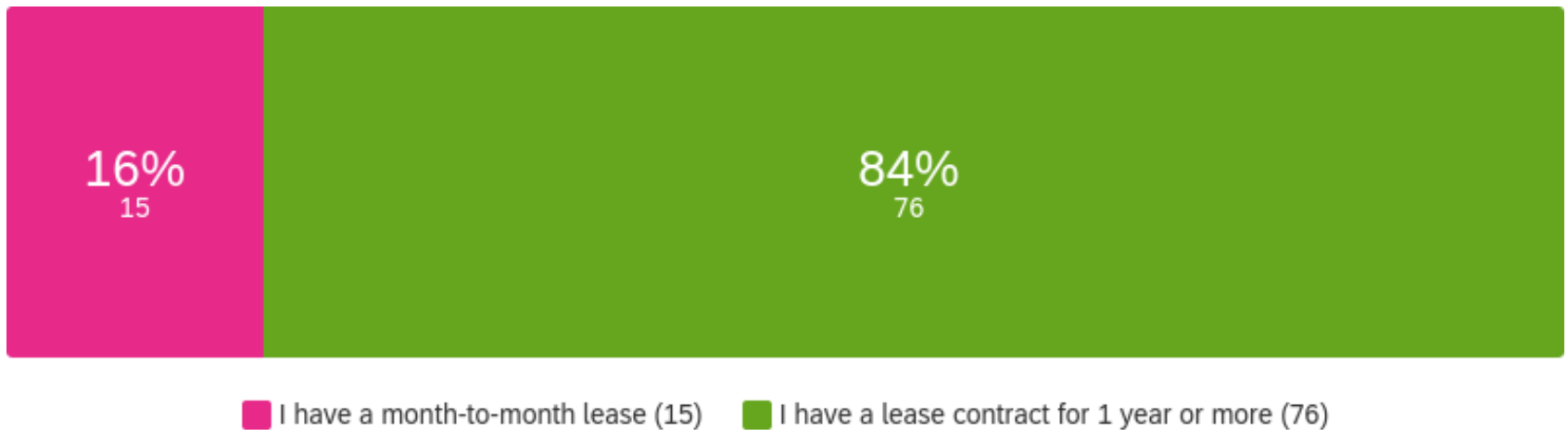
Q41 - I rent from a property management company.
Who is your property management company?

ACP	2	Integra	1	Stateside	1
Arise Bellingham LLC	1	Landmark	11	Suhrco	2
Chuckanut	2	Lark Bellingham	1	Utopia	1
Coastal Property Management	1	Omni	1	Westview Realty	1
Commonwealth Property Management	1	Pacific Continental Realty	1	Hammer	7
Fast Property Management, LLC	1	PTLA	4	Humboldt Realty	1
Follis Realty llc	1	Son Rise	3	Indigo	1
Windermere	3	WWU Living	1		

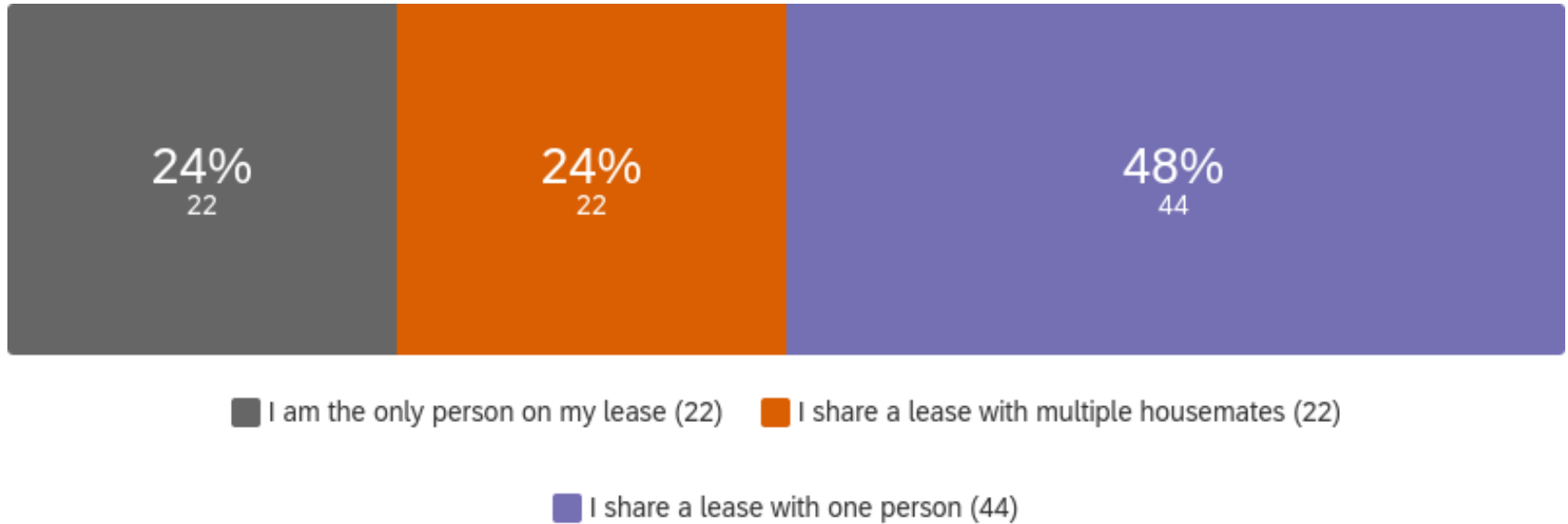
Q63 - Do you have a lease or rental agreement?



Q61 - How long is your lease?

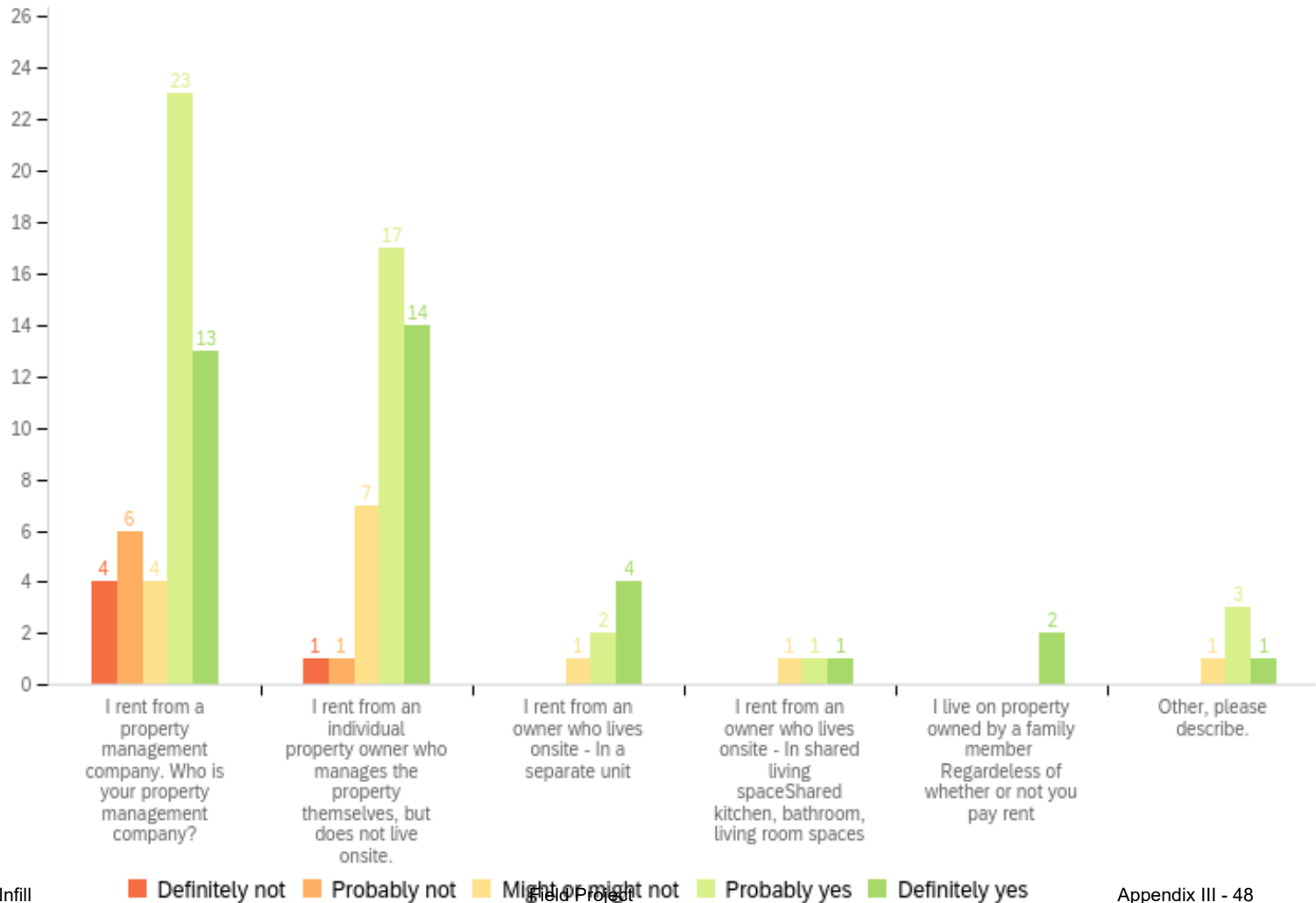


Q60 - Who is on your lease? Do not count children or dependents who might be listed as residents, but are not included as responsible adults in lease contract.

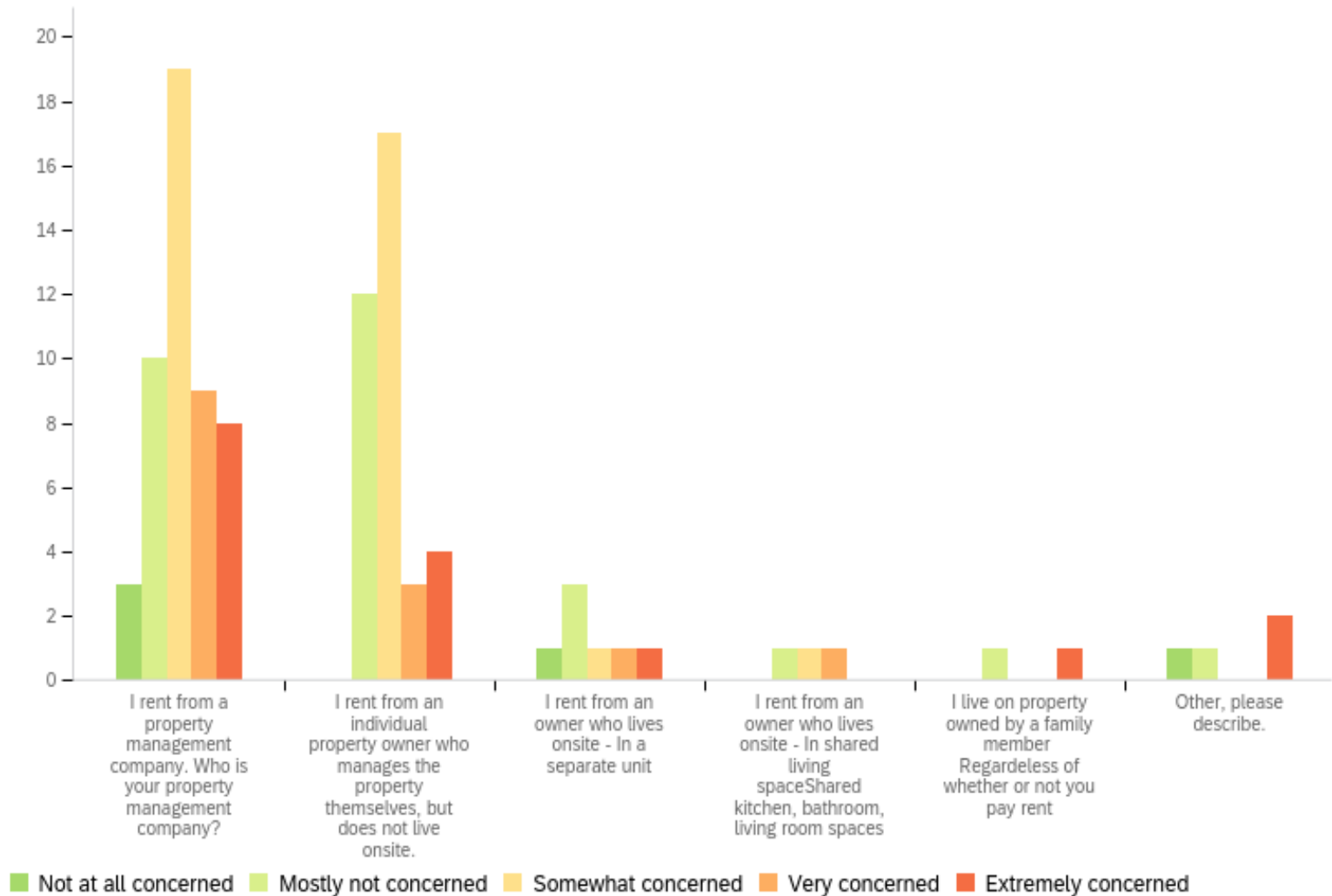


Q21 - Is your home well-maintained?

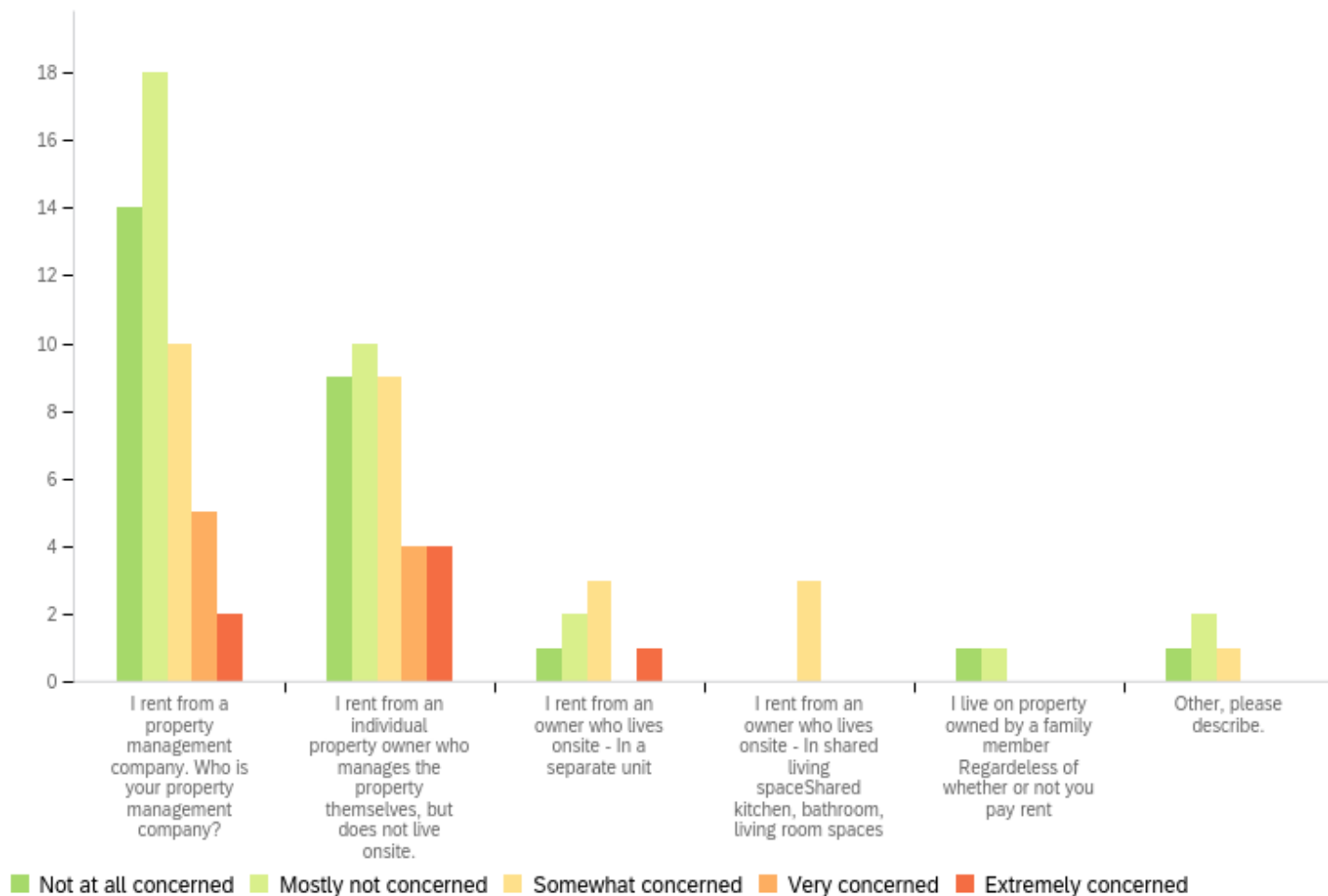
Overall building structure (what you can see from the outside)



Q71 - To what extent are you concerned about being displaced from your home due to affordability issues?

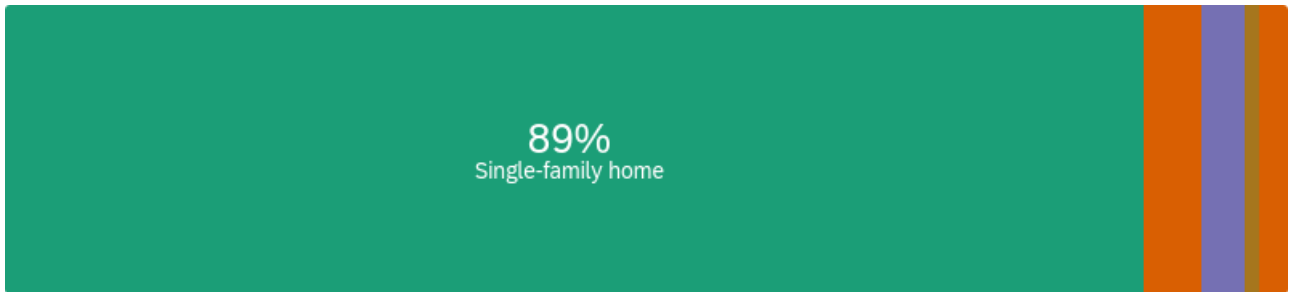


Q73 - To what extent are you concerned about being displaced for reasons other than affordability? For example because of your relationship with your landlord, no-cause eviction or potential property sales.



Section III - Owner Analysis

Q15 - How would you describe your current housing type?

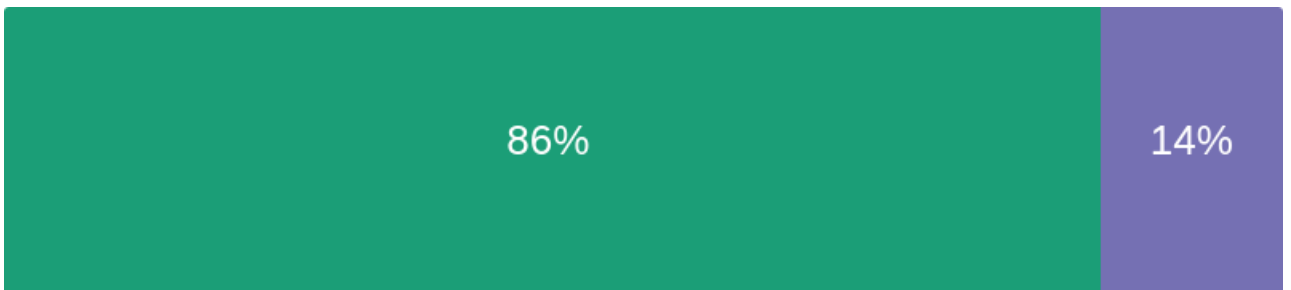


■ Single-family home (78) ■ Townhouse or Row House (4) ■ Duplex, Triplex, or Fourplex (3)

■ Accessory Dwelling to a single family home An attached or detached residential unit with separate entrance, bathroom and kitchen, built as an additional housing unit on an existing single family home property. (1)

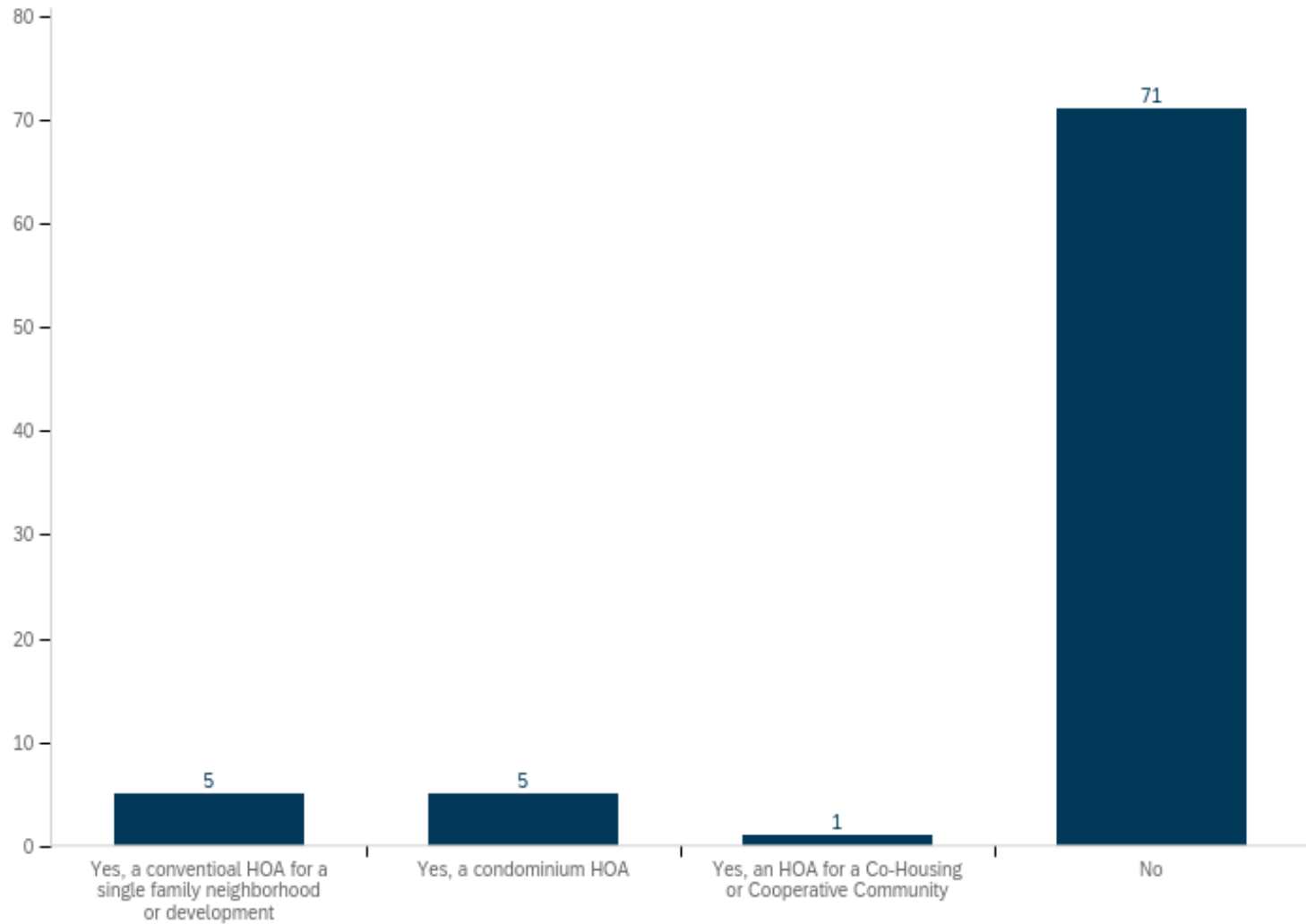
■ Large Apartment Building (40+ units) (2)

Q58 - What type of mortgage do you have?



■ I have a conventional mortgage (66) ■ Mortortgage is paid in full (11)

Q67 - Is your property part of a Home Owner's Association?



Q65 - Did you receive down payment assistance when purchasing your home?



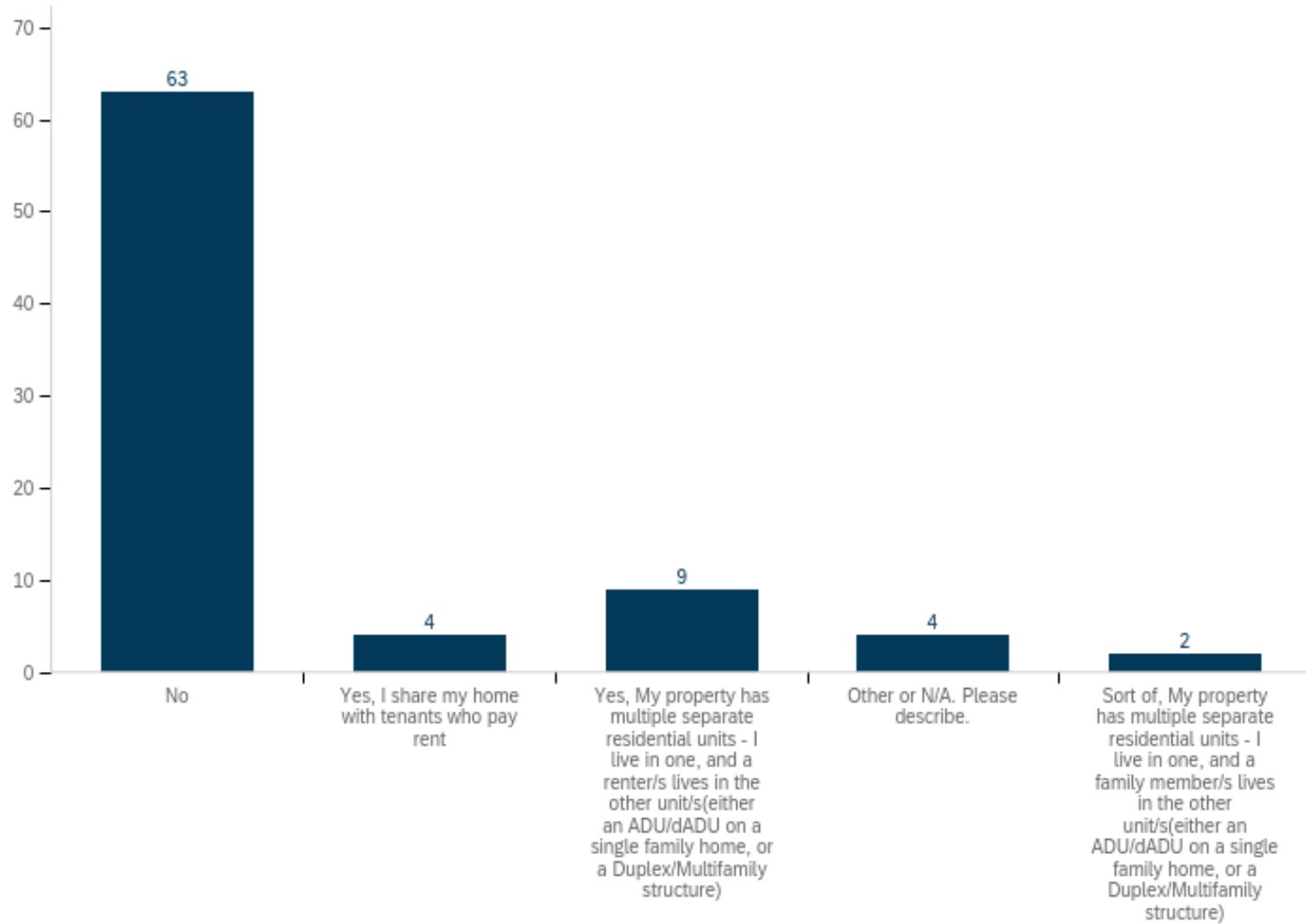
■ No - I supplied downpayment funds entirely from my own income (44)

■ Yes - I and/or one of my co-buyers received down payment assistance from a family member or private benefactor (20)

■ Yes - I/we received down payment assistance from a first time homebuyer program or other publicly subsidized funding program (6)

■ No - My co-buyer/s and I pooled downpayment funds from our own income (12)

Q68 - Do you have tennants?



Q74 - Do you have plans or desire to redevelop your property? Might include adding Accessory Dwelling Units, converting a single family residence into a multi-family type, rebuilding the primary structure, or

