Bellingham Comprehensive Plan
Housing Chapter

2016

I. Introduction

The Housing Chapter provides a framework for promoting a diverse housing supply, protecting and improving the health and livability of the City's neighborhoods, and making adequate provisions for the current and projected housing needs of all economic segments of the community. The City must foster housing that is affordable to those at all income levels - from those who are homeless, to low-income and workforce families, and those earning higher wages.

Housing demand is largely driven by economic conditions and demographics. Demographic characteristics influence market demand with regard to the number of households; household size, make-up and tenure (owner v. renter); and preference for styles and amenities. In Bellingham, the student, millennial, and older populations are on the rise. The City is also experiencing a decrease in household sizes and an increase in more diverse populations.

New townhomes on Peabody Street. Some units include an attached accessory dwelling unit.

The community's student population is nearly double the size of this sector in the rest of the county, impacting the local housing market in terms of rental costs and conversion of single-family homes to multi-family units. Recent college graduates (the millennial generation, or those ages 18-34 in 2015) create a strong and growing demand for living in urban places. Location in neighborhoods with convenient amenities and transportation options seems to be a higher priority for this generation than housing type.

According to the U. S. Census Bureau (April 2016), millennials have surpassed baby boomers (those ages 51-69) as the nation's largest living generation. However, boomers will still have a strong presence throughout the 20-year planning horizon. 2015 population estimates are 75.4 million millennials and 74.9 million baby boomers. As boomers age, they typically stay in the home in which they currently reside. Those who move are likely to downsize to a smaller single-family home or multi-family unit, including condominiums, townhomes or apartments.

Economic changes associated with the Great Recession have also influenced the local and national markets, reducing opportunities for homeownership and eroding rental housing affordability. Between 2010 and 2016, housing prices nearly rebounded and the number of foreclosures slowed; however, recovery has not come to all families. Low-income families are more likely than those with higher incomes to face housing instability. Across three indicators of housing stability (housing affordability, the foreclosure crisis and homelessness), not only were low-income families hit the hardest during the Great Recession, but they have also recovered the slowest (or have not recovered at all) and continue to struggle.

__"Middle" housing__ includes a range of multi-unit or clustered housing types compatible in scale with single-family homes that help meet the growing demand for walkable urban living.

Housing types such as small lot homes, accessory dwelling units (ADUs) and "middle" housing (e.g. duplexes, triplexes, townhomes, and live-work units) provide options and greater

affordability for many sectors of the community, including smaller households, students, millennials, boomers, and low-income families.

Concern over housing costs and adequate housing options is a nationwide issue. Solving housing challenges for Bellingham requires a concerted effort from both the public and private sectors. The City is committed to its key responsibilities:

- Providing an adequate land supply to accommodate future growth;
- Fostering housing preservation and improvement;
- Ensuring a mix of housing options;
- Providing infrastructure and public services;
- Offering financial and other incentives (e.g. streamlined review processes);
- Coordinating and supporting agencies that provide housing and services;
- Monitoring the housing affordability gap; and
- Implementing the Home Fund (2012 Housing Levy).

Bellingham accommodates growth primarily through compact development within the City limits, including infill development in areas served by existing infrastructure and services, and mixed-use urban villages and transit corridors (see Land Use Chapter and Supporting Information section of this chapter). No upzones or urban growth area (UGA) boundary expansions are needed to accommodate the 20-year population forecast. Not only does this strategy further the community's goal of vibrant, compact neighborhoods, but it also aligns with the Growth Management Act's (GMA) charge of directing growth to urban areas. Public costs to serve greenfield development can be more than double that of the same services closer to the city center, impacting the amount of resources available for investments in existing areas. Low-density development away from the center can also result in higher household transportation costs and impacts to air quality due to greater reliance on automobiles for daily tasks.

The Shannon Building in Fairhaven is a mixed-used building with market rate housing.

This chapter has been developed in accordance with the Whatcom County Countywide Planning Policies (CPPs) and is coordinated with the City's Consolidated Plan and the other chapters of the Comprehensive Plan. Both the Growth Management Act and CPPs encourage the use of innovative techniques to meet the housing needs of all economic segments of the population and require that the City provide opportunities for a range of housing types. The Consolidated Plan includes several housing and community development goals such as working to end homelessness, supporting equitable investment in public facilities and improvements, and assisting the housing and service needs of the elderly.

These concepts are further defined under the following four categories, which form the organizational basis for the goals and policies of this chapter:

Housing Choices and Supply
Housing Affordability
Neighborhood Vitality and Character
Special Housing Needs and Homelessness

The chapter's four goals mirror the City's Legacies and Strategic Commitments and emphasize the interdependence of the environment, economy and society:

GOAL H-1 **Ensure that Bellingham has a sufficient quantity and variety of housing types and densities to accommodate projected growth and promote other community goals.**

GOAL H-2 **Foster housing that is safe, healthy, livable, and affordable for all income levels in all neighborhoods.**

GOAL H-3 **Promote sense of place in neighborhoods.**

GOAL H-4 **Support housing options for special needs populations.**

II. Goals and Policies

Housing Choices and Supply

Housing diversity promotes fair housing. Fair housing is the ability for all people to choose where they live without discrimination based on race, color, national origin, sex, family status or disability - these are the protected classes under state and federal law. Cities may not make zoning or land use decisions or implement policies that exclude or otherwise discriminate against protected persons, including individuals with disabilities.

Approximately 44% of the current housing stock in Bellingham is multi-family. The projected mix (i.e. current mix + growth), which is based on current zoning and the land capacity analysis, is 49% single-family and 51% multi-family. This split not only supports the City's growth strategy, but also provides options for changing demographics.

Increased housing choices can also help meet the needs of an increasingly diverse population and smaller household sizes. Seventy percent of Bellingham households are occupied by one to two people. Household size has been declining for some time and mirrors national trends.

The City already allows a variety of innovative housing styles, including small and smaller lot houses, cottages, townhomes and ADUs; however, some of these options are currently limited to certain land use designations. Consideration should be given to how these housing types might fit into mixed-use and existing single-family neighborhoods to provide increased housing options that are within walking distance to shops, jobs, and amenities.

The collaborative small-lot design of Parkway Gardens created pedestrian-oriented housing consistent with the Infill Housing Toolkit and facilitated the Padden Creek daylighting project.

GOAL H-1 Ensure that Bellingham has a sufficient quantity and variety of housing types and densities to accommodate projected growth and promote other community goals (see Land Use Chapter).

Policy H-1 Support high-density and mixed commercial/residential development in the City's urban villages, high capacity transit corridors connecting the villages and other appropriate areas that allow people to work, shop and recreate near where they live.

Policy H-2 Encourage mixed housing types for new development on greenfield sites, a benefit of which is the integration of people from various socio-economic backgrounds.

Location-efficient development *is located and designed to maximize accessibility and affordability. This usually means that it is close to transit and public services and has good walking and cycling conditions and other features that reduce automobile dependency.*

Policy H-3 Encourage well-designed infill development on vacant or underutilized properties.

Policy H-4 Continue to support implementation of the Infill Housing Toolkit, which permits innovative housing forms such as small and smaller lot single-family homes, cottages, duplexes, triplexes, common courtyards and townhomes.

Policy H-5 Consider minimum density requirements for residential zones and commercial zones where residential development is allowed.

Policy H-6 Review commercial zoning regulations that require commercial development along with residential development. Consider adding criteria that would allow, in certain circumstances, residential uses to develop independently or within commercial flex space.

Policy H-7 Consider increasing densities in certain multi-family zones with underused development capacity.

Policy H-8 Consider modifying codes to maximize economical wood frame construction.

Policy H-9 Update the City's ADU ordinance with priorities on:

- Evaluating and inventorying ADUs in the City;
- Identifying appropriate areas for detached ADUs;
- Improving permitting and enforcement; and
- Requiring owner occupancy in single-family zones.

Policy H-10 Permit owner-occupied attached ADUs in single-family and multi-family zones.

Policy H-11 Encourage live-work units in appropriate transitional zones.

Accessory dwelling units *are small, self-contained residential units located on the same lot as existing single-family homes. As the term "accessory" implies, ADUs are smaller in size and prominence than the main residence on the lot.*

In Bellingham, property owners are required to live in one of the units. This applies to the terms "owner occupancy" in Policy H-9 and "owner occupied" in Policy H-10.

Policy H-12 Continue permitting manufactured homes in residential zones in accordance with state and federal laws.

Policy H-13 Consider the impacts on Citywide housing capacity, affordability and diversity when making land use policy decisions and code amendments.

Policy H-14 Actively coordinate with public and private partners in efforts to meet regional housing needs.

Policy H-15 Support fair and equal access to housing for all persons, regardless of race, religion, ethnic origin, age, household composition or size, disability, marital status, sexual orientation or economic circumstances.

Housing Affordability

Perhaps the most pressing and complex challenge facing the City is housing affordability for all economic segments of the community. The quality of any city is defined, in large part, by whether families and individuals are able to find the type and size of housing that fits their household needs at a price they can afford. Communities that offer a range of housing types and affordability provide more opportunity for families and individuals to live where they choose. This allows workers to live near their jobs, older family members to continue to live in the communities where they raised their families, and younger adults to establish new households.

The Washington State Housing Needs Assessment states that approximately 20% of Bellingham households were severely cost-burdened in 2015, spending more than 50% of their income on housing.

While there are a number of jobs that pay a fair wage in Bellingham, not all of them pay wages that are sufficient to afford a home in the community. See Section III of this chapter and the Economic Development Chapter for additional information on this aspect of the housing affordability issue.

"Housing affordability," the standard used by lending institutions, the real estate industry and government, means that no more than 30% of a household's gross monthly income goes toward housing expenses, regardless of income level. For ownership housing, this percentage typically includes taxes, insurance and other related housing expenses. For rental housing, a utility allowance is included in the 30% figure. A household in which housing costs exceed 30% of gross monthly income is considered to be "cost burdened." If costs exceed 50% of gross monthly income, the household is "severely cost burdened" and its ability to afford basic necessities, such as food, clothing, transportation and medical care, is compromised.

The historic Laube Hotel, located downtown, was restored in 2008 and includes low-income housing and commercial uses.

"Affordable housing" typically refers to housing that is affordable to households earning 80% or less of the area median income (AMI). These households are also referred to as "low-income" households. Households earning 50% or less of the AMI are "very low-income" households, and households earning 30% or less of the AMI are "extremely low-income." See Section III for more information.

Although the City does not directly provide or manage affordable housing, it does offer financial assistance to develop and operate low- to very-low income housing through the Housing Levy that Bellingham voters approved in 2012, federal funds received through the U.S. Department of Housing and Urban Development (HUD), and the City's General Fund. Efforts to reduce market-rate housing costs include incentives, improvements to permitting processes, reduced fees and charges for qualifying projects, and innovative housing forms such as those permitted through the Infill Housing Toolkit.

Every five years as a condition of receiving federal block grants from HUD, the City is required to prepare a Consolidated Plan. This plan provides an assessment of the City's community development needs and an analysis of the housing market for low-income households. It also includes the goals, strategies and specific activities that are implemented annually in order to address these needs. The

Consolidated Plan is the community's choice, within HUD parameters, for how the grant funds will be used in the City.

GOAL H-2 Foster housing that is safe, healthy, livable, and affordable for all income levels in all neighborhoods.

Policy H-16 Increase the supply of affordable rental and ownership housing that is context sensitive throughout the City, especially in areas with good access to transit, employment, education and services (see Land Use Chapter for definition of "context sensitive").

Policy H-17 Consider the impacts of transportation costs on housing affordability and accessibility of services and other opportunities when planning for housing.

> ***Transportation*** *is the second largest expense for families (housing is first), but few people consider these costs when choosing a place to live. According to the Center for Neighborhood Technology's Housing + Transportation Index, when considering just housing costs for affordability, large areas of Whatcom County are considered affordable. When transportation costs are included, the number of affordable areas in the county is narrowed to areas within Bellingham. This is due in large part to Bellingham's compact, walkable, mixed-use land use patterns.*

Policy H-18 Continue evaluating the recommendations of the City's Community Solutions Workgroup on Affordable Housing, including:

- Detached ADUs, small lot and cottage housing in single-family zones;
- Impact fee reductions for ADUs;
- Reduced parking requirements; and
- Other code changes and incentives that allow and encourage well-designed infill development.

Policy H-19 Continue providing incentives to support housing affordability (e.g. density bonuses, expedited permitting, multi-family tax exemption program and fee reductions) and consider including workforce housing as part of certain incentives programs.

> ***Workforce housing*** *policies focus on providing attractive and affordable homes for middle-income workers such as police officers, teachers and nurses in close proximity to their jobs.*

Policy H-20 Consider developing an inclusionary zoning program as a means of increasing the City's affordable housing supply.

Policy H-21 Identify surplus public and quasi-publicly owned land that could potentially be prioritized for housing that is affordable to low- and moderate-income households.

> ***Inclusionary zoning*** *refers to planning ordinances that require developers of new market-rate real estate to provide some units that are affordable to low- and moderate-income residents.*

Policy H-22 Support and expand low-income housing programs and public funding (e.g. the Housing Levy and HUD entitlement funds).

Policy H-23 Provide information to residents, including underserved populations, on affordable housing opportunities and first-time homeownership programs.

Policy H-24 Continue streamlining the regulatory review and building permit process and reviewing the cost of infrastructure improvements and their impact on housing costs.

These single-family homes in the Cordata neighborhood are generally affordable to moderate-income households ("workforce housing").

Policy H-25 Monitor the City's housing affordability market, including housing demand by housing type across all income levels and in all neighborhoods, and report on the effectiveness of the City's housing affordability policies.

Policy H-26 Support organizations that construct, manage and provide services for affordable housing, including permanently affordable housing.

Policy H-27 Advocate for regional and state initiatives to increase funding for affordable housing.

Neighborhood Vitality and Character

The City's 25 distinct neighborhoods include residential districts that are differentiated by housing density, age, size, architectural style, condition and other features, and commercial districts with mixed housing types. These neighborhoods, each with their own unique character, offer a variety of housing and lifestyle opportunities.

Bellingham's housing stock is aging, with nearly one-third of the stock over 50 years old. More than half of the housing stock was built before 1980. Residents value the preservation and enhancement of their homes and neighborhoods and derive a sense of place from them. Some community members are concerned about the potential impacts of infill projects on existing neighborhoods, while others support well-designed infill as a strategy to preserve undeveloped land in rural areas and foster transit, better amenities and housing affordability. Regulations that implement policy recommendations outlined in the Comprehensive Plan should strive to balance these concerns and opportunities.

Much of the York Neighborhood is designated as a National Historic District.

The community also values healthy and safe neighborhoods. Conditions of homes and neighborhoods can have powerful effects on the short- and long-term health quality and longevity of its residents. A neighborhood's physical characteristics may promote health by providing healthy food choices and

recreational opportunities that are free from crime, violence and pollution. Neighborhoods with strong ties and high levels of trust among residents may also strengthen health.

GOAL H-3 Promote sense of place in neighborhoods (see Land Use Chapter).

Policy H-28 Protect and connect residential neighborhoods to retain identity and character and provide amenities that enhance quality of life.

Policy H-29 Support public and private investment in improved infrastructure and amenities in existing neighborhoods, particularly in areas with high concentrations of low-income housing.

Policy H-30 Enforce the City's Rental Registration and Safety Inspection Program to ensure that rental housing units comply with life and fire safety standards and provide a safe place for tenants to live.

Policy H-31 Promote high-quality design that is compatible with the overall style and character of established neighborhoods.

Policy H-32 Support the preservation of Bellingham's historically-significant housing through the City's historic preservation program, which maintains a list of historic properties and districts, and provides education and incentives.

Policy H-33 Encourage neighborhoods and property owners to identify high-integrity historic areas that should be protected through the local historic district program.

Policy H-34 Encourage the rehabilitation, relocation and reuse, rather than demolition, of existing housing.

Policy H-35 Continue rehabilitation and housing financing programs that support the maintenance of older/historic housing and assistance to low-income households who want to stay in their homes.

The City's Home Rehabilitation Program provides low-interest loans for home rehabilitation projects. The homes must be occupied by owner households with incomes at or below 80% of the county's median income.

Policy H-36 Encourage health-related improvements to older homes, including the removal of lead-based paint, asbestos, and other potentially harmful materials.

Policy H-37 Encourage housing retrofits that make them more resilient to natural disasters and climate change, are more energy efficient, and provide healthier indoor environments, including good air quality.

Policy H-38 Increase open space requirements for multi-family, high-density development. Locate required open space either on site or in public park space.

Policy H-39 Establish criteria to allow flexibility with planned residential design regulations and increased density in exchange for better quality site and building design and improved usable space.

Policy H-40 Foster innovative housing and mixtures of housing types that preserve natural resources and consolidate open space (e.g. context-sensitive residential clustering).

Millworks Cohousing in the Happy Valley Neighborhood is a Built Green and Energy Star Community.

Policy H-41 Encourage the use of long-lived, low-maintenance building materials; high-efficiency energy systems; and low impact development techniques that reduce housing life-cycle costs and provide better environmental performance consistent with the City's Climate Protection Action Plan.

Policy H-42 Consider using sustainability rating systems when designing housing developments and neighborhoods.

Policy H-43 Work with local institutions of higher education to develop a comprehensive strategy addressing issues associated with off-campus student housing, including adequate off-campus housing that is high quality and compatible with its surroundings (see Land Use Chapter).

College students. *In 2014, the U.S. Census Bureau estimated there were about 17,600 college students in Bellingham (21% of the City's population).*

Policy H-44 Periodically review and update the City's residential zoning regulations and design standards to promote quality development with timely and predictable outcomes.

Policy H-45 Initiate and encourage equitable and inclusive community involvement in planning processes.

Special Housing Needs and Homelessness

Special needs citizens include people who require some assistance in their day-to-day living such as the mentally ill, people with developmental or physical disabilities, victims of domestic violence, at-risk youth, veterans and the elderly. Housing for special needs citizens may or may not incorporate supportive services, and may be permanent or transitional. Examples include adult family homes, assisted living facilities and group homes for people with developmental disabilities.

Due to rising housing costs and general unavailability of affordable housing for low-income households, homelessness is recognized as the most basic and extreme housing problem. According to the 2015 point-in-time count, there are least 651 homeless persons (a *person* may be part of a family household or an unaccompanied individual) and 449 homeless households (a *household* may include one or more persons) in Whatcom County. Twenty six percent of all homeless households are considered chronically homeless. According to the 2015 Annual Report by the Whatcom County Coalition to End Homelessness, point-in-time counts generally underestimate the number of people who are homeless.

A resident tends to a garden area at Greggie's House, a community housing resource funded in part by the Bellingham Home Fund, which provides housing for the community's most vulnerable people.

GOAL H-4 Support housing options for special needs populations.

Policy H-46 Work with agencies, private developers and nonprofit organizations to locate housing to serve Bellingham's special needs populations, particularly those with challenges related to age, health or disability.

Policy H-47 Allow housing opportunities for special needs populations in appropriate locations throughout the community.

Policy H-48 Encourage and consider incentives for the dedication of a portion of housing in new projects to special needs housing.

Policy H-49 Support implementation of the Whatcom County Plan to End Homelessness.

The Sterling Senior Community provides affordable one-bedroom apartments for low-income seniors.

Policy H-50 Continue to encourage and support the development of emergency, transitional and permanent supportive housing with appropriate on-site services for people with special needs and the homeless throughout the City and county. Moving people into permanent housing as quickly as possible should be a priority.

Policy H-51 Maintain an inventory and expand the city's supply of interim housing for target populations.

Policy H-52 Foster and support partnerships that have proven to be successful in reducing homelessness, preventing homelessness and assisting the chronically homeless with needed care.

Policy H-53 Support a range of housing types for retirees and seniors, including townhomes, condominiums and assisted living and independent living communities near daily needs and transit.

Policy H-54 Support ways for older adults and people with disabilities to remain in their homes and the community as their housing needs change by encouraging universal design and home retrofits for lifetime use (see Policy LU-84).

Aging in place *means that people can live in the residences of their choice for as long as they are able. This includes being able to have any services (or other support) they might need over time as their needs change. According to a 2010 survey conducted by the American Association of Retired Persons, 86% of adults 45 and older want to remain in their current homes as long as possible.*

III. Supporting Information

Growth Targets

Bellingham's estimated 2015 population was 83,580 people. This is a doubling in population since 1980. Bellingham experienced rapid growth through the 1990s and early 2000s, with slower but steady growth since 2007. In September 2015, the City Council recommended to the county the mid-range 2036 population forecast of 121,505 people (see Land Capacity Analysis Population and Housing Breakout table). To plan for these new people and an estimated 16,500 new housing units, the City identified sufficient land (zoning capacity) and strategies to show that there will be available housing and services for this projected population. New housing could include such options as traditional single-family homes, cottages, accessory dwelling units, duplexes, triplexes, townhomes, condominiums and apartments.

Land Capacity Analysis, Population & Housing Breakout

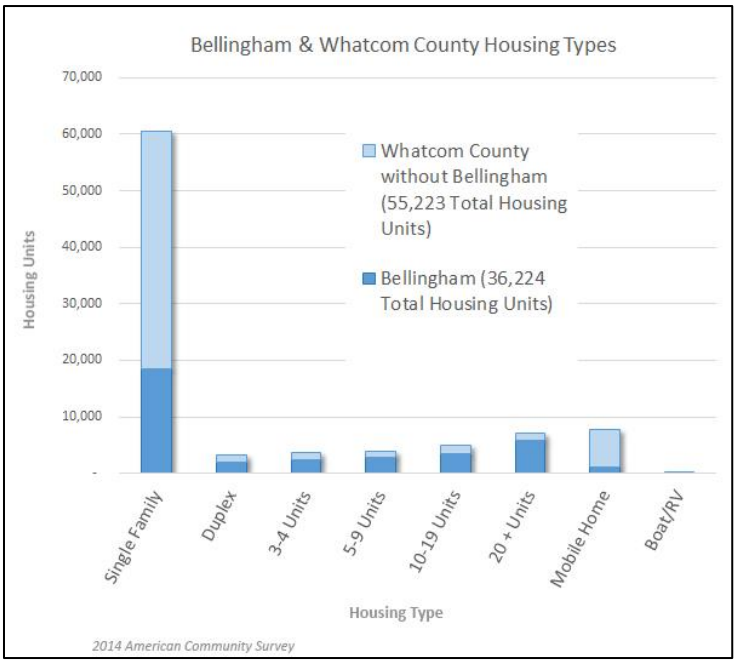
Growth Area	2013 Population & Housing				Estimated Growth Capacity				Forecast Growth				2036 Forecast Total Population & Housing			
	All Housing Units	Single Family Hsg	Multi-Family Hsg	Estim Pop	New Housing Units	New Single Family Hsg	New Multi-Family Hsg	New Pop	New Housing Units	New Single Family Hsg	New Multi-Family Hsg	New Pop	All Housing Units	Single Family Hsg	Multi-Family Hsg	Forecast Total Pop
Urban Villages	2,387	602	1,785	8,575	6,866	408	6,458	11,695	6,053	361	5,692	11,001	8,440	963	7,477	19,576
Other Areas Inside City Limits	34,852	19,209	15,643	73,735	8,821	4,347	4,474	18,078	7,596	3,380	4,216	17,009	42,448	22,589	19,859	90,744
Unincorporated Urban Growth Area	4,218	3,473	745	10,797	1,436	1,134	302	3,233	1,339	1,055	284	3,040	5,557	4,528	1,029	13,837
Totals	41,457	23,284	18,173	93,107	17,123	5,889	11,234	33,006	14,988	4,796	10,192	31,050	56,445	28,080	28,365	124,157
Housing Mix		56.2%	43.8%			34.4%	65.6%			32.0%	68.0%			49.7%	50.3%	

Planning for expected growth requires an understanding of current economic and housing market conditions, demographic trends and household characteristics. The analysis below supports and supplements the City's Consolidated Plan, which includes a needs assessment and market analysis and is updated every five years, as well as the recommendations of the City's Community Solutions Workgroup on Affordable Housing.

Housing Mix

In 2015, Bellingham and its unincorporated UGA included about 42,000 housing units. About 44% of the existing housing stock in Bellingham is multi-family, and this percentage is expected to increase

to about 50% by 2036. Compared to Whatcom County as a whole, Bellingham has a higher percentage of multi-family housing (see Bellingham and Whatcom County Housing Types chart), in large part due to the student population. Approximately 13,600 students live in Bellingham's neighborhoods.



Bellingham has an average of 2.4 bedrooms per housing unit. Twenty one percent of housing units have fewer than two bedrooms. This compares with 8.6% of housing units with fewer than two bedrooms in Whatcom County (outside Bellingham).

Demographics and Household Characteristics

Age - Bellingham and Whatcom County experienced significant growth over the past decade in the 20 to 34 and 55 to 74 age groups. Growth in the 20 to 34 group is primarily due to increased enrollment at the City's university and community colleges. Growth in the 55 to 74 age group represents the aging of baby boomers and the influx of retirees.

College Students - About one in five Bellingham residents is a college student. In 2014, the U.S. Census Bureau estimated there were about 17,600 college students in Bellingham (21% of the City's population). Enrollment statistics for 2015 from Western Washington University show 15,000 students, of which 90% are from in-state locations. Whatcom Community College serves 11,000 part-time students with credit hours equivalent to 4,000 full-time-enrolled (FTE) students. Bellingham Technical College (BTC) serves 5,500 part-time students with credit hours equivalent to 2,040 FTE.

Racial Diversity - Bellingham's population is becoming more ethnically and racially diverse. Between 2000 and 2014, Bellingham's non-White population increased from 12% to 15% and the number of people identifying as Hispanic increased from 4.6% to 7%. The Bellingham School District reports that 43 different languages are spoken in their schools.

Household Statistics	2000	2010	2014
Total Households	27,999	34,671	35,903
1-person household	33.1%	35.2%	33.7%
2-person household	35.8%	35.4%	36.5%
3-person household	14.3%	13.8%	14.4%
4+ person household	16.8%	15.6%	15.4%
Family Households	50.0%	46.5%	49.1%
Married-couple households	37.5%	34.2%	34.9%
With children under 18	24.5%	20.7%	22.8%
Non-Family Households	50.0%	53.5%	50.9%
Householder living alone	33.0%	35.3%	33.7%
HH living alone over age 65	8.3%	10.7%	11.8%

SOURCE: US Census 2000 and American Community Survey 2010 - 2014

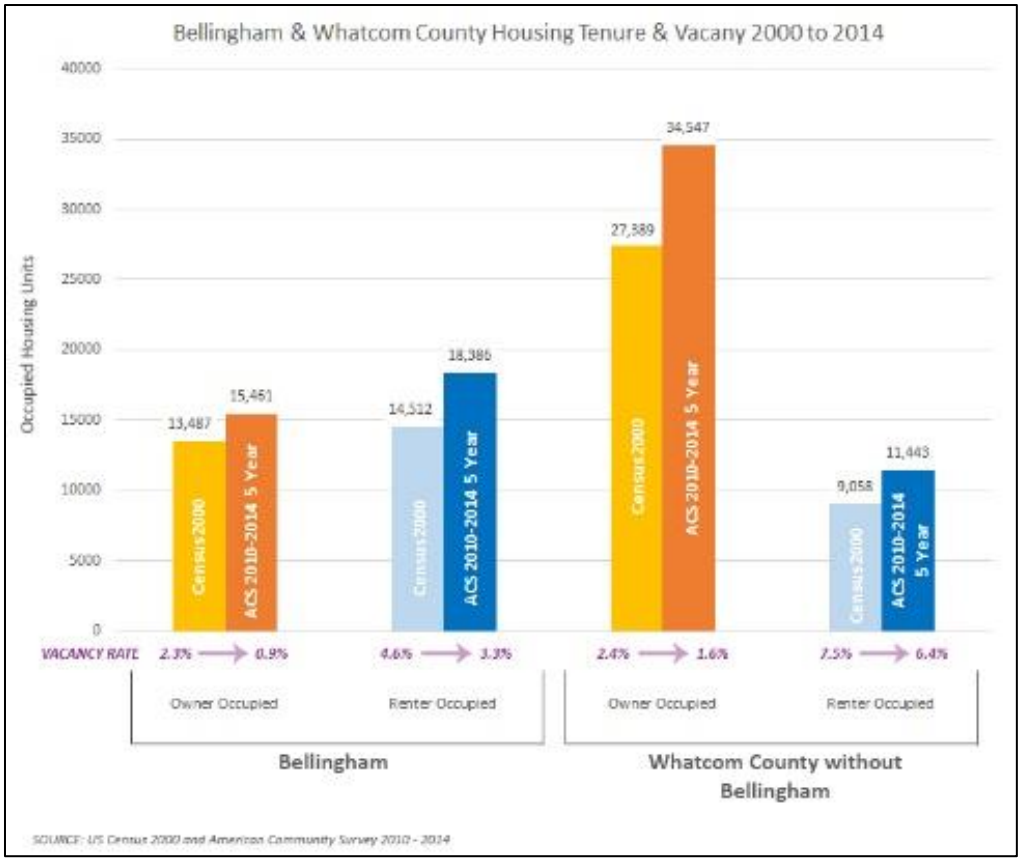
Household Size - The City's average household size changed from 2.24 persons per household in 2000 to 2.18 in 2010. About 70% of Bellingham households include just one to two people. See

Household Statistics table for more information on household size and composition.

Bellingham's changing demographics may impact future housing demand. Newer residents may have different cultural expectations such as extended families living together in shared housing. The increase in the number of singles and older adults in the community suggests that there is a need for homes with a variety of price points designed for smaller households, including accessory dwelling units (both attached and detached) and manufactured homes. Demographic changes may also increase the demand for multi-family housing. Such housing could be provided in single-use buildings (e.g. townhomes, apartments and condominiums) or mixed-use buildings. The City's urban villages are expected to accommodate much of the City's higher-density housing and mixed uses, while other areas throughout the community are also zoned for these uses (see Future Land Use map in Land Use Chapter). Mixed-use development and well-designed infill in central areas close to public transit allow for easier access to neighborhood amenities and services and can reduce dependency on single-occupancy vehicles.

Housing Tenure and Vacancy

In 2014, more than half of the City's housing units were renter occupied (54%) and the rental vacancy rate was 3.3%. The owner-occupied vacancy rate was 0.9%. In comparison, only 25% of housing units in Whatcom County outside Bellingham were renter occupied and the rental vacancy rate was 6.4%. The county's owner-occupied vacancy rate was 1.6%.



Special Needs Housing

Group Quarters

Group quarters, including nursing homes, correctional institutions or living quarters for people who are disabled, homeless or in recovery from addictions, are not included in the count of housing units reported in the table on page 14. According to the 2015 Washington State Office of Financial Management estimate, about 6.4% of Bellingham's population, or 5,343 people, live in group quarters. This is higher than the percentage of Whatcom County residents living in group quarters. See the Consolidated Plan for more information.

Financially-Assisted Housing

About 2,650 financially-assisted housing units for low- and moderate-income individuals and families exist in Bellingham. The Bellingham Housing Authority and Catholic Housing Services are the two primary organizations in Bellingham that provide affordable rental housing opportunities. Additionally, the Bellingham Housing Authority administers U.S. Department of Housing and Urban Development (HUD) vouchers that assist low-income households with the cost of housing and utilities. Regarding owner-occupied housing, the City partners with local nonprofit groups to assist with the development and acquisition of owner-occupied housing units.

2015 Washington State Housing Needs Assessment

Emergency and Transitional Housing Inventory

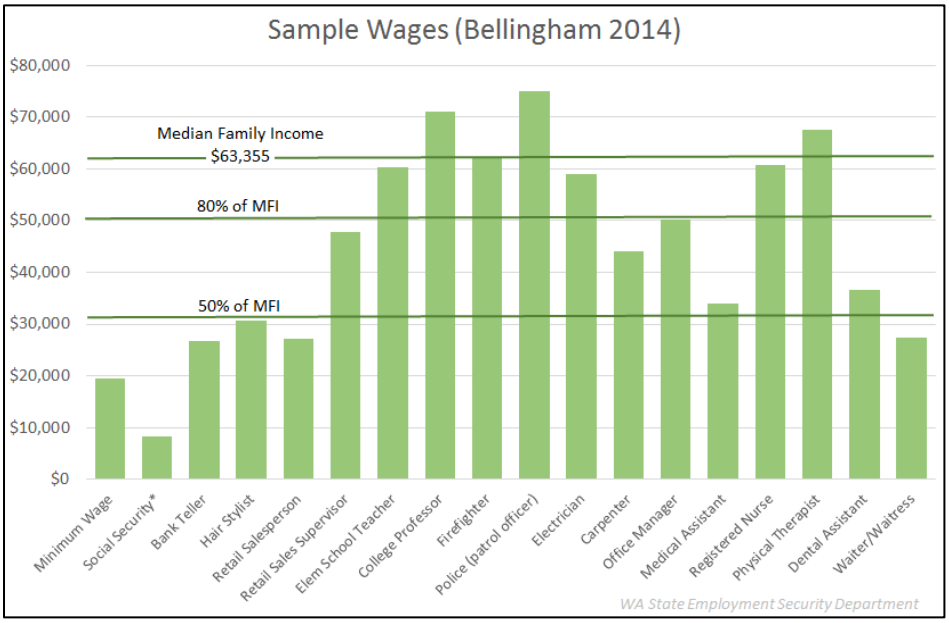
Bellingham has several programs and facilities that provide emergency and transitional shelter. Emergency shelter offers a safe, secure, time-limited place for individuals and families to reside while they prepare to move into permanent housing. Transitional housing is longer-term than emergency shelter, with varying degrees of support services. See the Consolidated Plan for more information.

Housing Affordability

The generally-accepted definition of affordability is a household that pays no more than 30% of its annual income on housing. HUD sets income limits on housing affordability based on an area's median family income (typically for a family of four). When discussing levels of affordability, households are characterized by their income as a percent of the area's median family income. Between 2000 and 2014, the City's median family income for a family of four increased from $47,196 to $63,355. A family with an income of $63,355 would be making 100% of the median income and a family with an income of $31,677 would be classified at 50% of the median income.

Families that pay more than 30% of their income for housing are considered "cost burdened" and may have difficulty affording necessities such as food, clothing, transportation and medical care. Applying this 30% metric to a family with an income matching the Bellingham median of $63,355, the amount of housing cost that would be considered affordable would be $19,006/year, or $1,584/month. For additional context, see the Sample Wages chart below.

In 2015, approximately 20% of Bellingham households were "severely cost burdened," spending more than 50% of their income for housing, while another 18% were "cost burdened," spending more than 30% of their income on housing.



Assessing housing affordability needs requires an understanding of household incomes and availability of housing that's affordable to residents across all income levels. Household income by tenure, ratio of housing costs to household income and number of homes affordable to income groups are included in the charts below. A more detailed analysis is included in the City's Consolidated Plan.

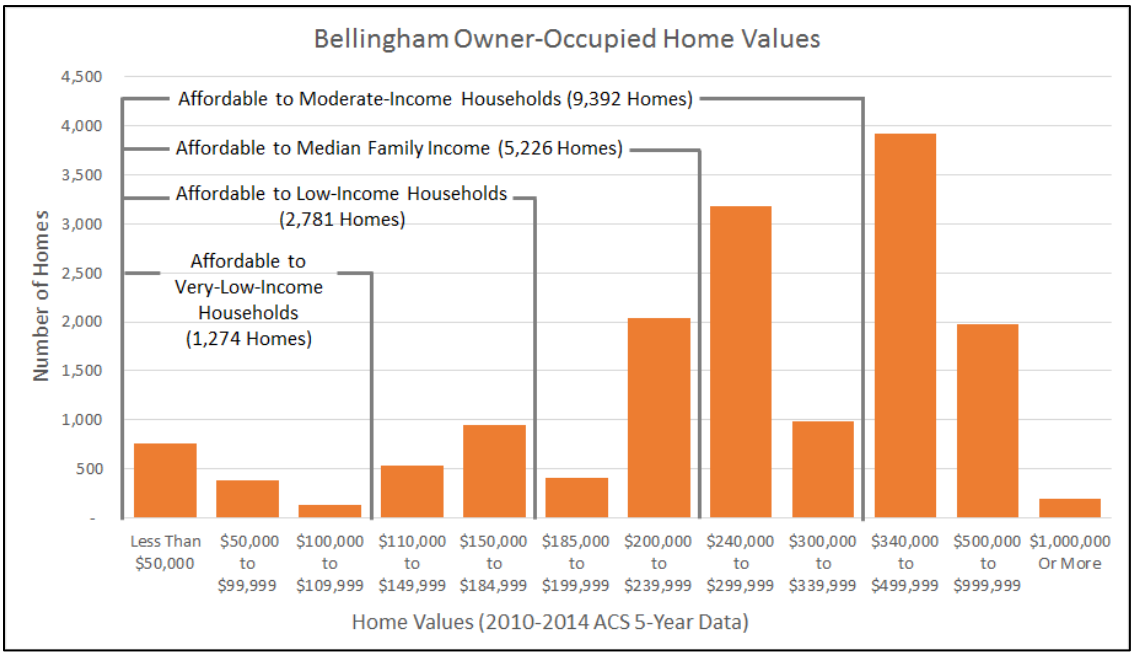
HOUSEHOLD INCOME BY TENURE

Household Income As Percentage of HUD Area Median Family Income	Renter		Owner		All Households	
	Estimate	%	Estimate	%	Estimate	%
0-30% Extremely-low-income	5,460	30.0%	755	4.8%	6,215	18.4%
>30%-50% Very-low-income	2,975	16.4%	1,195	7.7%	4,170	12.3%
>50%-80% Low-Income	4,280	23.5%	2,340	15.0%	6,620	19.6%
>80%-100%	1,585	8.7%	1,540	9.9%	3,125	9.2%
>100%	3,885	21.4%	9,790	62.7%	13,675	40.5%
TOTALS	18,185	100.0%	15,620	100.0%	33,805	100.0%

HOUSING COST BURDEN OVERVIEW - Ratio of Housing Costs to Household Income

Household Income	Renter		Owner		All Households	
	Estimate	%	Estimate	%	Estimate	%
Cost Burden 0-30%	8,095	44.5%	10,770	69.0%	18,865	55.8%
Cost Burden >30%-50%	3,895	21.4%	2,950	18.9%	6,845	20.2%
Cost Burden >50%	5,825	32.0%	1,795	11.5%	7,620	22.5%
Cost Burden Not Available	370	2.0%	105	0.7%	475	1.4%
TOTALS	18,185	100.0%	15,620	100.0%	33,805	100.0%

HUD CHAS Data Published 2015 (ACS 2008-2012)



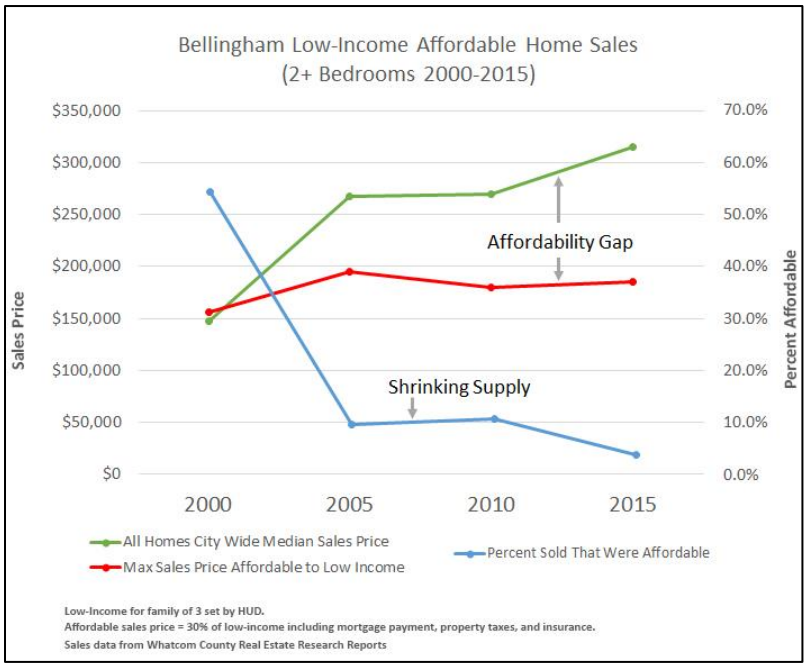
Affordability Gap

The affordability gap is the difference between the percentage of City residents at a particular income level and the percentage of the City's housing stock that is affordable to households at that income level. Where affordability gaps exist, households must take on a cost burden to pay for housing. Low-income households face a severe housing cost burden. Of the current owner-occupied housing stock in Bellingham, 59% is affordable to moderate-income households and 18% is affordable to low-income households. As can be seen in the Bellingham Low-Income Affordable Home Sales chart below, the number of affordable homes for low-income households has shrunk from more than 50% of the available supply in 2000 to less than 4% of the available supply in 2015. Of the 944 single-family, two+ bedroom homes sold in Bellingham in 2015, only 37 (3.9%) were affordable to a low-income family of three.

BELLINGHAM 2+ BEDROOM HOME SALES 2000-2015, AFFORDABLE TO LOW-INCOME FAMILY OF 3

Year	All Homes City Wide Median Sales Price	Max Sales Price Affordable to Low Income	Affordability Gap (Median - Affordable)	Total Number of Homes Sold	Total Number Sold That Were Affordable	Percent Sold That Were Affordable
2000	$147,900	$156,600	($8,700)	953	518	54.4%
2005	$267,725	$195,500	$72,225	1156	111	9.6%
2010	$270,000	$180,000	$90,000	624	67	10.7%
2015	$315,000	$185,000	$130,000	944	37	3.9%

Low-Income for family of 3 set by HUD. Affordable sales price = 30% of low-income including mortgage payment, property taxes, and insurance. Sales data from Whatcom County Real Estate Research Reports and Whatcom County Assessor.



Rents

Between 2000 and 2014, median monthly rent in Bellingham increased 46% from $613 to $901. Median monthly owner costs increased only 5% from $1,133 to $1190. Over the same period, rental vacancy rates have dropped from 4.6% to 3.3%. The increasing price of rental housing may be limiting housing options that are affordable to younger or fixed-income residents and smaller households.

Housing Costs and Neighborhoods

Based on 2015 home sales, the Citywide median sales value was $289,250. The most affordable neighborhoods with median sales values below the Citywide median include Birchwood, City Center, Cordata, Fairhaven, Happy Valley, Lettered Streets, Meridian, Puget, Roosevelt, Sehome, South, Sunnyland and York. The least affordable neighborhoods with median sales values above the Citywide median include Alabama Hill, Barkley, Columbia, Cornwall Park, Edgemoor, King Mountain, Samish, Silver Beach, South Hill and Whatcom Falls.

Generally, areas with distinct pockets of concentrated wealth and poverty have lower economic mobility than places with integrated socioeconomic classes. This chapter supports such integration with policies that support mixed housing types located throughout the community.

City Housing Programs and Incentives

The Great Recession, combined with major reductions in supportive services, created a housing crisis affecting Bellingham and many other communities throughout the country. Families' incomes were not keeping pace with housing costs, forcing many to live in substandard housing or without shelter altogether. Vulnerable populations, especially seniors with fixed incomes, people with disabilities, veterans and low-income families, were not receiving the housing or services they needed. Approved in 2012, the Bellingham Home Fund is addressing the issues caused by the housing crisis by providing safe, affordable homes and supportive services to vulnerable populations. Seventy four percent of the funds go to the lowest income group, or those who earn $6.85 per hour for a full-time job.

Rental Assistance and Services
The City allocates Bellingham Home Fund, federal HUD funds and City General Funds to support housing, human and social services for low-income people in the community. These funds also support rent payments and emergency winter shelter. Some of the major recent initiatives include:

- Homeless Outreach Team (Whatcom Homeless Service Center);
- Intensive Case Management (Whatcom Alliance for Health Advancement); and
- Housing services provided by groups such as Lydia Place, Northwest Youth Services, Opportunity Council and Catholic Community Services.

Rental and Transitional Housing
The Bellingham Home Fund supports the development of new rental housing units for households that earn less than half of the area median income. In less than three years, the Home Fund has committed to creating 238 units of housing and preserving 118 units of rental and transitional housing.

Homeownership
Homeownership provides housing stability, independence, and opportunity for economic advancement. Since 2002, the City has partnered with Kulshan Community Land Trust to help homebuyers with down payment and closing costs. One hundred four homes are now permanently affordable to low-income households (a family of three earning no more than $48,720). In 2013, the Bellingham Home Fund allowed the City to support the Opportunity Council in expanding their services to repair and weatherize owner-occupied manufactured homes. Additionally, since 1977, the City has offered financial assistance to low-income homeowners to repair their houses, helping more than 730 families stay in their homes.

Incentives
In 2015, the City kicked-off a new incentives package that offers more reductions and discounts than any other such program in Washington State. The program covers Citywide development incentives for affordable housing, sustainable development and historic preservation, along with incentives specific to urban villages. These incentives offer a variety of benefits, including expedited permitting, tax and fee reduction and more. Examples include:

- The **Multi-Family Tax Exemption Program**, which includes an eight-year state and local property tax exemption on the residential value of new multi-family construction in targeted areas (12 years for projects that dedicate a minimum of 20% of the units for low or moderate incomes).
- **Density bonuses**, which provide an opportunity for more units (or floor area) than underlying zoning allows in exchange for public benefits such as affordable housing or public space.
- City-funded affordable housing projects and others approved by City Council are eligible for a **waiver of up to 80% on school, transportation, and park impact fees and utility system development charges**.
- Development projects in the Downtown and Old Town urban villages are eligible for up to a **50% reduction on all permit fees and system development charges**. Projects in urban villages also receive an automatic reduction in transportation impact fees, with additional discounts when located on a high-frequency transit route.
- **Reduced parking requirements** for Infill Housing Toolkit projects.
- **Special Valuation Tax Exemption Program** for qualifying historic building renovations.

- A **Registered Plan Program** for all residential projects.
- **Regional stormwater facilities** when in conformance with state and local policies and regulations.
- Several **other incentives** have been recommended for study by City Council, including density bonuses for affordable housing demonstration projects and expedited permitting for qualifying affordable housing projects.