

Stakeholder Interview Summary

*Whatcom County Review and Evaluation (Buildable Lands) Program
May 23, 2019*

INTRODUCTION

Whatcom County is developing the methodology for its new Review and Evaluation (“Buildable Lands”) program. Ensuring effective collaboration between the County and City jurisdictions will be a critical determinant of the program’s success. Community Attributes Inc. (CAI) held interviews with representatives of Whatcom County’s incorporated jurisdictions to understand their goals for the process and critical local issues that could impact the methodology. In addition, CAI interviewed several representatives of local stakeholder groups to understand their perspectives.

This document summarizes responses from all interviews under the following themes:

- Goals for the Process
- Growth Trends
- Housing
- Infrastructure
- Critical Areas
- Market Factor
- Process and Methodology

The interviews served to highlight some important issues for further study and were supplemented with research and further in-person engagement with jurisdictions at Technical Committee meetings. The interviews and their summaries do not address or represent all issues and perspectives in each jurisdiction that might impact the review and evaluation program. The notes from Technical Committee meetings are not included in this document, but the meeting discussions informed the program design for the review and evaluation program.

Interviewees

City Representatives

- Greg Aucutt, Assistant Planning Director, City of Bellingham
- Chris Behee, Senior GIS Analyst, City of Bellingham
- Heidi Gudde, Planning and Community Development Director, City of Lynden

- Rollin Harper, Sehome Planning and Development Services (Representing Cities of Everson, Nooksack, and Sumas)
- Haylie Miller, Community Development Director, City of Ferndale
- Stacie Pratschner, Community Development Director, City of Blaine

Community Stakeholders

- Karlee Deatheridge, RE Sources for Sustainable Communities
- Perry Eskeridge and Mary Kay Robinson, Whatcom County Association of Realtors
- Don Goldberg, Port of Bellingham
- Jacquelyn Styrna, Building Industry Association of Whatcom County (BIAWC)
- Tim Trohimovich, Futurewise

INTERVIEW RESPONSE SUMMARY

Goals for the Process

Key Findings

The Review and Evaluation Program should elevate ***transparency and sound, evidence-based assumptions***. At the same time, methods should be as ***efficient and simple*** as possible. This process can be an opportunity to ***provide better information*** to elected officials and the public. This process should ***provide support*** to assumptions driving future plans. A set of ***clear, simple communication materials*** should accompany the work to communicate to elected and stakeholders why and how the new process is being implemented.

Detailed Findings

Interviewees suggested the following goals for the methodology and process:

- Maintain consistency in analysis and methods across the jurisdictions. Ensure analysis could be repeated by a third party.
- Gather data at the parcel level, make sure it is possible to back out to the parcel level from aggregated calculations.
- Develop a process that is efficient and simple, being mindful of smaller jurisdictions' limitations.
- Develop a better understanding of weaknesses and impediments to growth in each city, explanations for why development has not taken place as desired/planned.
- Use as an opportunity to develop better tools to make information available to elected officials and the public, including performance tracking tools. As an interim step, a clear handout or slide to share

with councils about the buildable lands analysis (BLA) and its relationship to the comp planning process would be helpful.

- Include transparency and participation – have cities review draft maps of developable and vacant parcels to supplement and verify spreadsheet findings. Engage with local builders, environmental groups to review developable lands before they are finalized.
- Establish a solid process to support the following comprehensive planning cycle, avoid appeals of future plans.
- Avoid “planning by computer” – for example, combining two small separated parcels that are not truly developable due to dimensions/other constraints into one large developable area.
- A more detailed review of commercial and industrial lands – how they can be developed, whether parcel sizes, orientation, and infrastructure align with needs.

Growth Trends

Key Findings

While Bellingham remains Whatcom County’s population and employment center, its ***smaller cities are growing more rapidly (on a percentage basis)*** and are experiencing challenges in meeting expanding urban infrastructure needs. Bellingham’s growth is still the highest in terms of absolute population change. ***Few unconstrained vacant parcels exist*** in any jurisdiction, putting an emphasis on infill development opportunities as a focus of future growth. Groups in some communities are ***opposed to growth and increased density*** for reasons that span the political spectrum.

Detailed Findings

General

As Bellingham becomes more built out, cities like Ferndale are experiencing “spillover” growth. Developers are looking to smaller cities to build more single family housing, as there are no longer so many opportunities in Bellingham. These smaller cities are at a tipping point where they are no longer small towns, and require more urban services.

Many cities, especially Sumas, Everson, Nooksack, and Lynden, are surrounded by resource lands with very limited possibility for expansion beyond current UGA footprints. Several cities’ UGAs were reduced following the 2009-2010 land capacity analysis (LCA).

Whatcom County’s cities have diverse perspectives and goals related to growth and development. There is pushback against increasing density in several communities, and protectionist attitudes toward existing single family neighborhoods.

The Canadian influence on Whatcom County is very strong, but varies depending on the strength of the Canadian dollar. As a result, it is challenging to plan with any certainty. Interviewees shared anecdotes about strong interest from Canadian companies in establishing a presence in Whatcom County but which have not moved forward.

Bellingham

In Bellingham, future growth will need to be accommodated through an increased share of multifamily infill development. There are strong neighborhood groups that often push back against this type of development.

Everson

Everson has a relatively large annexation proposed. The City has seen stronger residential growth in recent years, but very little commercial development.

Ferndale

Ferndale is expecting continued growth, but may have some challenges to achieve planned density in remaining undeveloped areas. Certain areas have multiple challenges which will limit yield - more critical areas, lack of infrastructure, etc. Ferndale is beginning to see more multifamily development, which is sparking some community pushback.

Ferndale's UGA was reduced following the 2009-2010 UGA. Some recently-built schools were built prior to the reduction in areas that were central portions of the unincorporated UGA at that time, anticipating the City would expand further to the west. These schools are still located within the UGA following the reduction, but are no longer as centrally-located.

Lynden

Lynden is also at the point where easily developable parcels are developed, and available properties are much more likely to be constrained by physical factors and critical areas. The City is unique in that it is not located on the freeway and does not have a rail connection.

Nooksack

Nooksack has a relatively large annexation proposed, with the potential for another. The City has seen very little commercial development recently.

Sumas

Sumas has seen stronger residential growth in recent years. The City has been attractive to industrial development, and a number of projects are in the pipeline.

Housing

Key Findings

Housing affordability is a principal concern in communities throughout Whatcom County. There are concerns that this challenge will grow as more higher income residents are drawn to Whatcom County from **Seattle and Vancouver**. Housing shortfalls are limiting jurisdictions' ability to **attract new employers**.

Detailed Findings

General

Many cities are experiencing a growing affordability challenge. This becomes a limiting factor for attracting new employers, as the County lacks a large workforce and also lacks the housing stock to draw in employers and workers from elsewhere.

While challenges have been reported in attracting new employers, interviewees also speculated that higher-income households may be drawn to Whatcom County from Seattle and Vancouver. Such households can afford prices that are high for Whatcom County workers, but are still lower than the cities they have left, which may be placing upward pressure on home prices.

Employment is most heavily concentrated in Bellingham, but many commute from further places like Kendall. There are many lower income commuters coming from further away. As a result, there's a need to consider transportation along with housing costs.

Many cities are depending on developers to provide infrastructure in unincorporated UGAs after annexation, which increases the cost of development and housing prices. The cost of environmental and other mitigation also increases the cost of development. Finally, across the state, stakeholders report that the cost of building materials and construction labor has been rising significantly in recent years. While land costs tend to be lower in cities like Bellingham than some other areas in the state, material and labor cost increases can make the overall cost of development high enough to make financial feasibility challenging.

Bellingham

Western Washington University student rentals have a significant impact on Bellingham's rental housing supply. Dorm space has not kept up with demand, and so families and students must compete for rental houses.

Blaine

Blaine has a lack of housing across the board, and is considering a number of new tools to encourage more housing diversity.

Infrastructure

Key Findings

Many *unincorporated UGAs* are not currently served by utilities, and cities have policies to not extend utilities to these UGAs without annexation.

Development potential in these areas is contingent on *developers' willingness* to pay to extend utilities and annexation. Each jurisdiction has specific infrastructure gaps which have *varied potential* to impact development capacity. Securing *sufficient water rights to serve future development* is a significant challenge in many communities, particularly Lynden and Ferndale.

Detailed Findings

General

Most cities depend on a mix of public and private investment to fund utilities and infrastructure. Many developable parcels in unincorporated UGAs throughout the County are not yet served by utilities.

Business parks are less common in Whatcom County compared to other areas in Western Washington. As a result, more commercial development is singular, and expensive site costs like stormwater infrastructure cannot be shared as under a business park model.

While the “Hirst Fix” was established by the state legislature in 2018 (Senate Bill 6091), interviewees reported that development may still be shifting away from rural areas. Some people who had previously been planning to develop estate-type properties in Whatcom County are now looking to small cities like Lynden to build large homes in City limits. These developments are very low density, and may not align with densities required to meet growth targets. This may be a temporary phenomenon.

Bellingham

Bellingham has gaps to address with emergency medical services, police, and fire. Some areas in South Bellingham have sandstone close to the surface, making it infeasible to serve these areas with sewer. The City assumes only low densities can be achieved in such areas.

Blaine

Most of Blaine’s planned residential capacity is contained in two large planned unit developments, and both have significant utility gaps. Until the

City can secure more funding to address the gaps, only rural densities will be achievable in these areas.

Everson

In Everson, a new pump station will be required to serve the new annexation area, but builder must be willing to pay for it.

Ferndale

Ferndale is nearing capacity on its wastewater treatment plant and must start construction on a new facility in the next year. Utility rates will have to increase to help cover funding. The new treatment plant is among several major capital projects in the next five years that will absorb most or all of the City's energy and money. The City's ability to complete minor capital improvements will be limited, even if strong growth occurs.

There are several areas not currently served by sewer or water. Any new development with septic must be approved by public works, which has set high standards for new development on septic. The City also has water capacity concerns, and is working to secure additional water rights.

Lynden

Lynden is operating under a memorandum of understanding (MOU) with the Department of Ecology regarding its water capacity and is committed to identifying additional sources of water. The City is exploring a number of creative solutions.

The City is considering sewer expansion, but some areas are much easier to serve than others. Residents are concerned about gaps in fire and police service and wish to maintain current level of service. Several major streets in require improvements, but City-collected fees have not been sufficient to keep pace with improvements.

Critical Areas

Key Findings

Development capacity in many UGAs is significantly impacted by critical areas. In addition, the scope of some critical areas such as *floodways* are changing and expanding over time. Expanded, coordinated use of *mitigation banks* may be one tool available to offset the current limitations of critical areas on remaining developable land supply. *Flood zones and wetlands* and their associated buffers are a pronounced challenge in numerous cities.

Detailed Findings

General

Cities currently experiencing development limitations due to flooding could see these limitations grow as flooding events increase in frequency due to climate change.

The Lummi Tribe previously had a wetland mitigation bank available, but the credits have been exhausted. There is a possibility of more credits coming available, but this is uncertain and outside of County control. One respondent stated that a comprehensive mitigation banking effort may be required to meet development capacity needs – there is a perception that “marginal” wetlands are creating significant barriers to development.

The methodology must somehow account for flexibility in buffers without overestimating developable area. In the last analysis, Bellingham did not deduct wetland buffers for parcels where clustering is permitting. Ferndale also allows for deviation from the maximum buffer, provided there is no net loss of function. As a result, more land may be developable than determined with maximum required buffers alone. At the same time, this practice was criticized, and some interviewees expressed the belief that current practices with buffers under the LCA methodology overestimated developable area on certain parcels.

Bellingham

For the 2016 LCA, Bellingham developed its own comprehensive critical areas geospatial layers based on local data to supplement standard Federal critical areas layers. Any time a new delineation is completed for a new development, the City digitizes it and brings it into its enterprise GIS network.

Bellingham’s UGA was established independent of environmental constraints and it is now known that a large share of the UGA is wetlands. Within the city, many parcels are constrained by critical areas. The City is establishing a mitigation bank and it will soon become usable for public sector development projects. They are considering making it available for private development.

Ferndale

Much of Downtown Ferndale is technically located in a floodplain. The City believes the type of flooding they are likely to experience is not likely to make downtown development infeasible – there are creative solutions like locating parking in the first floor. Ferndale is working on refining its wetlands data to more accurately reflect local conditions.

Lynden

Lynden is seeking to implement a flood hazard zone for the Pepin Creek Subarea, which would significantly impact developability for a large portion of its UGA.

Sumas

Preliminary FEMA floodway maps show nearly all of Downtown Sumas in proposed floodway – existing commercial and industrial capacity would be lost.

Market Factor

Key Findings

Market conditions across the County are *diverse*, which market factors should reflect. Some stakeholders believe that the housing market in many communities is not yet ready to achieve the *rents and price levels* required by denser multifamily development. As a result, many multifamily zones are *underdeveloped*. The *cost to fund utilities and other infrastructure* in unincorporated UGAs has a strong downward impact on development appetite. *Owner willingness to sell* is assumed to be a significant limiting factor for development capacity assumptions.

Detailed Findings

General

Stakeholders shared concerns that the current market factor is not based in analysis of Whatcom County's real estate market. Separate market factors should be developed for commercial and industrial lands. There is skepticism about market support for higher densities in general and a shift toward a larger share of multifamily housing. Rents are too low to support structured parking or steel construction in most communities, which puts a natural limit on density. At the same time, vacancy is very low and has been very low for years. The growth of vacation rentals such as Airbnb may impact the rental housing supply in some cities. The cost to fund utilities and infrastructure on sites in unincorporated UGAs will have a significant market impact in many cities.

One interviewee stated that fewer small builders are willing and able to take on risks associated with required environmental standards in Whatcom County, and that only large companies are able to move forward. A high share of unwilling sellers was also identified as a significant local development barrier. Concentrations of land in single ownership will have an impact on market sale potential in a number of UGAs.

Bellingham

First floor commercial requirements in Bellingham may produce more commercial space than the market can bear. Interviewees stated that the City's permitting process is more expensive and time consuming than other cities in the County.

The City used eight different market factors in the last LCA. These were influenced by location, current condition, and marketability. Data is available to review assessed value and sale prices on the parcel level.

Ferndale

Ferndale is working to encourage more mixed use and residential downtown, but it is expensive to build downtown. Infrastructure is aging and the cost to acquire sites is much higher than in other areas. As Ferndale does not currently have enough housing to meet demand, existing homes are selling for nearly as much as new homes, limiting redevelopment opportunities. With all these factors combined, City staff estimate the overall cost to build downtown is nearly twice that of other parts of the city.

Lynden

Lynden is starting to see higher densities, but densities are still relatively low for multifamily development. The City has goals for 5 units/acre in the city. A lot of its multifamily zoned land is not being developed to its maximum potential. Lynden's Chamber of Commerce states that they are "over retailled" for the size of the city.

Sumas

Almost all of the unincorporated UGA is owned by one person, who is actively farming.

Process and Methodology

Key Findings

The previous LCA was *highly dependent on one County staff member*, who has since left. Several jurisdictions have also experienced *turnover in key planning staff* positions since the last LCA. Some believe development capacity was *overestimated* in the last analysis. Some cities may need to *enhance their data collection capabilities*. The *County may need to take a lead role* in data analysis in collaboration with the cities.

Detailed Findings

General

Real estate industry stakeholders expressed skepticism about the existing land capacity methodology and believe that development capacity is overestimated. In previous analyses, the jurisdictions put considerable effort

into clarifying how to calculate gross and net densities – every city did it a little differently. Need to be very clear in how net density is calculated to avoid confusion. A number of jurisdictions have had staff turnover since the last LCA.

Bellingham

Bellingham has robust GIS capabilities. Permit data is geolocated, python scripts automatically update all necessary data. The City also maintains its own parcel layer, which is merged with County Assessor data.

Blaine

Blaine has a new web-based permitting system that can generate data easily.

Everson, Nooksack, and Sumas

Everson, Nooksack, and Sumas all have fewer staff and no computerized permitting databases. Data can still be provided, but ideally the data sharing tool would make it easier to track this information on an ongoing basis.

Ferndale

Ferndale has a digital permitting system, can readily provide regular reports.

Lynden

Lynden has had several significant rezones since the LCA which could impact employment capacity, including shifting a large portion of land from commercial to industrial. The City has strong in-house GIS expertise. The City also tracks permits by use and value, but not by zoning designation – could be accomplished for this analysis.