

Whatcom County Business and Commerce Committee
Summary Notes with Discussion Transcript
July 19, 2021

Voting Members present: Debbie Ahl, Ryan Allsop, Paul Burrill, Clark Campbell, Casey Diggs, Andrew Gamble, Troy Muljat, Bob Pritchett, Brad Rader, Sarah Rothenbuhler,

Nonvoting members present: Rud Browne, Don Goldberg, Michael Jones, Eva Schulte, CJ Seitz, Satpal Sidhu,

Public present: Ken Bell, Cara Buckingham, Rob Fix, Mauri Ingram, Derek Long, Jennifer Noveck, Gina Stark, Michael Shepard

Call to Order

Roll Call and Introductions

Asked for public comments and did introductions for all committee members, then members of the public.

Announcements

Open positions for food processing, a 4year term. If anyone knows someone would be good, please send to committee. Also, an opening for a representative from Manufacturing

Administrative Business

Approved Meeting Minutes from June 21, 2021

Presentation: *POB Regional Economic Partnership Update*, Michael Jones, Don Goldberg

Key Points

- DG: It's taken a long time -- 2.5 years for the council to listen to the original things we had proposed on original housing proposal. As you probably know the EDI fund is another name for .09. It's a rural sales tax that comes back to rural counties.
- DG: Basically, try to get public funding to help with infrastructure for worker or low-income housing. These programs have different strategies -- some loans, some grants but all of them focus between 60-120% AMI. AMI is the calculation for the average income for our region which sits somewhere in the \$48-\$49k. Makes it difficult where most programs are at 60%, so where have to make \$30k or less. Bringing this program to 120%, which believe is the area that is not getting funded and truer to worker housing.
- MJ: Key things to know is the 120% of AMI would be the upper threshold. 60% isn't the bottom of the threshold. It could really be the income of zero. The programs in place out there generally are 60% or less which leaves a gap above that.
- MJ: The primary benefit is making capital available. The idea is to churn the EDI dollars in a relatively short period of time. Understand some of the issue is that there is quite a bit of risk for low-income housing -- the price tag is pretty high in the millions of dollars -- but once the infrastructure is in the ground, and lots/houses are created or constructed, it's very easy to sell/turn into dollars to pay off the loan. Typically takes 1 -- 1.5 years to build, not including permitting. But theory is if county can make funding available at low interest rate, developer have time to build infrastructure, sell lots or build housing so tenants paying rate and then could

potentially refinance lots/housing, pay off the county fund and allow those dollars to be available again locally and create more housing units.

- DG: Pete's experiences really valuable. Pete asked 'does everything have to be tied to prevailing wages?' Since its public infrastructure, the answer was yes. Question then was, 'would benefit of program offset the additional costs of prevailing wages verses the developer paying on their own?' Going to now investigate. Some questions – does the concept advance that goal? Pete said - yes, great but need more tools in toolbox.
- MJ: Next steps - Meeting with Executive Sidhu, because he has been a big force behind this. Tyler Schroeder has time spent on it because Satpal wants him to work on it. May be reaching out to Troy and to Pete again, because there is some information do not have. Not real estate developers or affordable housing developers. But we are trying to move it forward. Ultimately needs to move forward and be approved by Whatcom County Council and then EDI board which is made up of small cities.
- RA: Pete's personal process in Fairhaven where ground floor is retail. If drive around Fairhaven – seems like 40% vacancy on ground floor. What about incentivizing with affordable housing options instead of only retail. It seems like such a waste right now when I drive around and see all these buildings. Don't know how they're going to fill them up.
- TM: Now you have a City of Bellingham ordinance. That's something that's in our proposal to fix. Again, the EDI helps infrastructure costs, and that's a key piece. Rec #3, we had 'provide infrastructure and resources to increase housing availability'. Rec#5 was 'to provide incentives to hit affordable housing and workforce targets'. We have other ones that address those issues, but this EDI would not address that right now.
- CC: Because it's limited to infrastructure as opposed to ordinance related. What I found encouraging about the call was that we're no longer having discussion about whether it's a problem or need. Everyone is agreeing it's a need. Saw groups coming together to address the problem that could move the meter for workforce housing, separate from affordable housing – looks at broader part of population. Could also spur market rate housing. So, if can increase supply of affordable housing and increase supply through county funded incentives to create permanent or at least 20-year affordable housing, that's a win for the community.
- MJ: Ryan, I think your suggestion is a good one. It just doesn't fit in this. In Blaine did an analysis. We said we have more street frontage inventory than is located in the Fairhaven planning area. That's excessive. That's more than we can expect. So, we shrunk that footprint where required to have commercial on the ground floor. Hasn't changed anything but this next step could be the catalyst. People have told me either have to buy commercial building or single-family home at a pretty high price point and tear it down, then build only a few units, because it's not a very big parcel.
- Michael Shepard (MS): I like how this is connecting economic development with housing. The two go hand in hand and are an important part of the equation. My question is are there any strategies put into place so there is long term affordability for these homes. If don't have any limits, we could easily see people making profit off of homes designated as affordable
- MJ: Yes, it does. It depends on what you consider long term. This has a provision built into it that has a 20-year affordability plan. There is also an incentive for 50-year affordability.
- SDR: This is so exciting to see business and government working together. It's going to be really good for our community getting all of these good people together. It's been two years, but it

looks like some progress and going in the right direction. Really just excellent thinking ahead to look at 60% to 120% of that average revenue in the county, but if looking at the math, if I did my math right, it's about \$30k annual income to \$60k annual income, so it really wipes out families that are working, for this type of housing. So, you may want to, while you're on the ground floor of working on this, extend that beyond 120%, because look at childcare costs and everything else that is hitting families and dual income families that are looking for housing, that top number probably should be at \$80k, even \$90k. We're an area that's going to keep growing and values are going to keep increasing.

- DG: Totally agree with you Sarah. Not only do we need to figure out how to make it more affordable, but part of my job is also to figure out how do we raise our income level with cost of living being so high.
- SDR: There is a huge value for entry level jobs, so the more retail, the more restaurants have, we've got to be really careful with the AMI we have as well and also pay attention to our college students' annual incomes are affecting our AMI. That could really be skewing things more than we realize, because that's over 20,000 people at Western, isn't it?
- DG: Total in the county with all of the colleges is over 30,000.
- SDR: There we go. So, I think that's skewing our AMI more than we realize.
- CC: OK. Good discussion. There will be more follow up. The next round – the feedback got from last working session. At that point, good to send out to the full group so get used to working vocabulary and then back to subgroup for more follow up.
- CC: Next up, Sarah and I talked about giving time for sector reps to do follow up when bring in a speaker. Will do a quick recap for further Q&A and comment from Troy and real estate sector on GMA annexation and impact on county housing and to Brad for follow up on Nooksack water rights specifically to negotiated settlement option and if there's something we could learn from Dungeness River and other basins. I've allotted 15 minutes each.

Follow Up / Action items

- Keep Troy, Pete, Bob P. at the table while revising EDI affordable housing proposal
- Change/expand EDI program focus of workforce housing from 60-120% of AMI (\$30k - \$60K) to 60-190% (\$30k - \$90k)
- After meeting with Tyler Schroeder, share revised EDI affordable housing proposal with full W.C. Business and Commerce Committee
- Submit EDI affordable housing proposal to Whatcom County Council and EDI board for approval
- Add Commercial on Ground Floor Assessment, allowing the potential to transition a % to workforce or low-income housing

Sector Follow Up from Prior Meetings

Real Estate: Pace of GMA Annexation – Impact to County Housing, Troy Muljiat

- TM: Reiterated it's been over two years since proposing the Whatcom County Business & Commerce Committee Six Housing Recommendations to increase housing supply to the county council. The six recommendations are below:
 - 1) Publicly Declare a housing crisis; 2) Replace current zoning rules, codes with a temporary housing crisis plan; 3) Provide infrastructure & resources to increase

housing availability - EDI would do; 4) Reduce government fees for housing development; 5) Provide incentives for hitting affordable housing & workforce targets. EDI meets; 6) Annex additional outlying areas.

- So annexation, the city has an annexation plan from the City of Bellingham. That plan came out in 2018. I've read it. There is an opportunity to us to engage a little further to see what annexation looks like and that plan. Hinges on the GMA update that is coming in the near future, most likely by 2025. Michael hit on buildable land study which is in process and will set the stage for what units, land is available. Where we are meeting and not meeting objectives and goals and where look at other opportunities to grow. A bit stuck until get buildable land study to really make concrete decisions or further recommendations. Open up to questions.
- DG: Wanted to also remind you that Rick Sepler has retired so the City of Bellingham does not have a director of planning. So, there are three managers sharing that position right now. It will probably slow us down on the annexation.
- SDR: I'm understanding that you're suggesting a sub-committee, Troy, and that annexation should pay attention to now. And yes, it's a city issue that greatly impacts the county, so I vote yes if that's the case. When there was a director in place, things were moving extremely slow. Maybe it would be better to get to people now to get involved and see where we can help and align ourselves in any way that we can help and support moving forward regardless of whether the director position is filled.
- RA: Who's in charge of replacing Rick Sepler? A part of good business practice is hiring people with intent. It's a good time to give guidance.
- RA: A part of good business practice is hiring people with intent. It's a good time to give guidance. Prior planning director gave neighborhoods so much power. It would be maybe helpful for us to sit the mayor to show examples of cities that will help get out of this problem. Having someone ready to work with the private sector. Sets the tone for the whole rest of the department. Which we all know is a 'say no' first. It might be beneficial to talk with the mayor as a group about this role and how important it is.
- Rud Browne (RB): On the COB issue, we all know there are some people we would prefer to deal with or who avoid. If there is a sense there are people want to promote within or not, needs to be communicated to avoid an unintentional decision one way or the other.
- RB: One other point, I have been helping one of my children try to find an entry level home in a rural area in Ontario – starting price for a dump is \$1m. I am also trying to help my sister with a small apartment complex in Melbourne. The cap rate is under 3%, so it's becoming unaffordable everywhere, not just in Bellingham.

Follow Up / Action items

- Connect with COB Mayor regarding Planning Director search
- Troy Muljiat is heading committee on housing WBAC Housing Recommendations

Agriculture: Nooksack Water Rights – Negotiated Settlement Option, Brad Rader

- BR: It sounds like there have been some small steps forward. When I get report on that, I will figure how to get that out. Once have harvest behind us can pick up momentum again. Clark, I believe we talked about getting a report on what went right in other collaboration projects that

have worked. That should be important for everyone involved. Those of us day-to-day in ag, continue to work on daily on water rights own and lease, because of concern around it.

- CC: Is there any follow up this group can do to look at best practices in other areas?
- BR: We need to get more information in front of the team. Whether a sub-committee or whole group. Feel need to get more homework done first. Still 18 – 19 months out but its moving quick. We need to stay on this.
- SDR: Maybe the format could be trying to come up with 10 talking points like housing did, so you can set your goals on if we do work together, we can look at moving toward trying to create a reservoir or a negotiated settlement. Will we be able to see those two examples? Thought Brad was working to get that information to the committee.
- CC: If we do get something submitted, we can bring it to the group and talk about next steps from the Business and Commerce Committee.
- RB: Focus being on adjudication of water rights doesn't solve the problem if don't have any water
- SDR: The way I understand it, we have the water. There are a couple of months out of the year where on average things get tight. So, we can't change the world and the way the world is changing, but we can change the way we react to it.
- RB: I have heard that we have the water except for a couple of months. The reality is fish can survive with 3 minutes without adequate water. Brad, you've said a berry crop can survive 3 days without water. The problem is we have to have adequate water 365 days of the year.
- SDR: I agree. We're one of the few communities without a reservoir to address 2 to 3 months of water shortage. So, I totally agree. We have plenty of water flowing through, we just need to get smart about how we can make it work for everybody.

Possible Follow Up / Action items

- Obtain, share, review results other negotiated settlements in other areas.
- Develop top recommendations to present to Whatcom County Council regarding a process to reach a negotiated settlement for benefit of all in the county.

County Council Update – Rud Browne

- Council will vote on a final Cherry Point amendment. It ends the moratorium and replaces it with permanent legislation which will be the first update to the CP industrial zone in 60 years.
- Council is appointing a district court judge. Haven't done that in 18 years. A lot of politicking.
- County has had a challenge with YouTube barring meetings from being published because of public meeting comments about Covid.
- Council hiring a special commissioner to review the community's response to the pandemic.
- Permanent Affordability of Child Care in Whatcom County: Carol and Rud meeting with child and family action task force to try to get more guidance as to intent of the resolution which basically says let's use at least 50% of Rescue Act funds to make a permanent change to affordability of childcare. The Boys and Girls Club recently announced they are cutting out 10 – 15% of childcare slots, because don't have the staff to give adequate care. We're actually going backwards childcare, not forwards.

- DG: Asked Rud about using American Rescue Act fund to purchase assets as opposed to operational costs. What is the stance on that?
- DG: A lot of us know we're having a problem staffing childcare. The industry is getting clobbered with loosing employees. Not only don't have facilities but now facilities can't hire employees.
- SDR: I had a question. Is the county council -- and thank for such good attention on this and looking for solutions -- is the county council engaged with the current childcare facilities? When we first heard about this and looked into this, the answer was 'no'. I'm wondering if that has changed, because the regulatory issues seem to be burying them pretty intensely. And then the second thing is, has there been any progress toward investing in facilities? – Added comment in chat: What about repurposing part of Bellis Fair.
- RB: We did have some initial engagement with the childcare community. Council said let's engage the childcare task force. They are very interested and engaged in that sector to help and fine tune to find a better idea. The goal is to help change childcare not lock into one way. There has been no purchase of any property, because the first part has not been completed to confirm that purchasing properties is the right thing to do. We want to hear from the task force first.
- SDR: Is there a limitation on timeframe to get this funding and what's the framework for the timeframe for this?
- RB: Can't remember if have until end of 2022 or 2023. We have at least 12 months. The timeframe for the child and family action task force is the end of October to come back with report.
- Debbie Ahl (DA): The change with Kids World and reduction of spots – that's a painful process. And it's also true other childcare providers having difficulty. If have buildings, can we have a sustainable platform if don't have staff or sustainable employment model? Talking about what it would take but discussions haven't progressed. We're looking at what it would take to recruit, retain, and incentivize employees. They are paid so poorly and continue to have higher training level requirements. Might see more infant care go to home licensed care providers. Appreciate the engagement at the city and county on the issues.
- RA: I know there was a list of limitations on what we can spend the money on. To me I wonder if you can create a residual income to live off of forever, so that it's not a one-time thing.
- RB: The short answer is you can't, and the reason you can't is because the rules under how get money is you have to spend it or have to give it back.
- DA: There's also some things that we might do, as looking at buildings, maybe there is childcare built in or an amount of low-income housing built in. Have a comprehensive approach to everything we do in Whatcom County.

Follow Up / Action Items

- Debbie follow up with reports from child and family task force.
- Rud Follow up with county status
- For October meeting, is Bellis Fair an option being considered for childcare facility? Arrange for presentation from Simon Property Group about repurpose/redevelopment of Northgate Mall and surrounding property.

Other Business

Future Meeting Day / Time

- Next meeting will be hybrid in person/zoom meeting – Monday, August 16th. Clark not available. Sarah will lead meeting.
- Jennifer will collaborate with Clark and Sarah to set/send information to group about meeting agenda. Agenda will be released one week prior to meeting.
- Discussed moving meeting day off of Mondays. Jennifer will send a survey to committee members including the following options (no Tuesdays):
 - Monday, same time
 - Wednesday from 11a – 12:30p
 - Wednesday – alternate time
 - Thursday from 11a – 12:30p
 - Thursday – alternate time

Meeting adjourned at 12:30pm

Next Meeting: August 16, 2021, at Port of Bellingham Mt Baker Room. Zoom available.

- Future Topics:
- Water Rights Negotiation
- BAC Housing Recommendations – Affordable Housing EDI
- Status of Permanent Affordability of Child Care in Whatcom County Proposal
- Child and Family Task Force Follow Up
- Presentation on Northgate Mall Repurpose/Redevelopment
- Forward SWOT results and county council response

Full Presentation and Other Business Transcript

Clark Campbell (CC): Troy, Pete Dawson and myself were on a call coordinated by Tyler. Turn over to Don to discuss Whatcom County EDI fund. Potential proposal for EDI fund grants. Taking some of the language from proposals our committee used for workforce housing. I know that Michael Jones with City of Blaine as well Derek Long as well as other folks on the meeting today. Not going to go into detail into the full concept of it but give us an overview as to where that stands. The call earlier this week was to get feedback, so the representatives from our groups were on the call for feedback.

Don, do you want to get started?

Don Goldberg (DG): Really want to thank Pete. He's already responded to our proposal and had some great information that he wanted to share. As Clark mentioned, it's taken a long time -- 2.5 years for the council to listen to the original things we had proposed on original housing proposal. As you probably know the EDI fund is another name for .09. It's a rural sales tax that comes back to rural counties. We receive between \$3-4 million dollars annually from that program. Part of that funding pays for my department, 30% goes to the county for funding and the remaining money goes toward public infrastructure – can't be owned by private entities.

And so Michael Jones, Jori (Burnett) from City of Ferndale, Tyler (Whatcom County) and myself have been trying to put together what this program would look like. Been in our little cocoon, so did outreach to see if it was real, it could be done. We got some good feedback last week. Please Troy – if something you want to add please do so. Basically, try to get public funding to help with infrastructure for worker

or low-income housing. These programs have different strategies – some loans, some grants but all of them focus between 60-120% AMI. AMI is the calculation for the average income for our region which sits somewhere in the \$48-\$49k. Makes it difficult where most programs are at 60%, so where have to make \$30k or less. Bringing this program to 120%, which believe is the area that is not getting funded and truer to worker housing.

Michael Jones (MJ): Key things to know is the 120% of AMI would be the upper threshold. 60% isn't the bottom of the threshold. It could really be the income of zero. The programs in place out there generally are 60% or less which leaves a gap above that. If someone makes \$60k/year, can't get involved in 60% or less programs, probably not able to afford a house or housing in Whatcom County. Trying hard to come up with a program that not only meets EDI parameters but also addresses segment of folks who are making the average or up to 20% above. The key is – has to address infrastructure – making argument that housing is important infrastructure.

The primary benefit is making capital available. The idea is to churn the EDI dollars in a relatively short period of time. Understand some of the issue is that there is quite a bit of risk for low-income housing – the price tag is pretty high in the millions of dollars -- but once the infrastructure is in the ground, and lots/houses are created or constructed, it's very easy to sell/turn into dollars to pay off the loan. Typically takes 1 – 1.5 years to build, not including permitting. But theory is if county can make funding available at low interest rate, developer have time to build infrastructure, sell lots or build housing so tenants paying rate and then could potentially refinance lots/housing, pay off the county fund and allow those dollars to be available again locally and create more housing units. In most instances, a combo of market rate housing and either workforce housing and affordable housing based on how created the thresholds – create more housing but also leveraging lower cost housing units at the same time. That's the gist of it.

DG: Pete's experiences really valuable. Pete asked 'does everything have to be tied to prevailing wages?' Since its public infrastructure, the answer was yes. Question then was, 'would benefit of program offset the additional costs of prevailing wages verses the developer paying on their own?' Going to now investigate. Some questions – does the concept advance that goal? Pete said - yes, great but need more tools in toolbox. Think going in the right direction but need to get more feedback. The intention is good and want to roll out as quickly as possible.

MJ: Next steps to potentially address. Meeting with Executive Sidhu, because he has been a big force behind this. Tyler Schroeder has time spent on it because Satpal wants him to work on it. May be reaching out to Troy and to Pete again, because there is some information do not have. Not real estate developers or affordable housing developers. But we are trying to move it forward. Ultimately needs to move forward and be approved by Whatcom County Council and then EDI board which is made up of small cities, Whatcom County, and the Port – maybe some others that I can't think of right now. Ultimately, projects will come through recommended by EDI board and council would approve the expenditure even if it's a loan. A project could come forward that the board or council would not approve, because would put too much strain on the fund. Looking at \$1 – 3m loans. Potentially a fairly big chunk of EDI dollars – up to \$12m that could be out there churning.

Michael Shepard (MS): I like how this is connecting economic development with housing. The two go hand in hand and are an important part of the equation. My question is are there any strategies put into place so there is long term affordability for these homes. If don't have any limits, we could easily see

people making profit off of homes designated as affordable. We've got some models like Kulshan Community Land Trust that can lock in affordability of homes for perpetuity, and I am wondering if this proposal has any initiatives of that nature.

MJ: Yes it does. It depends on what you consider long term. This has a provision built into it that has a 20-year affordability plan. There is also an incentive for 50-year affordability. An entity like Kulshan Community Land Trust – they would meet the 50% threshold by exceeding it. It is set up as 20 is the minimum and an incentive for 50.

DG: Kulshan and Mercy housing were part of conversation last week.

CC: Is there a point which you feel like the document that went out to the other folks on the call – where that could go out to our group. Or is this something that would make sense for us to form a subcommittee on to be an ongoing advisory?

DG: Believe housing committee formed with you (CC), Troy and Pete. Bob was on it as well. Would be happy to share the document with all of you. That's no problem.

MJ: We're working on a revision to this document. Tyler is on vacation. When he gets back in two weeks plan to meet with Executive Sidhu and will make revisions to the program. Unless have key issues, maybe hold thoughts until next version within the next month. We're not going to be able to address everything that people brought up, but I think – I don't want to have a situation where we throw out the good looking for the perfect. This can be revised. It can be updated if it's not working the way we want it to. What to make it better and get it out there.

Ryan Allsop (RA): Has there been an analysis of developable lots available for the program. Other part of this is the financing, not just the infrastructure. As learned from Janicki a few years ago, financing spec homes, large scale developments not available. Still not a real plan for volume. This is great but smaller developers only going to build 10 houses at a time

CC: There was a proposal that we did look at on the call at in Blaine. I should probably turn it over to Michael for 950 homes. Their revised proposal was for 230 of those was to be in this parameter of workforce housing.

DG: Also includes multi-tenant.

MJ: More specifically to your question Ryan, is the, all the planning departments in the cities and the county just completed the first round of land capacity analysis required to do to update our comprehensive plans. As of last week, have first final draft of land capacity analysis, so numbers now are available for how many units could be accommodated when take into account wetlands, infrastructure etc. That work is in progress for the next comp plan update. We're taking into account for this program but ultimately – question is, is there enough room to build.

RA: Condos - Can convert condos into apartments after amount of time. Can convert into condos after 7 years with insurance. Is that possible with state laws?

TM: That's more a of a legal issue. Any condo developer needs to buy a wrap policy or self-insure. Time will tell whether that proves or not. State law is 4 years, but we use 7 years. If a lawsuit occurs within 4 years, there is an automatic 3-year tale. That's another factor out there. There have been some changes

at the state level. Can't control at the local level. That has softened a bit, so as you see housing demand continue, you may start to see more condo development. Developers and builders are scared and not interested in condos because of liability.

RA: Wonder if could use some of that money to fund liability insurance to encourage more condos.

TM: The EDI fund is positive because it hits 2 of 6 of the items in the housing proposal put forth 2 year ago. Always feels like never enough but it's a step in the right direction. There are still infrastructure costs developer needs to pay back over a time period.

DG: I believe we were talking at the end of the meeting that we might be able to use some of the funds for development costs like park fees?

MJ: Yes, sort of. Already an EDI program which allows for impact and connection fees – water and sewer connection fees, park, school, fire and transportation impact fees can be paid for with an EDI grant, I guess it's probably really a loan, when the home is resold the first time. And that's been used a lot by Whatcom/Skagit housing who does the sweat equity housing program, and they get people in the homes by helping build the homes and utilizing HUD grants and other programs like the EDI program.

When folks sell house for the first time, can capitalize on all of the appreciation related to that housing. Would also apply to affordable units built under this program. This could make these homes pencil out better.

RA: Pete's personal process in Fairhaven where ground floor is retail. If drive around Fairhaven – seems like 40% vacancy on ground floor. What about incentivizing with affordable housing options instead of only retail. It seems like such a waste right now when I drive around and see all these buildings. Don't know how they're going to fill them up.

TM: Now you have a City of Bellingham ordinance. That's something that's in our proposal to fix. Again, the EDI helps infrastructure costs, and that's a key piece. Rec #3, we had 'provide infrastructure and resources to increase housing availability'. Rec#5 was 'to provide incentives to hit affordable housing and workforce targets'. We have other ones that address those issues, but this EDI would not address that right now.

Michael has a good case study that was about 30 lots. What I'd like to do is go through that start to finish to see what that looks like so that everyone can see how that would impact from an infrastructure standpoint – the developer and homeowner. Could be for the renters as well. There is also a partner that is going to help facilitate from that standpoint as well are other non-profits that will be involved. Stay tuned on that. Ryan, you are bringing up great ideas and questions that the EDI won't address.

CC: Because it's limited to infrastructure as opposed to ordinance related. What I found encouraging about the call was that we're no longer having discussion about whether it's a problem or need. Everyone is agreeing it's a need. Saw groups coming together to address the problem that could move the meter for workforce housing, separate from affordable housing – looks at broader part of population. Could also spur market rate housing. So, if can increase supply of affordable housing and increase supply through county funded incentives to create permanent or at least 20-year affordable housing, that's a win for the community.

MJ: Ryan, I think your suggestion is a good one. It just doesn't fit in this. In Blaine did an analysis. We said we have more street frontage inventory than is located in the Fairhaven planning area. That's excessive. That's more than we can expect. So, we shrunk that footprint where required to have commercial on the ground floor. Hasn't changed anything but this next step could be the catalyst. People have told me either have to buy commercial building or single-family home at a pretty high price point and tear it down, then build only a few units, because it's not a very big parcel.

SDR: I just wanted to add, this is so exciting to see business and government working together – private public working together – and it's going to be really good for our community getting all of these good people together. It's been two years, but it looks like some progress and going in the right direction.

Really just excellent thinking ahead to look at 60% to 120% of that average revenue in the county, but if looking at the math, if I did my math right, it's about \$30k annual income to \$60k annual income, so it really wipes out families that are working for this type of housing. So, you may want to, while you're on the ground floor of working on this, extend that beyond 120%, because look at childcare costs and everything else that is hitting dual income families that are looking for housing, that number probably should be at \$80k, even \$90k. We're an area that's going to keep growing and values are going to keep increasing.

DG: Totally agree with you Sarah. Not only do we need to figure out how to make it more affordable, but part of my job is also to figure out how do we raise our income level with cost of living being so high.

SDR: There is a huge value for entry level jobs, so the more retail, the more restaurants have, we've got to be really careful with the AMI we have as well and also pay attention to our college students' annual incomes are affecting our AMI. That could really be skewing things more than we realize, because that's over 20,000 people at Western, isn't it?

DG: Total in the county with all of the colleges is over 30,000.

SDR: There we go. So, I think that's skewing our AMI more than we realize.

CC: Quick question to Michael, was that HH AMI or individual AMI?

MJ: It's HH but based on # of people in the HH. A HH of 1 has an AMI. It's different based on number in the HH. It's a factor.

CC: OK. Good discussion. There will be more follow up. The next round – the feedback got from last working session. At that point, good to send out to the full group so get used to working vocabulary and then back to subgroup for more follow up.

Next up, Sarah and I talked about giving time for sector reps to do follow up when bring in a speaker. Will do a quick recap for further Q&A and comment from Troy and real estate sector on GMA annexation and impact on county housing and to Brad for follow up on Nooksack water rights specifically to negotiated settlement option and if there's something we could learn from Dungeness River and other basins. I've allotted 15 minutes each.

TM: I'll just make 3 main points. Want to reiterate it's been over two years since made six recommendations to the county council. I'm going to read them.

1. Publicly Declare a housing crisis

2. Replace current zoning rules, codes with a temporary housing crisis plan
3. Provide infrastructure and resources to increase housing availability which the EDI would do.
4. Reduce government fees for housing development
5. Provide incentives for hitting affordable housing and workforce targets. Again the EDI proposal meets that.
6. Annex additional outlying areas.

That is a bit of the framework presented to the county council. Reminded them about the six recommendations on a call last week.

Have a couple of conversations, one with government affairs with realtor association. In general, we see annexation as a good thing. The current plan would be annexing approximately half of the North Bellingham Golf Land, the Caitec property which could provide additional 1, 000 units of more entry-level housing. That is a plan you herd Darcy with Jones Engineering firm.

So annexation, the city has an annexation plan from the City of Bellingham. That plan came out in 2018. I've read it. There is an opportunity to us to engage a little further to see what annexation looks like and that plan. Hinges on the GMA update that is coming in the near future, most likely by 2025. Michael hit on buildable land study which is in process and will set the stage for what units, land is available. Where we are meeting and not meeting objectives and goals and where look at other opportunities to grow. A bit stuck until get buildable land study to really make concrete decisions or further recommendations. Open up to questions.

DG: Wanted to also remind you that Rick Sepler has retired so the City of Bellingham does not have a director of planning. So, there are three managers sharing that position right now. It will probably slow us down on the annexation.

SDR: I'm understanding that you're suggesting a sub-committee, Troy, and that annexation should be paying attention to now. And yes, it's a city issue that greatly impacts the county, so I vote yes if that's the case. When there was a director in place, things were moving extremely slow. Maybe it would be better to get to people now to get involved and see where we can help and align ourselves in any way that we can help and support moving forward regardless of who's in the position.

TM: The key is to look at the data. May remember I was a little critical of our COB planning director. Important to look at the same data to make decisions of how we grow.

CD: Troy, in your meetings with planning, ever heard them talking about smaller lot sizes in City of Bellingham?

TM: Discussed making a minimum lot as a requirement. Haven't had a lot of meetings with the city. Matt Amott the Whatcom County lead and Chris Ebe the COB lead. Everyone is waiting to see what lots we have. Last time did the study was 2016. Whatcom County is not in compliance with GMA today. Understanding what lots have available is the first step.

RA: Who's in charge of replacing Rick Sepler?

DG: Believe Rick reported to the Mayor. The COB is now beginning a national search.

RA: A part of good business practice is hiring people with intent. It's a good time to give guidance. Prior planning director gave neighborhoods so much power. It would be maybe helpful for us to sit the mayor to show examples of cities that will help get out of this problem. Having someone ready to work with the private sector. Sets the tone for the whole rest of the department. Which we all know is a 'say no' first. It might be beneficial to talk with the mayor as a group about this role and how important it is.

TM: Having lunch with the mayor in August. I have expressed concern and willing to dive in and help with buildable lands study to planning for future. It is important, Ryan, for the committee as a whole to support and present options to the City of Bellingham. They are the major player for us on how we grow.

CC: Troy, you said in 2016 study was the last buildable land study. Was there a sudden burst in land annexation?

TM: Did not see a burst of annexation. Actually, withdrew some annexation. A big part of annexation is infrastructure -- water and sewer -- that is the major factor going forward.

MJ: The buildable land study is the precursor to determining urban growth areas. What's in the UGA is eligible for annexation, but it doesn't necessarily stimulate anyone to annex. Like Troy said, how will the city provide and maintain services in that area.

Rud Browne (RB): Troy, we disagree on some issues, but I love listening to you. You do know your market. On the COB issue, we all know there are some people we would prefer to deal with or who avoid. If there is a sense there are people want to promote within or not, needs to be communicated to avoid an unintentional decision one way or the other.

Other topic, the EDI funding doesn't provide a big lift. If looking for that, have to use an LID. That's something we need to explore much more aggressively.

One other point, I have been helping one of my children try to find an entry level home in a rural area in Ontario -- starting price for a dump is \$1m. I am also trying to help my sister with a small apartment complex in Melbourne. The cap rate is under 3%, so it's becoming unaffordable everywhere, not just in Bellingham.

TM: Rud and I have had a few conversations on infrastructure. The EDI proposal is a teeny drop in the bucket. Just an example to fix infrastructure down Yew Street is \$30 - \$30m. Other methods are something like an LID. Dollar amounts to make an impact are much higher than the EDI would allow.

CC: OK. I'm going to turn it over to Brad Rader follow up on Nooksack Water Rights Adjudication

BR: Right in middle of the harvest. It's been interesting so far with the weather. Regarding our call a few weeks back, I've been trying to get a report on the collaboration locally. It sounds like there have been some small steps forward. When I get report on that, I will figure how to get that out. Once have harvest behind us can pick up momentum again. Clark, I believe we talked about getting a report on what went right in other collaboration projects that have worked. Our general counsel -- I just sent a note earlier -- because I have a feeling that he hasn't reached out to us to get some findings that we can look at. That should be important for everyone involved. Those of us day-to-day in ag, continue to work on daily on water rights own and lease, because of concern around it. There is prep being done. We're just hopeful a collaboration project will help. Anyone else have any input?

CC: Quick question. Is there any follow up this group can do to look at best practices in other areas?

BR: I think so. We need to get more information in front of the team. Whether a sub committee or whole group. Feel need to get more homework done first.

CC: I know the state has set a timeline. Has anything changed from last time talked.

BR: Not that know of. Still 18 – 19 months out but its moving quick. We need to stay on this. Appreciate it being a topic with this group

SDR: Maybe the format could be trying to come up with 10 talking points like housing did, so you can set your goals on if we do work together, we can look at moving toward trying to create a reservoir or a negotiated settlement. Will we be able to see those two examples?

BR: I asked our lawyer to put together and contact Clark. I sent another note and gave him Clark's information. Think need to pick that one back up.

CC: I'm no expert on this topic but if we do get something submitted, we can bring it to the group and talk about next steps from the Business and Commerce Committee.

TM: Brad, I did do some investigative work on this. I was left with a lot of questions after hearing about the topic last time. I did research the Yakima Valley settlement. It took 40 years to complete-- probably the last thing anyone wants. A lot of issues are groundwater vs hydro. There is some unique case law in other states that someone pointed to that I thought was potentially helpful. Anything we can do to help and support, we would appreciate.

RB: Focus being on adjudication of water rights doesn't solve the problem if don't have any water. As California is figuring out, they have plenty of water rights but no water to fulfill the rights. That problem is going to get worse. Need to find alternative sources of water.

SDR: The way I understand it, we have the water. There are a couple of months out of the year where on average things get tight. So, we can't change the world and the way the world is changing, but we can change the way we react to it. So, I want to mirror what Troy said and say whatever we can do to help.

RB: I have heard that we have the water except for a couple of months. The reality is fish can survive with 3 minutes without adequate water. Brad, you've said a berry crop can survive 3 days without water. The problem is we have to have adequate water 365 days of the year.

SDR: I agree. We're one of the few communities without a reservoir. So, I totally agree. We have plenty of water flowing through, we just need to get smart about how we can make it work for everybody.

CC: Thanked both industry representatives. What we've discovered is we run out of time when we have a presentation and then we don't follow up with whether there is a policy item to pursue. Good to make sure everyone is up to speed on an issue. As Rud pointed out, if we can point to other counties or another jurisdiction having done it already, those are going to be good precedents in Whatcom County.

DG: One thing didn't take care of at the beginning was when want to meet.

CC: Some feedback about Monday – not being the next day to meet. Thinking possibly Wednesday. Let's hold on and address at the end of the meeting. Rud has an update on County Council business and any information on childcare issue.

RB: At next meeting or one after, voting on final CP amendment that seems to be acceptable to all parties.

CC: Does voting on it mean end the moratorium.

RB: It ends the moratorium and replaces it with permanent legislation which will be the first update to the CP industrial zone in 60 years. Thinks generally everyone is equally unhappy to some point.

Other big issue is the council is appointing a district court judge. Haven't done that in 18 years. There is a lot of politicking going on, which is an interesting process.

The county has had a challenge with YouTube barring meetings from being published because of public meeting comments about Covid that YouTube AI objects to.

The council has agreed to hire a special commissioner to review the community's response to the pandemic. A few things contributing to this: The county has a huge number of people retiring this year. Also, the existing national model for dealing with disasters is based on "if I'm in trouble my neighbor can help me" but that doesn't work when everyone is in trouble. The system starts falling apart. We need to learn from the pandemic and prepare for the next major disaster, which I personally think will be an attack on our power grid or a cyber-attack. I bring that up, because I will be very enthusiastic to hear from the committee on community's response to the pandemic

Childcare: Carol and I are meeting with child and family action task force today to try to get more guidance at to intent of the resolution which basically says let's use at least 50% to make a permanent change to affordability of childcare. Anyone employing entry to mid-level employees is the availability and cost of childcare. The Boys and Girls Club recently announced they are cutting out 10 – 15% of childcare slots because don't have the staff to give adequate care. We're actually going backwards childcare, not forwards.

DG: Asked Rud about using American Rescue Act fund to purchase assets as opposed to operational costs. What is the stance on that?

RB: Thinks still appropriate because if give money to operational costs but what happens when the money runs out. What program shut down in the county if have to divert funds to childcare operating costs. The idea is to fundamentally change the infrastructure costs permanently and the system should be able to provide more childcare.

DG: A lot of us know we're having a problem with staffing childcare. That industry is getting clobbered with loosing employees. Not only don't have facilities but now facilities can't hire employees.

SDR: I had a question. Is the county council -- and thank for such good attention on this and looking for solutions -- is the county council engaged with the current childcare facilities? When we first heard about this and looked into this, the answer was 'no'. I'm wondering if that has changed, because the regulatory issues seem to be burying them pretty intensely. And then the second thing is, has there been any progress toward investing in facilities? I think there were a couple of properties that would have been really central to that. Is there an update on any of that?

RB: We did have some initial engagement with the childcare community. Council said let's engage the childcare task force. They are very interested and engaged in that sector to help and fine tune to find a

better idea. The goal is to help change childcare not lock into one way. There has been no purchase of any property, because the first part has not been completed to confirm that purchasing properties is the right thing to do. We want to hear from the task force first.

SDR: Is there a limitation on timeframe to get this funding and what's the framework for the timeframe for this?

RB: Can't remember if have until end of 2022 or 2023. We have at least 12 months. The timeframe for the child and family action task force is the end of October to come back with report.

CC: Debbie is on the task force. Is there something you have received? Can you give perspective on what the task force has received on this?

Debbie Ahl (DA): So, I am not on that particular committee of the task force. I am a strong supporter of moving capital expense burden. It is a hugely complex issue. The change with Kids World and reduction of spots – that's a painful process. And it's also true other childcare providers having difficulty. If have buildings, can we have a sustainable platform if don't have staff or sustainable employment model? Talking about what it would take but discussions haven't progressed. We're looking at what it would take to recruit, retain, and incentivize employees. They are paid so poorly and continue to have higher training level requirements. Might see more infant care go to home licensed care providers. Appreciate the engagement at the city and county on the issues.

RA: Didn't this committee submit our thoughts and feedback on this? Did that ever get tallied up and summarized?

DG: Not sure? Jennifer – did we do a survey?

RA: There was a Covid Survey and then at the same time, we were asked to give feedback on the county proposal.

Jennifer Noveck (JN): We did do a CEDs SWOT. This was a different request. It was a letter, believe it was signed by Barry Buchanan, that talked about the county proposal and asked for your thoughts. I sent Ryan's thoughts to the county council, and I know Sarah let us know that she submitted feedback to the council directly.

RB: I remember reading both of them. Took as input. Didn't take as something that required immediate feedback to the committee. I wanted to add too that the state reimbursement is based on staff training and quality of the facility. The better the facility, the better the reimbursement rate.

RA: I know there was a list of limitations on what we can spend the money on. To me I wonder if you can create a residual income to live off of forever, so that it's not a one-time thing. This is a huge problem. How do you manage the buildings forever? Is there a way to invest money into something so can live off of Is it better letting private sector take care of the infrastructure but creating scholarship program for families -- I think it would be simple to tie into housing. If people qualify for low-income housing or meeting different ratios, qualify for scholarship for childcare. If can get a 5% return on funds for perpetuity, that would be long term. I know I am over- simplifying it. There seems like a better way to turn \$150m into an ongoing income stream.

RB: The short answer is you can't, and the reason you can't is because the rules under how get money is you have to spend it or have to give it back.

RA: What if spend on income producing properties?

RB: If you spend it on infrastructure that's ok. You may put into capital building and may charge childcare pays an amount to cover the maintenance and x-amount to use the facility, but the rule is really simple.

RA: Hard to spend that much money in this county that fast. Spend a bunch on water and sewer lines around the county and then every developer buys into that based on their usage. Goes back to solving the housing problem and other things.

CC: Sounds like this has to be purchased infrastructure. If there is a follow up, Debbie, if that gets to a point of recommendation. Would be great to see as well. Obviously effects this group as well in terms of retaining and attracting new employees to our county.

RB: You can buy services...

CC: ...but it's a one and done. In a trap to find how to create a financial vehicle that kicks off cash. You gotta buy a thing. You gotta own that thing. Or transfer ownership. So I think, if there's a follow up from this group. If there's a report out for this group that gets to a recommendation, it would be great for this group to see it as well because it touches business in the same way that housing does – just livability and affordability in our county and the ability to retain and attract employees and new employers to our county. The lack of infrastructure in both housing and early childhood learning is a problem.

DA: There's also some things that we might do, as looking at buildings, maybe there is childcare built in or an amount of low-income housing built in. Have a comprehensive approach to everything we do in Whatcom County.

DG: Reschedule meeting?

CC: Move to have a survey monkey sent out. Monday is less than ideal. Generally, Wed or Thurs would be better at the time currently meeting. I guess since do have a few minutes good to hear from Rud or County reps for any days not great. I understand Tuesday is not ideal from a county perspective.

RB: Tuesday is impossible.

CC: Tuesday would not be option. One – leave at current day. Or move to later time. Can work with Jen or Cara on a document we can send out that gives people an option for when they could or could not.

DG: Also to discuss move from Zoom to in person?

CC: Next meeting is August 16. Have the rules changed with regarding to doing a hybrid meeting with in person and Zoom - in the Mt Baker Room?

Rob Fix: Welcome to use the Mount Baker Room. Has a new camera – the OWL – for the room. Hope to have by August but also have a webcam available. Port policy is if your vaccinated you don't have to wear a mask and if not vaccinated have to wear a mask, but we use the honor system here for guests..

CC: Feedback from group. Opposed to the idea of hybrid? (No feedback offered). OK, I will take that as a no. I will not be attending that meeting. Sarah – if in town will have you chair the meeting if around.

SDR: OK. Great. And just so I understand, we're planning on moving forward with hybrid meetings.

DA: Another concept for hybrid meeting and I am exploring with a couple of different groups. We have found attendance so good with Zoom yet wanting to re-connect personally. So, one thing we've been doing, is having quarterly meetings in person and monthly meetings in between on Zoom. That way we can get more people all together at those quarterly meetings. Just as coming out of this, exploring different ideas.

CC: Yeah. Can put on the survey to consider. Still plan on meeting in person in the Mount Baker Room and zoom in August and figure out how to move forward. And probably have a dry run of that maybe beforehand. The other thing is just quickly, we did get feedback -- Paul Burrill reached out about the possibility of having presentation at that meeting on a salmon restoration proposal from San Juan Area Seal Life. Paul is that speaker available for that meeting?

Paul Burrill: Yes, he's available. He would have to do via Zoom and if for some reason Rick can't do it, there's another individual Tommy Sheridan who can probably also speak to the development of these facilities and how well they work. I think we're covered.

CC: OK. When we set the agenda, we'll do an outreach. We're at time, so I'm moving to bring meeting to a close at 12:30. Debbie and Sarah 2nd. Thank you everybody and look forward to more discussion on these topics.