

Whatcom County Business and Commerce Committee
Meeting Notes
May 16, 2022

Voting Members Present: Debbie Ahl, Ryan Allsop (Committee Vice Chair), Paul Burrill, Clark Campbell, Pete Dawson, Andrew Gamble, Troy Muljat, Bob Pritchett, Sarah Rothenbuhler (Committee Chair), Chris Trout

Voting Members Not Present: Casey Diggs, Brad Rader

Nonvoting Members Present: Bellingham Mayor Seth Fleetwood, Eva Schulte, CJ Seitz

Nonvoting Members not Present: Whatcom County Councilor Tyler Byrd, Don Goldberg, Small Cities Rep Blaine City Manager Michael Jones, Whatcom County Executive Satpal Sidhu

Public Present: Roger Almskaar, Commissioner Port Commissioner Port of Bellingham Commissioner Ken Bell, Dustin Bliss, Cara Buckingham, Royce Buckingham, Lance Calloway, Barbara Chase, Michael Chiavario, Dan Dunne, Dave Gallagher, Darby Galligan, Samantha Hammes, Eddie Hansen, Mike Hogan, Jon Howe, Mauri Ingram, Bryan Jones, Sam Kloes, Todd Kunzman, Rose Lathrop, Rob Lee, Ryan Likkel, Rob Lee, Derek Long, Jon Michener, Ted Mischikov, Ryan Likkel, Blake Lyon, Jennifer Noveck, Guy Occhiogrosso, Darcie Romero, Gina Stark, Brien Thane, Patrice Valentine, Sandy Ward, Taylor Webb, Dana Wilson, Sam (no last avail), Billy (no last avail)

Call meeting to order

- Called to order at 11:00am

Introductions / Comments from the Public

- Chair, Sarah Rothenbuhler - committee member introductions
- Welcome public comments throughout the meetings

Administrative business (10 min)

- Approved March and April meeting notes.

Sarah Rothenbuhler: Okay. We'll officially start the May Whatcom County Business and Commerce Committee meeting, and we will start off with having all of the committee members introduce themselves. We'll start with committee members in the room.

Andrew Gamble: Andrew Gamble Energy Industry.

Paul Burrill: Paul Burrill, Food Processing. It was previously Marine Trades.

Pete Dawson: Pete Dawson, Dawson Construction for Commercial Real Estate.

Troy Muljat: Troy Muljat, General Business

Chris Trout: Chris Trout with Wood Stone Corporation, Manufacturing Sector.

Sarah Rothenbuhler: Sarah Rothenbuhler, Birch Equipment, Open. We'll go to our Zoom committee members. Clark. Let's start with you.

Clark Campbell: Clark Campbell, Outdoor Recreation. I'm calling in from remote today. Just getting over a cold. Figured I wouldn't want to share that with the rest of group.

CJ Seitz: Hi there, CJ Seitz with Western Small Business Development Center for Higher Ed.

Sarah Rothenbuhler: Are you on there Bob? You might be next.

Jennifer Noveck: Bob's here, but just listening for the first half.

Sarah Rothenbuhler: Okay. Very good. I don't see any other committee members for now. Can someone make a motion to approve the revised meeting minutes from the March meeting?

Paul Burrill: Motion to approve revised meeting notes for the March meeting.

Andrew Gamble: Second.

Sarah Rothenbuhler: A motion for the April meeting?

Troy Muljat: So moved.

Presentation of Working Draft- Remedies to Whatcom County's Affordable Housing Crisis

Compiled by Housing Crisis Sub Committee, Presented by Committee Member Troy Muljat, The Muljat Group & Dan Dunne, CAZ Construction

Housing Sub Committee Members: Troy Muljat, Sarah Rothenbuhler, Ryan Allsop, Pete Dawson & Community Members: Dan Dunne CAZ Construction, Lance Calloway AGC, Port of Bellingham Commissioner Ken Bell Port Commissioner, Michael Chiavario Community Member, Andrew Reding Community Member, John Huntley Mills Electric

Sarah Rothenbuhler: Right on. Now, this is just a reminder, with these presentations, it's not only for the committee to speak. Please, everyone present. We've got a Q&A session at the end of every presentation, so, please, we'd love to hear what you have to say. With no further ado, we are going to move on to the present business. It's a working draft on Remedies to Whatcom County's Affordable Housing Crisis that is compiled by the Task Force Housing Subcommittee. The presenters are Troy Muljat, who is a committee member, and Dan Dunn of CAZ Construction. And you can see on the agenda the task force committee members who have been meeting weekly and more.

Troy Muljat: Great. Thank you, Sarah. I appreciate it. Just to recap where we've been and where we're going. I gave a presentation back in February -- just a quick update on our original proposal that we put out back in June of 2019. That recommendation went to the county council from this committee. It had six recommendations; One was to declare a public housing crisis, Two was to replace the current rules and

codes and procedures with a temporary housing crisis plan, Three was to provide infrastructure and resources to increase housing availability, Four was to reduce government fees for housing developments, Five was to provide incentives for hitting affordable housing workforce targets, And six was annex additional outlying areas.

That proposal was not adopted by the Whatcom County Council, and basically fast forwarding to March of this year, we took that committee and really expanded it out to the greater Whatcom County industry and community. We've been having meetings every week on Friday at Sarah's office and discussing a variety of different things regarding affordable, workforce housing. With that, Dan has put a lovely presentation together here, and I'll just talk about the first slide which really just shows us basically wages versus housing prices. And the orange is housing prices. As you can tell, they are moving up at a much faster rate than wages. I provided some additional information on housing for you again back in February. I'm happy to share that presentation with anyone who did not get that. I won't go back through that again., but this is the story that really lays the groundwork and the foundation for why we're here and why we have engaged a variety of people within the community. We've been very happy with the people that have joined our committee. There are a lot of the different discussion points that we have talked about. We haven't agreed to everything yet, but we're trying to get broad based agreement on different steps to really fill in some of the recommendations that we originally meant. With that, I'll turn it over to Dan.

Dan Dunne: My name's Dan. With this document -- the reason for the pictures there is because one committee member's, Ryan, was like, that's a lot of words. I don't like that many words. So I was like all right, all right, I'll put in some pictures. I asked my kids for some pictures, and so we're going to work with that. The other thing about that is when I think about this stuff, what's important for me is that when my kids are older, they've got a place to live where they can rent someplace or buy someplace here and not have to move somewhere else. When I think about this, I think down the road, it'd be nice to have something where people can afford to live here.

So, when we're putting this document together, we asked three main questions: What ideas work? (Ryan -- just talking about you. I'm glad you're here.) What do you propose? And what would you add? We asked that question of people on the left and the right. On the spectrum. Not the spectrum. Sorry. On the political spectrum, we asked that question. The people who were elected, who are staff, people who are developing houses, people who live in houses, anybody who would answer the question, we asked. We reached out to staff and did not get a lot of input back, but we'll be excited to have more input from them.

So Why Now? The Buildable Lands Report comes out in June. We're about halfway through the comp plans. When that report comes out, it's going to either recommend we take reasonable measures to adjust the comp plan or it's not going to recommend you don't. If they do the math for the RCW, it's probably going to wind up with saying no reasonable measures needed, because all it tracks is population growth (and we're kind of on track for that), buildable land or areas you can build in (we're kind of on track for that), and it tracks employment. We're kind of on track for that. It does not track housing pricing. That's a key item. What we're asking is we would like you to take reasonable measures, we do think there's a problem, and here are some solutions that you could take. When that report comes out in June, even if

the report says, hey, everything's fine, no additional measures are needed, we're still asking to make some changes.

Next slide. The goal we circled around was that everybody in every level should have access to affordable housing. If you're following along on the sheet, that's under goals. I'm going to kind of skim through all these things. There's over one hundred items, so I'm going to look at it and then after we're done with this part, we'll open the floor to questions and get feedback.

What we heard was that there's need for affordable housing, both obviously at the lower end of income, so 30% percent of AMI or MFI and also at the higher end, people making twice whatever the regular income are still having trouble finding places to rent or to buy. That's a problem, and so I think it's important that we're looking at this. We're looking to provide housing for not just people at a certain income spectrum, but to design things applicable to the full range of incomes. We would like to see a full range of housing types, so people want to live in a studio apartment downtown. That's awesome. Let's make sure they have something they can afford down there. If people want to live in a detached, single-family house with a yard. That's awesome. Let's make sure to have that. Clearly the difficult balance is between density and space. You can fit a lot more houses when they're studios versus when they're a house with the yard. That's a balance for mostly for our elected officials to make.

We would definitely like to grow permanently affordable home ownership and rentals. When you put money into a project, it's much better if you put that money in and it stays there and makes that project affordable for one hundred years, rather than paying money today and it's affordable for this family but then the next time the unite flips or sells it gets back onto market rates. Broadly, we would like to reduce regulations and provide incentives -- not reducing regulations so there are no regulations, but there are a lot of rules out there. We're trying to build housing. It's a super complex thing to try and make happen, but we can consolidate and make it easier, that would be great. In terms of providing incentives, rather the carrot versus the stick, it would be helpful to have a little more on the carrot side, ideally.

In terms of tracking these things, you talk about using HUD MFI. If you build affordable housing anywhere you do HUD housing, you have all their paperwork and their money. They track things based on MFI - median family income. Back to median- mode -- median is the middle number, mean is the average. mode is the most common number. Anyway, all that said, this is a number that HUD uses, so this is probably the number we should use. We'd like to see this in the plan as we're tracking. The question is for people who are at MFI for a household, do they have access to affordable housing? How many houses are available for those people? How many houses do we need for people who are at whatever the breakpoints want to be -- 80% or 30% of AMI and all the way up to 200% MFI.

We also thought it'd be good to target vacancy rate and housing supply. I think we're thinking ideally a healthy housing market would have a vacancy rate of 4% and how healthy housing supply would have a couple of months of supply in there. We would love to see a rental split or 50/50. One bias of this document is a lot of it is focused on Bellingham, so getting input from the small cities -- from Ferndale and Blaine and Birch Bay where a lot of building is going on -- would be great. In Bellingham, the split is

skewing strongly towards rental and away from ownership. That's just how the market's been going. There is way more multi-family.

Michael Chiavario: I think Dan means AMI the standard that is generally used by various agencies.

Carrie Veldman: Area median income is what he's talking about.

Dan Dunne: Yes, AMI versus MFI. AMI is area median income. MFI is median family income. When you go to the city and say, 'okay, this program is allowed for people at 80% AMI', what they're actually doing is 80% MFI. You can Google HUD FI 2020 income limits, and those numbers are what HUD uses are the same that the city uses. HUD calls them MFI. We call them AMI. I don't know why. If I'm wrong on that, somebody let me know. It would be great to know, but that's the word the HUD uses, so that's probably the word we should use. Does that answer your question? I'll take that as a yes. Great. Next slide.

On the annexation and infrastructure, the debate here -- and there's some fairly big feelings around this -- but it's density versus Greenfield. So, for example, do we really focus on building exclusively in places where they're already built, or do we open up greenfield lands and how do we do that? (pulls up map of areas that could be annexed) In terms of what we're really talking about, going clockwise, you've got Alderwood over here. The problem is that it's kind of built out, so you bring it in, but there's not a whole lot of space to build out there. We've got a Caitec's thing at the Klein Road here, which it sounds like it's going along great, so there are a lot of new houses. There probably will be an industrial district along the side. You've got the little thing along Britain here, which is a small, limited, build out. You've got Geneva that's probably never going to come in. But you've got these big areas down here. And that's really the big debate between that hillside along Samish and then Yew Street Road -- these UGAs that are in here.

The debate, especially right here, is you've got land that is inside the city limits. That's awesome. But it's also steep and wet, and it costs a lot of money to go from San Juan to Elwood right here. But if you do that, you open up literally hundreds of hundreds of lots all along here. What will happen? These UGA's on Yew Street, you could bring in a lot of houses here. You got a school here. You've got pipes in the ground. You've got lots of infrastructure here, but people don't want to bring it. That's sort of more of an elected issue to deal with. Then on the back side of the hill of that Lake Padden there. I guess back in the day were some environmental considerations about that hillside drainage to Lake Padden. I would argue, you also have a golf course on Lake Padden, so that's not such a big deal.

With all that, though. That's also about infrastructure, and it's about finding funding for infrastructure, mostly sewer, water, police, fire, schools, those kind of things. I think from the city's perspective, they need to make sure there's a payback. They're not going to put in a whole bunch of money and then just be easy money on that but from the developer's standpoint, they're like, 'Well, that's the city is there for' -- you put the stuff in, we build the homes, that balance.

Another infrastructure item that would come up would be critical areas mitigation banks within the county and the city. In the county, a huge barrier to development right now is the fact that everything is wet and

building in critical areas is super expensive and buffers are increasing. If you can have a mitigation bank that aligns with the correct drainage, then you could probably balance that. There's some environmental considerations about that, but it's an option. I do apologize for skipping through a lot of these things, but we are on time limit here.

Next slide. Most funding is kind of already used. What I came up is to replicate the housing funding in a small city, specifically Ferndale. That's sort of an option there. Tax credit financing is kind of cool, because you get corporations and people with a lot of money to pay for affordable housing. The downside of that is that it's a federal subsidy. The upside is you get affordable housing paid by somebody else. The downside is after 15 or 30 years, it reverts to market rate. That's already being used. It's a big behind the scenes kind of thing.

There are general fund surplus. Bellingham has five or \$10 million extra. The state's revenues are coming in ahead of forecast, so that money is available to do something with. Maybe affordable housing is a good place to put it. There's an idea of a revolving fund, which, from I understand it would basically be people put money in and then that fund is used to make low interest loans to projects and then it pays itself back over time. There are probably a lot of legal questions that can be worked out, but I don't think it's impossible. And then EDI money is being used now and with this, it needs to be used for things that are for the public good. You can't just go in and hand somebody a check with a bunch money, but if it's in for infrastructure that's there for permanent, affordable communities, it can be a good use for that. Next slide.

Code changes. I've had a lot of feedback from developers on this, not a lot from the city staff. We'd love to hear more feedback from them. From a developer standpoint, anything that can be done to reduce complexity, time and uncertainty is really important. If somebody walks into a \$10 million project, and they know that if they obey the law as it's written, they can get that project through with some certainty around that, then that makes that project faster and costs less. If they walk into it, have the architect design something, and then city staff says, 'Oh no, you can't build that', I know that our interpretation of the rules are different. That's a big thing that I've heard from developers. Permit timeline for infill toolkit is two years. Things like wetlands and stormwater is five years. Just lining out your infill toolkit timeline before your wetlands go out, that would be a nice thing to do.

There is a toolkit for multifamily zone right now, which works. There could be some changes. The big question is if you take that and put it into single family zone and allow many small houses or several small houses to be built on single family zoned lots, you're essentially taking single families zone way, you're making everything multifamily. We'll have some discussion about that. If you go for this, you're definitely gonna get pushback from neighborhoods. People live there. Some people love it, some people don't love it, but functionally, if you want more density, that's probably one way to do it. Create an infill tool kit that is fully applicable to single family zone. Pop it in there. But it's a third rail, and there are a lot of cautionary statements around that one.

Then the last one is to remove that discretion on design standards so that when you're going into a project that you have and you've met the black and white that's on the code, you can just say, 'here it is

again, all your requirements', then you're done and not have design people say 'Oh, you should move your sconces. You should move your door. You got the wrong color paint' or whatever it is. And again, on that particular item, I'm hearing lots from developers and haven't heard much from staff. I'm sure there's another side of the argument to that. Next slide please.

Rental reforms. What I hear a lot about rent reform is let's cap rent. Let's let the government tell us what rent is going to be. We can't do that in Washington State. That's just the law, but there are other things that are possible. Some questions around them: 'could we cap move in fees maybe at two months versus rents. Could we provide rental relocation assistance? If we did, where does that money come from? What's that look like? Who gets it? Could we stop using credit checks? That's kind of a barrier to some people.' I don't know. Banning Airbnbs or reforming them throughout. The county, I think, already has some controls on that. There are definitely a lot of questions around some of these. Next slide

At this section, my number one thing is I don't have any feedback from the city. We'd love to get some feedback from the city. This whole section -- section number five is basically developers being like, "Ahhhhh!" for like hours and hours and hours. Functionally, what it comes down to is speed, communication and what is perceived as a culture of 'no's'. When you walk in to get something, instead of being like, 'Yes, we'd love to help with your project. How can we assist? How can we make this thing go forward?' It's like, 'No'. Whether that's true or not, that's just what I'm hearing. To get speed, consistency, and communication are three things I think would functionally change the relationship with most developers to the city. And if you could accomplish those things that would be amazing.

Two other ideas that came up -- a third party review of the code by another party that does this somewhere else that comes in and says, 'Hey, from an objective standpoint, here's how you could change your code to make this whole process easier'. And then also a third party permitting, so instead of going to the city, then we could have an outside party reads the code, decides your project aligns and approves it. Great. Done.

And this picture is -- I sort of described it to my kid -- this is probably what the planning staff are doing right now, in which case they're super busy. They have a giant stack of paperwork, and they're trying to get stuff done. I think the person is saying, 'Get the paperwork done right now'. I'm imagining that perhaps with the staff there's just a ton of work going on right now. I understand that, and that might be what's impacting some of these items. Next slide.

So here are the next steps. Because we're a subcommittee, we'd like feedback from the committee officially about this. What do you think? We also like feedback from city and county staff and elected officials. We're considering requesting funding from the port for a code expert to help kind of plow through the codes and make recommendations about that. And then after that would be to develop ordinances and enact code changes and then adjust the budgets for infrastructure. And that's all that I have.

Sarah Rothenbuhler: We've got some time for some Q&A, and we have some of the task force members on that zoom too who may want to add input as well. (silence) I think you solved everything, Dan.

Room laughs

Pete Dawson: Thank you Sarah, I'd like to say a few words. I'm on the subcommittee. First off, Dan has put an incredible amount of work in. Dan, I just really applaud all the effort and the time and bringing a really diverse group together. Hats off to you for all that work. A couple of things just to maybe add and a little bit of wordsmithing. We talked about the regulations. Maybe it's less about reducing the regulations, but more about streamlining the regulations and then rewriting them with a housing crisis in mind. I'm looking at Mr. Janicki here, and we recently built a three-story building-- for Carrie here, too -- and that would have been a five-story building but for a height restriction. That would have added 40% more units on one project or eighty more units. So, what we talked about with the committee was finding where there's common interests, where there's kind of low hanging fruit, to really move the dial forward. Then we got speaking about, well, how do you actually do that? It's a lot of work. The staff is incredibly busy, so there's talk of hiring a third person. Maybe tap into the port funds or some of these funds to hire a third person who could come in and make recommendations. They would hear all the different voices and opinions and actually put something in front of council. Again, Dan, awesome job, and Sarah for initiating all of that. Great work.

Paul Burrill: One more question. Lots of information outside of my scope, but excellent job. The 'culture of no'. This seems to be something that's not just prevalent in this industry, but many others. What about a review within different public entities to make sure these people are doing their jobs so you don't just go in there and get 'No, sorry, you can't do that' requiring you have to go back multiple times. Something that where maybe an administrator goes to the lower staff and says, 'hey, this is your job. This is what you're supposed to do. Are you doing this for our public?' because some of these things when you look into it, that's their job title.

I know it's tough, but just kind of going back and maybe refreshing everybody that they are doing their job. It might be a little bit of grease for the skids if people realize that is their job to do, it's not to run them out the door, make sure you're off to an early lunch.

Ryan Allsop: That came up a lot. That no is always the starting point, not 'Yes, how do we get this done?' That came up a lot with this committee. One of the things is the 700 to 900 codes that they reference in the permit process from their end. I got an e-mail from a shoreline planner saying, 'sorry, I gave you the wrong permit and here's the new permit you came to fill out. And we're super busy, so I'm not sure I can get it done in a timely manner'. We talked about re-education, also. Teachers have to be educated. They need to be educating and certifying staff on the codes on a regular basis so that they understand. The HVAC codes today are highly complex, and that person cannot figure out how to do the forms for the new energy codes. I've got to hire a consultant for us to get that done. It's changing faster than they actually understand the rules, and so they're implementing faster than they actually understand

them. I think part of this is education for the staff as well. I can't talk about some of the training, but starting with the word yes, how do we get there?

Sarah Rothenbuhler: But with nine hundred codes, there's got to be a lot of conflicting information. That's unmanageable for any entity.

Carrie Veldman: I actually have the opposite feedback. I get a lot of 'yes, but' which isn't no. Right? But it's always a yes, but let's do this, this, and this, and it's always constantly shifting. It gives you hope, right? It gives the energy to go, but there's a lot of 'Yes, but, but, but...' There are a lot of barriers, but there's a lot of things that we do have support from staff on as a private developer. I can talk about that later, but I'm surprised you have the culture of no in there. Are you getting that feedback from a lot of developers?

Ryan Allsop: Also, we've had our property a long time and in areas that the zoning keeps changing, so I think that's part of our problem too. The land use around us has changed in those areas so now there's a buffer that wasn't there when you bought it that we're trying to reverse. We go back to fight it and it starts with 'no, you can't do that'. If you buy a lot in town, obviously, it's a lot easier. That's pretty ready for it. It's so much easier. A lot easier.

Sarah Rothenbuhler: Mayor Fleetwood, you had your hand up.

Mayor Seth Fleetwood: Yeah. Thank you. Really good presentation. I'm glad I was able to hear it today. We hear you as it relates to desire for feedback. I know that as many of you know, we have a new planning director, a man named Blake Lyon. He's been with us just a couple of months now. And I know that he had what he reported is a really good meeting with the Building Industry Association, and I know that a lot of the points of view that were expressed by them, because I've met with them as well, are found in this presentation today. I would urge you to invite him to come and talk to the subcommittee that gave the presentation today. I know he would enjoy that, but he clearly heard the things that were expressed here today. And of course, this is a variation of things that we've heard for years and years as it relates to speed, consistency, and the culture of no. I know what that's a reference to.

I've mentioned to this group before, I believe, or maybe it was another group, but how it would be, I think, really beneficial to convene a relatively small group of people from planning. It's something that I'd wanted to do when I first began two and a half years ago, and then we got struck with the emergency response, the pandemic and everything. But I'd like to start it up again, and that's get two or three members of the Bellingham Planning staff with maybe a group of people that are on the subcommittee and identify several classic fact patterns that emerge that seem to create conflict and just talk it out to see if we can make some improvement. What I heard from Blake Lyon, our new planning director, was that he earnestly wants to address some of these seemingly long-term issues and see if we can work with you to create some improvements. I just wanted to share that. And a couple of quick questions. At the very beginning, reference was made to some options, six options or so. Where can one get a copy of that?

And second question is, is this meeting recorded so that if our planning director wanted to watch it, they could.

Sarah Rothenbuhler: We'll have it in written form.

Dan Dunne: And sorry, I think that the planning director could probably just let you know personally what he thinks about the meeting, because he's here now.

Mayor Seth Fleetwood: Is Blake here?

Blake Lyon: I am. I'm just sitting in the back.

Mayor Seth Fleetwood: Blake. Thank you. Sorry.

Blake Lyon: I was hoping not to be called out. I'm taking notes.

Mayor Seth Fleetwood: Great. Thank you.

Troy Muljat: I'll send you that original proposal from 2019.

Ryan Allsop: Blake, what do you think of the pictures?

Blake Lyon: Very much like my kids' pictures.

Sarah Rothenbuhler: Do you want to say anything, Blake, a bit of your background?

Blake Lyon: I've met a number of people in the room. Thank you for the opportunity. Yes, my name is Blake Lyon. I have been with the city since March 1st, so I'm still relatively new in that respect. My background, just to give you a little bit of idea. I started off in California working for an environmental consulting firm, then moved into city planning for City of Santa Monica in the Los Angeles area and then Redwood City in the San Francisco Peninsula area. I was the planning manager for planning and housing there before I went to the Tampa, Florida region, where I was the director for building development services and Code Enforcement for the past eight years. I do have a bit of background on that side of it.

One of the key initiatives that we undertook in that organization was the permit streamlining, a lot of those types of things. I've tried to come into the position first and foremost without a predetermined agenda, but to listen to what those pain points are and understand what the dynamics are, to talk with and evaluate the current set of circumstances and begin to make a well-reasoned and well-educated point of approach to some of these issues. I'm trying to use my first 90 days or so to make the rounds to meet folks, to listen, to understand and then be able to be a little bit more strategic and precise in terms of how to bring about some of those needed changes and address those things. That's how I am approaching the first portion of it, but I do hear a lot of it.

Thank you for all the work. In fact, I was on a flight last week, and I took your document with me. It was my plane reading, and I made notes. I've got it. I didn't think to bring it with me today, but I've got a version on my desk in my office that is full of just lots of notes and ideas. I'm happy to give you a little bit more of that and engage with you that way. But also, I appreciate the opportunity. I brought a number of cards with me, so have at me when this is over.

Sarah Rothenbuhler: It's nice that you're here. Thank you. And thank you Mayor Fleetwood. Other comments?

Ron Jepson: I'm visiting today. Dan very good report. There are three areas that I come across all the time. There are a lot of the areas in the city that zone 20,000 square foot minimum. Birchwood, Samish Hill. Happy Valley - the South Side, which is very controversial, obviously. But it's really anti-growth management. That size lot is considered rural in a growth management. In Sedro Woolley, the first letter in their comp plan said growth management dictates that 4 to 5 units per acre is really the minimum under growth management within a city. The second thing is that the city still has a policy that even if you're outside the city limits, and I mentioned this to the mayor, that you cannot hook up to the water and sewer system of the city.

Ron Jepson: If you drive Yew Street beyond the city limits, you'll see vacant lots all along that road to Samish Way. It cannot hook up to the city facilities. They are obligated if they do hook up to pay one and a half times the city rate. There's income being lost by the city and for no reason at all. The other thing is there's about 200-acres on Samish Hill that cannot be developed, because there is no water pressure. The tank is planned for that hill. That's about three hundred lots, and one more lot cannot develop there until the water tank is built, which is scheduled for 2028. Now that's six years away, and those owners of that property are paying taxes on the basis that the county thinks it's developable, but it's not. So, there are these issues, and you pointed out very clearly, but I thought I would add a little more detail. Those are glaring things, planning director, which need to be discussed

Dave Fearing: Dave Fearing, Kulshan Land Trust. I just returned from a conference in Washington, D.C., promoting homeownership. One of the key takeaways for me was that housing, affordable housing is infrastructure. We don't have homes that people can afford, then our business won't thrive. I love that concept of pushing for funding for housing.

Michael Chiavario: The point I want to make is that I appreciated Dan, that you emphasized what we've been talking about in the housing subcommittee about permanent affordability. Because a lot of times in these discussions of housing and housing affordability, the discussion tends to move over only to the discussion of speeding up the rate of building with the idea that that if we build more faster, that we will solve the affordability problem. And that's clearly not the case anymore, that unless we focus equally on permanent affordability, we won't solve the problem. We can't lose sight of that while we're while we're making plans to move forward. And that's all I needed to say. Thank you.

Sarah Rothenbuhler: Thank you. Clark?

Clark Campbell: Yeah. Just a brief comment on the presentation. I think it did a good job of outlining how we define affordable housing, what the goals and desired outcomes are. And then just all the issues that we've been talking about, getting to solutions on that, it looked like there was another presentation that was attached that was from the Port of Bellingham that went into more detail. I didn't get a chance to review it before the meeting, but how aligned is that document with more solution specifics to the discussions from this group? I'll just open that as a question. And whether that's in a format yet to forward on to the Planning Office for comment.

Dan Dunne: Clark. There's a couple of documents were there. I'm going to hold this up, but then you can't see it. There's one document called the Welcome Task Force on Housing Work that goes down. Yeah.

Clark Campbell: It was just in the agenda. There was two to presentations yours as well as the kind of the more detailed longer one which I wasn't sure if there was an alignment between the working group and that document.

Sarah Rothenbuhler: So, the more detailed document and the document with the good art by Dan's children support one another. The picture presentation is derived from the more detailed document.

Dan Dunne: Yeah. The kids' art one is like the 32nd overview, and then the detailed one is like five pages of single-spaced text. That's the more like nuts and bolts.

Ryan Allsop: I liked the pictures.

Clark Campbell: You've answered my question. Thank you.

Sarah Rothenbuhler: All right. Rose?

Rose Lathrop: Yeah. Thank you. I just wanted to comment to say that was a great presentation and lots of good work going into identifying the goals and solutions. The Whatcom Housing Alliance has been working and just completed our own analysis of some policy levers for workforce housing development in Whatcom County. We're looking at a couple of different grant opportunities right now that I think would be a good opportunity for us to collaborate with this subcommittee to go deeper on some of these policy solutions. It's a good overview, and it's a good starting point. There are a lot of alignment and common shared goals within the Workforce Housing Development Report that we just created, so I just want to put that out there. There's a couple of events that we're putting on would be great to have attendance at and then also if we could get more collaboration between this subcommittee and the Housing Alliance Policy Task Force. I know Dan is trying to sort of do both, but I think we could come together and really strategize around how we can work on being proactive around policy development, particularly workforce housing is what we're interested in right now, and I think that's a lot of what came out of this report too --

housing for all people of all. So that's my olive branch to try and work together and to bring in some of the funding that we have access to do a deeper dive on some of these things.

Sarah Rothenbuhler: Well, that sounds great. And our next meeting is Friday at 10am, so maybe we can start collaborating then. That's wonderful. Thank you.

Brian Jones: Brian Jones, Jones Engineers. One of the items I talked about a few days ago was our capital facilities planning that goes along with the comprehensive plan and how there's areas in our city where we just stop building, because we finished our 2016 comp plan, said we don't have enough capital facilities in these areas, and therefore we reduce our population needs and now we don't need capital facilities. Instead, perhaps we could continue to evaluate our capital facilities in partnership with the larger landowners and find some resolution before we do a new land analysis and come to the conclusion that we have no capital facilities.

Eva Schulte: I appreciate the presentation. I'm Eva Schulte representing the Higher Education on this Committee. I would underscore our need to look at the public policy connect, so as we're re-framing or re-prioritizing affordable housing and how codes and permitting get us there, what's the public policy levers breakpoint grows and how we can integrate those recommendations.

But E, F, G and H is especially what I welcome hearing more about. So inclusionary housing under the previous public policy. The public policy that can help us then have the political precedent and the environmental and social and community priorities that to say, inclusionary zoning, minority and transit-oriented housing is a priority. If we could spell that out more and dive deeper there, I think we have a lot of interest that we'll continue to be college. We just launched our Cedar Hall, which is student residence, and that's been a grand experiment launched during COVID. And yet it's critically important to be right next to a bus station. So, we have that need. We are subsidizing that affordable housing for our students, but we need more and let that be a part of that public policy next conversation.

Dan Dunne: Right.

Bellingham Councilmember Bellingham City Councilmember Michael Lilliquist: Sarah, thank you. Bellingham City Councilmember Michael Lilliquist with Bellingham, City Council. Dan, thanks for the presentation. Thanks for the hour of your time, of your day to go over it. I'm going to try to be really brief with a couple of comments. One has to do with that optimization of regulators. I think culture, though, is a bad thing and you should eliminate it. But regulators aren't supposed to do your project for you. There's ten ways to do a foundation, five ways to do a shared wall. You do any one of those, you're fine. But what if you don't do it right? They can say 'No', but they aren't going to tell you which of the other five ways you should do, right? They're not going to design your project. You don't want them to design the project. They're not engineers anyway. There's an unfortunate situation. Regulators are empowered to say no, but they're not empowered to say yes in the same way. I think 'yes, but' it's a pretty good goal. In improve, the better answer is 'yes and', so I think if we can get to that kind of culture would be good. But keep in mind regulators have got a big book of 'no's' that they work from. On infrastructure costs.

Bellingham City Councilmember Michael Lilliquist: As a city official, I think I do things from the other end of the telescope. When you say you need more capital facilities, so we adopt a population projections larger, we obligate ourselves to provide the capital facilities. And if I've \$20 million more in roads and bridges that we have to do, I raise impact fees because that's what I need to do. That's what the law says. And who pays for that? That's going to be cost on the taxpayers. Who pays is going to be us one way or the other? I agree, I look through it more than the capital facilities. I think it's the right way to look through it. But we realize how that works out. More capital facilities means more costs, and we're going to pay. Final thing is a question actually. Using EDI money to pay for public infrastructure related to housing is a great idea. My concern is whether or not that is tied to permanent affordability. My understanding from the rumor I heard is that the county's use of EDI monies to offset housing infrastructure is not tied to permanent affordability but is seen as kind of a one-time benefit to get development to occur. I don't know if that's true, but this is a county advisory committee. I think you should pay close attention to that issue. Is EDI money actually used to tie to affordability or just production. We need production, we need affordability. They're not synonymous.

Port of Bellingham Commissioner Ken Bell: This is Port of Bellingham Commissioner Ken Bell, Port of Bellingham. That's outside of the scope of the EDI to produce affordability on their own, because under the current guidelines for EDI funding. It is for infrastructure, one time, with a payback. So, to have it continue on to make sure it's sustainable would require additional funding to be a never-ending loop in my mind. But again, it's just the structure. EDI is not structured to do what you just ask. It is only there to provide access to or provisions for and then is to be repaid back to replenish the fund.

Bellingham City Councilmember Michael Lilliquist: If it's a problem, let's fix it and make a change in state law. That's what we do.

Port of Bellingham Commissioner Ken Bell: Well, it's a county fund, but we're not allowed to go into reallocation on a year over year. But I do agree with this. We've not seen housing be a core issue until recently, because it has become a hindrance to economic development. I am going to speak for the other two, offering up how we can help as a broker in this to help participate in whatever we can do from the port standpoint to facilitate some of the things that we just talked about today. one of them being how do we get a third party to take a look at the seven hundred rules. How do we contract with a vendor that could possibly go into the cities and just handle the package that says these are the changes? We've been through the system. Here's what we recommend you do rather than have that internal mechanism by the cities and the counties, because I'm not necessarily sure that that would happen internally as successfully as it would be to have maybe a third party come in and say, here's our recommendations for you, City, here's our recommendations for you, County. And we're kind of a disinterested party, except for the fact that you really want to see economic development in the area. So, it gives us a little bit of stake in this game and throw that out there for whatever it is we can do. By the same token, which would be completely favorable to using EDI funding to help move this along any way we can.

Sarah Rothenbuhler: Thank you to both of you. And we are in a housing crisis, and there's all levels of affordability challenges. And are looking at permanently affordable housing and really the affordability issue is hitting so many. It's affecting every industry and so many income levels. Houses have doubled in the last few years. We're in a crisis beyond permanently affordable.

Brian Jones: From my perspective, one of the things that we need to make sure we identify is what the extent of that crisis is. And I say this from the standpoint of if we're going to look at specific codes and policies. If you go in and you're trying to address blight and you're trying to create a redevelopment area, you have to document what that blight is. And there's performance measures and that exists so long as that condition still exists.

If the goal is to try to streamline a section of code or regulations to address this crisis, then we need to be collectively one mind and of the same mind of what that crisis is and what it takes to address and set that measurable target to say is that X number of units or is that X range of affordability? We need to know what that target is because if we're going to streamline codes and we're going to do what we've talked about doing to build our way out of this crisis, we need to know how to measure against that. And if we reach that target, we need to be prepared to say, okay, do we step back from that? This is just an emergency ordinance as it pertains, or is it becoming the new normal and are we prepared to address that? I just want to make sure we have at least a shared conversation, a shared vision on what that looks like so we can be exact on how to get to it.

Port of Bellingham Commissioner Ken Bell: The understanding that your customer base is not happy with a performance across the counter when you think about your role is. That's your customer across the counter. And it's a culture of no is what your customer keeps telling you they're getting. You're not serving the customer, and there is some re-education of the customer at some level. I completely understand that. But that's the culture we kind of need to address because the culture, the customer needs to be happy at the same time.

Blake Lyon: Can I expand on that just a little bit? I don't disagree with you, but I also want to be clear that there are more than just one customer. And that's part of the dynamic that we find ourselves in. So just to share with you all, and I don't mean to be about me, but to share with you a little bit about the philosophy that I try to bring to bear on this. I shared some of this with the folks at the BIAW, so I apologize for being a little redundant. It's the idea of when you all as a development community come in and have an idea of what you want to build, there are multiple drafts, iterations, thought processes that went into putting that product together, proforma and all. And for any city staff, regardless of it being in this city or anywhere else, to have that culture of saying no right from the get-go, I understand how that's problematic.

We need to get a little bit of thought consideration of all the effort and energy that went to get to this point. The first thing has to be to listen and try to understand what we're trying to achieve. The second part of it is having the ability for us to identify and know the codes and the regulations and identify where those pitfalls are and provide options and set the table. If you do 'A' then here in the ramifications that come with that if you consider the alternative. It's dealing with that triple constraint analysis, the time quality and

trying to help navigate that. How can we be collaborative in that respect and allow you all as a development committee to make educated, informed decisions, but have the understanding that part of our customer base is also that citizen, is also that elected official, is also those other stakeholders in that we've got to try to navigate the state legislation of those types of projects. So that's the challenge that we're trying to keep all the place in.

Sarah Rothenbuhler: Thank you very much. It's great that you're here. And we've got one more, then we're right on time, you guys.

Pete Dawson: I get last word?

Sarah Rothenbuhler: Right-

Ryan Allsop: She has the last word (points to Sarah)

Pete Dawson: She always has.

Sarah Rothenbuhler: Been working on it.

Room laughs

Pete Dawson: I think there's maybe a little more emphasis on the culture of 'No'. It's one of one hundred things on the board. And personally, our experience has been a culture of, 'yes, if'. We're working on the Armory Development. It's usually complex, and the staff has been exceptional, but the rule book we're working with is so complex and there are so many gotchas in there. It takes an incredible amount of staff time to navigate this overly complex set of rules. So, I think a lot of what you're hearing here is not to do a onetime solution, but just to kind of really clean up the rules to put more emphasis on what we see as a weave in the community. Now, if the community wants to be an exclusive community and be a little Aspen or something, then that's a different set of rules.

But I think everyone would like to see housing become more affordable. One of the things that we've talked about is who actually helps get to that point. We totally get staff is overworked and they're buried. There's a bunch of volunteer time working on this, so one of the takeaways we had was to find a third person who could hear all the voices, understand the vision and the goals and work independently to then bring forward recommendations that would be fairly easy to implement and kind of look for that low hanging fruit, if you will. But again, you just see the wide range of people working on this and wanting to increase housing affordability at all levels. I guess our takeaway was finding extra horsepower to do that work.

Ryan Allsop: The commonality after all of our meetings -- we had Andrew and Michael before they came into this meeting -- and it actually ended up that a lot of things we said were the same, just a little bit differently. The joke then was that Ken actually wanted to give them a hug, because it was like they

actually agreed with him. Like you said, I would never have thought that in the first meeting when we walked into the room together, and we're like, okay, how is this going to go.

I think four years ago when we presented a variation of this document, you know Troy put a lot of time into this documents and we felt like we were kind of blown off. I think part of the mistake we made was we presented ourselves as the business and economic group with a recommendation. We would rather involve people outside the community so not just our experience. We wanted just a little more holistic approach that would end the problem, because the problem does affect all sectors.

Troy Muljat: Sarah, if I might, this was the number one, first issue this committee brought up. It was really the lack of workforce housing and Whatcom County and the cities. It's just great that everyone is here online and, in the room, and people are talking about it. A big part of our goal is being met that the community is at the table, and we're getting feedback from the committee, from the community, from staff, and elected officials. And we'll continue to do that and hopefully come with some actual recommendations where maybe some action could be taken in the near future for this committee. With that, I'll turn it back to you.

Sarah Rothenbuhler: Okay. All right. Thank you. Thank you, everybody. Excellent input. And now we're going to move on to the RJ Group. And I'll let you all introduce yourself.

Overview of the RJ Group, Projects in Whatcom County Past, Present, & Future

Presented by Carrie Veldman, RJ Group Director of Development, Rob Janicki, RJ Group Director of Chaos, and Ron Jepson of Jepson & Associates P.S.

Carrie Veldman: Good afternoon. I'm Carrie Veldman. I'm the director of the RJ Group, and I'm sitting next to Rob Janicki of the RG Group. I think I've given you a new title. I give you CC, which is the Chief Chaos Creator, and I produced that this morning. We try to have fun in our business. We're jaded for profit developers. Our specialty is single family and multifamily housing across Whatcom and Skagit County. My presentation is kind of fluffy, I'll be honest with you. It's a lot about where we've been and where we're going and kind of how we're trying to innovate this whole process of building residential and multifamily housing to provide everything that we're talking about here today. Again, our business has changed so much. One of our first projects that I did and helped with Rob was in 2013. But I just want to share a couple of projects and how we kind of try to innovate across the board for the last ten years.

This is an apartment project we did on State Street. This was in 2013 when Rob was trying to get out of the trenches here. It's a multi-use project with a commercial space on the bottom. You probably recognize some of these projects that we've built. This is our Peabody townhome project over in the Fountain District. This is the first piece of the Infill Toolkit Project in the City of Bellingham. This is actually seven fee-simple townhomes. It was the first new construction townhome project built in the city, but it's actually thirteen units, because seven of those for sale product actually have an attached legal leasable ADU inside. So that's a very dense project. It was successful in the fact that it sold. I thank Eleanor for selling her home on Eldridge and being our first cash buyer, because there were no comparable at the time. No

one could get bank financing because no one could get a lender to approve it. And so, once people started understanding that ADUs were okay and comfortable and they could be a landlord on site, we started selling, and it was a successful project.

We made a lot of mistakes. We only made \$6,000 off this project. It was a lot to learn, but it was really the catalyst and basically the pilot project for a new project that we're still working on in North Bellingham. I'll get to that later. We've done a lot of multifamily projects. This is another big one out by WCC. We actually thought our rental base here was going to be student housing. I think we had one student. They were all young professionals working from home, and a lot of them we could tell they were going to be from out of town. We don't get to pick who our tenants are, so that was an interesting start to that project and that finished in 2016.

This is another style apartment project that we did in North Bellingham. This is a garden style apartment. These are actually well received community off June Road with a clubhouse garage space. These are very popular. Our turnover rate is very, very low. People really love living in them. It feels like a single-family neighborhood. It's actually built behind a single-family neighborhood. That's at Whatcom Community College near Cordata.

This is our big single-family plat that we're working on just north of Costco. This is our first phase, and this is an infill toolkit project. This is a photo of the first phase of thirty-seven townhomes. We started putting these houses on the market right at COVID. We had a hard time getting those complete because people, inspectors weren't allowed to come and finalize the buildings. We actually lost a couple of sales because we couldn't get our buildings finalized. We were putting up people in hotels to try to wait it out, but they are all sold out. They range from about 1,300 square feet to about 1,500 square feet, and there's a couple that are actually on the market right now as resale. I think they're on the market for about \$530,000. And again, they're about 1400 square feet. This was this was incredibly complex. It's an infill toolkit project, which was in a greenfield development, and the reason we could do this is because this whole area was annexed into the City of Bellingham. So, you can do infill toolkit and multifamily zones and an annex, single family zone. It's interesting, because we have, we had a lot to contend with where we don't have planning and public works on the same page.

It was very hard to figure out water, sewer, and storm -- all of those getting there. Our costs on this were really high because we had to put the upfront infrastructure in for a pump station. We have to backdate all of those costs into the sales of the homes throughout the entire project. But we're working on phase two of this project. And one of the biggest things that I haven't heard and was not actually in Dan's report is part of the culture of banking. It's all about money, right? I also sit on the Welcome Housing Alliance as a steering committee member. And I'm desperately trying to find a banker to come on board and talk about this. But in our Phase 2 project, which we are actually putting the first home on the market Memorial Day weekend, one of our lenders out there asked us to put those homes on the market for, I think, \$100,000 more. And we we're battling with them to not do that. So that's a huge thing that is not discussed. And it's not a code change. It's not about infrastructure. It's about money and about banking regulations. We should add that to the conversation here.

Lance Calloway: Carrie, is it that they required it. What was their backing for change to require an increase to \$100,000?

Rob Janicki: Because the appraisals came in higher, and they felt like we were leaving money on the table. It just increased their risk because we're not selling them at high enough price. This is Rob Janicki. We sell it at a higher price. They get paid back faster.

Port of Bellingham Commissioner Ken Bell: Did they refuse?

Rob Janicki: No, we've got five banks in there and they're all moving forward. It's so far going well.

Lance Calloway: Did you adjust or not?

Rob Janicki: We did not.

Carrie Veldman: But it was a fight. Thankfully not my fight.

Port of Bellingham Commissioner Ken Bell: That was a personal choice to not increase the price.

Rob Janicki: It's a long story, but the marketplace probably would have justified it. But our focus right now is accelerated sales not the highest price. We're trying to pull through this thing quickly. Huge.

Carrie Veldman: Carrie, would you mind speaking to how long it took to entitle this?

Rob Janicki: I'm going to talk about that in my presentation. Thank you.

Carrie Veldman: Well, I mean, this is it wasn't the start of it, the annexation process. I think we got the annexation in 2014, and then our first sale was 2020. That's quite a long process. Now granted, Rob and Ron own seventy acres out there and only half of it is developable, because of the critical areas on the site. So, the investment that we're making is -- half of the area is developable and the other half is to create mitigation for our impacts on site. We'll probably spend about \$3 to \$4 million in mitigating for all of those impacts.

Port of Bellingham Commissioner Ken Bell: Was there a restriction on the deed because I could envision someone buying it for one hundred less than market and then flipping it for one hundred more within a 30-day period.

Rob Janicki: That possible and that actually would be good for us. Because those prices are introductory, and they're going to follow the market. People might get a really good deal on these first couple of homes. So. That is possible. That would be great. Good for them. When we had this come on the market, we had a person cold call us and ask when they are coming on the market. We told them.

They said, what's your price point? We threw out a price, \$100,000 higher than we thought we were going to get. And she says, Oh, great, I'm from California. Reserve five for me. We're concerned that a lot of investors are going to be buying these homes. Sorry Carrie. You should go with your presentation

Carrie Veldman: It's a great it's a great topic. All very relevant. I just want to highlight this is the project Pete was talking about and he built for us. This is the project he was discussing where we are in a single-family zone, but we did have a mixed multi-family allowance to build 25% of our units out there as multi-family. Because of that single family zoning, we have a 35-foot height limit, and changing that to increase unit count and changing zoning is what slows the process down. And again, that's an example of 'Yes, But'...And then the implications of a zoning change and.

Ryan Allsop: Is it in a view corridor out there or something?

Carrie Veldman: No.

Rob Janicki: We're still lower than Costco next door.

Pete Dawson: And they might block the view from Costco.

Rob Janicki: In the city's defense, we had another property that was very low zoning, those three or four acres and we had forty-two units. The city actually took it upon themselves to do a rezone on our behalf to unlimited density.

Carrie Veldman: So yeah, that too.

Rob Janicki: They are trying to look out for us. It's just that they say it can't set a precedent. It's about setting the precedent, because if they do it for us then they have to do it for everyone else. And so that's when it becomes an issue. They have a lot more stakeholders and a lot more customers than we think. We think it's just us. But there's other people that are customers that that's a good example of allowing them to be targets.

Carrie Veldman: The other reason why I wanted to highlight this particular project is because, again, it's a little bit different because we annexed the property out in from the county. But we normally would have had to build single family homes right next to Costco. And so, we had to actually lobby for getting multifamily to buffer away from that heavy commercial use. And again, that was a situation where I worked with the planning director to change the code. So, it was again a 'yes, but...' you still have to go through the process and change it, which is understandable is again, it's just like it's a time situation in order to be able to get there. Next slide.

This is a project we just finished. This is out in Cordata, and the reason why I put it in here is simply because this is out on a property where the city did go ahead and do it, where they did the multifamily zoning update. And so now we could have only built originally 143 units on seven acres. And now we

have basically a limited density. So that that is actually a very positive thing, and we are moving forward with the next phases on that, the sister building of that. So that's okay. Yeah.

Rob Janicki: Let me talk about this one. This is Carrie's next project, and she is kind of the genesis for this. This is an example of a project that we think takes a multifamily and single-family thought process that throws them both out and integrates them. What this project is going to be is townhomes detached and then carriage units over the garages, and we're going to use a combination of the infill toolkit and the condominium code to create this project. It will, again, be the most complex project the city has ever seen. The city actually said no to us two years ago when we presented this and then came back and said with the new condominium code, they think there's a way around it.

Carrie Veldman: And with the updated binding site plan rules. I believe we presented this to you, Blake, this concept of the legal process of layering infill tool kit, binding site plan and condominium. It's a heavy lift. However, what it gets you is you get a townhome for sale for a traditional buyer, but then you have that as a carriage unit above your garage in the back, and that's the condo unit. That would be a for sale product decoupled from the main home.

Rob Janicki: And to help you guys understand the density, if we did Aurora Court Phase II, which is a very dense product that's fifteen units per acre, this one is twenty units per acre, single family. There's not a lot of projects out there where you can do twenty units per acre, single family. Our goal is these carriage units will be an eight hundred square foot unit. We think that it will be something that initially, because of the condo rules will be rentable, but six years from now, Community Land Trust will step in and buy the whole project from me and make it permanently affordable.

Let's go to the next one, because I know we only have a few minutes. First of all, I only have a few minutes, so I want to go quick on this. It's not uncommon for Ron Jepson and me to have projects that take 14 to 20 years to do, so this project here is a 14-year project, maybe longer. Let me give you the background. This is right next to the Galbraith Tree Farm, which I sold a recreational use permit and a conservation permit to, but this is the 550 acres that the seller kept. The reason he kept it is because it has 50 to 70 legal lots of records. It can be developed today with no permitting. All they got to do is sell the lots. They're legal lots of records, and you would end up with one unit per ten acres out here. Nobody can stop them because they already exist. It would be a terrible use of land. I mean, you're talking about permanently creating these massive mini ranches and all of the negatives that go with them.

Luckily, it's moved on to the next generation, and there are big infill developers in Seattle, and they said, 'Can you come up with something different?' My brother is working in Texas trying to solve the feces and urine problems in large mega dairies. He has developed an omni processor that can process 15,000 dairy cattle per day, and he converts the urine into pure water and ammonia and the feces into fertilizer and energy. Also, we get permits very quickly in Texas, but that's another story. I started looking at this and I said to him, I said, 'Hey, you know, what are the big costs in development?' You've got obviously permitting costs, but you also have utilities, capital, capital infrastructure, and then you've got ongoing

costs. Carrie lives in the City of Bellingham. It's not uncommon for most people to pay \$300 to \$400 a month for sewer, water, storm and all those other things.

So, I looked at this and said what if we just said we're going to be 100% off the grid? Because the problem with fully contained communities is they still depend on the local jurisdiction for most of their stuff. If we had this Omniprocessor; we've got all the biomass we need, we created our own energy, we went with all green roofs, so we had no storm water and then use a concept -- leave no trace. So, if you bring garbage in, you've got to take your garbage out. We're not going to have garbage service for you. We're going to embed all of our services. We're going to have EMTs that live on site. There's new technologies for fire. Fire trucks are really obsolete. We have them because we have unions that require us to have them, but by the time the fire truck shows up, the building's pretty much ashes. There are technologies out there that can keep these things from burning. We're going to do all mass timber, so we're going to have a climate saving component to this, and we're also going to look at making this permanently affordable. We think that in those two boxes we can do about 2,000 units. Everybody will park down at the bottom. We'll have some type of people mover that comes up and gets you into your units. All of your roofs will be basically forested. You would be looking at a forest through your window and then step down to the next unit. You'd have a huge water tank at the top that would be circulating from the Omniprocessor, so we would need any water, sewer, storm, fire, power. There would be a private security system, so no police. And, yeah, Disneyland on steroids. So, yeah, that's the chaos that I bring to Carrie.

Ryan Allsop: Who gets the taxes on it?

Rob Janicki: This is not actually allowed, so I think it's going to take me about seven years to get all of the stakeholders to give up control. I will tell you that initially to save that 550 acres and not have it turned into a rural development. I went to the city and the city said that this would not be part of their annexation plans ever so the city was out. I went to the county and the county basically believes that there is a pathway to getting this, but it's not going to be easy. The Omniprocessor is going to generate profit. The biomass energy system is going to generate profit. This thing is going to actually go from being a burden to a potential. Just the utilities themselves will generate revenue, and they're going to generate jobs because people are going to have to run these 24/7. And I think that this thing will end up being potentially a case study that could be replicated all over the world.

Sarah Rothenbuhler: That's great. Thank you for the presentation. And John Janicki was going to be speaking on Janicki Industries and had to leave town. And this really correlates with the previous topic so really nice to have you.

Rob Janicki: John is excited to come up and talk about the Saffron Building. They just picked up a black ops contract that he won't even tell me about, because he knows I can't keep a secret.

Room laughs

Rob Janicki: They are going to have 1,000 employees. The Saffron Building right now is being rented out, but eventually it will become part of Janicki Industries operations.

Ryan Allsop: Are you housing them in Sedro Woolley and bussing them up?

Rob Janicki: He told me that right now Sedro Woolley's housing, Skagit County's housing is worse than Whatcom County. Their rents are higher and the housing, there is no housing down there, so he is losing high end employees every day that come up. They're excited to work there. They can't find a place to live. It's a problem.

Sarah Rothenbuhler: Any questions?

Paul Burrill: Probably not for discussion today, but maybe for a later date. The term permanent affordable housing -- I'd love to go through that and try to figure out. Maybe there's another place where I could read up on it myself. How do we create this without creating a subclass that doesn't have any pathway because of the barriers to entry? They can kind of get stuck in something and create another subclass that's not inclusive, it's not able to join the rest of the community because they are working within these price levels that are dictated by government standards or affordable housing. How do you do that with having to evaluate investments around the rest of the county or the nation, too? I like the idea for sure, but I think it kind of worries me in way. I just like to look at a little bit myself.

Rob Janicki: Yeah, really. Kulshan Land Trust is the people you should talk to. They're the ones that introduced it to me. The way I'm envisioning it in our projects is that it's a subset of the total project, so that you end up with a mixed income community.

Sarah Rothenbuhler: Maybe we can attach something from Kulshan Land Trust.

Dave Fearing: I've got some information me for people who want to take them, and I'm happy to meet any time or present to the group sometime.

Port of Bellingham Commissioner Ken Bell: I'm concerned about one of the trends that you identified. That is the corporate purchase of homes, because really individual wealth is created through your home value. For the average American, your biggest investment is a home. Corporations are getting richer, because they're coming in and buying corporately the housing that our Bellingham people could be investing in to create a net worth for themselves, yet we're creating wealth for corporations rather than for the individuals. That's a huge topic of concern.

Blake Lyon: I heard the short-term rental has to be part of that conversation.

Port of Bellingham Commissioner Ken Bell: Yeah. I mean, just the idea if they're going to come in and book ten of your units. Well, there's other people in the county.

Rob Janicki: I think first and foremost, we need to ban Californians. No offense. (a lot of laughing)

Blake Lyon: I served my penitence in Florida.

Rob Janicki: It is a problem because the local community is getting squeezed. Our apartment buildings, generally at least 50% are from out of area.

Blake Lyon: There's a complexity there with remote work, so if we're going to have the conversation, let's have the whole conversation and talk about it. Right now, there isn't a restriction on who can buy, whether you're individual or corporate. There isn't a commitment to working locally as well. I just lost a staff member, our building planning examiner because she can go work 100% remotely for King County. It's kind of become a bedroom community for other things like that. It's part of the complexity, but it's worth having a conversation.

Sarah Rothenbuhler: We have 2 minutes left.

Bellingham City Councilmember Michael Lilliquist: Short comment. This is Bellingham City Councilmember Michael Lilliquist, Bellingham City Council again. It's not a tongue in cheek comment. I'm serious. You almost need a constitutional lawyer come and present to this committee because when you're talking about permanent affordability, restrictions and constraints on property rights or dividing property rights. And when you talk about local housing and Californians, you're talking about constitutional rights to move and to work and to buy whatever you want to, wherever you want to move to and buy. We're talking about corporations not buying our housing stock, which I think is a huge problem. You're talking about restrictions on the freedom of people to use capital. I mean, you need a constitutional scholar here because that's some of the issues that are fundamental

Sarah Rothenbuhler: We have one minute left. Clark.

Clark Campbell: Yeah. Just to bring up maybe a counterpoint to that. I find really interesting in Rob's presentation there on the some of the creative thinking and the different ways that we could approach looking at zoning differently. As those creative approaches are brought to the table, maybe even being permitted on a project basis to say this is a test, but then linking some of that to portions of that being permanently affordable. Whether that's deeding it over to somebody like the Kulshan Land Trust. I think when we go back to our beginning statement about workforce housing, we're talking about people within that 70 to 120 of the MFI or AMI, whichever way you want to talk about it, being priced out of the market. What I thought was very interesting in this presentation was the first, the statement that the banks were pushing to re-price it, but it's in Janicki's interest to create velocity of sale and to turn the property. But these are market rate housing. It's probably likely that a lot of those will flip within a very short period of time to what market price would bear. We have to look back at our scope of our goal here, which is how do we create affordable housing. Some of that is permanent, and some of that, I think, can be creatively done by creating greater capacity. Just building more doesn't seem to be the solution but building more with a component that's focused on some sort of deeds, limiting what you can do with that property to

maintain it at a permanent affordable level for that group that's in the 70 or 80 to 120 of MFI. That's a statement. I don't know the solution to it, but I like the idea of combining projects like the one shown here today with some component of permanent affordability.

Sarah Rothenbuhler: Thank you, Clark. And on that note, it is 12:32pm, so thank you everyone for coming to these meetings.

Pete Dawson: Thank you Sarah. Carrie, I have a new appreciation for all you do working with Mr. Chaos here. Really stretching those boundaries.

Next meeting: Monday, June 27, 2022, from 11am – 12:30pm
Hybrid Meeting - In-person encouraged and Zoom options available!

DRAFT