

POLICY NOTE

Bellingham doubles down on worsening homelessness: Rent control and NIMBYism

By Scott Fallon, Research Fellow

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Key Findings

1. The largest Bellingham homeless shelter announced policy changes due to struggles of record increase in homelessness
2. The next day a local environmental organization celebrated the collapse of a sustainable urban infill housing project
3. This comes on the heels of voters approving anti-landlord rent control measure despite shortage of housing amid recent population growth
4. Bellingham will continue to be unaffordable and burdened with high homelessness rate due to piling on of NIMBYism, rent control restrictions, property taxes, builder fees, zoning laws, and over-regulation

Introduction

Despite facing a housing shortage caused by unprecedented population growth and anti-development zoning, fees, property tax increases, and growth management laws¹, Bellingham voters in the November 2023 general election overwhelmingly passed Proposition 1, a rent control initiative that will further restrict the city's housing supply.

Then, on literally the day after Bellingham's largest homeless shelter announced policy changes due to a record increase in homelessness,² Whatcom Million Trees (WMT)—a tree-planting organization—celebrated the collapse of a sustainable infill housing project to build 68 townhouses.³

Typically such groups as WMT issue statements along the lines of, “We’re not against housing development just not this type and not here.” When WMT announced their opposition to the planned development they followed that script. WMT said, “The question is, is the overall (design) the right one for the site? And is there a way that Stream [the developer] can still make a profit here but do it in a more reasonable way for our community?”⁴

When the developer finally cancelled the project because of rising interest rates and the high cost of building in Bellingham, did WMT lament the total loss of new proposed housing? Not at all. WMT announced, “We and much of the community (i.e. 1,472 petition signers) are relieved that the maxed-out, ill-conceived Stream development proposal will not go forward.”⁵

Was Stream a slash-and-burn developer building willy-nilly without regard to environmental impact? Were they an East Coast developer who was going to build and then cut and run? Hardly. The company⁶ is based in Seattle and focuses on building in Washington state, particularly in western Washington. They are a LEED-certified builder and were

1 <https://www.washingtonpolicy.org/publications/detail/bellingham-rent-increase-limits-are-on-the-ballot-again>

2 <https://www.cascadiadaily.com/news/2023/nov/16/base-camp-restricts-non-resident-access-to-day-services>

3 <https://www.bellinghamherald.com/news/local/article282000423.html>

4 <https://www.bellinghamherald.com/homes/article276844676.html#storylink=cpy>

5 <https://www.bellinghamherald.com/news/local/article282000423.html#storylink=cpy>

6 <https://www.streamre.com/>

founders of Urban Housing Ventures which focuses on providing “workforce affordable rents to working-class families.” They helped found the Evergreen Carbon Capture project and have planted thousands of trees over the past decade.

While we noted in our previous work that any housing improves overall affordability—even housing at the high end—the townhomes proposed by Stream were not luxury housing and were proposed for a working-class neighborhood. Now such projects may become even more rare as costs will rise further if developers must put in additional time and application efforts to manage NIMBY (Not In My Back Yard) opposition. NIMBYism manifests itself multiple ways. For example, the Bellingham City Council just voted to require 45% tree canopy coverage in the city— giving Bellingham likely the highest tree-coverage requirement in the state and far beyond Seattle’s target of 30%.⁷

Stream put in the effort to make the Bellingham project viable while retaining and mitigating for as many trees as possible, and, notably, following the city’s regulations related to trees and mitigation.

Yet WMT cited removal of tree cover as problematic. Even though the city has a tree mitigation rule on the books and the developer was committed to following it, WMT applied the proven pressure of community outrage to demand more. WMT presented a multiple bullet list of demands for changes to the approved plan—including building 12% fewer housing units than proposed, even though Bellingham is desperately short of housing supply.⁸

This is a typical ploy opponents use to run out the clock by delaying the process. Delay the process long enough and the developer may just give up rather than incur the time and cost of moving forward. Alternatively, market conditions may change in ways that turn a sound investment into an unviable one.

The WMT claim had no quantitative assessment of the impact of the proposed removal of 327 trees nor a comparison with the approved plan with the city to leave 73 trees and plant 474 replacement trees. Rather, they cited the general value of trees “...to promote community resilience to things like floods and extreme heat as well as provide clean air, noise buffering and quality of life benefits.”⁹

Such blanket criteria applies so broadly that it leaves no room for removal of any trees anywhere for any purpose, including for housing. Further, WMT took a short term view and does not factor in that within some amount of time the replacement trees will provide similar benefit—which is, of course, the rationale behind requiring the mitigation plantings, especially in numbers exceeding the number removed.

What about the proposed Bellingham townhome site? Is it pristine wilderness at risk of becoming sprawl if developed? Not at all. It is, indeed, forested with 70+ years of growth of native trees and invasive species. But it directly abuts one of the busiest thoroughfares in the heart of Bellingham and sits literally just south of

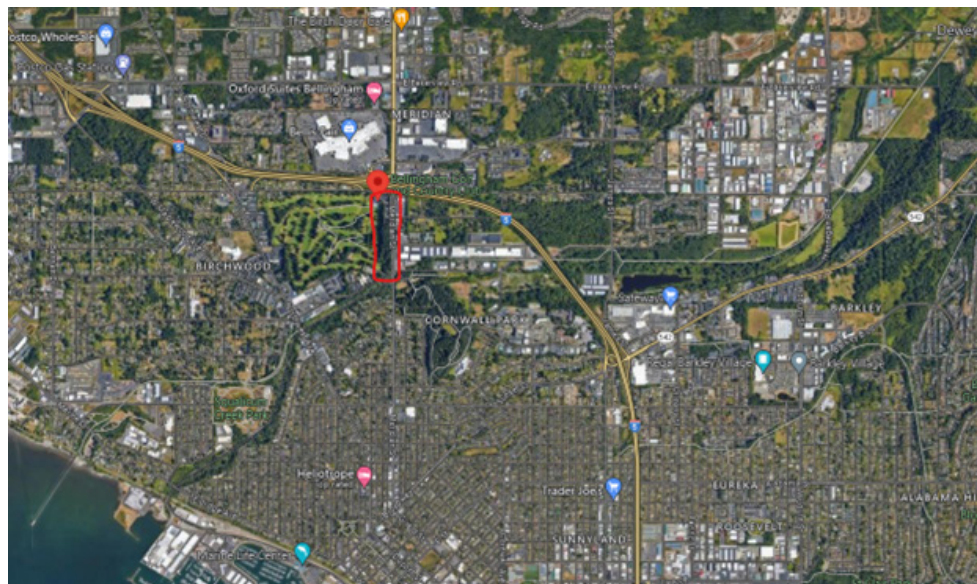
7 <https://cob.org/services/planning/environmental/ufmp>

8 <https://www.washingtonpolicy.org/publications/detail/bellingham-rent-increase-limits-are-on-the-ballot-again>

9 <https://www.bellinghamherald.com/homes/article276844676.html#storylink=cpy>

Scott Fallon is a Washington Policy Center Adjunct Scholar focused on local issues in Northwest Washington. A former small business owner and high-tech executive with stints including in Government Affairs at Microsoft, Scott has served on the boards of two free market think tanks. He volunteers with the American Red Cross as a Disaster Action Team member and with the Whatcom Humane Society. He holds a BA in chemistry with a specialization in earth sciences from University of California San Diego, and an MS in Industrial Administration from Carnegie Mellon University. Scott lives in Bellingham, Washington.

Interstate 5. The Bellis Fair Mall is across the street and the building site borders the golf course that owns the land. The area is mostly strip malls to the north and fully built-out residential neighborhoods to the south. Homelessness is rampant in the area with many people daily standing at the intersection at the north of the property seeking handouts.



What anti-housing efforts such as those of WMT miss is that developers need what any business investor and entrepreneur needs: Predictability. Sure, onerous regulations alone can stifle needed development, but with somewhat reasonable and well-communicated regulations upfront, businesses can proceed with investment in major and beneficial projects. However, when there is no assurance that the rules won't change in the middle of the race or that random community outrage calling for changes beyond what regulations require won't be allowed to derail the timeline, such investments and projects are disincentivized. As a result the community loses out on new housing opportunities.

Activist groups certainly have the right to protest private activities, but they should not have the right to slow roll those projects by influencing government permitting agencies to go beyond existing regulations.

Further, WMT and other anti-housing activists rarely address the lost jobs from both building and maintaining townhome or other projects such as this. In a city struggling with poverty-induced homelessness this omission is striking.

Bellingham is a small city in need of a lot more housing due to its recent population growth. Signaling that the city will use NIMBYism, rent control restrictions, taxes, fees, zoning, and regulation to thwart new housing projects is a poor way to attract home builders.¹⁰

There will be no incremental measurable benefit to the environment or climate through losing this sustainable townhome project. When combined with other anti-housing measures such as the new rent control measure in Bellingham, this housing opposition makes the city less affordable for the poor while adding to the ranks of the homeless.

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¹⁰ <https://fortune.com/2023/11/18/housing-market-math-nimbys-not-working-tom-barkin-richmond-fed/>