



Bellevue Planning Commission

March 8, 2023

PLANNING COMMISSION STUDY SESSION ITEM

SUBJECT

Study Session on a proposed Land Use Code Amendment (LUCA) to establish criteria and procedures in the Land Use Code (LUC) for certain properties owned by religious organizations and located in single family land use districts to be rezoned to allow permanently affordable multifamily housing. The LUCA advances the City's Affordable Housing Strategy (AHS) Action C-1. File No. 23-100486-AD.

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POLICY ISSUES

The proposed LUCA advances Action C-1 of the AHS, which seeks to “increase development potential on suitable land owned by public agencies, faith-based and non-profit housing entities for affordable housing”. The City adopted the AHS in 2017, in order to address Bellevue’s affordable housing needs. The City Council initiated work on Affordable Housing Strategy Action C-1 on July 20, 2020.

On December 6, 2021, as a first step in implementing Action C-1, the City Council adopted a 50 percent density bonus for affordable housing developments meeting Action C-1 ownership criteria. During the process, Council noted that some religious organizations' properties in single-family land use districts have location characteristics that could support higher densities and multifamily housing. They directed a second phase of work to further increase capacity for affordable housing on these properties through a Comprehensive Plan Amendment (CPA), LUCA and rezone. On December 12, the City Council adopted the CPA necessary for this LUCA, adding a note to the City’s Land Use Map and two new Housing Element policies:

- **Comprehensive Plan Policy HO-36:** Allow properties in single family designated areas on the Comprehensive Land Use Plan map to reclassify to multifamily when they meet all the following criteria:
 1. one hundred percent of the housing being developed will be permanently affordable housing; and
 2. the property is owned or controlled by a religious organization; and
 3. the property is located near high capacity transportation infrastructure and services; and
 4. the property is located near other multifamily residential or commercial use districts.
- **Comprehensive Plan Policy HO-37:** Inform and educate religious organizations about the opportunity to develop affordable housing.

AHS Action C-1 is also consistent with the following City policies and initiatives:

- **Comprehensive Plan Policy HO-7:** Encourage the development of affordable housing through incentives and other tools consistent with state-enabling legislation.
- **Comprehensive Plan Policy HO-26:** Provide incentives and work in partnership with not-for-profit and for-profit developers and agencies to build permanent low- and moderate-income housing.
- **Diversity Advantage Plan Guiding Principle Opportunity:** Share prosperity by connecting residents, schools, businesses, faith and nonprofits to work together for the common good.

DIRECTION NEEDED FROM THE PLANNING COMMISSION

ACTION

DIRECTION

INFORMATION ONLY

This is the second of two scheduled study sessions for the Planning Commission to consider the components of the proposed LUCA. The first study session was held on February 8, and covered the topics of the Affordable Housing suffix and eligibility criteria. This study session will focus on the Affordable Housing suffix designation criteria and applicable procedures.

After the study sessions, the Planning Commission will be asked to schedule a public hearing at a future meeting on the LUCA. Following the public hearing, the Planning Commission will be asked to recommend approval of the proposed LUCA.

	Topic Areas
<input checked="" type="checkbox"/>	<p><u>Study Session 1 (February 8): Affordable Housing (AH) Suffix, Eligibility Criteria</u></p> <ul style="list-style-type: none"> • Topic 1. Affordable Housing (AH) Suffix • Topic 2. Eligibility Criteria
<input checked="" type="checkbox"/>	<p><u>Study Session 2 (March 8): AH Suffix Designation Criteria</u></p> <ul style="list-style-type: none"> • Topic 3. AH Suffix Designation Criteria • Topic 4. Applicable Procedures
<input type="checkbox"/>	<p><u>Public Hearing (April 12, tentative):</u></p> <ul style="list-style-type: none"> • Required Public Hearing • Planning Commission Recommendation

BACKGROUND/ANALYSIS

2022 C-1 Comprehensive Plan Amendment

The AHS established a goal of adding up to 2,500 affordable homes in Bellevue within 10 years of implementation. Action C-1 is one of 21 actions identified under the five AHS strategy areas. Action C-1 calls for “increasing development potential on suitable land owned by public, non-profit housing, and faith-based entities for affordable housing” and can make a significant contribution to achieving the AHS goal.

In 2020, the City adopted several policies in the Comprehensive Plan Housing Element to advance AHS Action C-1 and to respond to RCW 35A.63.300, adopted by the Washington State Legislature in 2019, requiring the City to offer a density bonus for affordable housing development on property owned by religious organizations. These policies call for implementation of a density bonus and modifications to other standards and requirements in the LUC for eligible properties in order to increase affordable housing development. On December 6, 2021, as a first step in implementing the 2020 CPA, the City Council adopted a 50 percent density bonus for affordable housing developments meeting Action C-1 ownership criteria.

During the process of reviewing the 2021 LUCA, the Planning Commission and City Council both noted that some religious organizations' properties in single-family land use districts have location characteristics that could support higher densities and multifamily housing. This issue could not be addressed without additional amendments to the Comprehensive Plan. Council directed a second phase of work to further increase capacity for affordable housing on these properties through a second CPA, LUCA and rezone.

On December 12, the City Council adopted the CPA necessary for this second phase of work, adding a note to the City's Land Use Map and two new Housing Element policies. The map note makes it possible to rezone certain properties in single family land use districts consistent with the project purpose, while the comprehensive plan policies establish general ownership and location eligibility criteria for rezones. This proposed LUCA will establish the specific criteria and procedures necessary to implement the map note and Policy HO-36.

Components of Proposed LUCA

The proposed LUCA will amend LUC 20.20.128 and amend other provisions in chapter 20.10 LUC to establish criteria and procedures in the LUC for certain properties owned by religious organizations and located in single family land use districts to be rezoned to allow permanently affordable multifamily housing. **Attachment A** is a strike-draft of the proposed LUCA.

Topic 3. AH Suffix Designation Criteria

The AH Suffix will designate the multifamily land use district available for an eligible single family property when building permanent affordable housing. The specific AH suffix applied to a property is determined by a "reference land use district", which is selected based on the multifamily or commercial land use districts located near the eligible property. When there are multiple parcels in contiguous ownership, the contiguous parcels are treated as one property for the purposes of establishing the reference land use district and AH suffix. The LUCA proposes the following methods for selecting the reference land use district:

1. **Contiguous Land Use District.** If the eligible property is contiguous with a multifamily or commercial Land Use District, the reference district is the multifamily or commercial Land Use District sharing the longest portion of the eligible property's property line.
2. **Closest Land Use District.** If the eligible property is not contiguous with a multifamily or commercial Land Use District, the reference district is the closest multifamily or commercial Land Use District, measured from the property line.

3. Director’s Discretion. The Director may determine the reference land use district when the selection is unclear.

The reference land use district will correspond to the AH suffix available for the property rezoned. Reference land use districts are grouped based on density level or maximum building height, in the case of land use districts without a density maximum defined in terms of units per acre. AH suffix eligibility by reference land use district is provided in **Table 1**.

Table 1. Affordable Housing Suffix Eligibility by Reference Land Use District

Reference Land Use District	Associated Affordable Housing Suffix	Density Available for Affordable Housing
R-10, PO	(AH-1)	R-10
R-15, NB	(AH-2)	R-15
R-20, GC, O	(AH-3)	R-20
R-30, BR-CR, BR-ORT, BR-RC, CB, DT (Any), EG-TOD, EM (Any), F1, F2, F3, LI, NMU, OLB, OLB 2, NMU	(AH-4)	R-30

Once a property has been rezoned with an AH suffix, the property owner may apply for multifamily development following the development regulations of the multifamily land use district associated with their AH suffix, provided the proposal meets all affordability requirements. All relevant permitting and review requirements will apply to the proposal.

The distribution of the 30 current eligible sites by current Land Use District and proposed AH suffix, as determined by these criteria, is provided in **Table 2**. If all of these sites were to be completely redeveloped with housing consistent with their current single family Land Use Districts, there is capacity for up to 472 housing units. If these sites were completely redeveloped consistent with the proposed AH Suffix, there is capacity for up to 3,604 housing units.

Table 2. Total Capacity on Eligible Sites by Land Use District and AH Suffix

Current Land Use District	Proposed AH Suffix	Eligible Sites	Acres	Existing Unit Capacity	Upzoned Affordable Housing Capacity*
R-1.8	AH-3	2	3.9	7	118
R-2.5	AH-3	3	5.5	13	164
	AH-4	1	13.2	33	595
R-3.5	AH-1	1	3.9	14	58
	AH-3	2	4.0	14	119
R-4	AH-1	3	5.7	22	86
	AH-3	2	12.8	51	383
R-5	AH-1	1	5.8	29	86
	AH-2	3	16.7	83	376
	AH-3	5	15.2	76	456
	AH-4	7	25.9	130	1,163

30	112.5	472	3,604
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**Includes 50% Density Bonus*

In reality, the actual number of units the proposal could produce will be much smaller, though it is impossible to determine the exact level. Only a portion of the eligible sites are likely to build housing. The analysis assumes all sites are fully redeveloped, but it is likely that many religious organizations would retain at least some space for a religious facility. This may, but not always, physically limit the quantity of housing that can fit on the site, as other development regulations such as parking, height limits, setbacks, and lot coverage standards still apply. The analysis also does not consider whether the sites have any critical areas or other factors which could limit development capacity.

Topic 4. Applicable Procedures

The proposed LUCA does not change the procedural requirements previously in place. Once a property is rezoned, an application to develop affordable multifamily housing consistent with the provisions of LUC 20.20.128 will be processed through the required land use review.

Religious facilities are conditional uses in all of Bellevue's single family and multifamily Land Use Districts. When an approved conditional use such as a church is being completely redeveloped, the city's historic practice has been to require a new conditional use permit (CUP). CUPs are Process I quasi-judicial decisions made by the Hearings Examiner, and add time and complication to proposals. The city has an alternative through the Administrative Conditional Use Permit (ACUP) process, which allows modifications to approved CUPs through an administrative process when certain conditions are met. Per 20.30B.175, an ACUP can be approved when:

- The amendment maintains the design intent or purpose of the original approval; and
- The amendment maintains the quality of design or product established by the original approval; and
- The amendment is not materially detrimental to uses or property in the immediate vicinity of the subject property.

The proposed LUCA includes a provision that proposals including a religious facility which will replace an existing religious facility are eligible for review through the ACUP process instead of the CUP process when the new facility is not larger than the facility being redeveloped. This will reduce the review period and improve the predictability of the process and timing.

Planning Commission Questions

At the February 8 Study Session, the Planning Commission asked several questions requiring further review. A summary of these questions and staff's responses are provided below.

1. *Why is the land use buffer limited to 500 feet from multifamily and commercial land use districts? How many sites would be added if it were expanded to 1,000 feet?*

The CPA eligibility criteria states that properties must be "located near other multifamily or commercial land use districts", but does not define "near". At the first Council study session on the CPA on May 9, 2022, staff provided maps identifying properties located within 300 feet of an existing multifamily or commercial land use district. 300 feet was selected initially because it is the same buffer applied to multifamily properties bordering single family districts where transition area

standards are applied. During discussion, councilmembers expressed interested in analyzing the impact of expanding the land use buffer to 500 or 1,000 feet. On July 5, 2022, as part of discussion on the AHS Next Right Work initiative, the City Council revisited the buffer discussion, and considered the 500 or 1,000-foot buffer options. Following further discussion, the Council indicated a consensus in support of a 500-foot buffer. As a result, while this distance is not established in the CPA, it is consistent with Council's previous deliberation and guidance.

If the land use buffer were expanded to 1,000 feet instead of 500 feet, and all other criteria were held constant, six additional sites would become eligible for the rezone. Today, there is capacity for up to 54 units on these six sites. If eligibility criteria were updated to includes these sites and they were rezoned, there would be capacity for up to 392 units. At this time, none of the organizations owning these properties have expressed an interest in building housing to city staff.

2. *Which eligibility criteria eliminate the most sites?*

Staff identified 54 sites located in single family land use districts, owned by a religious organization and at least 8,500 square feet in size (the minimum lot size for multifamily development in Bellevue). Of these, 24 do not meet all three proposed eligibility criteria. 17 of these sites meet two of the eligibility criteria. Of those only missing one of the criteria, 10 sites are located outside the land use buffer, five lack arterial access, and two lack frequent transit service. All 54 sites and the criteria they meet are provided in **Attachment B**.

3. *Why is arterial access included in the eligibility criteria?*

Comprehensive Plan Policy HO-36 directs staff to include properties "located near high capacity transportation infrastructure and services". In response, staff have recommended eligibility criteria for access to both frequent transit and access to arterials, which are streets with higher vehicular capacity.

The LUCA incorporates objective eligibility criteria for both obtaining a rezone and for determining the level of the rezone. This process exchanges improved predictability and simplicity for site-specific review. While the traffic impacts of specific developments cannot be studied until a proposal is presented, staff have the greatest confidence that vehicular traffic impacts can be addressed for multifamily developments when access to an arterial is available.

4. *How will the proposal impact parking?*

The LUCA does not propose any changes to parking requirements. Minimum parking requirements for affordable housing development with frequent transit service are established in LUC 20.20.590.L. These are as follows:

- Affordable housing located within ¼ mile of transit stop with service 2-4 times per hour: Minimum 0.75 spaces per unit
- Affordable housing located within ½ mile of transit stop with service at least 4 times per hour: Minimum 0.5 spaces per unit

These are minimum requirements, and developers are allowed to provide additional parking as they see fit. These requirements apply to both single family and multifamily affordable housing units.

5. *Will the LUCA allow partnership options for eligible religious organizations?*

The LUCA establishes that eligible property must be “owned or controlled” by a religious organization. While the city does not advise private property owners on real estate transactions, there are multiple approaches organizations can use to demonstrate control of a property if necessary. The LUCA is deliberately broad to accommodate multiple approaches to partnership, provided affordability objectives are achieved.

6. *Can the proposal encourage deeper affordability levels?*

There are three methods that the LUCA could incorporate deeper affordability levels: the eligibility criteria, the AH suffix criteria, and additional modifications to development regulations. Under the proposed eligibility criteria, upzoned properties could build multifamily housing only when all housing units are permanent affordable housing affordable to households earning less than 80% Area Median Income (AMI). Staff do not recommend reducing the income threshold, as this could prevent otherwise viable affordable housing developments from moving forward at all. The City of Seattle adopted a density bonus for affordable housing on religious organization land in 2021, and income levels were a major issue during that process. Seattle’s initial legislation capped eligibility at 60% AMI, and the city received extensive feedback from affordable housing and religious organization stakeholders that this reduction would make certain affordable housing proposals infeasible. Unfortunately, funding for housing serving the lowest incomes is limited, and the 80% AMI threshold can help more projects move forward without needing access to the most competitive funding sources. A coalition of Seattle’s historically Black churches also shared that they planned to use the density bonus to build affordable housing to combat gentrification and to support the church’s financial stability as a community anchor. These proposals benefited from including units affordable to 60-80% AMI households. As a result of these concerns, Seattle increased the income eligibility limit to 80% AMI.

The proposed AH suffix criteria are based on increasing density on eligible properties up to the density of property located in the immediate vicinity. Currently, each AH suffix corresponds with one land use district available for multifamily affordable housing. As an option, each suffix could identify one land use district available when all units are below a lower income level, and a second, less dense land use district available when including affordable units up to 80% AMI. Staff caution that this will increase the complexity of the code considerably. It is also unlikely that this would incentivize organizations to serve deeper affordability levels, as more funding may be required than the organization has available.

The third option would be to offer specific modifications to dimensional regulations only available to projects serving lower income levels. Staff also caution against this approach, as this may offer a benefit to affordable housing projects in single family districts that cannot be offered to affordable housing projects of a comparable scale in multifamily districts which are outside the scope of this amendment.

While staff are not recommending specific options for lower income levels as part of this LUCA, the city does have other tools to support lower income levels and will continue to identify opportunities to do so. The city’s Housing Stability Program is a new funding source available to affordable housing developments in Bellevue. These funds are prioritized for housing serving households earning less than 30% AMI.

Finally, while Bellevue's greatest and most challenging affordable housing need is for units affordable to households below 50% AMI, the city still needs many more units affordable to households between 50 and 80% AMI. According to the 2022 Housing Needs Assessment, 63% of Bellevue's households in this income group are cost burdened, and Bellevue needs nearly 3,887 more 50-80% AMI units by 2044.

7. *How are affordability requirements enforced? What happens if a property with affordable housing is sold and then redeveloped?*

In order to meet the established definition of "affordable housing" in the LUC, the City requires the property owner to record an agreement establishing the affordability requirements and requiring affordability for the life of the building. This agreement runs with the land, and will continue to apply to future owners of the property. This requirement will also apply to developments built consistent with this LUCA, and is a standard practice for restricting housing affordability.

If a property developed with multifamily affordable housing under this LUCA is sold and redeveloped, the same affordability requirements would be required as a condition to build multifamily housing. If a future owner wished to build market rate housing, they would be limited to redevelopment under their current single-family land use district designation.

8. *Additional information on invitation to January 31 information session*

Staff have confirmed that the invitation to the January 31 information session was shared in the following locations:

- Nextdoor: 1,972 impressions
- Facebook: 283 accounts reached, 18 clicks
- "Neighborhood leaders" distribution list: 768 recipients, 96% delivered. 55% of recipients opened the message.
- "Affordable Housing Strategy" distribution list: 2,027 recipients, 89% delivered. 31% of recipients opened the message.
- City events page
- Project website
- Notice of public meeting accompanying notice of application

The "neighborhood leaders" list consists of individuals who have attended Neighborhood Leadership Gatherings over the years. Any individuals interested in being added to these mailing lists are encouraged to contact city staff.

Public Engagement

Staff developed a public engagement plan with four modes of outreach to ensure the public, stakeholders, and interested parties have the opportunity to be informed and to provide comments.

1. Process IV Requirements. Process consistent with Chapter 20.35 LUC procedural requirements to provide opportunities for public comment, including:
 - Notice of Application of the proposed LUCA on January 19; and
 - Public hearing on the proposed LUCA anticipated in April.

2. Direct Engagement and Feedback. Dialogue and field visits with representatives of religious organizations, affordable housing providers, and neighborhoods.
3. Public Information Session. Virtual public information session on January 31 to provide information about the project to the general public and respond to questions.
4. Online Presence. City webpage to provide opportunities for the public to stay informed, including:
 - Staff contacts; and
 - Public information regarding LUCA progression.

Staff will continue to collect feedback from the public, stakeholders, and interested parties and summarize their comments for the Planning Commission throughout the LUCA process.

Anticipated Schedule

The Planning Commission will be introduced to and asked to consider the proposed LUCA. The anticipated timeline for processing the LUCA is as follows:

- Planning Commission Study Sessions: February 8 and March 8
- Planning Commission Public Hearing and Recommendation: April 12 (tentative)
- City Council Study Session: to be scheduled
- City Council Action: to be scheduled

ATTACHMENT(S)

- A. Strike-Draft of Proposed LUCA
- B. Eligibility Map, All Single Family Religious Organization Ownership