



# Bellevue Planning Commission

March 12, 2025

## PLANNING COMMISSION STUDY SESSION ITEM

### SUBJECT

Study session on the Wilburton Vision Implementation Land Use Code Amendment (LUCA).

### STAFF CONTACT(S)

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### POLICY ISSUES

The Wilburton Vision Implementation LUCA is the culmination of a City-initiated planning initiative for the approximately 300-acre Wilburton Transit Oriented Development (TOD) area, implementing the vision, goals, and policies in the Wilburton Comprehensive Plan Amendment (CPA), adopted by [Ordinance No. 6802](#) on July 23, 2024.

Since May 2024, staff have published and shared five drafts of the proposed LUCA, each shaped by valuable feedback from stakeholders, the general public, and the Planning Commission. These drafts focus on refining strategies to advance affordable housing in Wilburton, thoughtfully balancing mandatory requirements, voluntary incentives, and additional redevelopment priorities such as streets and circulation, open space, and building design. Each new version has built on prior input, with updates clearly highlighted to ensure transparency and facilitate review. The iterative process reflects an ongoing commitment to stakeholder collaboration and thoughtful policy development that would ideally result in a final draft that is both effective and responsive to our community's needs.

### DIRECTION NEEDED FROM THE PLANNING COMMISSION

**ACTION**

**DIRECTION**

**INFORMATION ONLY**

On February 26, the Planning Commission held a public hearing to consider the proposed LUCA, which is one policy tool for implementing many of the recent policy and map changes. Tonight, staff request that the Planning Commission recommend approval of the proposed LUCA.

### BACKGROUND/ANALYSIS

#### **Background**

The Planning Commission has reviewed and discussed the Wilburton Vision Implementation LUCA in six study sessions and at a public hearing held on February 26. The staff report, which provides background information, outlines the review process, and evaluates how the LUCA options meet the decision criteria, is included as Attachment A.

A redlined draft of LUCA Option A (mandatory approach) is provided as Attachment B, and a redlined draft of LUCA Option B (voluntary approach) is included as Attachment C.

## Public Hearing Summary

At the February 26 public hearing, the Commission reviewed information and analysis on the “outstanding LUCA topics” identified during the six LUCA study sessions. These unresolved topics primarily reflect areas where staff and stakeholders were unable to reach full consensus.

The topics fall into four categories: access corridors, off-street parking, small sites, and affordable housing. In total, these categories include twenty LUCA options for the Commission's consideration. Each topic generally includes up to three options to select from for incorporation into the LUCA.

A high-level summary of the outstanding topics and options are provided below, and a more detailed analysis is included in the February 26 public hearing agenda memo (Attachment D).

### Outstanding Topics & Options Presented at the Public Hearing:

1. **Access Corridors** (*used to frame a block*)
  - a. **Local Streets** (*publicly dedicated for vehicles and non-motorized access*)
    - Options considered: maintain the current proposed width or reduce it.
  - b. **Flexible Access Corridors** (*privately owned, publicly accessible for vehicles and non-motorized access*)
    - Options considered: maintain the current proposed width or reduce it.
  - c. **Active Transportation Access Corridors** (*privately owned, publicly accessible exclusively for non-motorized access and emergency fire lanes*)
    - Options considered: maintain current width and function, reduce width while allowing service/loading access, or reduce width while maintaining function.
  - d. **Shared-Use Paths** (*privately owned, publicly accessible for pedestrians and cyclists*)
    - Options considered: maintain current width and function or reduce width.
    - Note: The option to reduce the width below minimum safety standards for multi-use paths was not recommended. These paths represent the narrowest corridors that may frame a block.
  - e. **Commercial Driveway Sidewalks** (*private routes for sites under 105,000 sq. ft., providing direct building/site access—not used to frame a block*)
    - Options considered: maintain current 10-foot sidewalk width or reduce width to 6 feet (where required by the Transportation Department).
  - f. **General Sidewalk Widths** (*applicable to existing streets in the TOD, including NE 8th St., NE 4th St., 116th Ave. NE, and 120th Ave. NE*)
    - One option, reflecting property owner requests, maintain a 10-foot sidewalk width along these high-traffic streets.
2. **Off-Street Parking** (*requirements for minimum off-street parking*)
  - Options considered: maintain the proposed 75% minimum parking reduction or eliminate minimum parking requirements in the TOD.

3. **Small Sites** (*Floor Area Ratio (FAR) flexibility for sites under 40,000 sq. ft.*)
  - Options considered: maintain the current approach to earning FAR or allow maximum FAR and building height for residential projects that meet baseline affordable housing requirements and achieve green building certification.
4. **Affordable Housing**
  - a. **Fee In-Lieu Amount** (*applicable for qualifying development when on-site performance is not provided*)
    - Options considered: maintain the current fee amounts or reduce the commercial fee, eliminate the separate and higher Urban Core fee for residential development and consolidate to a single, lower residential fee.
  - b. **Catalyst Program** (*policy approach to encourage early development by phasing in affordability requirements or reducing affordable housing fees for initial projects*)
    - The commission reviewed a catalyst program request submitted by stakeholders at the January 22 study session.
    - A revised stakeholder request, along with a staff recommendation, is included in this memo for further consideration.

During the public hearing, community members expressed both support and opposition to the LUCA. Many commenters recommended modifications, with several advocating for the inclusion of a “property owner request” option within certain outstanding LUCA categories.

While no formal recommendation was made, the Commission expressed support for certain modifications and directed staff to provide further analysis—particularly regarding the proposed affordable housing fee and the Eastside Housing Roundtable’s revised catalyst program request, which was submitted prior to the hearing. Analysis of topics 1-3 (access corridors, off-street parking, and small sites) is included in the February 26 public hearing agenda memo (Attachment D). The following section provides additional analysis on the affordable housing fee and catalyst program for the Planning Commission’s consideration.

**Additional Analysis of Potential Modifications**

Affordable Housing Fee In-Lieu

Under the proposed mandatory affordable housing approach, both residential and commercial developments have the option to pay a fee in lieu instead of providing affordable units within their project. This fee applies to all non-exempt floor area.

The Eastside Housing Roundtable has advocated for a lower fee amount. Below is a comparison between the proposed fees and the fee levels suggested by the Roundtable.

<b>Affordable Housing Fee</b>			
<b>Proposed Fees</b>		<b>Eastside Housing Roundtable Request</b>	
Residential Fee:	Commercial Fee:	Residential Fee:	Commercial Fee:
• Urban Core: \$18	• All districts: \$24	• Urban Core: <u>\$13</u>	• All districts: <u>\$16.50</u>
• All other districts: \$13		• All other districts: \$13	

As outlined in the February 26 agenda memo (Attachment D) and public hearing, staff evaluated fee options based on the following five factors:

1. The cost of developing affordable housing
2. Findings from the Nexus and Proportionality study
3. The public subsidy required to bridge the affordability gap
4. Developer investment loss per square foot for including affordable units
5. A comparison of Bellevue’s fees to those in neighboring cities

Staff’s analysis of the potential impacts of different fee levels remains consistent with the findings presented on February 26.

The purpose of the in-lieu fee is not to simply generate revenue without a clear and targeted purpose. The proposed fee is primarily designed to bridge the affordability gap to buy-down market-rate units to 80% Area Median Income (AMI) within the TOD area. A fee lower than the proposed amount would reduce the City’s ability to achieve this objective and further limit our ability to address housing needs at AMI levels below 80%.

The proposed fee ensures that collected funds are effectively deployed to advance housing affordability goals while maintaining a viable development environment. Additionally, the proposed fee amount is informed by stakeholder input and analysis of the estimated return on investment (ROI) loss per square foot associated with providing 10% of units at 80% AMI. Based on pro forma data and an assumed capitalization rate of 5.5%, these estimated losses are:

- Mid-Rise Development: \$13 per square foot
- High-Rise Development: \$18 per square foot

The proposed fee aligns with these figures to ensure that developers are not overburdened to the point of financial infeasibility.

Catalyst Program

As part of the proposed mandatory affordable housing framework, stakeholders have expressed interest in incorporating a catalyst provision to provide near-term support for development. The following analysis examines the February 26 stakeholder request potential, along with a potential adjustment should the Commission choose to introduce such a program.

<b>Catalyst Program</b>	
Potential Catalyst Program (recommended)	<p><u>Residential Development:</u> Phase-in affordability requirements as follows:</p> <ul style="list-style-type: none"> <li>• 5% set-aside requirement for first 500 units with issued building permit(s)</li> <li>• 10% set-aside requirement for remaining units (full requirement)</li> </ul> <p>Reduce fees as follows:</p> <ul style="list-style-type: none"> <li>• 25% fee reduction for first 500 units with issued building permit</li> <li>• Full fee applies after permit(s) issued for 500 units</li> <li>• Annual CPI adjustment beginning in 2026</li> </ul>

	<p><u>Commercial Development:</u> Reduce fees as follows:</p> <ul style="list-style-type: none"> <li>• 25% fee reduction for first 600,000 square feet of commercial development with issued building permit</li> <li>• Full fee applies after building permit(s) issued for 600,000 square feet</li> <li>• Annual CPI adjustment beginning in 2026</li> <li>• 50% fee reduction for first 500,000 square feet of life science development with issued building permit</li> </ul> <p>“Look back” on both fees after June 1, 2030, or sooner to assess how market-rate development is progressing and whether sufficient revenue is collected for affordable housing.</p>
Stakeholder Request	<p><b>Same as above, except:</b></p> <p><u>Residential Development:</u> Phase-in affordability requirements as follows:</p> <ul style="list-style-type: none"> <li>• 5% set-aside requirement for first 500 units <del>with issued building permit(s)</del> <u>proposed under a complete land use application (no permit issuance required), or until June 1, 2026, whichever is later</u></li> <li>• 10% set-aside requirement for remaining units (full requirement)</li> </ul> <p>Reduce fees as follows:</p> <ul style="list-style-type: none"> <li>• 25% fee reduction for first 500 units <del>with issued building permit</del> <u>proposed under a complete land use application (no permit issuance required), or until June 1, 2026, whichever is later. No more than 1,000 units shall vest to the 25% fee reduction.</u></li> <li>• Full fee applies after <del>permit(s) issued for 500 units</del> <u>are proposed under a complete land use application (no permit issuance required)</u></li> <li>• <del>Annual CPI adjustment beginning in 2026</del> <u>Fee may not be adjusted per CPI until after 750 units are proposed under a complete land use application (no permit issuance required), or until June 1, 2027, whichever is later</u></li> </ul> <p><u>Commercial Development:</u> Reduce fees as follows:</p> <ul style="list-style-type: none"> <li>• 25% fee reduction for first 600,000 square feet of commercial development <del>with issued building permit</del> <u>proposed under a complete land use application (no permit issuance required), or until June 1, 2026, whichever is later. No more than 600,000 square feet shall vest to the 25% fee reduction.</u></li> <li>• Full fee applies after <del>building permit(s) issued for 600,000 square feet</del> <u>are proposed under a complete land use application (no permit issuance required)</u></li> <li>• <del>Annual CPI adjustment beginning in 2026</del> <u>Fee may not be adjusted per CPI until after 850,000 square feet is proposed under a complete</u></li> </ul>

	<p><u>land use application (no permit issuance required), or until June 1, 2027, whichever is later.</u></p> <ul style="list-style-type: none"> <li>• 50% fee reduction for first 500,000 square feet of life science development with issued building permit <u>any research and development and medical office until June 1, 2028</u></li> </ul> <p><u>“Look back” on both fees after June 1, 2028. 2030, or sooner to assess how market-rate development is progressing and whether sufficient revenue is collected for affordable housing</u></p>
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**Analysis:**

Wilburton’s high desirability and strong market demand indicate that development will likely proceed even without the reduced fees and requirements proposed in both options. If the Commission seeks to introduce a catalyst program for Wilburton, the staff recommendation provides a structured approach.

An effective catalyst program should serve as a strategic tool to accelerate development and encourage early private investment that aligns with the Wilburton vision. However, if the program allows developers to vest fees, affordable housing units, or commercial square footage at the land use entitlement stage, often years or even a decade before project completion, it may incentivize land speculation rather than direct investment in transit-oriented development.

The primary distinction between the staff recommendation and the stakeholder request is whether the program should incentivize actual construction or enable landowners to lock in benefits without a clear timeline for development. The former supports the city's objectives of delivering housing and infrastructure in a timely manner; the latter undermines the very purpose of a catalyst program.

The stakeholder request proposes lower residential and commercial fees (\$13 for residential and \$16.50 for commercial), further fee reductions under the catalyst program, and the ability to lock in these rates at land use permit submittal—shielding projects from CPI adjustments for years. This raises concerns. Fees should be indexed to inflation and construction costs to maintain their real value over time. Cities need the flexibility to recalibrate fee structures in response to economic shifts, and freezing fees too early removes this adaptability.

A catalyst program should be structured to encourage development, not speculation. Allowing fee vesting at entitlement weakens its impact, and suppressing fees over extended periods further erodes its effectiveness. A performance-based approach that rewards actual construction will better serve the city’s housing and economic development goals by aligning incentives with real development.

**Public Engagement**

Staff has executed a public engagement plan with three modes of outreach to ensure that community members and neighbors, property owners, and all stakeholders and interested parties have the opportunity to stay informed and to provide comments.

- A. Process IV Requirements. The LUCA process is following the Chapter 20.35 LUC procedural requirements to provide opportunities for public comment.
- B. Direct Engagement and Feedback. Dialogue with stakeholders has been ongoing.
- C. Online Presence. Staff is continuing to update the Wilburton webpage to inform the public about this LUCA. The latest draft and comment tracker are available on the webpage and will be updated as the LUCA progresses.

### **LUCA Schedule**

The Planning Commission will be asked to recommend the proposed LUCA tonight. The anticipated timeline for processing the LUCA is as follows:

- Study Session 1: February 14, 2024
- Study Session 2: March 27, 2024
- Study Session 3: September 11, 2024
- Study Session 4: November 6, 2024
- Study Session 5: December 11, 2024
- Study Session 6: January 22
- Public Hearing: February 26
- Study Session 7: March 12 (tonight)
- City Council Study Session (to be scheduled)
- City Council Action (to be scheduled)

### **ATTACHMENT(S)**

- A. Staff Report
- B. Option A Strike-Draft (Mandatory Affordable Housing Approach)
- C. Option B Strike-Draft (Voluntary Affordable Housing Approach)
- D. February 26 Planning Commission Memo: Public Hearing on the Wilburton Vision Implementation Land Use Code Amendment
- E. Planning Commission Resolution