CITY OF BELLEVUE
BELLEVUE PLANNING COMMISSION
MINUTES

September 10, 2025 — Bellevue City Hall
6:30 p.m. — Room 1E-113

COMMISSIONERS PRESENT:	Chair Khanloo, Vice Chair Lu, Commissioners Ferris, Goeppele Kennedy, Nilchian, Villaveces
COMMISSIONERS REMOTE:	None
COMMISSIONERS ABSENT:	None
STAFF PRESENT:	Kate Nesse, Thara Johnson, Department of Community Development; Kristina Gallant, Mathieu Menard, Nicholas Whipple, Department of Development Services; Matt McFarland, Heather Jones, City Attorney's Office
COUNCIL LIAISON:	Not Present
GUEST SPEAKERS:	None
RECORDING SECRETARY:	Gerry Lindsay

1. CALL TO ORDER
(6:30 p.m.)

The meeting was called to order at 6:30 p.m. by Chair Khanloo who presided.

2. ROLL CALL
(6:32 p.m.)

Upon the call of the roll, all Commissioners were present.

3. APPROVAL OF AGENDA
(6:33 p.m.)

A motion to approve the agenda was made by Commissioner Ferris. The motion was seconded by Commissioner Goeppele and the motion carried unanimously.

4. REPORTS OF CITY COUNCIL, BOARDS AND COMMISSIONS - None
(6:34 p.m.)

5. STAFF REPORTS
(6:34 p.m.)

A. Planning Commission Meeting Schedule

Chair Khanloo took a few minutes to review the Commission's schedule of upcoming meeting dates and agenda items. It was noted that the Commission's annual retreat had been moved to November 5.

6. WRITTEN AND ORAL COMMUNICATIONS
(6:34 p.m.)

Chair Khanloo took a moment to note that under Ordinance 6752, the topics about which the public may speak during a meeting are limited to subject matters related to the city of Bellevue government and within the powers and duties of the Planning Commission. Additional information about the new rules of decorum governing conduct of the public during meetings can be found in Ordinance 6752.

A. Written Communications
(6:35 p.m.)

Senior Planner Dr. Kate Nesse summarized stated that most of the written comments received since the packet's release pertained to the HOMA topic, though there was one additional email in support of the standards for Neighborhood Business in the HOMA proposal.

B. Oral Communications
(6:36 p.m.)

A motion to extend by 20 minutes the time for oral communications in order to accommodate all those signed up was made by Commissioner Ferris. The motion was seconded by Commissioner Kennedy and the motion carried unanimously.

Eastgate resident Leslie Geller voiced concern about designating the Eastgate Plaza area as Neighborhood Mixed Use, arguing that the location does not align with the definition of being on the periphery of higher-density districts since it borders residential areas and I-90 rather than higher-density uses.

Deborah Duitch, a Newport Hills resident, expressed strong support for redevelopment of the Newport Hills shopping center. The speaker spoke representing the Newport Community Coalition and emphasized that the community desires redevelopment that includes housing and affordable housing. The shopping center's representative shared with the Coalition a vision for the site. Now is the time to implement the Comprehensive Plan by getting HOMA done in a way that will allow redevelopment of the site to happen.

Stuart Campbell, a Newport Hills resident, strongly supported redevelopment of the shopping center. Noting having a long family history in the community, the speaker explained that a redeveloped center could once again serve as a vital community gathering place with open space, retail, and housing. The need for alignment between zoning codes and the new Comprehensive Plan was acknowledged, but the Commission was urged to approve the development standards in the HOMA draft. South Bellevue needs a renewed focus to keep pace with the city's overall progress.

Sander Valstar, a resident of Newport Hills, expressed strong support for HOMA, highlighting that much of Bellevue's land is currently taken up by single-story retail that has extensive parking, which is inefficient given the city's housing needs. Bellevue was compared to the speaker's hometown in the Netherlands where housing above shops is common and supports family-owned businesses such as flower shops and bakeries. Redevelopment through HOMA could bring vibrancy back to neighborhood shopping centers, create more public spaces, and improve community life. It was emphasized that increasing housing density should be paired with improvements in transit service; Newport Hills currently has poor bus service. With regard to allowing some townhomes to be built on retail lots, the city should investigate requiring some number of them to include storefronts to maintain retail space and support small businesses. The Commission was urged to view HOMA not only as a housing tool but also as an opportunity for broader neighborhood revitalization.

Steve Kunkel, a Newport Hills resident, recalled the decline of the local shopping center that began in the 1990s when new strip malls in Newcastle drew away businesses, resulting in the loss of banks, grocery stores, a drugstore, and a gas station. A redevelopment plan was proposed in 2000 but was abandoned after the dot-com crash. It is time for a revitalization that will serve both current and future residents. The county planners who developed Newport Hills decades ago had the foresight to include schools, parks and shopping, and the current generation should "pay it forward." Support was voiced for HOMA, citing Bellevue's housing crisis and the city's bold Comprehensive Plan. After sharing an anecdote about a Comcast technician who commutes from Marysville, it was noted pointed out that many workers cannot afford to live in Bellevue. Redevelopment should provide housing opportunities for people of modest means, which is necessary for a healthy community.

Jodie Alberts spoke on behalf of the Bellevue Chamber's PLUSH Committee regarding the HOMA Land Use Code Amendment. It was noted that the Chamber had submitted two letters, one on citywide HOMA provisions and the other on Downtown-specific issues. While the Chamber supports the intent of HOMA, as drafted it contains several practical problems that could hinder housing development. The list of concerns includes how the affordability requirements are calibrated, how the code interacts with the Multifamily Tax Exemption (MFTE) program, the impervious surface limits, the parking requirements, and the rigid design standards. The Downtown provisions create new requirements without offering incentives, which could slow growth. The Chamber recommends alternative approaches, such as voluntary housing contributions with fee-in-lieu options, streamlined code updates to reduce costs, and more flexible development standards. The Commission was asked to delay scheduling a public hearing so the issues can be resolved in collaboration with staff, ensuring that HOMA advances housing goals rather than stalling projects.

Rachel Mazur, a land use attorney representing EGBW38R Owner, LLC, the owner of a forty-five acre site at 2525 through 2800 160th Avenue SE, explained that while the site's OLB zoning would not change, HOMA's proposed standards would directly affect development opportunities there. Strong support was voiced for HOMA's removal of limits on structures and dwelling units per acre, as well as eliminating transition area zoning, as important steps toward greater density and flexibility. Some provisions could discourage housing development, particularly the proposed affordability mandates. The Commission was urged to allow for greater design flexibility, elimination of the 60 percent impervious surface cap, and reconsideration of the formulas for additional floor area ratio and building height, in order to better incentivize housing. The city was encouraged to permit a mix of housing types, such as apartments and townhomes, on the same site, with affordable units concentrated in apartments. HOMA presents a meaningful opportunity, but adjustments are needed to ensure it encourages rather than impedes new housing development.

Sue Baugh, a Lake Heights resident, noted having been involved in discussions with city officials about the Newport Hills Shopping Center since the 1990s. On behalf of the Newport Community Coalition, a group representing residents from Newport Hills, Lake Heights, Newport Shores, and Greenwich Crest, support was affirmed for the Comprehensive Plan as adopted, the Newport Neighborhood Update, the latest version of HOMA, and the creation of affordable housing for essential community workers such as teachers, nurses, police officers, and firefighters. Redevelopment of the Newport Hills Shopping Center has faced opposition twice before and failed, but the coalition now strongly supports a mixed-use redevelopment under Neighborhood Business zoning, allowing three to four floors, with amenities and bonuses that could allow up to five. Neither the coalition nor the property owners support seven to ten stories. New housing is needed to sustain retail, and the vision of the owners represents a positive step forward. The project was described as a potential legacy for the families involved, and the Commission was urged to move forward with redevelop of the Newport Hills Shopping Center.

Matt Rowe, an architect and development planner, spoke representing the two families who own the Newport Hills Shopping Center. The families have owned the property for over forty years and are eager to redevelop the outdated 1970s-era shopping center into a vibrant mixed-use town center. A letter from owner David Chow was distributed; it included an outline of the project vision with a wide range of housing types, third places such as cafes and plazas for community gatherings, and a design organized around a central town square with landscaped open space to embody the “city in a park” concept. Support was voiced for the latest HOMA draft standards for the Neighborhood Business zone, but it was clarified that the technical floor area ratio (FAR) limits mean five stories would not be achievable everywhere. It was recommended that the land transfer option in lieu of on-site affordable housing, or a fee-in-lieu option, be retained. The Newport Hills Shopping Center site is large enough to dedicate a portion to affordable housing within the development itself. The Commission was urged to endorse the current draft LUCA as it applies to Neighborhood Business zones.

Heidi Dean, a Newport Hills resident with a history of being involved in advocating for redevelopment of the shopping center, criticized the lack of outreach by city staff after the Commission’s May 14 directive for engagement, noting that neighborhood groups had not received adequate notice over the summer. Only minimal outreach was conducted at events such as the International Festival and Eastgate Block Party, which did not meet the Commission’s expectations. Scheduling a public hearing under the conditions is unacceptable. Also criticized was the current ownership group, Rainier Northwest, including Meredith Tall, Lisa Tall, and

David Chow, for neglecting the property, which has resulted in its decline. The Commission was warned not to reward the neglect with redevelopment approvals. It was pointed out that HOMA will affect other properties beyond Newport Hills, and many of those property owners and residents are unaware of the proposed changes. The Commission was reminded that the Neighborhood Business zoning allows two to four stories, not three to five, as had been stated by others.

Ben Mickel, a resident of Downtown Bellevue, expressed strong support for HOMA as a tool to increase housing production, particularly within mixed-use developments. Praise was offered for the increased building heights, FAR allowances, the mix of residential and commercial uses, the FAR exemption for grocery stores, and the creation of pedestrian safety standards for parking lots. The speaker recommended improvements, including prohibiting drive-through businesses in high-density areas due to traffic issues, and reducing parking requirements in anticipation of the state's Parking Reform and Modernization Act, which takes effect in 2027. Requiring less parking now would prevent developers from delaying projects and would improve the financial feasibility of mid-rise developments. City staff were commended for their professional work and their community engagement on HOMA. Adoption of HOMA by the City Council was urged.

Brady Nordstrom, associate director of government relations and policy at the Housing Development Consortium and a representative of the Eastside Affordable Housing Coalition, voiced strong support for HOMA as an implementation of the Comprehensive Plan's vision, and emphasized its importance in addressing Bellevue's affordable housing needs over the next two decades. Support was voiced for Option A of the code that includes an affordable housing requirement. Such policies can only be implemented during upzones and therefore must be enacted now. An endorsement was given to the staff's economic analysis, which suggests that a baseline ten percent set-aside at 80 percent of area median income is workable. Bellevue's requirements are lighter than those in other regional cities such as Kirkland, Redmond, Seattle, Issaquah, and Bellevue's own Wilburton code. Affordable housing mandates will generate needed housing during favorable economic cycles and will ensure long-term community stability. The Commission was thanked for its consideration and support of affordable housing initiatives.

Kevin Wallace voiced concerns regarding the 20 pages of amendments to the Downtown code contained within the larger 130-page HOMA proposal. Full support was voiced for the construction of affordable housing in Bellevue, and the speaker's track record of building more than 1000 apartment units and over 200 rent-restricted units in Seattle was highlighted. However, attempts over four years to develop 1000 apartment units in the Downtown Bellevue stalled because the code is overly complex and prohibitively expensive. The amendments proposed in HOMA will add to the problem rather than solve it. What is needed are incentive-based provisions rather than mandatory requirements. Objection was voiced regarding to the mandatory affordable housing fees and requirements without any relaxation of other obligations, such as outdoor plaza standards. Developers need either voluntary provisions or streamlined, incentive-based rules that will make affordable housing the desirable option, not an added burden. HOMA should be used as an opportunity to fix the Downtown code by incorporating reforms from the

Wilburton code, such as unlimited floor plates for mid-rise buildings. The speaker criticized the proposed increase in requirements for additional development flexibility while offering very little in return. The Commission was urged to create meaningful incentives that would both facilitate housing construction and generate significant contributions to the city's affordable housing fund.

Martin Seelig, a long-time Bellevue resident, noted being someone who appreciates creativity in others. Building on Wallace's points, the need for flexibility and creativity in the planning process was highlighted. While the Commissioners and staff could establish broad goals, the actual ideas and solutions would come from private sector developers motivated to meet the city's housing needs. Only low-rise and mid-rise apartments are currently viable according to economic reports. The Commission was urged to give the private sector the freedom to design and implement workable projects. The quality of life benefits of natural features were highlighted, and it was pointed out that restrictions on reopening culverted streams has prevented enhancements that residents would value. Progress requires a series of small, connected steps, like drawing a straight line with short dashes, that ultimately leads to success.

Jack McCullough, a land use attorney, reminded the Commission that the Downtown zoning had been comprehensively updated only eight years earlier in 2017 after a lengthy public process that ensured there would be no economic downzoning. Concern was voiced that HOMA's Downtown provisions represent a departure from that principle by imposing new costs without offering additional density or incentives. There has been insufficient outreach to Downtown property owners, many of whom learned about the proposal only through personal efforts. It was argued that the proposed $13 fee in-lieu is arbitrary and disconnected from economic realities. Applying such requirements in Downtown Bellevue, where no upzone is occurring, amounts to a new burden that could jeopardize ongoing projects representing millions of square feet of development. The Commission was asked to grandfather in all projects already in the pipeline or exclude the Downtown from HOMA altogether, relying instead on the affordable housing policies already adopted in 2017. The Commission was urged to delay any public hearing until further outreach and fine-tuning has been completed, encouraging a careful and deliberate approach similar to the one taken in the previous update.

Valentina Vaneeva, a Crossroads resident, spoke in favor of HOMA, emphasizing that Bellevue faces a shortage of reasonably priced and affordable housing. The initiative could make a meaningful difference. Frustration was expressed regarding inefficient land use, particularly single-story strip malls and large parking lots, which waste valuable space. There should be opportunity for redevelopment in mixed-use projects that combine housing with retail and community spaces, creating more walkable and vibrant neighborhoods. The Commission was urged to be bold in its requirements, to limit surface parking, to reduce the parking requirements overall, and to provide developers with flexibility to design different kinds of buildings. The speaker argued for smaller, more affordable retail spaces to encourage local businesses rather than large chain stores, and the Commission was encouraged to insist on amenities such as open spaces and quality sidewalks. At the same time, the Commission was cautioned against making requirements so complex that no projects can move forward. Complexity can leave the city stuck with outdated strip malls. The Commission was urged not to compromise its values and to ensure that redevelopment will foster a livable, thriving city for all residents.

7. PUBLIC HEARING – None
(7:26 p.m.)

8. STUDY SESSION

A. Land Use Code Amendment to Expand Housing Opportunities in Mixed-Use Areas
(7:26 p.m.)

Chair Khanloo reminded the Commission that the HOMA issue was last discussed on May 14, at which time it was decided not to set a public hearing. HOMA is intended to implement updated Comprehensive Plan policies, to align development regulations with future land use map designations, to carry out elements of the city's affordable housing strategy, and to establish a new affordable housing program in the mixed-use areas covered by the Land Use Code amendment.

Planning Manager Kristina Gallant stated that HOMA is a two-phase effort that was launched in December 2022 through the Next Right work process in which the City Council prioritized actions to address affordable housing. Phase 1 focused on the Downtown and used an Interim Official Control focused on increasing the residential floor area ratio so that housing could better compete with commercial development. Phase 2, the permanent LUCA, extends beyond the Downtown to mixed-use districts to increase overall housing production and affordable housing opportunities citywide. The engagement for Phase 2 has been ongoing since December 2024 and has been extensive, including six public information sessions held both virtually and in person. A virtual open house earlier in the week started forty-five minutes late due to circumstances outside of staff's control, but staff stayed late to answer questions. 26 participants also stayed. A seventh information session has been scheduled for the 22nd to accommodate those who could not stay. All of the events have been advertised via email, text and the city's social media platforms. Emails have reached approximately 20,500 unique email addresses and numbers on multiple occasions, including neighborhood association distribution lists. Staff has met individually and in groups with community organizations and industry stakeholders, and staff tabled at community events such as the Eastgate Block Party and the Bellevue International Festival. Staff have continued to be available for various meetings. The LUCA strikes an appropriate balance among community priorities.

Senior Planner Mathieu Menard defined HOMA as a Land Use Code amendment designed to encourage more housing and affordable housing in the city's mixed-use areas by removing zoning barriers and aligning standards with the Comprehensive Plan. HOMA offers two affordable housing program options for Commission selection, one mandatory and one voluntary, and it supports both larger multifamily buildings and middle housing such as townhomes. The geographic scope includes mixed-use zones citywide but excludes BelRed, Wilburton and East Main because those areas have separate or recently completed Land Use

Code amendments. HOMA includes rezoning to ensure consistency between parcel zoning and the future land use map as required by policy.

Mathieu Menard said the Council initiated the HOMA work in December 2022. Phase 1 tested the Downtown incentives through an interim ordinance. Staff returned to the Council in December 2024 with a scope update for the permanent LUCA, reflecting changing market conditions in which Office no longer outcompeted housing, and aligning the work with the updated Comprehensive Plan. Community information sessions were held, including three virtual and three in-person opportunities across the city. There was stronger attendance at the virtual sessions. The Commissioners were reminded that study sessions were held in February and May, that the Commissioners asked staff to conduct additional outreach over the summer. The Commission will need to schedule a public hearing.

Mathieu Menard outlined the affordable housing framework, noting that Option A, the mandatory program, would require developments with more than ten units to set aside ten percent of units as affordable at 80 percent of area median income, with deeper affordability tiers possible at lower AMI levels. The area median income, or AMI, is determined by the U.S. Department of Housing and Urban Development, with King County as the relevant area. The proposed incentive structure under Option A includes a floor area ratio bonus that exempts four square feet of market-rate floor area for every one square foot of affordable housing provided. The fee-in-lieu alternatives is proposed to be $13 per square foot in higher-density districts and $10 dollars per square foot in lower-density districts. A nexus study examining the relationship between development and affordable housing in mixed-use areas is nearing completion and will be available at the next meeting. A commercial fee similar to the Wilburton approach would apply to commercial space. Neither option would apply to the Downtown.

Option B, the incentive-based approach, is entirely voluntary. Under Option B, developers would not be required to provide affordable housing, but if they chose to do so, they would receive bonuses in terms of building height and floor area ratio. In the lower-density districts, providing 0.2 FAR of affordable housing would grant an additional 0.5 FAR and 10 feet of extra building height, with a maximum bonus of 1.0 FAR or 20 feet of building height. In higher-density districts, the same calculation would yield up to 1.5 FAR and 30 feet of additional building height. In either case, the absolute maximums for FAR and building height would remain consistent with those in Option A. Essentially, Option B would allow developers to buy their way up to the same maximums offered under the mandatory program.

Mathieu Menard said Office is the lowest density district to which HOMA applies. Currently Office consists largely of low-slung office buildings with extensive surface parking, generally located near major transportation routes. The proposal would allow increased residential use by eliminating the requirement that 50 percent of floor area must be office. It would also remove the dwelling-unit-per-acre limits, replacing them with FAR controls. The proposed FAR maximum for Office districts would be 1.0, and building heights could reach four to four and a half stories, with five stories possible but unlikely within the 55-foot cap.

Neighborhood Business (NB) and Community Business (CB) districts are typically small neighborhood centers made up of strip malls and one-story commercial buildings that have large parking lots. The current NB standards only allow two stories if the second story is residential. The proposal allows for relatively significant upzoning in the two zones to encourage more housing, and would require ground-floor retail or pedestrian-oriented uses, such as shops, restaurants, medical offices, or fitness spaces, located within 10 feet of sidewalks. The design reflects the long-standing goals in neighborhood plans, such as the Newport Hills plan. The proposed heights in NB would be 45 feet if developers provide 10 percent affordable housing, and a bonus of up to 60 feet for providing 15 percent affordable housing. The CB district would allow a flat 60 feet of height for providing 10 percent affordable housing. The dwelling-unit-per-acre limits would be eliminated in both NB and CB and replaced with FAR controls, proposed at 2.0 for NB and 2.5 for CB.

The Office/Limited Business (OLB and OLB-2) districts are typically freeway-adjacent and more isolated and less connected than NB or CB to the actual neighborhoods. They include office parks, parking lots and some fast-food establishments. Because they are not closely integrated with neighborhoods, the ground floor retail requirement would not apply. The proposed standards mirror those in NB, with building heights of 45 feet at 10 percent affordable housing and 60 feet for 15 percent affordable housing. OLB-2 would retain its existing 75-foot height limit. The dwelling-unit-per-acre limits would be replaced by FAR with the proposed values of 1.0 for OLB and 2.0 for OLB-2. There have been requests made to provide the OLB-2 district with additional FAR.

The Neighborhood Mixed Use (NMU) districts are larger in scale and are generally located around higher-density districts or near major roads. They are typically characterized by supermarkets, strip malls, and parking lots. Eastgate Plaza is an example. The areas are envisioned as transitional zones around major hubs, functioning as step-downs from the highest-density centers. The proposed heights are 110 feet, or about 10 stories, with a FAR of 4.0. The requirements for ground-floor pedestrian-oriented uses are proposed to be stricter than in NB and CB, with two-thirds of the street frontage required to include such uses located within 10 feet of sidewalks, and with transparency to allow for seeing into businesses, weather protection, and doors opening directly to sidewalks.

The Eastgate Transit-Oriented Development (TOD) district is currently dominated by surface parking and offices. It is not, however, fulfilling its intended TOD role. The proposed changes encourage more residential development in buildings up to 160 feet, which is consistent with the existing standards in parts of the district. The proposed updates are minor and focus mostly on clarifying form standards to make residential construction easier.

The Factoria district is home to a large shopping mall. Under the proposal, Factoria-2 would be eliminated and folded into the NMU designation for the parcels around the mall, while Factoria-3 would remain primarily the large office development. Factoria-3 would allow building height up to 135 feet, while Factoria-1 would have building heights of 170 feet in most areas but stepped down to 80 feet for the southern portion adjacent to the residential neighborhoods. The proposed FARs are 4.0 in Factoria-3; 3.0 in the 80-foot sub-district; and 5.0 elsewhere in Factoria.

Mathieu Menard said there are two new districts proposed under the Comprehensive Plan. One, Mu-16 is a high-rise mixed-use district with a proposed 16-story limit applicable to the central area of the Crossroads Mall and extending south to the adjacent road and having an FAR of 5.0. The second, MU-7 is a mixed-use seven-story district applicable to Kelsey Creek and the Lake Hills Shopping Center having an FAR of 3.0. Each district would have a requirement for two-thirds of the ground-floor frontage to be pedestrian-oriented.

Mathieu Menard said the proposal includes standards that will apply to all of the districts under a new Community Mixed Use Design District, which replaces the existing Community Retail Design District. The standards will ensure integration of new developments with their surroundings through requirements for connections to open space and step-backs for taller buildings. The transition standards, which were eliminated as part of middle housing, are proposed to be moved into the Community Mixed Use Design District. Previously transition areas were quite restricted in regard to building height adjacent to residential districts. The 25-foot setback and the landscaping requirements are to be retained. Additionally, building facades taller than 80 feet within 50 feet of residential property lines will require a 15-foot step-back to mitigate shadowing. Pedestrian-oriented design elements, such as transparent windows, weather protection, and doors opening directly to sidewalks, will be required to promote walkability and vibrant public spaces.

The community has been clear about wanting to see certain uses encouraged, both through the HOMA process and the Comprehensive Plan outreach process. To that end, the proposal includes a FAR exemption for childcare facilities, meaning that the square footage of such spaces would not count against the overall development limit. Grocery stores were also identified as essential neighborhood assets that should be preserved and encouraged within redeveloped areas, ensuring that residents do not have to travel far to access food. Nonprofit businesses, community spaces and affordable commercial space were also emphasized. There are concerns about displacing existing small businesses, including those owned by immigrant communities. While funding sources will largely address the issue, the code could provide incentives to encourage affordable commercial space so that displaced businesses would have the opportunity to return. A small FAR exemption is also proposed for developments that provide more than 30 percent of a site as open space, giving a modest incentive for enhanced public amenities.

Mathieu Menard outlined several updates that had not yet been incorporated into the current draft. Through the Wilburton process the City Council directed staff to consolidate all non-conforming language in the Land Use Code into a single section, rather than having separate sections in the main code and special districts. The consolidation will address previous issues with proportional compliance, which had required entire sites to be brought up to modern standards if one non-conforming element was altered. The goal is to avoid repeating mistakes made in the Downtown. The new consolidated language, which is still under review by the City Attorney's Office, will include carve-outs from certain districts such as East Main. Staff expects the legal and technical work to be completed and available for public review within a few weeks.

Another technical update involves reorganizing the affordable housing section of the code. Although no substantive changes will be made to the text, the section will be moved out of its current placement in Chapter 20.20.128 into a new, standalone chapter, making it easier for the public to navigate. The reorganization will require updating all cross-references in the Land Use Code.

Mathieu Menard described the engagement process to date, noting that the first step was an economic analysis, which was shared with the Commission in an agenda memo. It was informed by a stakeholder group consisting of development professionals and affordable housing developers. The group validated the inputs and methodologies used. Following that, staff met with members of the development community to identify impediments to housing production in existing zoning. The key issues identified included restrictive building forms, such as low height limits, dwelling unit caps, and large setbacks; site requirements such as transition area standards and landscaping; high parking requirements that increase costs; and excessive requirements for ground-floor retail that could not be supported in certain neighborhoods.

Based on the findings, staff drafted code changes and presented them to the community for feedback. Community members raised familiar concerns, particularly about traffic impacts, limited access in certain neighborhoods such as Newport Hills, potential parking spillover into residential streets, and fears of over-densification and unappealing building design. There were concerns voiced in regard to having blank building walls facing residential areas. Staff explained that step-backs and new form standards are intended to reduce such impacts. At the same time, there was broad community support for FAR exemptions to encourage childcare, grocery stores, and community-serving retail, as well as widespread recognition of the need for affordable housing. Residents also expressed enthusiasm for third places, such as coffee shops, bars, and casual gathering spaces, which they saw as vital to neighborhood life.

There has been a lot of outreach in regard to the project, starting in December 2024. Three virtual information sessions were held, two during the winter months of 2024 and one earlier in the week. There were also three in-person sessions conducted, one at City Hall, one at Puesta del Sol Elementary School, and one at Tyee Middle School. Staff also accepted and fulfilled numerous requests for one-on-one or group meetings with both residents and development stakeholders. The list of local groups engaged includes the Newport Hills Community Club, the Newport Community Coalition, the Bellevue Network on Aging, the Bellevue Development Committee, and the Bellevue Chamber of Commerce's PLUSH Committee. Staff also participated in public events such as the Eastgate Community Block Party and the Bellevue International Festival.

At a meeting in May the Commission provided input that included concerns about building form standards, particularly setbacks, building heights near residential areas, and transition area requirements. At that meeting staff was asked to improve public outreach efforts. In response, staff distributed an informational booklet with maps and explanations of zoning districts, tabled at community events, held an additional virtual session, and scheduled another information session for September 22.

Mathieu Menard asked the Commission to schedule a public hearing, which will move the work into Phase 3 later in the fall. That will be followed by the City Council process to act on the Commission's recommendation. As was done with Wilburton, the Commission could hold additional study sessions after the public hearing if desired.

Commissioner Ferris expressed strong support for Option A, the mandatory affordable housing requirement, citing past experience that incentive-only programs produced little affordable housing. The requirements must be calibrated so as not to suppress overall housing production and must welcome developer feedback on feasibility. Agreement was voiced in regard to aligning HOMA with the Multifamily Tax Exemption program to jump-start projects despite the MFTE's twelve-year benefit limit. Support was also given to allowing projects to have a combination of apartments and townhomes, consolidating them in terms of the affordability requirements.

Commissioner Villaveces endorsed Commissioner Ferris's call to align HOMA with MFTE and asked how staff derived the proposed affordability numbers. Mathieu Menard explained that the ten percent requirement mirrors Wilburton. It is a fair amount to require as it is not overly impactful and is less aggressive than the neighboring communities of Redmond and Kirkland. The approach takes the long view and the thinking is that the approach balances the FAR exemptions and bonus FAR while also being in line with meeting the city's affordable housing goal of creating 5,700 new affordable units over ten years.

Commissioner Villaveces allowed that while Wilburton uses a mandatory approach, a purely mandatory model citywide might deter smaller developers who avoid projects labeled as affordable, and that could risk decades of inaction at sites that remain strip malls. What is needed is an analysis of how the numbers were calibrated. An incentive approach could deliver more total units more quickly. While supporting the idea of replacing dwelling-unit-per-acre limits with FAR controls, cautioned was voiced that the draft's ground-floor transparency rules might unintentionally force retail uses on secondary frontages where neighborhood demand is insufficient. Language is needed that will allow residential frontages to meet the transparency and "eyes on the street" goals through design treatments such as setbacks, planters, or balconies, without requiring retail in locations where it would struggle.

Commissioner Goeppele indicated an inclination toward Option A but questioned whether the affordable housing calibration is correct, particularly the proposed fee-in-lieu levels, which resemble Wilburton's even though Wilburton involved greater upzoning and opportunities for developers. The question asked was how to justify the attempt to be proportionate in terms of the upzone. Mathieu Menard answered that the fee is the same as Wilburton will be in the higher-density districts, many of which are proposed to be upzoned proportional to the lower-density Wilburton districts, which is from seven to 16 stories. The approach is similar to Wilburton in that way, though without Wilburton's added costs such as developer-funded local streets and active pathways. For lower-density districts, the proposal is for a lower fee in-lieu of $10/square foot. Many districts are moving from one or two stories to five, which is a substantial change, and that calibration should be proportional to actual development on a site, not only to the nominal upzone. The city's pro forma analysis showed factors such as interest rates and the high cost of structured or underground parking has greater impacts on feasibility than a ten percent affordability set-aside. Staff remains open to Commission direction, however. The stakeholder feedback spanned a spectrum from advocacy groups urging stronger requirements to developers favoring a voluntary program. In the opinion of staff, the proposal strikes a middle ground that could be revisited if real-world outcomes indicate the need for adjustments.

Commissioner Goeppele asked to see more analysis to help support that. The economic study included in the packet was done before the recalibration of the fee-in-lieu numbers during the Wilburton process. Stressed was the importance of ensuring consistency and proportionality across different areas so that the support for affordable housing will be fairly distributed. Mathieu Menard responded that a nexus study is underway and will be presented at the next Commission meeting. It will include updated numbers related to the proportional fee-in-lieu requirements.

Commissioner Goeppele voiced the understanding that the only change since May in regard to transition areas was the requirement for a 15-foot step back above 80 feet in building height. Mathieu Menard confirmed that. Commissioner Goeppele expressed concern that the adjustment is insufficient when considering substantial upzoning in mixed-use areas adjacent to residential neighborhoods, and argued that a 25-foot setback with small landscaping is inadequate as a buffer, especially when compared to the Downtown approach which employs a wedding-cake structure with gradual height transitions. The question asked was why the Downtown receives greater protections through the step-down approach while the mixed-use neighborhoods might not. Mathieu Menard responded by distinguishing between transition areas and the Downtown wedding-cake approach. The Downtown step-downs are driven by the Comprehensive Plan, which encourages active street-level uses across from residential areas and then increases height progressively. Many mixed-use areas already have smaller relative differences. The Neighborhood Business zones adjacent to residential areas are capped at 40 feet, compared with the proposed 60 feet, which already creates a modest step-up. It was acknowledged, however, that larger sites like the Newport Hills Shopping Center could accommodate greater transition areas, while smaller parcels could be hindered by overly broad setback requirements. Staff would welcome additional recommendations from the Commission to refine the balance. Commissioner Goeppele said the main concern is not with smaller buildings of 40 to 60 feet but rather with buildings of 80 feet or more next to residential areas, which could have a significant impact.

Commissioner Nilchian voiced support for Option A and said the ten percent threshold seems appropriate, though perhaps it needs some calibration. With regard to the FAR exemptions, which currently include affordable housing, childcare, grocery stores, nonprofit businesses, affordable commercial space, and open space, the question asked was whether the list could be expanded to include bike storage, healthcare facilities, or other uses. Mathieu Menard explained that the current list was drawn from community priorities and cautioned that expanding the list too far could dilute the incentive effect, remove effective limits on FAR, and add administrative complexity. There is a need to balance incentives with the intended scale of development. Senior housing was discussed as a potential addition but it would need careful consideration because of its scale. Commissioner Nilchian suggested including bicycle parking as part of a transit-oriented approach to density and supported considering senior facilities in some capacity.

Commissioner Nilchian asked why HOMA could not simply update the parking requirements to align with the new state law rather than waiting for a separate project. Mathieu Menard explained that such an inclusion would greatly expand HOMA's scope. Parking requirements are complex and embedded throughout the code and adjusting them comprehensively would take additional time, delaying HOMA and requiring a new round of outreach. Kristina Gallant added that a separate parking reform project is being planned and will be completed by January 2027 in compliance with state law. Another staff member added that a planner had already been assigned to lead that project, which would launch in early 2026 and include opportunities to simplify the code, engage with the community, and address parking comprehensively.

Commissioner Kennedy asked about the open space requirements and noted a possible imbalance between the open space percentages and the affordable housing percentages. Mathieu Menard clarified that that is specific to the Downtown only and does not apply to the rest of the HOMA districts.

Commissioner Kennedy asked about the update to the retail requirements. Mathieu Menard explained that previously in some districts, such as Neighborhood Business, the entire ground floor was required to be retail or commercial. Developers have consistently reported that the requirement is a major barrier to redevelopment because the market cannot support that much retail space. The proposed change requires street frontage only to host pedestrian-oriented uses, such as retail, cafes, or service businesses, within ten feet of the sidewalk. For a parcel with 200 feet of frontage, 100 feet will need to include the uses. The approach preserves the community's desire for neighborhood-level retail while allowing for flexibility, including in regard to open space or driveways along the frontage. It was acknowledged that some developers, particularly those interested in townhome projects on small parcels, have asked for exemptions from the frontage requirement.

Commissioner Kennedy echoed the interest expressed by Commissioners Goeppele and Villaveces regarding how the percentages and exemptions were determined and agreed that additional information would be useful. The economic report shows an opportunity to toggle some of the information and it would be helpful to understand the long-term balance of the affordability requirements, and it would be helpful to be able to review the updated information, including the nexus analysis, before holding a public hearing. Mathieu Menard said there are two possible paths. First, the Commission could direct staff to schedule a public hearing at the next meeting. That would allow the public hearing to occur with notice and public comment, after which additional study sessions could be held if the Commission were to conclude that more work was needed. Second, the Commission could choose to delay scheduling a public hearing and instead hold another study session. That would mean having at least two more meetings before the hearing. The decision rests entirely with the Commission based on its readiness.

Vice Chair Lu expressed specific reservations about the proposed fee-in-lieu for commercial space, stating that it feels like the wrong incentive. Commercial space is critical for the community and increasing its costs could undermine the development of shared services that benefit residents. The staff was urged to reconsider calibrating the fee-in-lieu for commercial uses.

Vice Chair Lu supported Commissioner Nilchian's earlier comments regarding exemptions, particularly the importance of encouraging third places such as cafes, corner shops, and other gathering spaces. Those types of uses should be explicitly supported, especially in lower-rise mixed-use areas, because they build community vitality without discouraging commercial development.

Vice Chair Lu raised a question about the step-back requirements and asked if the requirement at 80 feet is driven by structural considerations or is primarily aesthetic. Mathieu Menard explained that there is indeed a structural for the step-back. The most viable development type is called five over two, or a five-story wood frame building over two stories of concrete. That is driven by the building code. There may be some flexibility in the code to get up to six over two, but the primary focus is on the former, which is where the economic drivers are currently. The development community says there are three building heights that work: five-story structures that are all wood, seven-story structures in the five over two format, and full concrete buildings beyond the five over two format which do not pencil out at less than 160 feet. HOMA seeks to hit those numbers in order to encourage housing. There are two step-backs proposed, one at 80 feet, and one over 110 feet. It is most important for housing to maintain the 80-foot step-back.

Chair Khanloo drew attention to the Lux Apartments building on 100th Avenue NE near the intersection with NE 10th Street in the Downtown and suggested that the Commission should consider it as a transition example. While the buildings may not reach 80 feet in height, they still appear to be tall relative to nearby housing.

Chair Khanloo voiced support for incentives to gain more affordable commercial spaces. Someone working in areas such as Eastgate should be able to walk to local coffee shops and small businesses, but such businesses often cannot afford space in redeveloped areas. Fee-in-lieu contributions alone may not be effective given that the collected funds may not cover the cost of acquiring land or building affordable housing. Stronger incentives are needed for affordable commercial spaces such for cafes, bakeries, or flower shops that will create immediate and meaningful benefits to neighborhoods. Incentives tied to on-site performance over fee-in-lieu payments are preferable, particularly since developers often choose to pay fees rather than provide affordable commercial space or affordable housing on site. Some thought should be given to developing an Option C that would grant tailored incentives for on-site outcomes the community can see. Examples could include an alternative program for projects that provide affordable units dedicated to seniors, and a separate incentive track for developments that deliver affordable commercial space. Needed are tangible neighborhood benefits rather than fee-in-lieu payments. A preference was voiced for construction phasing that retains existing neighborhood businesses during redevelopment to prevent displacement. Neighborhoods such as Eastgate and Factoria value small, local shops but that those businesses struggle with affordability and incentives are needed that will keep them in place.

A motion to extend the meeting to 10:30 p.m. was made by Commissioner Ferris. The motion was seconded by Commissioner Villaveces and the motion carried unanimously.

Commissioner Ferris agreed with the notion of exempting the small parcels for the retail, and agreed with the FAR exemption for third places. Some flexibility is needed in regard to the impervious surface limitations. There should also be flexibility in the design standards for site-specific challenges; unique sites require tailored solutions. Also a good idea is the deed-in-lieu approach that would allow an owner to dedicate a parcel for another party to develop affordable housing.

Commissioner Villaveces commented that the proposed upper-story step-backs are not a structural necessity and in practice increase costs and complexity by disrupting structural grids, plumbing stacks, and unit layouts. A step-back at 80 feet would not meaningfully reduce shadows on neighboring properties and it should be eliminated. Incentives for “stacked flats” were urged given that they are a more efficient, lower-cost building type than townhomes, with fewer stairs per building and more flexible unit layouts. The Commissioners were reminded that Wilburton’s fee-in-lieu and affordability calibration emerged from a rare alignment between city staff, affordable-housing and for-profit developers, but such an alignment does not exist in regard to HOMA. It would be better to lean toward incentives rather than mandates and letting developers choose the most feasible path. Expedited permitting is a powerful inducement for on-site affordable housing or affordable commercial space.

Commissioner Goeppele said if the 15-foot step-back above 80 feet is removed, the city should cushion some of the impacts on adjacent residential areas by lowering allowable heights for buildings situated directly next to residential areas. Staff was asked to look into whether or not that would be feasible to do. Support was also voiced for including active-transportation elements such as bicycle facilities in the FAR exemption list, but while senior-housing is important, an FAR exemption for it is not warranted on the grounds that Bellevue already has substantial senior housing. The current affordability challenges weigh more heavily on younger residents who seeking a foothold.

Commissioner Nilchian expressed support for the earlier comments made by Commissioner Ferris.

Commissioner Kennedy voiced support for strong incentives that will produce affordable commercial spaces, and endorsed the Chair’s goal of delivering coffee shops, bakeries, and similar third places. Staff was asked to bring to the Commission visual examples of height transitions, noting that it is difficult to imagine a 110-foot building next to a single-family house from the text alone. The Commissioner asked for confirmation that the city’s affordability requirements are based solely on income rather than age or other criteria, and Mathieu Menard confirmed that affordability is determined by area median income.

Vice Chair Lu echoed support for incentives that encourage stacked-flat buildings, arguing that excessive stairs make many housing types less accessible, and suggested that there should be near-term parking-reduction incentives as part of the amenity bonuses to anticipate the forthcoming state-driven parking reforms without delaying HOMA for a full code overhaul.

Chair Khanloo reiterated a desire to see incentives and permitting pathways that allow current businesses to avoid being displaced through phased construction and stressed that repeated permit cycles can be prohibitively expensive for small tenants. Mechanisms are needed that will keep viable businesses in place so they can transition into redeveloped spaces.

Vice Chair Lu asked if there is an enforcement mechanism to maintain the FAR exemptions. Mathieu Menard answered that developers must sign an agreement with the city obligating them to maintain the exempted uses for the life of the building. Some developers have asked for time-limited obligations, particularly for supermarkets that often sign 25- to 30-year leases.

BREAK
(8:53 to 9:00 p.m.)

A motion to amend the motion to move Agenda Item 8b to the September 24 meeting was made by Commissioner Ferris. The motion was seconded by Commissioner Nilchian and the motion carried unanimously.

With regard to the Downtown, Mathieu Menard said several of the changes were minor based on the interim official control (IOC) ordinance that was adopted a year and a half ago. That ordinance provided flexibility in the perimeter overlay areas in regard to lot coverage, step-backs, building heights and floor plates for the provision of affordable housing. Under the IOC, the bonus was structured as a 4:1 ratio: for every 0.1 FAR of affordable housing provided, developers could exempt 0.4 FAR of market rate housing. The current HOMA proposal raises the affordable housing requirement to 0.5 FAR. The IOC ratio did work in encouraging affordable housing. The HOMA as originally proposed required developers to first use all of their amenity incentive points before accessing the affordable housing bonus. The development community indicated a desire for more flexibility and the proposal has been updated accordingly. As now proposed, developers can use the incentive provided they do not count the same square footage toward both programs. Importantly, the wedding cake approach to building form is preserved given that it remains a strong community and Council priority.

The Downtown amenity incentive system allows developers to exceed the base FAR and building heights by providing specified amenities. Under the current system, 75 percent of the amenity points must be allocated to open space. HOMA proposes requiring the first 25 percent be for affordable housing, or the fee-in-lieu payment. The affordable housing requirement would operate at a 4:1 ratio, meaning one square foot of affordable housing would earn four amenity points. Fifty percent of the points must be for open space, and 25 percent for the developer's choice of listed amenities, such as public art.

To illustrate the impacts, Mathieu Menard provided examples by way of recently completed projects. The examples included a project in the Downtown O2 District near City Hall that had a base FAR of 5.4 and a maximum FAR of 6.0. To achieve the maximum, the project required about 50,000 amenity incentive points. Under the new system, 25 percent of the points would equate to about 3000 square feet of affordable housing or roughly $153,000 in fee-in-lieu payments. Another example in the Downtown mixed-use district required about 57,000 points to move from a base FAR of 4.0 to a maximum FAR of 5.0. In that case, 3500 square feet of affordable housing or just under $190,000 in fee-in-lieu payments would be required. Other projects in progress show fee-in-lieu amounts between $150,000 and $300,000, which staff viewed as relatively modest compared to overall project costs.

Commissioner Ferris asked how much affordable housing was created or in the pipeline under the IOC. Mathieu Menard replied that about five percent of the units generated through the IOC were affordable, which was higher than normal for production in the Downtown. The Council expressed wanting to see the percentage increased, and the amenity incentive program changes were designed to achieve that.

Commissioner Ferris asked how much weight staff gave to developer testimony claiming that the benefits offered by the Land Use Code were not sufficient to make affordable housing viable. Mathieu Menard explained that while the open space bonuses may have been easier to achieve, the overall number of points required for incentives remained unchanged under the proposal. The system simply substitutes affordable housing as a higher priority within the same framework.

Commissioner Ferris asked about the comment made regarding the lack of outreach to Downtown property owners. Mathieu Menard said several meetings were held with the Bellevue Development Committee, the city chamber's land use group PLUSH, and to NAOP. An additional meeting with the PLUSH Committee is slated for September 24. Staff is confident that outreach has been appropriate for the Downtown stakeholders.

Commissioner Goeppele questioned whether the substitution of affordable housing requirements for open space points is economically equivalent for developers, and asked if the change represents a true substitution of one amenity for another or whether it imposes new costs that could affect financial feasibility. Mathieu Menard pointed out from the examples that the overall costs of about $200,000 for a Downtown project is quite low compared to the total development cost. An economic analysis has been conducted for HOMA and specifically for the Downtown, including the amenity incentives, and staff believes the requirements are balanced. In conversations with developers who are not currently in the permitting process, some indicated interest in using the $13 per square foot fee-in-lieu option beyond the required 25 percent for affordable housing. The fee-in-lieu likely is cheaper than constructing plaza space in the Downtown.

Commissioner Ferris raised a question about vesting for projects already in the queue and asked if they could qualify under the existing system instead of adapting their plans to meet new standards. Mathieu Menard replied that vesting is a complicated legal matter and would require consultation with the city attorney's office. Projects vested under the interim official control ordinance would remain under those rules and would not be subject to the Phase 2 requirements. However, incorporating broader vesting changes into the ordinance would require additional legal work.

Commissioner Goeppele referenced the Additional Development Flexibility (ADF) program and asked if the changes would conflict with it or weaken it. Mathieu Menard allowed that developers had argued that the 0.5 ratio was no longer viable. The issue could be re-examined, and staff plans to discuss it further with stakeholders, including during an upcoming meeting with the Chamber's PLUSH land use group.

Commissioner Villaveces stressed the importance of vesting and urged staff to coordinate with the city attorney. Trust in government depends on honoring commitments to developers who invest heavily in planning. Staff was asked to revisit the examples presented, specifically with regard to the "8th" building. Specifically, clarification was sought in regard to how the code was actually applied when that building was permitted, compared to how it would look under the proposed changes. A question was raised regarding why the changes were necessary if the existing system has been functioning, citing concerns raised in public testimony that the Downtown was not receiving an upzone like other areas, yet developers are being asked to shoulder additional costs. Mathieu Menard explained that while the system has been effective in producing plazas and open space, it has failed to produce affordable housing. Very few affordable units have been created in the Downtown since the code update eight years ago. The interim official control ordinance tested a 4:1 ratio and showed some promise, but the overall priority in 2017 was open space rather than housing. The current update aims to shift the balance to include affordable housing in the city's most development-intensive area.

Commissioner Villaveces urged staff to respond directly to the questions and concerns raised in letters and public testimony about the Downtown code, especially those focused on costs and the absence of upzoning.

Commissioner Nilchian noted having the same concerns about vesting and the fairness of altering requirements mid-process. It would be helpful to see comparative data from other cities that have similar amenity-based programs to understand the potential impacts. Mathieu Menard said Bellevue's system is unique but agreed to attempt to find benchmarks from other jurisdictions.

Commissioner Nilchian asked how staff determined the proposed ratios for affordable housing versus for open space. Mathieu Menard explained that the interim official control ordinance served as a pilot project to test production under the 4:1 ratio as opposed to the previous 2.5. It was found that about five percent of the units created under the interim ordinance were affordable, but the Council's goal was closer to ten percent. The new system was designed to make affordable housing a required part of every project while still maintaining open space as a key amenity.

Commissioner Nilchian asked what additional incentives could be offered for the required 25 percent affordable housing. Mathieu Menard said one option would be to treat affordable housing as an optional amenity rather than a mandatory one, although that would risk reducing affordable unit production. Another option would be to increase the ratio of points earned for providing affordable housing. A third option would be to lower the fee-in-lieu cost, and a fourth option would be to allow developers to "double dip" by counting the same affordable housing square footage toward both the amenity incentive program and the 4:1 FAR exemption, effectively maximizing benefits for the same investment.

Commissioner Kennedy asked if Bellevue has ever expedited permits as an incentive for developments that included affordable housing. Mathieu Menard said the city currently expedites permits for projects that are one hundred percent affordable, which means they move to the front of the line and get a planner assigned immediately. There are new state laws that address the amount of time jurisdictions can take to permit and that could make expedited processes harder to differentiate. The city could explore establishing a threshold for affordable housing in order to qualify for expedited permitting, although that might function more effectively as an internal administrative policy rather as a than a Land Use Code requirement.

Kristina Gallant stressed that the current approach to expediting permitting is only for projects that are one hundred percent affordable. Expanding the priority approach to mixed market-rate and affordable projects would raise questions about staff capacity and administration. Mixed projects are typically among the most complex to review, and any effort to expedite them would only complicate things.

Commissioner Kennedy noted the concerns voiced by developers in regard to projects in the Downtown not penciling out. The staff were asked for clearer demonstrations of how the proposal can be made to pencil out, which might include stronger incentives if necessary. Commissioner Kennedy also stated that predictable vesting rules are essential for public trust, and voiced support for exploring a broader legacy or vesting clause in code to enhance regulatory certainty.

Vice Chair Lu asked if the interim official control was still in effect. Mathieu Menard explained that it expired about a year ago after being in place for roughly eighteen months in six month increments, during which five projects took advantage of its provisions. There are no plans to revive it.

Vice Chair Lu proposed leveraging the impending parking requirement reductions as near-term incentives that would not require a full parking code overhaul. The requirements could be paired with the affordable housing or fee-in-lieu pathways. Also recommended was splitting the public hearing into two parts, separating the Downtown issues from the citywide mixed-use districts, given that the policy questions and tradeoffs differ meaningfully.

Chair Khanloo asked how the outreach had been conducted, specifically to Downtown residents. Mathieu Menard said the outreach efforts followed the same approach as elsewhere: repeated emails to a 20,500 person list, social media announcements, and both virtual and in-person sessions, including an event at City Hall. Public engagement is a two-way process. Residents who subscribed to planning updates or follow the city channels should have seen the HOMA notices. The suggestion was made to coordinate notices through the city's mailed newsletter so that neighborhood-specific hearings and events are clearly advertised.

Chair Khanloo asked how many of the Downtown permits could be affected, including those in the pipeline, and sought clarity in regard to what developers understood to have been promised under prior processes. The importance of not changing rules midstream was stressed and staff was asked if mid-process changes can force design revisions or simply result in fee in-lieu payments. What is needed are incentives that retain the existing commercial tenants through phased redevelopment, and staff was asked to raise that topic in upcoming developer meetings. Mathieu Menard agreed to follow up with a tally of the Downtown permits, to discuss commercial retention incentives with stakeholder groups, and to provide a table showing how many development lots would be affected along with their permitting stages.

Chair Khanloo suggested the city's pilot that uses artificial intelligence for permitting might shorten the review times, and also suggested staff should coordinate with the relevant city leads on that initiative.

Commissioner Ferris stated that allowing developers to count the same affordable housing square footage both toward amenity incentive points and toward the 4:1 FAR exemption would be valuable and endorsed the approach. Support was also voiced for separating the public hearings for neighborhood centers and the Downtown to reduce confusion and enable clearer deliberation.

Commissioner Goeppele said while generally favoring moving quickly to public hearings, in this case more time is needed. The suggested was made to hold another study session to allow further review of economic details, including both the general fee-in-lieu program and its Downtown impacts. The Commissioner stressed that the suggestion was not a reflection of staff's work, which is to be praised, but rather a recognition of the complexity of the issues.

Commissioner Villaveces stated that although $200,000 might sound small in isolation, development feasibility is often undermined by many small requirements that accumulate over time. Such costs can significantly reduce profitability. The importance of carefully listening to feedback from developers before finalizing changes was stressed.

Commissioner Nilchian voiced support for moving forward with the public hearing but also voiced support for the notion of separating the general plan from the Downtown issues to make public comments more manageable.

Commissioner Kennedy took the opposite stance, advocating for a pause and arguing that more time is needed to review the data and the requested comparative analysis showing how conditions had changed, why revisions were being made, and what outcomes were expected. The work of staff has been amazing in all regards, but the complex issues involved stresses the need for clarity, transparency, and responsiveness to public concerns. The Commissioner Kennedy endorsed making schedules of engagement opportunities more accessible and expressed excitement about the city's efforts to integrate artificial intelligence into permitting and public information systems.

Vice Chair Lu recognized that many people do not engage until deadlines approach and also supported scheduling a public hearing on the general elements while postponing the Downtown-specific portion, especially since additional Downtown stakeholder meetings are planned. Splitting the process so public comments can be gathered separately makes sense. The Commission does not need to make final decisions at the time of the public hearing.

Chair Khanloo agreed that a public hearing is not the same as a final recommendation. The Commission can hold additional study sessions afterward if needed.

Commissioner Villaveces asked if splitting the public hearing into the two segments would actually work procedurally. Assistant City Attorney Matt McFarland explained that City Council scoped the process as a single Land Use Code Amendment, which means there can only be one public hearing. The Commission does not have the authority to split the LUCA into two public hearings. However, the hearing could be structured to first receive comments on the general portion, then with the hearing still open, later receive comments on the Downtown portion. That would allow a separation of discussion without holding two legally distinct hearings. A public hearing can remain open across two meetings if necessary.

Dr. Kate Nesse added that that is what was done with the adoption of the Comprehensive Plan where the heightened level of public interest exceeded the time available for the hearing in a single meeting. The public hearing was continued to the next meeting, allowing for continued public comments before closing the public hearing and discussing the full Comprehensive Plan and all of the elements and making a recommendation to the City Council.

Commissioner Ferris said the most straightforward solution would be to hold another study session before opening the public hearing to allow staff time to provide the requested economic details and feedback from the upcoming stakeholder meetings.

Commissioner Nilchian asked if holding a public hearing precludes the option to delay a final action. Matt McFarland stressed that the Commission always has the flexibility to hold study sessions after a public hearing, because the purpose of the hearing is to collect input, not to deliberate.

There was consensus that another study session should be scheduled before moving to the public hearing, ensuring the Commissioners will have time to review additional data and consider community and developer feedback before moving forward.

9. OTHER BUSINESS – None
(9:51 p.m.)

10. APPROVAL OF MINUTES
(9:51 p.m.)

A. July 9, 2025
B. July 23, 2025

A motion to approve both sets of minutes as submitted was made by Commissioner Goeppele. The motion was seconded by Commissioner Ferris and the motion carried unanimously.

11. EXECUTIVE SESSION – None
(9:52 p.m.)

12. ADJOURNMENT

A motion to adjourn was made by Commissioner Ferris. The motion was seconded by Commissioner Goeppele and the motion carried unanimously.

Chair Khanloo adjourned the meeting at 9:52 p.m.