

CITY COUNCIL AGENDA TOPIC

Public Hearing and action on Ordinance extending a temporary and interim official control on sections 20.25A.060 and 20.25A.070 of the Land Use Code (LUC) to increase the residential floor area in exchange for the provision of affordable housing, allow development flexibility when meeting certain affordable housing thresholds, and provide projects with flexibility in utilizing FAR in the Downtown Perimeter Overlay within a single project limit in order to encourage residential development; providing for vesting to this temporary and interim control; reserving the right to adopt permanent regulations; providing for severability; and establishing an effective date.

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EXECUTIVE SUMMARY**ACTION**

On May 8, Council adopted Ordinance No. 6736 imposing the Interim Official Control (IOC) to temporarily increase the residential floor area in exchange for the provision of affordable housing, allow development flexibility when meeting certain affordable housing thresholds, and provide projects with flexibility in utilizing Floor Area Ratio (FAR) in the Downtown Perimeter Overlay within a single project limit (Attachment A). This Ordinance was adopted as Phase 1 of the Next Right Work proposal to increase the residential FAR in Downtown. Per the requirements of the Growth Management Act (GMA), specifically RCW 36.70A.390, the City may extend the IOC for an additional six-month period if a subsequent public hearing is held and findings of fact are made prior to the extension.

RECOMMENDATION

Move to hold the public hearing and, following the public hearing, adopt Ordinance No. 6760.

BACKGROUND/ANALYSIS**Interim Official Control**

On May 8, Council adopted an IOC under Ordinance No. 6736 as a first phase to incentivize and increase the production of both residential units and affordable housing in Downtown. The IOC and this extension Ordinance applies to all Downtown Land Use Districts, except within the DT-OB Land Use District and within Perimeter Overlay A-1. The IOC and this extension Ordinance include the following:

- For every 1.0 square foot of affordable housing provided, 4.0 square feet is allowed for market rate housing, not to exceed a maximum of 50 percent of the base FAR for residential development in the land use district the building is located.
- No minimum parking required for affordable housing units
- Projects that provide a minimum of 0.5 FAR of exempt floor area are eligible for:

- 5% increase in lot coverage in Perimeter Overlays A-2, A-3, B-1, and B-2;
- 25-foot increase in the maximum building height and building height with mechanical screening in Perimeter Overlays (except B-2 overlay);
- Up to a 15-foot setback reduction for buildings less than 100 feet in height in the Perimeter Overlays A-2, A-3, B-1, B-2, and B-3.
- For single project limits in the Perimeter Overlay and in DT-MU, unutilized FAR from the Perimeter Overlay may be utilized in the DT-MU within the same project limit.

Four projects have taken advantage of the IOC. It is estimated that these projects will generate approximately 4,750 residential units, including 285 affordable units in the Downtown. The projects are early in the permitting process and still subject to change. Additionally, the projects have utilized either the building form flexibility in the IOC and/or the FAR flexibility.

Process Requirements

Under the terms of RCW 36.70A.390, the IOC remains in effect for a period of six months, until November 16. An IOC may be renewed for additional six-month periods, but only if the City holds a subsequent public hearing and makes findings of fact prior to each renewal.

Tonight, Council may hold the public hearing, consistent with the GMA, to extend the IOC for an additional six months after considering public comment and testimony. This will satisfy the procedural requirements necessary to extend the IOC for a six-month period, taking effect on November 17, 2023 (the day following the current IOC expiration) and ending on May 17, 2024. Staff will continue to monitor the effectiveness of the IOC while working on Phase 2 of the Next Right Work proposal to increase the residential FAR in targeted mixed-use areas, including the Downtown. Phase 2 will utilize the Environment Impact Statement (EIS) from the Comprehensive Plan Periodic Update (CPPU) and will respond to Land Use Map designation and policy changes adopted through the CPPU process. This work is expected to be completed after the CPPU adoption.

The IOC and this extension Ordinance are not intended to be permanent development regulations for Downtown or to permanently replace the regulations in Part 20.25A LUC and is instead designed to be a temporary allowance to encourage affordable housing and residential development in Downtown during an additional six month interim time period. Following expiration of the IOC, any affected regulations in Part 20.25A LUC will again control, unless the Phase 2 permanent Land Use Code Amendment amending those regulations has been developed and adopted by the City.

Outreach

Extensive outreach was completed prior to the adoption of Ordinance No. 6736. Staff has continued engaging with the community and stakeholders and has heard interest in extending the IOC for an additional six months to allow more projects to take advantage of the IOC. Stakeholders report that an additional two to four projects are preparing plans to use the IOC but would benefit from the extra time provided through an IOC extension.

POLICY & FISCAL IMPACTS

Policy Impact

The IOC and this extension Ordinance are consistent with the Comprehensive Plan, including the Downtown Chapter of the Comprehensive Plan, the Affordable Housing Strategy, and stated goals of the City to increase housing and affordable housing. The extension of the IOC will further incentivize these goals by allowing additional time for interested parties to utilize the housing incentive programs.

Per the Growth Management Act, RCW 36.70A.390, requirements, a public hearing is required prior to an extension of the IOC. Staff is recommending that the public hearing be held prior to the action on the proposed extension Ordinance.

The IOC and this extension Ordinance are consistent with the following Comprehensive Plan policies:

1. LU-15: Provide, through land use regulation, the potential for a broad range of housing choices to meet the changing needs of the community.
2. LU-20: Support Downtown's development as a regional growth center, with the density, mix of uses and amenities, and infrastructure that maintain it as the financial, retail, transportation, and business hub of the Eastside.
3. LU-22: Monitor trends in Bellevue's job centers and consider land use changes, if needed, to maintain the vitality of these centers.
4. LU-28.4: Consider a land use incentive system that offers additional floor area in exchange for infrastructure and amenities that contribute to the public good.
5. HO-7 & HO-23: Encourage the development of affordable housing through incentives and other tools consistent with state enabling legislation.
6. HO-11: Encourage housing opportunities in mixed residential/commercial settings throughout the city.
7. HO-12: Provide incentives to encourage residential development for a range of household types and income levels in multifamily and mixed-use commercial zones.
8. HO-24: Develop and implement an effective strategy to ensure affordable housing opportunities are available in Downtown and throughout the city at a range of affordability levels. Monitor quantity, types, and affordability of housing achieved for potential unintended consequences and to determine if the need is being met.
9. S-DT-9: Provide bonus incentives (related to permitted density, height, etc.) for private developments to accomplish the public objectives outlined in this Plan.
10. S-DT-24: Provide density incentives to encourage urban residential development throughout Downtown.
11. S-DT-24.1: Encourage the development of housing within the Downtown including units targeted to workers who are expected to fill jobs created in the Downtown.

Fiscal Impact

There is no fiscal impact associated with extending the IOC.

OPTIONS

1. Move to hold the public hearing and, following the public hearing, adopt the Ordinance extending a temporary and interim official control on sections 20.25A.060 and 20.25A.070 of the Land Use Code (LUC) to increase the residential floor area in exchange for the provision of affordable housing, allow development flexibility when meeting certain affordable housing thresholds, and provide projects with flexibility in utilizing FAR in the Downtown Perimeter Overlay within a single project limit in order to encourage residential development; providing for vesting to this temporary and interim control; reserving the right to adopt permanent regulations; providing for severability; and establishing an effective date.
2. Hold the public hearing, and following the public hearing, do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS

A. Ordinance No. 6736
Proposed Ordinance No. 6760

AVAILABLE IN COUNCIL LIBRARY

N/A