



Bellevue Planning Commission

September 10, 2025

PLANNING COMMISSION STUDY SESSION ITEM

SUBJECT

Study Session on a Land Use Code Amendment to expand housing opportunities in mixed-use areas as part of the City's "Next Right Work" initiative to boost housing production and affordable housing in the City.

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POLICY ISSUES

The City adopted an updated comprehensive plan in the fall of 2024. The Comprehensive Plan sets a goal of 35,000 new housing units and 75,000 new jobs by 2044 and emphasizes the creation of new housing opportunities throughout the City, increasing walkability and multimodal transportation options, and creating vibrant neighborhood centers. This Land Use Code Amendment (LUCA) will implement updated policies in the Comprehensive Plan and align development regulations with the land use designations in the Future Land Use Map (FLUM). The LUCA touches on many aspects of the Comprehensive Plan, especially the Housing, Land Use, and Urban Design Elements.

Additionally, the City has adopted a target to create 5,700 affordable housing units between 2026-2036. The LUCA will assist the City in achieving this goal by creating a new affordable housing program in the mixed-use areas covered by this LUCA scope.

DIRECTION NEEDED FROM THE PLANNING COMMISSION

ACTION



DIRECTION



INFORMATION ONLY



The goal of this study session is to provide information to the Planning Commission on the draft LUCA and gather feedback. Staff will provide an overview of the Land Use Code and zoning changes proposed through the Housing Opportunities in Mixed Use Areas (HOMA) project. After the study session, the Planning Commission will be asked to direct staff to schedule the required public hearing.

BACKGROUND/ANALYSIS

Housing Opportunities in Mixed-Use Areas (HOMA) Background

The HOMA LUCA was initiated in December 2022, following the Council's selection of this LUCA as part of the July 2022 "Next Right Work" initiative. At that time, the office market was more competitive, often outcompeting residential development in areas like Downtown.

To address this imbalance and encourage affordable housing production, the City adopted Phase One: Downtown Interim Official Control (IOC) in May 2023. The IOC tested regulatory flexibility in exchange for affordable housing. Key provisions included:

- A larger floor area ratio (FAR) exemption paired with a higher market-to-affordable unit square footage ratio
- Parking reductions
- Reduced upper-level setbacks
- Flexible FAR “movement” within a project
- Other form standard flexibility when a threshold of affordable units were included in a project.

Since HOMA’s inception, evolving market conditions and city policy direction prompted a re-evaluation of the LUCA scope. At a Council check-in on December 10, 2024, staff presented an updated scope in response to the following shifts:

- Cooling Office Market: The office market has softened considerably, reducing its economic advantage over residential development.
- New Growth Targets: The City adopted updated jobs and housing targets, and has identified an affordable housing target.
- Comprehensive Plan Update: In October 2024, the City Council approved major updates to the Comprehensive Plan, refining the growth strategy and introducing new land use designations for geographic areas aligned with HOMA’s focus, including Crossroads, Factoria, Newport Hills, and other mixed-use areas throughout the City.

Council was supportive of the revised HOMA scope, and emphasized the importance of affordable housing, minimizing business displacement, and ensuring the voices of the community are heard through the LUCA process.

Planning Commission Feedback and Staff Response

The Planning Commission held study sessions on February 26th and May 14th to discuss the components of the proposed LUCA. Planning Commission provided input relating to public safety, placemaking and identity, transitions between mixed-use areas and lower-density residential neighborhoods, mass timber construction, permit expediting, and livability. Planning Commission raised concerns over the proposed setbacks, transition areas, and building heights; noting the desire for “wedding cake” style development throughout the City. Planning Commission also expressed a desire for staff to provide more accessible information and outreach to the public related to the LUCA.

Based on input from the community, market-rate and affordable housing developers, and the Planning Commission, strike drafts of the proposed HOMA LUCA were released to the public on March 9 and have subsequently been updated based on received feedback and internal review.

The current HOMA strike draft incorporating this feedback proposes a 15-foot setback for the first full story above 110 feet in building height unless the building utilizes mass timber construction. This threshold is proposed by staff to maintain flexibility for housing in buildings 10-stories in height or less. While Planning Commission has discretion to recommend a lower height threshold or larger setback, staff cautions against lowering the height of the required setback below 80 feet. Under current building code, seven-story buildings are often the most economical residential development type due to the allowance for five stories of wood framing over two stories of reinforced concrete. Especially on

small sites, the requirements for setbacks can represent a significant loss of unit capacity. Affordable housing developers have also expressed concerns over setbacks in low-rise building limiting the number of units and adding costs to affordable developments which can impact funding opportunities.

A setback is also proposed to be added to the updated transition standards to further separate larger buildings from adjacent residential parcels. The transition standards propose a landscaped 25-foot setback for mixed-use projects which directly abut a residential zoning district. A 15-foot setback is also proposed for any floor of a building over 80 feet in height.

HOMA, consistent with the Comprehensive Plan Future Land Use Map (FLUM), provides for “wedding cake” style development around high-rise districts which are bordered by lower height districts. Lower density districts such as Neighborhood Business (NB) and Community Business (CB) allow building heights of 4-7 stories and generally represent a compatible step from neighboring 3-4 story residential districts indicating the presence of a neighborhood center. A map showing the location of proposed building heights in stories can be found as Attachment C.

Staff has performed additional outreach between Planning Commission meetings, including tabling at the Bellevue International Festival and the Eastgate Block Party. To facilitate better understanding of the LUCA a virtual information session was held on September 8th and a brochure with an overview of the LUCA was produced and made available to the public (Attachment C). A detailed engagement report listing engagement events and comments to date has been provided as Attachment D.

Proposed LUCA

Two strike drafts are provided with this agenda memo, representing two alternative options for the LUCA. Option A includes a mandatory affordable housing program (Attachment A). Option B includes a voluntary affordable housing program. Attachment B details the differences between Option A and Option B. This Agenda Memo will cover the more significant proposed changes to the Land Use Code, organized by the following topics:

- Topic 1. Dimensional Standards
- Topic 2. Affordable Housing
- Topic 3. Parking
- Topic 4. Downtown
- Topic 5. Community Mixed-Use Design District
- Topic 6. Transition Areas
- Topic 7. Eastgate and Factoria 1
- Topic 8. Non-Conforming Requirements

Topic 1. Dimensional Standards

To encourage additional housing in the mixed-use areas, building height and floor area ratio (FAR) modifications are proposed for several of the districts included in HOMA. For consistency with the FLUM, two new Land Use Districts, Mixed-Use: 7 Story (MU7) and Mixed-Use: 16 Story (MU16), are proposed. Existing and proposed building heights and FAR for each district are provided in Attachment A for Option A and in Attachment B for Option B. The [May 14 Planning Commission agenda memo](#) provides a tabular comparison by Land Use District.

The voluntary affordable housing option provides additional building height and FAR in exchange for the provision of affordable housing. For every 0.2 FAR of affordable housing provided, projects may receive:

- O, OLB, NB, and CB districts: Additional 10 feet of building height (up to 20 feet of additional height), and additional 0.5 FAR (up to a maximum 1 additional FAR).
- OLB2, NMU, EG-TOD, MU7, MU16, F1, and F3 districts: Additional 10 feet of building height (up to 30 feet of additional height), and additional 0.5 FAR (up to a maximum 1.5 additional FAR).

Setbacks and general site landscaping requirements are proposed to be eliminated in mixed-use areas unless abutting a residential district, in which case setback and landscaping requirements from the former transition area overlay district would apply.

The intent of the updated dimensional standards under both Options A and B is to create more vibrant mixed-use areas which provide points of interest and interaction for pedestrians at the street level while promoting additional housing through increased building height and FAR.

Topic 2. Affordable Housing

Staff have developed two approaches to affordable housing in the HOMA Land Use Districts other than Downtown, and will seek Planning Commission's recommendation on a preferred option at a future meeting. A separate approach is proposed for Downtown, and is described in Topic 4.

Option A is a mandatory affordable housing approach. Residential projects would be required to provide a percentage of units as affordable housing, or an equivalent fee-in-lieu. Nonresidential projects would be required to provide a fee-in-lieu. Option B is an incentive-based voluntary affordable housing approach. To provide an additional incentive towards affordable housing, both Options A and B propose exempting four square feet of market rate housing from the total site FAR for every one square foot of affordable housing provided. Further explanation of both options is available in the [May 14 Planning Commission agenda memo](#).

An economic analysis assessing the impact of both options on development viability is provided as Attachment E. A mandatory program may reduce overall development value; however, reductions in parking requirements and increases to building height and FAR, with additional bonuses provided for the provision of affordable housing are intended to mitigate these impacts as market conditions improve and become more favorable for development.

Topic 3. Parking

The LUCA includes minor reductions to residential parking minimums, and no changes to commercial parking requirements are proposed. Currently, residential parking minimums for market-rate units can range from 1.2 to 1.8 spaces per unit, depending on number of bedrooms. The LUCA proposes a minimum parking requirement of one space per unit for all unit sizes. Minimum parking requirements for affordable and market-rate housing in parking areas are also proposed to be slightly reduced.

Since HOMA was initiated, Washington State passed the Parking Reform and Modernization Act (SB 5184), and the City must adopt compliant development regulations by January 27, 2027. This may include further reductions to minimum parking requirements beyond the HOMA proposal. Bellevue's project to develop compliant code, including robust public engagement, will launch early in 2026.

Topic 4. Downtown

Minor changes are proposed to Downtown, specifically related to the Perimeter Overlay areas, affordable housing, and parking.

Several aspects of the Downtown IOC related to the Perimeter Overlay areas have been included as permanent aspects of the code through HOMA, including:

- Within a single project, unutilized FAR from the Perimeter Overlay may be utilized in the DT-MU district as long as the maximum FAR for the entire site is not exceeded.
- If providing 0.5 FAR of affordable housing, sites in the Perimeter Overlay may:
 - Increase lot coverage by five percent
 - Increase building heights by 25 feet
 - Be exempt from maximum floor plate requirements if the building is less than 80 feet tall

Currently, the Downtown amenity incentive system does not include provisions for affordable housing, as it is encouraged through a separate FAR exemption. Downtown areas are not proposed to be included in any mandatory affordable housing requirements through HOMA. HOMA proposes to add affordable housing to the amenity incentive system, requiring the first 25 percent of amenity incentive points a project must earn be earned through the provision of affordable housing. By utilizing this incentive, projects can unlock additional FAR above the base FAR at a ratio of four square feet of market rate for every one square foot of affordable housing provided. A fee-in-lieu option is provided at \$13/point or square foot of affordable housing amenity incentive. Several comments received by staff have raised concerns of the cost of the fee-in-lieu to potential projects. To ensure the proposed changes to the amenity incentive program were not overly burdensome to projects staff have analyzed the potential costs to completed and ongoing development projects downtown the result of this analysis is provided in Table 1. Staff does not believe the proposed fees, which range between \$100,000 and \$300,000 for most downtown projects, will negatively impact feasibility and balances the needs of the City to encourage additional affordable housing throughout Bellevue.

Table 1. Potential Fee Amounts for Completed and In-Permitting Projects

BASE FAR	MAX. FAR	PROJECT GROSS FLOOR AREA	AFFORDABLE HOUSING AMENITY INCENTIVE POINTS NEEDED	POTENTIAL FEE-IN-LIEU
5.4	6	473,208 sq. ft.	11,830.25	\$153,793.25
4.5	5	576,648 sq. ft.	14,416.25	\$187,411.25
Various	Various	836,398 sq. ft.	19,068.5	\$247,539.50
4.5	5	454,920 sq. ft.	17,238.75	\$224,103.75
4.5	5	702,730 sq. ft.	17,585.00	\$228,605.00

An additional Downtown affordable housing incentive is also proposed to be updated through HOMA. Currently, projects which are not exceeding the base FAR, and thus not using the amenity incentive system, are still able to exempt four square feet of market rate housing for every one square foot of

affordable housing provided in the development, up to a maximum 1.0 FAR of exempt area. HOMA proposes that developments are allowed to exempt four square feet of market rate housing for every one square foot of affordable housing provided, up to 50 percent of the base FAR of the district the project is located in (e.g. projects with a base far of 4.5 in the table above would be able to exempt a maximum of 2.25 FAR) as long as the development has not received an amenity incentive point for that square foot of affordable housing.

Parking is proposed to be reduced from a minimum of one space per unit to 0.5 spaces per unit in the DT-R, DT-MU, DT-OB, and DT-OLB districts. The DT-O-1 and DT-O-2 districts currently have no minimum parking requirements. As Downtown is a dense, transit-rich area, the requirement of one space per unit is higher than we would generally require in other TOD areas and is a major driver of building cost, especially when parking is provided underground.

Topic 5. Community Mixed-Use Design District

Design standards specific to the HOMA districts that are not located in F1, EG-TOD, or Downtown have been consolidated into the renamed Community Mixed-Use Design District (formerly Community Retail Design District). This section incorporates existing site design standards related to residential building entries, pedestrian connectivity, connections to adjacent open space, loading and storage areas, and parking structures.

Input received through public outreach emphasized that the retail component of the neighborhood centers is important to the residents of adjacent areas and neighborhood identity. Based on this input, new requirements related to street-frontage uses are proposed to increase the quantity and enhance the design of pedestrian-oriented uses.

Through outreach for HOMA and the Comprehensive Plan, several uses have been identified as especially important to encourage in our mixed-use areas. HOMA proposes to exempt the following uses from FAR to encourage their location or retention on site:

- Grocery stores
- Childcare
- Non-profits
- Affordable commercial space
- Open space provided for over 30 percent of the total lot area may earn up to 0.25 additional FAR

Additionally, an FAR bonus is proposed for affordable housing. For every square foot of affordable housing, four square feet of residential FAR can be exempted, up to a maximum of 1 FAR.

Topic 6. Transition Areas

Elements of the Transition Area Design District have been incorporated into the Community Mixed-Use Design Districts. Outreach to the development community identified the height restrictions present in the Transition Area Design District as a potential constraint on housing production, as they limited the feasibility of cost-effective mixed-use development. To address this, the removal of these height restrictions is proposed.

Setbacks and landscaping requirements associated with transition areas have been included in the updated Community Mixed-Use Design Districts requirements with minor changes. Under the proposed language, developments directly abutting a residential district would be required to provide a 25-foot setback and landscaping between the abutting property line if there are non-residential uses within 150 feet of the property line. Additionally, buildings over 80 feet tall would need to provide a 15-foot setback for all building facades which face the residentially zoned parcels. This would maintain a separation and buffer between commercial and neighboring residential uses in these areas.

Topic 7. Eastgate and Factoria 1

The development standards associated with the EG-TOD and F1 districts generally remain in place with minor changes to encourage residential development. Dimensional standards have been updated as discussed above and the FAR for grocery stores, childcare, non-profits, affordable commercial space, open space, and affordable housing have been carried over into these land use districts.

Topic 8. Non-Conforming Requirements

City Council, through the Wilburton LUCA adoption, directed staff to standardize non-conforming standards across the city to better accommodate large-scale phased development. Working with the City Attorney's Office, an updated version of the non-conforming language adopted through the Wilburton LUCA is being proposed through HOMA. The updated non-conforming language will include sections specific to districts that have their own non-conforming standards, including Downtown, East Main, and BelRed.

Public Engagement

Staff is implementing multiple modes of outreach to ensure the public, stakeholders, and interested parties have the opportunity to be informed and to provide comments. A detailed engagement report is provided as Attachment D.

1. Process IV Requirements. Process consistent with Chapter 20.35 LUC procedural requirements to provide opportunities for public comment, including:
 - Notice of Application
 - Public hearing on the proposed LUCA
 - Site specific noticing for rezones
2. Direct Engagement and Feedback. Information gathering about the barriers to redeveloping existing buildings and outreach to inform the public of the LUCA.
 - Discussions with development teams, including representatives from several teams interested in redevelopment throughout Bellevue
 - Two virtual information sessions and three in-person information sessions
 - Multiple meetings with development, affordable housing, and neighborhood groups
3. Online Presence. City webpage and StoryMap to provide opportunities for the public to stay informed and to request additional information, including:
 - Staff contact
 - Information on the LUCA and LUCA schedule
 - StoryMap webpage and questionnaire

Anticipated LUCA Schedule

The anticipated schedule for this LUCA is as follows:

Date	Topic Areas
Dec. 12, 2022	<u>City Council Initiation</u> <ul style="list-style-type: none">• Introduction and direction to proceed with LUCA
Dec. 10, 2024	<u>City Council Scope Update:</u> <ul style="list-style-type: none">• Affirmation from City Council on updated scope
Feb. 26	<u>Planning Commission Study Session:</u> <ul style="list-style-type: none">• Introduction, key policy moves, and feedback
May. 14	<u>Planning Commission Study Session:</u> <ul style="list-style-type: none">• LUCA review and feedback
Sept. 10	<u>Planning Commission Study Session:</u> <ul style="list-style-type: none">• LUCA review and feedback
To Be Scheduled	<u>Planning Commission Public Hearing:</u> <ul style="list-style-type: none">• Hold public hearing• Provide Planning Commission recommendation to City Council on the LUCA
To Be Scheduled	<u>City Council Study Session</u> <ul style="list-style-type: none">• Present Planning Commission recommendation to City Council
To Be Scheduled	<u>City Council Action</u> <ul style="list-style-type: none">• Present ordinance to City Council for adoption

ATTACHMENT(S)

- A. Option A Strike draft
- B. Option B Strike draft
- C. Map of Proposed Building Heights
- D. Engagement Report
- E. Housing Economic Policy Analysis: Phase II Financial Feasibility Analysis