



# Bellevue Planning Commission

January 25, 2023

## PLANNING COMMISSION STUDY SESSION ITEM

### SUBJECT

Study Session on a proposed Land Use Code Amendment (LUCA) to remove barriers to the construction of micro-apartments. This LUCA was initiated by City Council on October 10, 2022. File No. 23-100140-AD.

### STAFF CONTACT(S)

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### POLICY ISSUES

On July 5, in building upon the Affordable Housing Strategy (AHS), Council prioritized a set of “Next Right Work” actions to further increase housing production within the City. The proposed LUCA is part of the City’s Next Right Work to encourage additional housing production and diversity within the City. Council directed staff to begin work on the following items:

- Remove barriers to micro-apartments
- Allow higher FAR for residential (or unlimited FAR or DUs per acre)
- Reduce permit fees for affordable housing projects

Tonight, staff will focus on the first item – removing barriers to micro-apartments.

The AHS and Comprehensive Plan contains several polices that support the proposed LUCA, including:

- **AHS Action B-1.** Encourage micro-apartments around light rail stations through actions such as reduced parking requirements.
- **Comprehensive Plan Policy LU-3.** Promote a land use pattern and an integrated multimodal transportation system.
- **Comprehensive Plan Policy HO-11.** Encourage housing opportunities in mixed residential/commercial settings throughout the city.
- **Comprehensive Plan Policy HO-17.** Evaluate the housing cost and supply implications of proposed regulations and procedures.

### DIRECTION NEEDED FROM THE PLANNING COMMISSION

**ACTION**

**DIRECTION**

**INFORMATION ONLY**

The goal of this study session is to introduce the Planning Commission to micro-apartments, the objectives and scope of the LUCA, and proposed code changes. Staff requests input from the Planning Commission on the draft LUCA.

After discussion, the Planning Commission will be asked to schedule a public hearing on the LUCA. The Planning Commission will then be asked to hold a public hearing on the proposed LUCA, and following

consideration of the testimony provided at the hearing and discussion, the Commission will be asked to make a recommendation to the City Council on the proposed LUCA.

## **BACKGROUND/ANALYSIS**

### **Micro-Apartment Overview**

While the term micro-apartment has different meanings depending on the jurisdiction, for this LUCA, a micro-apartment is a small studio apartment with a maximum gross floor area of 320 square feet. This definition establishes micro-apartments as a form of multifamily housing that is only differentiated by the imposition of a size maximum. They are distinct from dormitories and other group living arrangements as they require that each unit contain a bathroom and kitchen.

Micro-apartments present an opportunity to increase and diversify the City's overall housing stock by encouraging smaller or more diverse apartment sizes. Based on input gathered from micro-apartment developers and property managers, the units generally appeal to those of all ages who live alone. Due to their relatively lower cost, they can often provide an option for those that prefer to live without roommates, are new to the area, individuals who are cost-driven, and older adults looking to move closer to family. Most often built as market-rate rentals, micro-apartments also have been utilized as income-restricted or institutional housing (e.g., student housing).

### **Components of the Proposed LUCA**

The purpose of this LUCA is to remove barriers to constructing micro-apartments. While micro-apartments are not explicitly disallowed by the Land Use Code (LUC), very few, if any, micro-apartments have been constructed within the City. The current LUC requirements for density, parking, and required amenities often drive up the cost of projects making micro-apartment construction infeasible or unit costs uneconomical. This LUCA is narrowly tailored to address items in the LUC that were identified as impediments to micro-apartments through staff outreach and experience.

#### *Micro-apartment definition:*

The proposed LUCA adds a definition to LUC 20.50.034 to define micro-apartments as multifamily dwelling units that contain a kitchen and bathroom with a maximum size of 320 gross square feet. This definition would not include group quarters or other congregate-style housing where bedrooms are clustered around a shared kitchen or bathroom.

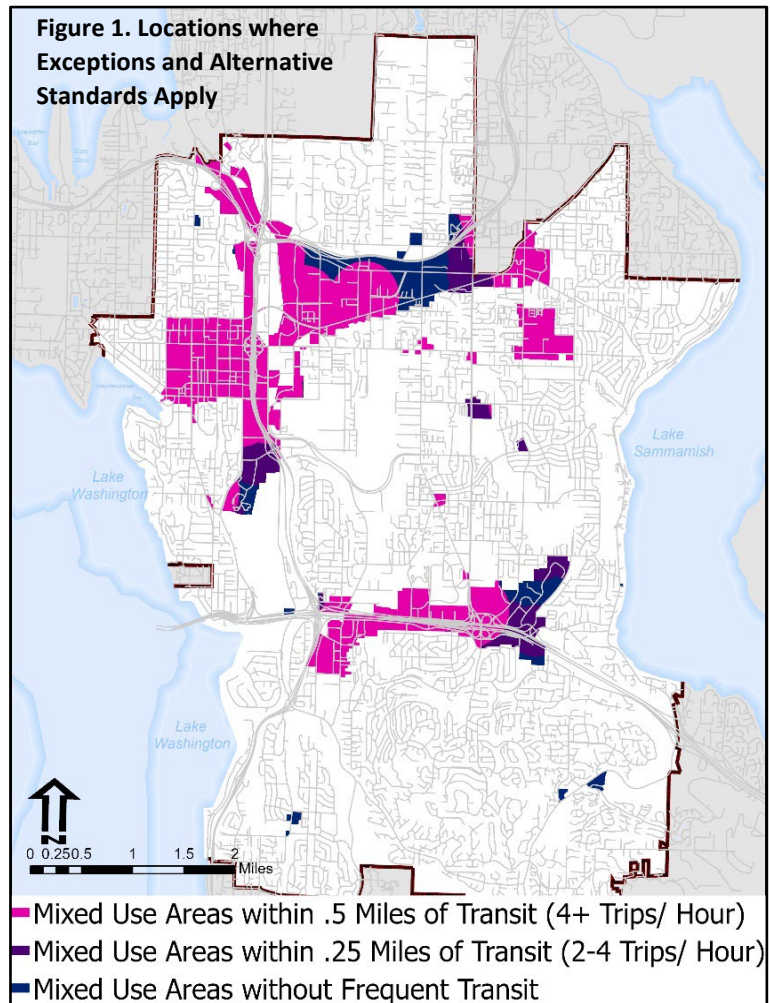
Council requested that staff explore options for allowing alternative kitchen arrangements, such as kitchenettes within the units. The proposed definition would allow for any kitchen configuration in the unit which meets the definition of a Kitchen in the LUC, including a kitchenette. The current definition of a kitchen requires a sink, refrigerator, counter, cupboard, and either an oven, stove, or microwave. The LUC does not define a configuration or minimum size for any of these items.

#### *Geographic Scope:*

Micro-apartments, as staff proposes to define the term, is a multifamily use with a maximum unit size limit rather than a separate and distinct land use. As such, micro-apartments will continue to be allowed everywhere multifamily development is allowed. The geographic scope for this LUCA will determine areas in the City where micro-apartments are eligible for LUC exceptions and alternative standards (i.e., locations where "barriers" are removed). The proposed geographic scope includes all mixed-use land use districts that allow both multifamily and commercial development (see Figure 1). These locations are some of the City's most compact, walkable areas with nearby jobs, shopping, services, and transit.

Micro-apartments are well suited to those who do not utilize a car for their day-to-day transportation and rely on nearby services and diverse transportation options. Developing micro-apartments in areas where multifamily housing is already allowed promotes more environmentally sustainable transportation methods, as well as provides a more local and stable customer base for surrounding businesses. The proposed geographic scope follows land use district boundaries, ensuring administrative simplicity and predictability.

On October 10, after initiating this LUCA, the City Council asked that the Planning Commission evaluate whether the proposed geographic scope of all mixed-use areas is appropriate or whether just mixed-use areas within one-half mile of transit (pink areas shown in Figure 1) would be more appropriate for the LUCA. Staff recommends that micro-apartment projects in all mixed-use land use districts be eligible for LUC exceptions and alternative standards (pink, purple, and blue areas shown in Figure 1). To increase the impact of the code amendments, staff does not propose additional geographic limits.



*Exceptions and Alternative Standards for Eligible Micro-apartments:*

The LUCA proposes a new section, LUC 20.20.537 Micro-Apartments, which establishes LUC exceptions and alternative standards for micro-apartments developed within the geographic scope shown in Figure 1 above. A note will be added in the Land Use Tables to point readers to LUC 20.20.537 and indicate the land use districts where the following LUC exceptions and alternative standards would apply.

Vehicle Parking: Staff propose that micro-apartments within areas shown in Figure 1 above qualify for reduced minimum vehicle parking. Currently, the required minimum amount of off-street vehicle parking can vary from 0 to 1.2 parking spaces for studio units. Staff recommends .25 parking spaces for every micro-apartment unit located in mixed-use land use districts. Staff also recommend that the Director have the authority to decrease the minimum required parking to accommodate specific conditions when the applicant can show that decreased parking ratios are appropriate based on the needs of a specific project. The locations in Figure 1 are proximate to jobs, shopping, services, and transit options. Residents of micro-apartments typically choose to live in compact, walkable areas with transit options, thereby reducing the need to drive or own a vehicle.

Bicycle Parking: Staff recommend an increase in the amount of required bicycle parking. Currently, there is no minimum bicycle parking requirement for certain mixed-use land use districts, and the amount of off-street bicycle parking required in Downtown, Eastgate, East Main, and BelRed for residential uses is one bicycle parking space for every ten dwelling units. These quantities may not result in adequate off-street bicycle parking as many micro-apartment residents may commute by bicycle, as indicated by developers and operators interviewed by staff. Additionally, only East Main and Downtown require that a portion of the bicycle spaces be protected from rain, indicating that much of the required bicycle parking is intended to be short-term. Staff recommends one parking space for every five micro-apartment units and a requirement for these spaces to be secure and weatherproof. This quantity reflects the expected demand for bicycle storage relative to conventional multifamily housing elsewhere in the City.

Additionally, developers and operators suggest bicycle parking standards that maintain flexibility of location and size. In tours of micro-apartment developments, staff observed several different configurations of bicycle parking, including indoor bicycle rooms, outdoor bicycle lockers, and an outdoor bicycle shed. Both the indoor room and bicycle lockers provided a secure and weatherproof environment, while the open shed was exposed to the elements, visible from pedestrian access routes, and not well used at the time of our visit.

Multifamily play areas: Currently, the LUC requires all new multifamily development over ten units to provide at least 800 square feet of open space plus an additional 50 square feet per unit over ten. The intent of this requirement is to provide soft-surfaced play areas for children and families.

Micro-apartment developers and operators provided information about tenant demographics in staff interviews. Developers and operators indicated that micro-apartments are generally populated by single individuals with no children. As such, staff proposes exempting micro-apartment units from the multifamily play areas requirements. In a mixed-development project (i.e., projects with micro-apartments and studios or one/multiple bedrooms), micro-apartment units would not be counted when determining the minimum size requirement for a multifamily play area.

Density: Currently, the LUC uses a dwelling unit per acre measurement to determine density in many of the City's mixed-use land use districts and floor area ratio (FAR) in other mixed-use land use districts. The dwelling unit per acre measurement does not allow for flexibility in unit size and can result in fewer units since a developer is likely to maximize the amount of building size allowed on a site. To encourage small apartment units, staff recommends that a micro-apartment unit be calculated as a quarter dwelling unit for density purposes. This is consistent with other provisions of the LUC, which allow for specific uses less than 600 square feet in size to be counted as a half dwelling unit. Staff believes that the increased number of units allowed will remove a significant barrier to micro-apartments while focusing on the building size.

### **City Council Initiation**

The City Council initiated this LUCA at their meeting on October 10, 2022. In addition to the barriers and geographic scope presented by staff, Councilmembers asked the planning commission to analyze the following additional topics:

- Shared or flexible kitchen arrangements
- Minimum unit size requirement
- How to increase the affordability of the units

A summary of staff's responses are provided below.

Shared or flexible kitchen arrangements: Micro-apartments are distinct from congregate housing and other group living arrangements as they require that each unit contain a bathroom and kitchen. Shared kitchens are allowed by the LUC as Group Quarters: Dormitories and Fraternal Houses. Staff toured congregate-style micro-housing units and determined that they were beyond the scope of this LUCA.

This LUCA utilizes the LUC definition of a kitchen. The definition of kitchen requires that all kitchens have at least a refrigerator, sink, storage area, counter and cooking appliance but does not restrict the sizes or configuration of these items, allowing for kitchenettes and flexibility in kitchen arrangement to best function within the small footprint.

Minimum unit size requirement: The International Building Code (IBC) includes a minimum size requirement of 190 square feet for an apartment defined as an “efficiency unit,” which staff believes is an appropriate minimum and ensures that as building codes change, the LUC does not conflict with the IBC.

How to increase the affordability of the units: Staff research and outreach indicated that micro-apartments are one of the few examples of affordable housing products in the region that can be rented at 80% of the area median income (AMI) without any subsidy or income restriction. Micro-apartment developers reported that land and construction costs were the biggest drivers of price, such that increasing code flexibility and limiting permitting time were the most effective mechanisms in the code to lower prices.

### **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.

1. Process IV Requirements. Process consistent with Chapter 20.35 LUC procedural requirements to provide opportunities for public comment, including:
  - Notice of Application and Community Meeting, including notice of the SEPA environmental checklist, link to the City webpage, and community meeting information published on January 12; and
  - Public hearing on the proposed LUCA
2. Direct Engagement and Feedback. Information gathering about the barriers to micro-apartments and inform the public of the LUCA.
  - Interviews with micro-apartment developers, property managers, and architects to better understand the barriers to development, locational needs, and learn from those with experience building micro-apartments.
  - Staff micro-apartment tours
  - January 19 virtual community meeting to share information about the LUCA and respond to questions
  - December Neighborhood News publication write-up, including a link to the City webpage, staff contact information
3. Online Presence. City webpage to provide opportunities for the public to stay informed and to request additional information, including:
  - Staff contact

- Public information regarding LUCA progression

**LUCA Schedule**

The anticipated timeline for processing the LUCA is as follows:

	<b>Topic Areas</b>
<b>January 25</b>	<b><u>Planning Commission Study Session:</u></b> <ul style="list-style-type: none"> <li>• Introduction and direction</li> </ul>
<b>March 8</b>	<b><u>Planning Commission Public Hearing and Recommendation:</u></b> <ul style="list-style-type: none"> <li>• Planning Commission has option to make recommendation any point after the public hearing</li> </ul>
<b>April 15</b>	<b><u>Planning Commission Recommendation (as needed):</u></b> <ul style="list-style-type: none"> <li>• Planning Commission recommendation to City Council</li> </ul>
<b>TBD</b>	<b><u>City Council Study Session:</u></b> <ul style="list-style-type: none"> <li>• Present Planning Commission recommendation to City Council</li> </ul>
<b>TBD</b>	<b><u>City Council Action</u></b>

**ATTACHMENT(S)**

- A. Strike-Draft of Proposed LUCA