

CITY OF BELLEVUE
BELLEVUE PLANNING COMMISSION
STUDY SESSION MINUTES

January 13, 2020
6:30 p.m.

Bellevue City Hall
City Council Conference Room 1E-113

COMMISSIONERS PRESENT: Chair Moolgavkar, Vice Chair Malakoutian,
Commissioners Brown, deVadoss, Ferris, , Morisseau

COMMISSIONERS ABSENT: Commissioner Bhargava

STAFF PRESENT: Thara Johnson, Emil King, Department of Community
Development; Nick Whipple, Trisna Tanus, Kristina
Gallant, Department of Development Services; Matt
MacFarland, City Attorney's Office

COUNCIL LIAISON: Councilmember Barksdale

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 Moolgavkar who presided.

Chair Moolgavkar stated that the meeting was being held remotely via zoom in order to comply with the Governor's emergency order concerning the Open Public Meetings Act, which prohibits in-person meetings.

2. ROLL CALL
(6:30 p.m.)

Upon the call of the roll, all Commissioners were present with the exception of Commissioner Bhargava who was excused.

3. APPROVAL OF AGENDA
(6:32 p.m.)

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

4. REPORTS OF CITY COUNCIL, BOARDS AND COMMISSIONS – None
(6:33 p.m.)

5. STAFF REPORTS
(6:33 p.m.)

Comprehensive Planning Manager Thara Johnson noted that the Commission packet included a

tentative schedule of upcoming topics to be addressed in January and February. She said the schedule for the first half of the year would be intense, which may require time-limiting discussions on occasion. She said the staff are planning to meet with the new Commissioners who have not previously been through the Comprehensive Plan amendment process to outline and clarify the process and the individual steps, all in an attempt to use the Commission's time more efficiently.

6. ORAL AND WRITTEN COMMUNICATIONS (6:37 p.m.)

Mr. Chris Johnson, 3301 12th Avenue NE, Suite 100, director of government relations for the Bellevue Chamber of Commerce, noted that his organization had strongly supported adoption of the interim official control (IOC) in 2020 related to reduced parking requirements, in particular for multifamily developments in land use districts where there is frequent transit service. The Chamber also supported the extension of the IOC and was pleased to support for enacting a Land Use Code amendment enacting the previously proposed policy changes into code, with some refinements. Through its permitting, land use sustainability and housing committee, the Chamber advocates a broad array of strategies to encourage the creation of additional multifamily housing for income-constrained households at 30 to 60 percent of area median income, as well as workforce housing for those in the 80 to 100 percent of area median income range. The proposal to reduce the required parking stall ratio to 75 percent will serve as a strong incentive for builders to create new units for those targeted populations. Reduced parking requirements, when paired with the multifamily tax exemption will greatly incentivize the creation of affordable housing in those land use districts that contain frequent transit service. While rubber-tired transit service has been reduced over the past year due to the pandemic and lost transit revenues, light rail service is expected to begin operations in 2023, and that is why the code should be revised to allow for reduced parking ratios in land use districts within a half mile of light rail stations, especially those in the BelRed area.

Mr. Alex Brennan, executive director of FutureWise, a statewide organization that advocates for more compact, walkable transit-oriented communities, voiced support for the proposed changes to the parking code. He said the changes effected by the interim ordinance in May 2020 represent a good start, and it is exciting to take the issue further via a permanent ordinance. There are opportunities to improve the affordability of housing in Bellevue and to promote more walking and transit use throughout the city. There are changes coming to the city by way of light rail infrastructure, improvements in transit service and pedestrian infrastructure, and changing the parking code is a good way to leverage those changes. Parking can often add \$50,000 to \$100,000 to the cost of a housing unit. Reducing the parking requirements will help to reduce the cost of building new housing units. He urged the Commission to consider further expanding the radius around frequent transit stops to further reduce the parking requirements. Many in need of affordable housing do not own a car and do not need a parking space.

Mr. Emmanuel Solis, 2447 161st Avenue NE, said it was good to see the city taking the initiative in combination with transportation to see more affordable housing units constructed. He said he was happy to see consideration given to reducing the minimum parking requirements for multifamily construction in areas with frequent transit service. Not all distances are created equal, however, and in considering distance from a frequent transit stop, walkability should be added to the equation. For example, many older neighborhoods in northeast Bellevue do not have sidewalks, which make walking in the dark or during the rainy season more challenging. Minimum parking requirements should also be applied to mixed use developments such as where there are restaurants and shops on the first floor and multifamily units above. Only recent and

relevant data regarding the parking supply should be considered in the study to make sure the predictions are correct. There also must be accountability; where developers take advantage of the reduced parking requirements, they must also deliver the expected affordable units. Care should be taken to make sure the maps showing frequent transit service intersect correctly with the land use designations so that Multifamily-High density and transit-oriented development are in line with each other. No developer should be allowed to use either map to extend growth beyond the clearly designated growth areas. Buffers to residential areas must be maintained.

Mr. Jared Axelrod said he leads local public policy and external affairs in Washington state for Amazon. He spoke in support of establishing lower parking requirements for certain residential developments with frequent transit service and consistency. The cost to build parking is a significant driver for residential development and it ultimately results in less affordable housing options. Right-sizing parking requirements within a half mile of transit facilities not only will bring the city in line with the recently passed HB-1923, it will reduce carbon emissions and traffic congestion by promoting the use of high-speed transit and spurring more affordable housing options consistent with the city's Affordable Housing Strategy.

Ms. Heidi Dean, 11661 SE 56th Street, said she was in agreement with the testimony of Mr. Solis. She said she frequently attends Eastside Transportation Alliance meetings where it has recently been pointed out that transit usage has dropped off in general. In the post-covid world, it is possible that some will transition to permanently working from home, which could mean less of a need for transit services. Many people do still own and operate cars. In Newport Hills there are several multifamily complexes in the heart of the neighborhood, and every resident has at least one car and many have more than one. Parking has begun spilling out into the rest of the neighborhood. People do not easily give up their cars and that should be kept in mind in considering reducing the parking requirements.

Ms. Johnson noted that staff forwarded to the Commissioners 15 public comment letters regarding the Land Use Code amendment relating to the residential parking standards. She said staff would summarize those comments during the study session. Additionally, comment letters were received and forwarded to the Commissioners from the Master Builders Association.

7. PUBLIC HEARING (6:56 p.m.)

- A. Land Use Code amendment to allow accessory dwelling units to be built within a new single family structure at the time of new construction

A motion to open the public hearing was made by Vice Chair Malakoutian. The motion was seconded by Commissioner Brown and the motion carried unanimously.

Consulting attorney Trisna Tanus explained that the city's Affordable Housing Strategy was adopted in 2017. It includes several strategies, each with associated actions. Strategy B is aimed at creating a variety of housing choices. Action B2 under that strategy focuses on updating the city's accessory dwelling unit regulations to accomplish the creation of additional housing choices. The proposed LUCA is intended to implement Action B2, thus increasing the overall housing supply and ensuring that all residents are welcomed and that long-term residents can remain in the city.

Senior planner Nick Whipple said the proposed Land Use Code amendment seeks to amend LUC 20.20.120 to remove the three-year wait period imposed on ADUs in new construction. The

amendment would allow for ADUs to be built in new single family structures at the time of development. In 2020 the city registered five new ADUs and in 2019 there were eight new ADUs registered. In 2020 there were 149 new single family building permits issued and nearly a quarter of them chose to incorporate elements that would facilitate the future conversion of space to an ADU after expiration of the three-year period. The elements allowed by the code to prepare a space to become an ADU include a sink, a refrigerator, cabinets and a dishwasher, but not a cooking appliance. Those elements are allowed provided the homeowner enter into a single family use agreement recorded with the county against the property, which remains in effect until an ADU is properly registered after the three-year waiting period. The proposed Land Use Code amendment is in direct response to Action B2.

The public engagement process undertaken was aimed at informing the public of the substance of the proposed Land Use Code amendment and to help people understand how they could engage in the process. Three modes of outreach were used: 1) Process IV requirements, which includes notice of application and notice of public hearing; 2) direct engagement and feedback, including dialog with stakeholders, potential applicants and interested members of the public; and 3) an online presence that included a webpage that includes status updates, the strike draft amendment, the staff report and recommendation, and contact information.

Land Use Code amendments are considered Process IV City Council legislative actions. The decision process includes review of the proposed amendment by the Planning Commission, which acts in an advisory capacity by holding a public hearing and making a recommendation to the City Council. The Commission's recommendation will be forwarded to the Council on February 1, then on February 2 the ADU LUCA will be before the East Bellevue Community Council for a courtesy public hearing. Action by the Council is tentatively slated for February 22. On March 2 the East Bellevue Community Council will conduct a public hearing following which it will elect to approve or disapprove the amendment.

Ms. Nancy Whittaker, 1924 160th Avenue NE, spoke in favor of the proposal as a way to create more housing options. Allowing ADUs with new construction makes sense. She suggested adding language calling for the leases on ADUs to be a minimum of three months or longer to avoid having the units turned into transient housing or Airbnb's.

Mr. Jared Axelrod with Amazon said numerous conversations with Bellevue policymakers and residents has highlighted the fact that affordability is a top line concern as Amazon and other companies grow in Bellevue. The work of the Commission in carrying out the city's Affordable Housing Strategy is commendable. Amazon believes all people should have access to the housing they can afford. Low-income and minority families are disproportionately affected by the affordable housing shortage in the United States. While governments at the local, state and federal levels have the capacity to implement more effective housing policies, the public and private sectors can work together to address the challenges. Amazon has committed to using its position as a large employer to support innovative housing initiatives. In places like Bellevue where Amazon has a sizeable presence, the company will make investments directly in areas where the financial support will make a difference. Amazon recently announced its housing equity fund which will provide more than \$2 billion in below-market loans and grants to preserve and create more than 20,000 affordable homes for individuals and families earning moderate to low incomes. One of the first investments from the housing equity fund was to preserve a thousand units in partnership with King County Housing Authority, including some units in Bellevue. With regard to ADUs, Amazon supports the Commission's efforts to modify and update the Land Use Code to allow ADUs to be built at the time of new construction. The Commission was encouraged to consider further modifications to the Land Use Code to spur the

buildout of new ADUs and make more affordable housing in a few ways. Current code requires that either the primary residence or the ADU must be occupied by the owner of the property. The owner-occupancy requirement is a limiting factor in adding supply to the market via ADUs. Studies have shown the requirement also makes financing less available and less expensive when the additional source of rental income cannot be recouped by the owner. The Commission should explore removing the requirement. Current code also requires one off-street parking space for the accessory dwelling unit in addition to any off-street parking for the primary residents, and the Commission should consider removing the requirement as additional parking increases construction cost and thereby diminishes the housing supply. At the very least, the Commission should consider removing the requirement for ADUs within proximity to frequent transit service. The current code also prohibits detached ADUs, including guest cottages in detached garages, which prevents homeowners from using one of the easiest and least expensive methods of creating an ADU. The Commission should consider removing the prohibition.

Ms. Jennifer Anderson with Master Builders Association of King and Snohomish Counties noted that she had previously submitted written comments. She expressed her support for both of the Land Use Code amendments scheduled for public hearing. Both amendments are important to the homebuilding industry as it tries to respond to the city's housing supply needs. They will remove barriers to providing even more housing choices, which is an important goal in the city's Affordable Housing Strategy. Attached ADUs are important in new construction to increase housing choices while respecting the look and scale of single family neighborhoods. The unit lot subdivision proposal will promote townhome development in infill areas where they are already allowed without changing the underlying density or the look of projects on the ground. There is high risk associated with condominium defect and increased insurance premiums that make townhomes infeasible to finance or build, especially for smaller builders. The proposed LUCA removes that barrier to townhouse production, creating a path to build more units and more mid-income home ownership opportunities. She thanked the staff for responding to the Master Builders Association questions and concerns.

Ms. Heidi Dean said it makes sense to allow ADUs to be built at the time of initial construction. ADUs have been promoted to the Commission, the Council and the public as a means of providing additional affordable housing choices and to allow for aging in place. While the latter is true, it is questionable as to whether ADUs will be affordable given the current hot market. Bellevue housing prices have not dropped even during the pandemic. She agreed with the suggestion regarding lease restrictions to prevent short-term rentals. There are a number of illegal Airbnbs operating in Newport Hills and around the city. They create a revolving door of strangers through single family neighborhoods. With regard to detached ADUs, they are most likely to be built disproportionately in the lower income neighborhoods where investors will buy and then build. The owner-occupancy and off-street parking requirements should be retained. Those who are encouraging those actions are the builders, not people who live in the neighborhoods. Removal of the owner-occupancy requirement would result in single family neighborhoods becoming investor paradises, and removing the off-street parking requirement will result in crowded streets.

Mr. Lee Sargent said during the staff presentation in heard the staff ask for the next slide, yet no next slide was shown. He asked if the missing slide was shown only to the Commission and not to the public.

Ms. Johnson said staff would respond to questions following the public hearing.

Mr. Chris Johnson with the Bellevue Chamber of Commerce, 3301 12th Avenue NE, spoke in

favor of the proposed Land Use Code amendment to allow ADUs to be built within a new single family structure at the time of construction. He said the proposed ordinance is consistent with the city's Affordable Housing Strategy and provides for an important low-cost option for enabling the creation of new living units. There are sensitive issues to be addressed and it is possible that ADUs will not work in all neighborhoods, but the Commission should determine the land use districts for which ADUs are a workable solution. The owner-occupancy requirement, however, is not understood. If an ADU is otherwise suitable under the code, renters should not be denied the opportunity to live in the unit. ADUs are not a one-size-fits-all solution and one way to work out the details may be through the ongoing neighborhood area plan update process. The Chamber strongly endorses the underlying intent of the ADU ordinance. There are thousands of new jobs coming to Bellevue and new housing solutions are needed.

Ms. Mallory Van Abbema with the Housing Consortium of Seattle/King County spoke in support of the ADU reform LUCA. She also agreed with the comments about doing away with the owner-occupancy and the parking requirements associated with ADUs. It makes sense to allow for the construction of ADUs at the time of construction of the main single family home. Bellevue has a great number of fairly large homes, in fact about 52 percent of the homes in the city have three or more bedrooms, while the average number of persons per household is 2.3 people. ADUs are a good approach to allow opportunities for aging in place. Seattle has a good track record relative to ADUs where rents charged for ADUs is lower than market rate.

Mr. Emmanuel Solis voiced his support for the proposed LUCA. He questioned the comment to remove the owner-occupancy requirements, since to do so would move homeowners away from the intended solution and toward investment properties. The requirement is meaningful and should be retained.

Chair Moolgavkar opened the floor to questions and comments from the Commissioners.

Commissioner Morisseau said the intent behind the proposal makes sense, though there remain a number of details to be worked out.

Commissioner deVadoss suggested the proposal is half baked that will create more trouble for the city later on. Over the last year the city has been on a spree to make life easier for builders under the umbrella of affordable housing. Builders have basically been given carte blanche and the proposed LUCA is just one more element. He said back in the 1980s there was a flawed economic idea called trickledown economics, and the proposal is reminiscent of that. The proposal would convert homeowners to landlords on the thinking that that will increase the supply. What will happen, however, is that inflation will kick in, and there will be illegal Airbnbs, all of which the city will have to address by imposing constraints such as owner-occupancy and no Airbnb uses. The LUCA is a bad idea very poorly thought through.

Commissioner Ferris voiced her support for the proposed ADU LUCA. She said while it may or may not lead to all affordable units, just increasing the supply of housing will be healthy for the community. She agreed staff should go back and take another look at what might happen if the owner-occupancy and off-street parking requirements were to be removed, particularly as to whether the actions would increase the availability of units, and in regard to any downsides.

Commissioner Brown noted her support for the proposal as one step toward increasing the supply of affordable housing in the city, which is desperately needed. It will allow more of Bellevue's population to stay in Bellevue as they age. ADUs should be allowed to be created at the time new housing is constructed. It is not often that ideas come along that housing advocates,

builders and the business community all support. She agreed with taking another look at doing away with the owner-occupancy requirement.

Vice Chair Malakoutian also noted his support for the proposal. He said the current three-year waiting period does not make sense. In addressing affordable housing, it should be clear who will benefit: the renter, the owner or the government. Given that constructing an ADU will increase the price of a home, rent from the units will likely not go far enough toward helping the homeowner to pay the mortgage. ADUs do, however, offer affordable housing options for renters. He also agreed with the notion of reviewing whether or not the owner-occupancy and off-street parking requirements should be done away with, and asked why ADUs are not allowed in detached structures.

Ms. Tanus said the restriction has been in place for a long time. The intent is to not allow what are essentially separate dwelling units on a single family lot. The LUCA on the table does not address the issue, though the city may want to revisit the notion at some time in the future.

Answering the question about the missing slide, Ms. Tanus said she did not know which slide was not seen by Mr. Sargent. Mr. Sargent indicated he has only seen the first slide in the presentation. Commissioner Malakoutian suggested the issue was limited only to Mr. Sargent given that all other participants saw all of the slides in the presentation.

Chair Moolgavkar echoed the call to learn more about the impacts of doing away with the owner-occupancy and off-street parking requirements and asked what the process would be. Ms. Tanus said the parking element will be addressed as part of the discussion on the minimum parking requirements for residential developments near frequent transit service. With regard to owner-occupancy, the issue is not part of the current LUCA but is something that could possibly be looked at more comprehensively as part of ADU reform.

Ms. Johnson said it was her understanding that Council direction in the past about reevaluating detached ADUs has been that the issue should be addressed as part of the neighborhood subarea planning process. Those conversations are occurring on an individual neighborhood basis.

Matt MacFarland with the City Attorney's Office reminded the Commissioners about the approach taken relative to the affordable housing C1 amendment. The Commission fulfilled its statutory duty of providing a recommendation to the Council regarding the item that was before it, the Commission included in the resolution an item encouraging the Council to also consider additional items. The same would be appropriate in regard to the ADU LUCA.

Ms. Johnson said the Commission could request the staff to add verbiage to the resolution similar to what was done with the C1 amendments. Alternatively, the Commission could request the staff to come to the next meeting with the verbiage and defer making a recommendation to that meeting.

A motion to close the public hearing was made by Vice Chair Malakoutian. The motion was seconded by Commissioner Brown and the motion carried unanimously.

Chair Moolgavkar read into the record proposed motion language recommending that the City Council adopt the ADU LUCA to remove the three-year wait period to establish an ADU in a single family residential construction as drafted in Amendment A, which is consistent with the decision criteria for amendments to the text of the Land Use Code pursuant to part 20.30J of the Land Use Code. Additionally, the Commission recommended or advised the Council to consider

the removal of the parking requirement, the ability to build detached ADU structures, and the owner-occupancy requirement.

Commissioner Ferris said she would support elimination of the parking requirements so long as the site is located within a frequent transit service zone.

Vice Chair Malakoutian clarified that rather than removing the current parking restriction, the decision to be made with regard to minimum parking requirements should be applied to ADUs.

Mr. MacFarland urged the Commission to be clear about providing a recommendation on the Land Use Code amendment that is in front of the Commission, and to recommend to the Council the exploration of other options as a separate item. He said the staff could work to make sure that is the outcome. Commissioner Brown said that was her understanding of the Commission's intent.

The motion carried 5-1, with Commissioner deVadoss voting against.

- B. Land Use Code amendment to establish provisions for Unit Lot Subdivisions within land use districts where multifamily development is currently allowed

(7:51 p.m.)

A motion to open the public hearing was made by Commissioner Ferris. The motion was seconded by Commissioner Brown and the motion carried unanimously.

By way of background, Ms. Tanus reminded the Commissioners that the Council adopted the Affordable Housing Strategy in 2017. It contained a number of strategies, each with specific actions. Strategy B was focused on creating a variety of housing choices. The proposed Unit Lot Subdivision LUCA responds directly to that strategy by minimizing barriers to constructing housing units, promoting a diversity of housing types, and broadening home ownership opportunities.

Mr. Whipple said the proposed LUCA would amend Land Use Code Chapter 20.45A for platting and subdivisions, and 20.25B for short plats and short subdivisions, to allow fee simple ownership opportunities in the city. Fee simple ownership provides buildings and land ownership for projects such as townhome developments, whereas condominium ownership provides ownership for the interior space of a townhome. The distinction between a plat and a short plat is the number of lots created. A plat process involves ten or more lots, while a short plat contains nine or fewer lots. The amendment will add a new subsection to both chapters of the Land Use Code that will apply exclusively to the Unit Lot Subdivision of land in multifamily zones. The amendments will also include new definitions that will be referenced throughout the amended subdivision and short subdivision Land Use Code chapters, and will include a general requirements subsection allowing for dimensional standards such as setbacks, lot coverage by structure and impervious surface to be modified in order to apply those standards to the larger or parent lot. The new subsection also requires that the Unit Lot Subdivision be labeled as such on the actual platting document clarifying that the Unit Lot Subdivision is not separate building sites, and that any future platting actions, additions or modifications must conform to the requirements of the parent lot to be approved.

The Land Use Code will also allow for the Unit Lot Subdivision in land use districts where multifamily projects may currently be built, which covers about 17 percent of the land in Bellevue, including the multifamily residential districts, Factoria, the Office/Limited Business zones, the Downtown, most of BelRed, and the Eastgate transit-oriented development sites. Unit Lot Subdivisions are typically used to produce townhomes and the proposed amendment would encourage the construction of townhomes and allow individuals to take advantage of the zoning capacity.

Mr. Whipple said the Unit Lot Subdivision Land Use Code amendment would also allow for the creation of a parent lot for the overall site, and individual unit lots for the townhomes. It applies most of the development standards to just the parent lot rather than to the individual unit lots. The Unit Lot Subdivision is a mechanism to allow platting where it is not currently feasible due to conflicts between the characteristics of certain development types, such as townhomes, and the applicable dimensional standards required by the Land Use Code. Unit Lot Subdivisions create a distinction between the original lot, or the parent lot, and the lots that are created within the original parent lot, which are the unit lots, for purposes of regulation. Under the current code, individual townhomes cannot be separated into individual lots given the requirements for side setbacks and the like that often coincide with a common wall. Other dimensional requirements, such as lot coverage by structure or impervious surface requirements, would be challenging to meet on a per unit lot basis, and the Unit Lot Subdivision process assigns the dimensional requirements to the lot as a whole rather than to the individual lots.

Mr. Whipple said it is anticipated that the proposed Land Use Code amendment will encourage infill development and increase the overall number of housing units in the city. The city has significant zoning capacity for multifamily housing development and the amendment would remove barriers associated with condominium-style development, allowing for greater opportunities for townhouse-style development to be built in Bellevue. If approved, the Land Use Code amendment will create individual fee simple ownership opportunities as an alternative to condominium ownership. While the units are not expected to be classified as affordable housing or for specific income groups, there would still be value in the amendment and a relationship to the city's Affordable Housing Strategy. A broad range of housing solutions are needed to address the housing crisis from multiple angles. The amendment will not change the density on any site, nor the appearance of townhouse development allowed by current zoning requirements.

Mr. Whipple said the public outreach process was aimed at providing information about the proposed amendment and helping the public understand how to engage in the amendment process. A notice of application was released along with a SEPA notification. The notice of public hearing and the final SEPA threshold determination were also provided in line with all Process IV requirements for Land Use Code amendments. Staff had an ongoing dialog with the Master Builders Association, different developers, potential applicants, and interested members of the public. There was also an online presence with a webpage that included status updates, the proposed amendment language, and contact information. Following approval by the Commission, a recommendation will be forwarded to the Council for review. The amendment will be carried before the East Bellevue Community Council for a courtesy public hearing on February 2. Final action by the Council is anticipated to occur on February 22, and a public hearing and subsequent approval or disapproval by the East Bellevue Community Council is slated for March 2.

Mr. Chris Johnson with the Bellevue Chamber of Commerce, 3301 12th Avenue NE, spoke in

support of the proposed Land Use Code amendment allowing Unit Lot Subdivisions. The answer to what role Unit Lot Subdivisions play in support of the adopted Affordable Housing Strategy lies in the efficient use of land and the creation of additional owner-occupied housing stock. Unit Lot Subdivisions are not likely to come with the same common ownership liability concerns, and they are likely to generate more fee simple townhouses that can be considerably less expensive than detached single family homes. Allowing Unit Lot Subdivisions as part of larger parent lots is likely to create additional housing choices, particularly for those aspiring homeowners in the missing middle.

Mr. Todd Levitt, president of the Master Builders Association, said he also works for Murray Franklin Homes. He said it is in the city's best interest to promote a variety of housing types, particularly affordable housing. Attainable housing, a term used in the industry, refers to housing affordable to those in the middle incomes. New single family detached housing coming to the market in Bellevue currently averages around \$2.4 million to \$2.5 million. Resale prices for homes in good condition average between \$1.6 to \$1.8 million. Homes deemed to be in the attainable range are priced at between \$800,000 and \$900,000. The Unit Lot Subdivision amendment will help stir and promote attainable housing. Current code allows for the construction of condominiums in Bellevue. The basic premise of fee simple of ownership of the dirt versus ownership of the building comes down to liability. Unfortunately, state statutes have not come far enough and builders generally shy away from building condominiums. The Unit Lot Subdivision approach, allowing for fee simple attached walls buildings, will stir more building and ultimately get to the attainable price point that is desperately needed in Bellevue.

Vice Chair Malakoutian asked how the Unit Lot Subdivision approach will increase the overall housing supply if there will be no associated changes in density. Mr. Whipple said it has been reported that condominium-style development is not happening in the volumes expected. As a result, some of the land remains underutilized. The Unit Lot Subdivision approach will increase the housing supply by incentivizing developers by making redevelopment of properties more attractive.

Vice Chair Malakoutian said it was a bit confusing to bring up the Unit Lot Subdivision approach under the guise of affordable housing. It is a very good idea to have different housing types available for folks at different income levels, but the price range mentioned for attainable housing certainly is not within the affordable housing realm.

Commissioner Brown echoed Vice Chair Malakoutian's comments. She said a townhome priced at \$700,000 to \$800,000 is not affordable from the perspective of many. She allowed that policies at the state level are causing developers to frown on the development of condominiums and she suggested communicating the need for a change to the state legislators to encourage the building of more affordable housing statewide. The Unit Lot Subdivision approach certainly will encourage the building of more affordable housing, at least more affordable than the average of \$1.2 million to \$1.4 million homes. Anything that can be done to lower barriers to entry for home ownership should be done.

Commissioner Ferris voiced her support for the proposed Land Use Code amendment. She stated that it will not result in truly affordable housing, but it will provide opportunities for those who may not otherwise be able to buy a home. Home ownership is a source of wealth building.

Commissioner deVadoss said it was clear to him that the proposed Land Use Code amendment was being done at the request of the builders. It has nothing to do with affordable housing and should not be called out as such. Logic would seem to come down on the side of a townhouse

with fee simple being more expensive, given that the land is owned, than a the same townhouse without fee simple, where the land is not owned. He asked why the argument was being made that the approach would actually decrease cost. Ms. Tanus said it is the understanding of staff that the cost of building any housing unit includes more than just the cost of the land and the cost to build the unit. There are risks involved in the construction of condominiums and builders are reluctant to build townhouse-style condominiums in Bellevue because of those risks. The Unit Lot Subdivision approach may not actually result in a decrease in cost, or it may result in a slight increase in the overall purchase price. The belief is, however, that the approach will encourage builders to construct the units in Bellevue as opposed to elsewhere, thereby increasing the housing supply at the middle income price point. The Affordable Housing Strategy includes an action to increase the housing supply generally and thereby help the affordable housing crisis overall.

A motion to close the public hearing was made by Commissioner Brown. The motion was seconded by Commissioner Ferris and the motion carried unanimously.

Chair Moolgavkar read into the record a motion to recommend to the City Council that it adopt the Unit Lot Subdivision Land Use Code amendment to establish provisions for Unit Lot Subdivisions in LUC Chapter 20.45A, platting and subdivisions, and Chapter 20.45B, short plats and short subdivisions, as directed in Attachment A, consistent with the decision criteria required for adoption of amendments to the text of the Land Use Code pursuant to Part 20.30J of the Land Use Code.

The motion carried 4-1, with Commissioner deVadoss voting against. Commissioner Morisseau had previously left the meeting.

8. STUDY SESSION

- A. Proposed Land Use Code amendment (LUCA) to establish lower minimum parking requirements for certain residential developments with frequent transit service and consistency with RCW 36.70A.620 and the City's Affordable Housing Strategy

Ms. Tanus said presentation of the item would occur over the course of two study sessions. She said Topics 1 and 2 would be part of the first presentation and noted that staff would seek from the Commission approval of both so they may be included in the proposed Land Use Code amendment. The objectives for the proposal is to conform the LUC with the new provisions of RCW 36.70A.620, and to support the city's Affordable Housing Strategy and the Transit Master Plan.

The city's Affordable Housing Strategy was adopted in 2017 and it memorializes a commitment to creating affordable housing opportunities and housing opportunities in general in Bellevue. The proposed Land Use Code amendment specifically responds to Action C5 of the Affordable Housing Strategy, which is aimed at lowering the cost of building affordable housing. Parking is an expensive element of residential development, costing anywhere from \$25,000 per space to \$60,000 or more when built underground. Reducing the minimum parking requirement where additional parking is not needed will encourage the development of housing in general as well as the development of affordable housing. The Land Use Code amendment is also consistent with Action B1, reducing the parking requirements for apartments that are around light rail stations. The city's Comprehensive Plan policy LU-1 directs most of the city's growth into the Downtown regional growth center and other areas designated for compact mixed use developments and

certifies a full range of transportation options. Transit Strategy 7 of the Transit Master Plan supports transit use through design regulations.

The Washington state legislature adopted SHB-2343 in June 2020 in order to address the issue of housing supply. The bill amended RCW 36.70A.620 by setting a cap or ceiling on the minimum parking requirements jurisdictions can impose for certain housing types in housing districts served by frequent transit. Under the bill, affordable housing development is an eligible housing type when located within a quarter mile of a transit stop with service at least twice per hour for 12 hours per day. Market-rate multifamily development and housing for seniors and people with disabilities are also eligible when within one quarter mile of a transit stop with service of at least four times per hour for 12 hours per day. The RCW sets a limit of 0.75 space/studio unit, and one space per bedroom, for eligible units. Only parking spaces for visitors and employees of senior housing facilities and housing for people with disabilities can be required.

Senior Planner Kristina Gallant said in order to align with the state's legislation timeline, the city currently has an IOC establishing some temporary regulations as a precursor to establishing a permanent code. The IOC was adopted on May 18, 2020 and was extended for six months on October 26, 2020. The extension is set to expire on May 18, 2021, but can be extended for additional six-month periods if necessary. The temporary regulations align relatively closely with the state regulations, with a few exceptions. The city's definition of affordable housing goes up to 80 percent of area median income instead of 50 percent of area median income. The IOC also establishes a flat 0.75 space per unit limit consistent with the approach used in BelRed and Eastgate to advance transit-oriented development. All other regulations are consistent with the state regulations.

At the time the IOC was adopted, direction was given by the Council to analyze several additional topics for potential inclusion in the permanent code, starting with the appropriate radius from frequent transit service and giving consideration to a half mile rather than a quarter mile, which is consistent with the Comprehensive Plan definition of transit-oriented development. The other topics, to be discussed at a subsequent study session, include revisiting the Downtown residential visitor parking requirements; finding ways to improve certainty within the parking departure process available in the Downtown; and looking for additional incentives to encourage affordable housing.

With regard to the criteria for frequent transit service, Ms. Gallant said the basic frequency standards for the proposed LUCA are the same as those in the IOC. For stops with service between two and four times per hour, only nearby affordable housing units are eligible, and for stops with service at least four times per hour, all market-rate multifamily and affordable housing units are eligible. Based on Council feedback, the future light rail and bus rapid transit stations are included, with the stipulation that the included stations are those that are funded and set to open within two years.

Ms. Gallant said there are a couple of additional provisions that reach beyond the IOC regulations. First, clarification is given that eligibility would be based on scheduled service available at the time the building permit application is complete, or at the time land use approval is final. Second, any established lower parking minimums will still apply, and third the director may determine transit service is not eligible if pedestrians must walk more than a half mile to any qualifying transit stop by virtue of having to walk quite a distance to a crosswalk in order to get to the transit stop.

The second topic involved the basic parking ratio. Ms. Gallant indicated that the ratio of 0.75

spaces per unit established in the IOC has been carried forward. The standards for housing for seniors and people with disabilities remain the same.

Ms. Gallant noted that the issue of parking associated with ADUs was raised too late to have been included in the Commission packet. She said another piece of state legislation from the summer of 2020 restricts cities from requiring parking for ADUs located within a quarter mile of a frequent transit stop. While separate legislation, the definitions of frequency and the topics align nicely. The requirement must be adopted by July 2021.

To date, the public engagement process has included direct engagement and feedback in the form of dialogue with the Master Builders Association, developers, affordable housing providers, and other stakeholders. A webpage was launched in early December and it includes information regarding the proposed LUCA, including key dates and contact information.

Ms. Tanus said introduction of the item to the Commission formally kicks off the LUCA process. She noted that the remaining topics will be presented in study session on January 27. A public hearing and recommendation is scheduled for February 24. The Council will see the issue in study session on April 5, then on April 6 the issue will be the subject of a courtesy public hearing before the East Bellevue Community Council. Council action is slated for April 26, which will be followed by a public hearing by the East Bellevue Community Council on May 4.

Commissioner Ferris said she had attended meetings with other groups where the focus was on reducing the parking requirements down to 0.5 rather than 0.75. She asked what rationale was behind the 0.75 proposal. Ms. Gallant said the rationale came from advancing a parking ratio that already had some precedent in Bellevue relative to supporting transit-oriented development. Options for reducing the ratio further are being explored as a condition for affordability for example.

Commissioner Brown highlighted the need to comply with state legislative requirements in terms of parking requirements to encourage affordable housing development. She said she hoped that once light rail comes to Bellevue, having a car will not be an essential requirement and reducing the parking requirements even further will be possible.

Commissioner deVadoss said his concern was that the designing work was being done for a reality that may no longer exist after the lockdown. He said it would be good to gather additional data and keep that possibility in mind.

Chair Moolgavkar said her only concern was around the frequent transit service of one or two times per hour, suggesting that people may be left with wanting to have a car if transit ever has additional impacts, such as service reductions. She said she would appreciate having staff do a bit more thinking about that issue.

Commissioner Brown asked if there is data available with regard to parking availability in different parts of the city and in different neighborhoods. She said having that information in hand would give the Commission a sense of where parking is at a premium and desperately needed and where parking is readily available.

Vice Chair Malakoutian said he would like more information on the consequences of different parking ratios.

9. OTHER BUSINESS – None

(8:49 p.m.)

10. APPROVAL OF MINUTES

(8:46 p.m.)

A. December 9, 2020

A motion to approve the minutes as submitted was made by Commissioner Malakoutian. The motion was seconded by Commissioner Brown and the motion carried unanimously.

11. CONTINUED ORAL COMMUNICATIONS

(8:47 p.m.)

Mr. Emmanuel Solis said he had been shocked by the way the recommendation to adopt the Land Use Code amendment for ADUs was undertaken by the Commission. He noted that a clearly defined change was proposed by the staff, namely removal of the three-year delay for ADU development by homeowners. The recommendation proposed by the Commission was completely different and larger in scope. Most with an interest in the topic are special interests, primarily builders who are seeking to make a profit by developing housing. Their interests were wholly adopted by the Commission, and city staff did not appear prepared to comment on the consequences or impacts of the recommendations, and they did not have any data to support them. That has left the public with no opportunity to comment on things that were not part of the proposed LUCA. The Commission voted on a specific change as written by the staff. In line with the notion of a Trojan horse, there was something on the table but what was ultimately recommended to the City Council was completely different.

Chair Moolgavkar noted that Commissioner Ferris had lost power at her home and was therefore no longer participating in the meeting.

Chair Moolgavkar said it was her understanding that the Commission was not making a recommendation to the Council beyond the outline of the proposed LUCA. What the Commission did was include specific items along with a separate request for the Council to be given them additional consideration. Ms. Johnson said staff would work to make sure the language of the resolution meets the intent of the Commission's recommendation.

Ms. Johnson noted the receipt of an email from Betsi Hummer and read it into the record. Her comments indicated her agreement with Mr. Emmanuel's concerns about a new house being rented out and the ADU being rented out, resulting in a neighborhood of rentals, leading to a decrease in the vitality of neighborhoods. Increased rentals leads to less concern about the aesthetics of the neighborhood. Homes with ADUs should be owner-occupied if the ADU is to be rented. There is no guarantee the ADU rents would be affordable; the owner could charge market rates. A long-term rental agreement guaranteeing housing stability would be more appropriate to affordable housing. The Commission should further review the LUCA.

Commissioner deVadoss pointed out that the written communications received by the Commission were from people in places like Renton and Seattle. He asked why the Commission should be asked to read communications from people who do not live in Bellevue. He said if at all possible, he would prefer to be supplied with communications only from those who live in the city.

Commissioner Brown pointed out that there are many who do not live in Bellevue but who work

in Bellevue and who are impacted by the city's policies. As such their voices are important and should be considered.

Commissioner deVadoss said some legal clarity on the point would be appreciated. Ms. Johnson said staff could provide additional information at a future meeting. She allowed that similar comments have been made in the past from members of the community. She stressed that the city works on a number of regional issues, such as affordable housing and housing policies in general, that often generate comments from partner entities and non-Bellevue residents.

12. EXECUTIVE SESSION – None
(9 :00 p.m.)

A motion to adjourn was made by Commissioner Brown. The motion was seconded by Commissioner deVadoss and the motion carried unanimously.

Chair Moolgavkar adjourned the meeting at 9:00 p.m.



Thara Johnson
Staff to the Planning Commission

2/8/2021

Date



Radhika Moolgavkar
Chair of the Planning Commission

2/6/2021

Date