

**CITY COUNCIL STUDY SESSION**

Land Use Code Amendment (LUCA) for the East Main Station Area

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**DIRECTION NEEDED FROM COUNCIL****DIRECTION**

Tonight is the fourth in a series of study sessions for Council to consider the draft East Main LUCA, creating a new Part 20.25Q in the Land Use Code (LUC). Staff proposes a process sequencing Council's review of topics identified at the July 26 Public Hearing and will present the topics related to building height and housing. Following discussion, staff seeks direction on the proposed process and the topics building height and housing for incorporation in the LUCA.

**RECOMMENDATION**

Move to direct staff to follow the proposed process for Council's review of identified topics and to incorporate staff's recommended option with respect to increased maximum building height of 300-feet/320-feet with mechanical, the additional housing requirement, and the affordable housing incentive.

**BACKGROUND & ANALYSIS**

The East Main LUCA is the culmination of a City-initiated planning process for the East Main Transit Oriented Development (TOD), implementing the vision, goals and policies in the East Main Comprehensive Plan Amendment (CPA), adopted by Ordinance No. 6545 in May 2019. The draft LUCA (Attachment A) establishes requirements, standards, and design guidelines for land uses, height and form, Floor Area Ratio (FAR), the amenity system, landscaping, parking, street and pedestrian circulation, pedestrian bridge development, and other elements for the East Main TOD; and rezones parcels to two new EM-TOD-H and EM-TOD-L Land Use Districts.

**City Urban Form Framework**

Several key tenets of the City's overall urban form planning framework are reinforced in the draft LUCA, including knitting together abutting land use districts with transitions that are sensitive to and complement the surrounding context. For example, the planned building height in Downtown Bellevue envisions the tallest towers rising in the Downtown core (DT-O-1 Land Use District), surrounded by a band of towers of decreased heights, and followed by buildings of lower heights at the edges of Downtown. This pattern, or "wedding cake" shape, provides graceful transitions to the lower-density

areas in the City, including adjacent single-family neighborhoods, and is intended to cohesively organize the distribution of buildings by height.

In planning for an area directly south of the eastern portion of Downtown, the East Main CPA and draft LUCA are appropriately deferential to the City's urban form framework. As discussed in more detail below, both the draft LUCA and staff's recommended adjustment maintain a maximum building height that is consistent with the "wedding cake" pattern and respectful of the taller towers in Downtown and the lower-density Surrey Downs neighborhood to the west of the East Main Station Area.

### City Needs

The East Main TOD presents a great opportunity to increase and diversify the City's overall housing stock and contribute towards balancing job and housing growth within the City. The need for housing in the City, particularly affordable housing options, has been identified as an essential component in the draft LUCA and is critical to implementing the vision, goals, and policies in the East Main CPA.

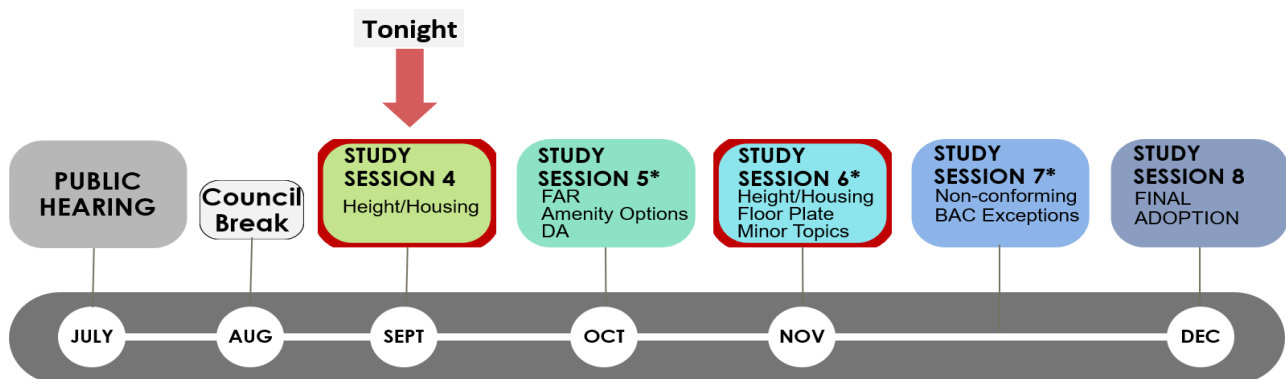
At the July 26 Public Hearing on the East Main LUCA, Council expressed a strong interest in taking advantage of this opportunity to increase the City's housing supply. In reviewing a number of requests from stakeholders, Council reaffirmed that housing and affordable housing should be prioritized as public benefits to be provided in exchange for the City upzoning of the East Main Station Area.

### LUCA Timeline

Along with the topic of housing and affordable housing, Council identified a list of topics for the East Main LUCA that require further exploration at future study sessions. This list of topics included requests submitted by stakeholders Wig Properties and Bellevue Athletic Club on April 28, May 7, and June 25, as well certain topics noted by Council.

Several of the identified topics are interrelated, where one decision on a particular topic affects other topics. Additionally, Council has expressed a desire to advance and adopt the East Main LUCA as quickly as possible. With those objectives, staff has collated and sequenced the topics in order to assist Council's review in this and future study sessions as shown in the timeline and schedule below, with a more detailed list of topics provided in Attachment B. For ease of reference, the previous list of stakeholder requests published for the July 26 public hearing is included as Attachment C.

The below timeline shows a proposed schedule for Council's review of identified topics through adoption, including decision points.



\* Decision Points

**Proposed Council Meeting Schedule**

	<b>Council Meeting Date</b>	<b>Topics</b>
<input checked="" type="checkbox"/>	Study Session 4 September 13	<ul style="list-style-type: none"> <li>• Building height</li> <li>• Minimum housing</li> <li>• Affordable housing</li> </ul>
	Study Session 5* October 4	<ul style="list-style-type: none"> <li>• Floor Area Ratio (FAR)**</li> <li>• Amenity incentive options**</li> <li>• Development agreements</li> </ul>
	Study Session 6* November 1	<ul style="list-style-type: none"> <li>• Building height</li> <li>• Minimum housing</li> <li>• Affordable housing</li> <li>• Floor Plate size/Stepback</li> <li>• Wrap-up minor topics</li> </ul>
	Study Session 7* November 15	<ul style="list-style-type: none"> <li>• Non-conforming provisions</li> <li>• Bellevue Athletic Club exceptions</li> </ul>
	Study Session 8 December 6	<ul style="list-style-type: none"> <li>• Final Adoption</li> </ul>
<p>* Decision point</p> <p>** Decision on FAR and amenity incentive options may impact the topic of affordable housing</p>		

**Building Height and Housing**

Tonight's Study Session will focus on the topics of building height and housing. To assist in Council's consideration of these topics, information and analysis is provided below regarding the existing zoning for the East Main Station Area and available options: (A) the current draft LUCA; and (B) the recommended option for increased maximum building height, the additional housing requirement, and the affordable housing incentive. This agenda memo also contains a discussion of the stakeholder requests for further increased maximum building height and for reduced housing and affordable housing incentives in connection with this City-initiated upzone.

Existing Zoning

The East Main Station Area is designated currently as Office and Limited Business Land Use District (OLB), which provides areas for office complexes and hotels or motels with limited eating establishments and retail sales. The OLB Land Use District has a maximum density of 0.5 FAR for office development, approximately 1.0 FAR for residential/retail development, and these provisions for height and housing:

- Maximum building height: 75-feet;
- Housing requirement: None; and
- Affordable housing incentive: None.

Under all of the options under consideration by Council, the East Main Station Area will receive a significant upzone as compared to current OLB zoning.

#### Option A: Current Draft LUCA

Council envisions redevelopment of this 60-acre area to create a new vibrant mixed-use neighborhood that takes advantage of the upcoming light rail station and connectivity. To that end, Council has adopted the East Main CPA and advanced this LUCA. Again, each of these legislative actions will result in a significant upzone for properties located within the primary East Main TOD Area. The additional development capacity created by this LUCA and rezone allows for opportunities to generate affordable housing, attractive open space, and other public amenities to serve residents through incentive zoning.

An essential step in this LUCA and rezone is ensuring the new requirements applicable to development in the EM-TOD Land Use Districts will be financially feasible. The LUCA requirements, including building height, FAR, and minimum housing/affordable housing, were informed by market data on real building costs, operating costs, rents, and recent land transactions to focus specifically on incentive zoning as a tool that can leverage new development to create public amenities and contribute to the City's affordable housing needs.

As such, the draft LUCA reflects the vision and policies in the East Main CPA, as well as Council's previous direction to utilize DT-OLB-S as a starting point. The current draft LUCA upzones the EM-TOD-H Area to a 5.0 maximum FAR, with these provisions for height and housing:

- Maximum building height: 230-feet/250-feet with mechanical (the same as in DT-OLB-S);
- Housing requirement: Minimum 30% of overall project site, or 1,298 units total in East Main; and
- Affordable housing incentive: Prioritized for the first 75% of public amenity, or 70 units.

#### Option B: Recommended Increased Height with Additional Affordable Housing

During previous Study Sessions and the Public Hearing, Council expressed a desire to explore increasing the maximum building height and potentially adding to the requirements of housing and/or affordable housing. Staff supports increasing the maximum building height to what the East Main CAC studied and endorsed, while prioritizing housing and affordable housing in exchange for this height increase in order to address the City's housing needs.

Specifically, increasing the maximum building height provides an opportunity to strike a greater balance between job growth and housing growth within the City and ensures all people have a range of housing choices within this transit-rich neighborhood. Housing access and affordability is a critical need for Bellevue, and this option helps to increase the total amount of housing available in Bellevue, and in so doing, creates more long-term affordable housing in the city. The additional housing/affordable housing supply is intended to reduce commute trips and expand access to homes nearest to job centers for households at a range of income levels. This staff-recommended Option B has the potential to generate 217 more residential units than the current draft LUCA and 17 additional affordable housing units than the current draft LUCA. The provisions for height and housing are as follows:

- Maximum building height: 300-feet/320-feet with mechanical;
- Housing requirement: Minimum 35 percent of overall project site, or 1,515 units total in East Main; and

- Affordable housing incentive: 80 percent of public amenity, or 87 units.

Stakeholder Requests for Further Increased Height with Reduced Housing Requirement

Stakeholder Wig Properties has advocated for further increased height and for reducing the required housing. They have suggested that these changes are necessary to make their envisioned project financially feasible. This position is contrary to the City's economic analysis and is not supported by the robust development boom that the City is experiencing, including the number of high-rise residential projects in permitting or under construction.

Additionally, the height increase requested by Wig Properties is beyond what has been included in the City's environmental analysis for the East Main Station Area and may require additional environmental review. This environmental review will result in additional process and time beyond the schedule above.

The provisions for height and housing proposed by Wig Properties are as follows:

- Maximum building height: 400-feet/420-feet with mechanical;
- Housing requirement: Minimum 8.8 percent of overall project site, or 400 units total in East Main;
- Affordable housing incentive: 75 percent of public amenity, or 21 units.

Staff does not support these requests because, at a minimum, the maximum building height request was not included in the prior environmental analysis for the East Main Station Area, and as summarized below, the housing and affordable housing requests do not sufficiently address the City's housing and affordable housing needs.

The table below summarizes the options available in a menu format, with staff-recommended option B highlighted. Council can choose an option as a package (option A or B), or mix-and-match individually from the list of options in each topic column.

<b>Topics: Building Height and Housing</b>			
<b>Packaged Options</b>	<b>Maximum Building Height</b>	<b>Minimum Housing Requirement</b>	<b>Affordable Housing Incentive</b>
Option A	230-feet/250-feet w/ mech	30% ≈ <b>1,298 units</b>	First 75% of public amenity ≈ <b>70 units</b>
Option B	300-feet/320-feet w/ mech	35% ≈ <b>1,515 units</b>	First 80% of public amenity ≈ <b>87 units</b>
Stakeholder Request	400-feet/420-feet w/ mech	8.8% ≈ <b>400 units</b>	First 75% public amenity ≈ <b>21 units</b>

**Public Engagement**

Staff has executed a public engagement plan with three modes of outreach to ensure that community members and neighbors, property owners, and all stakeholders and interested parties have the opportunity to stay informed and to provide comments.

- A. Process IV Requirements. The LUCA process is following the Chapter 20.35 LUC procedural requirements to provide opportunities for public comment.

- B. Direct Engagement and Feedback. Dialogue with stakeholders has been ongoing. Stakeholder input has informed the draft LUCA completed in December 2020, as well as the modified draft LUCA included as Attachment A. Stakeholders include the following groups:
- Wig Properties
  - Bellevue Athletic Club
  - Surrey Downs Neighborhood Association
  - J & J Bellevue
- C. Online Presence. Staff is continuing to update the East Main webpage to inform the public about this LUCA.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

The proposed draft LUCA, creating a new Part 20.25Q LUC, will implement the vision and policies adopted in the CPA for the East Main Station Area.

### **Fiscal Impact**

There is no fiscal impact associated with implementing this proposed LUCA.

## **OPTIONS**

1. Direct staff to follow the proposed process for Council's review of identified topics and to incorporate staff's recommended option with respect to increased maximum building height of 300-feet/320-feet with mechanical, the additional housing requirement, and the affordable housing incentive.
2. Provide alternative direction to staff.

## **ATTACHMENTS & AVAILABLE DOCUMENTS**

- A. Draft LUCA, Part 20.25Q LUC
- B. Stakeholder Requests and Topics Noted by Council with Possible Adjustments
- C. June 28 List of Stakeholder Requests

## **AVAILABLE IN COUNCIL LIBRARY**

East Main Economic Analysis Report, December 10, 2020  
East Main Ordinance No. 6465, May 20, 2019