

CITY COUNCIL STUDY SESSION

Recommended Land Use Code Amendments (LUCAs) related to the City's Affordable Housing Strategy (AHS). The first LUCA is to amend Land Use Code (LUC) 20.20.120 Accessory Dwelling Units (ADUs) to allow an ADU to be built within a new single-family structure. The second LUCA is to establish provisions in LUC chapter 20.45A Platting and Subdivisions and chapter 20.45B Short Plats and Short Subdivisions for Unit Lot Subdivisions within Land Use Districts where multifamily development is currently allowed. File Nos. 20-105151-AD and 20-105150-AD.

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DIRECTION NEEDED FROM COUNCIL

DIRECTION

Staff will be introducing two LUCAs related to the AHS. Planning Commission Chair Radhika Moolgavkar will present the Planning Commission's recommendations. The Resolutions documenting these recommendations are included as Attachment A (ADU LUCA) and Attachment B (Unit Lot Subdivision LUCA).

Following discussion, staff is seeking Council direction to prepare the Ordinances for final action at a future meeting.

RECOMMENDATION

Direct staff to bring back the Ordinances as drafted for final action at a future meeting.

BACKGROUND & ANALYSIS

These recommended LUCAs are in response to the AHS. The AHS, adopted in 2017, has a primary purpose of improving affordable housing opportunities throughout the City and is intended to substantially increase the City's existing affordable housing stock over the next 10 years. In order to achieve this objective, there are specific actions identified in the AHS. These LUCAs advance Strategy B, which calls for the creation of a variety of housing choices.

The two AHS-related LUCAs were introduced to the Planning Commission during its December 9, 2020 study session. Following discussion at this study session, the Planning Commission directed staff to prepare the LUCAs for consideration and schedule public hearings consistent with the City's Process IV land use process.

Accessory Dwelling Unit LUCA

The ADU LUCA will amend LUC 20.20.120 Accessory Dwelling Units to remove the three-year wait period to establish an ADU in a new single-family home. The ADU LUCA is in response to AHS Action B-2, which calls for updating the ADU standards in the LUC to increase the overall supply of ADUs in

the City. A strike-draft of the recommended LUCA is provided as Attachment C and a draft Ordinance is provided as Attachment D.

Allowing for the construction and permitting of ADUs at the time of new construction will make ADUs more feasible to build and encourage construction of this type of housing option in residential neighborhoods. ADUs provide diversity in housing size, type, geographic location, and cultural options to help ensure all residents are welcomed, and to ensure that long-term residents can remain in the City. A Staff Report describing the background, review process, and this LUCA's compliance with the decision criteria was provided to the Planning Commission, made available for the public hearing, and is included as Attachment E.

Unit Lot Subdivision LUCA

The Unit Lot Subdivision LUCA will allow for the subdivision of townhouse dwellings while applying development standards, such as setbacks, lot coverage by structure, impervious surface coverage, and minimum lot area, to the overall site or the "parent" lot, instead of the individual unit lots. A strike-draft of the recommended LUCA is provided as Attachment F and a draft Ordinance is provided as Attachment G.

The proposed LUCA is intended to minimize barriers for infill development and allow for individual townhouse units to be owned in fee simple as an alternative to condominium ownership. Fee simple ownership means absolute title in improvements of the townhouse unit and the land.

The Unit Lot Subdivision LUCA is in response to the City's AHS. Notably, the City Council has affirmed an interest in creating a variety of housing choices (Strategy B) which appeal to people at different income levels and life stages. Providing a broad range of homeownership opportunities, including fee simple townhouses, promotes mixed-income neighborhoods, allows for a diversity of housing types, and increases available housing choices for all economic segments of the population.

The development community has identified construction and mortgage financing barriers associated with condominium-style development. The Master Builders Association of King and Snohomish Counties report that the liability of a project designated as a "condo" requires more costly insurance for developers, contractors, and subcontractors, making this housing type more expensive to build and often infeasible for many of their members. These financing barriers tend to discourage developers from building condos in Bellevue, thereby limiting housing supply and placing upward pressure on home prices. Minimizing barriers identified by the development community will encourage greater housing density in Bellevue. The City's desire to accommodate and encourage infill development by allowing a wide range of housing types helps meet our diverse population's needs and promote homeownership opportunities in the City.

A Staff Report describing the background, review process, and this LUCA's compliance with the decision criteria was provided to the Planning Commission, made available for the public hearing, and is included as Attachment H.

Planning Commission Public Hearing, Recommendation, and Discussion

On January 13, following a public hearing on each LUCA and subsequent discussion, the Planning Commission decided to recommend adoption of the ADU LUCA and Unit Lot Subdivision LUCA without

modification. The Resolutions documenting the Planning Commission's recommendations are included as Attachment A (ADU LUCA) and Attachment B (Unit Lot Subdivision LUCA).

During the public hearings, the Planning Commission received public testimony for both LUCAs. For the Unit Lot Subdivision LUCA, several people expressed support for the amendment. In endorsing the LUCA, members of the public felt that this LUCA would promote infill development, expand housing choices, make efficient use of land, broaden homeownership opportunities, and provide for Missing Middle Housing. Commenters spoke to the barriers of constructing housing as a condominium project and affirmed that the proposed LUCA would minimize these barriers.

For the ADU LUCA, the Planning Commission heard unanimous support from the public to amend the LUC to remove the three-year wait period to establish an ADU, and many people spoke to the benefits ADUs provide in increasing housing supply and allowing residents to age in place. Commenters also suggested other changes to the City's ADU regulations, including removing owner-occupancy requirements, minimum parking requirements, and City restrictions on detached ADUs. Other commenters offered passionate testimony for and against further changes to the City's ADU regulations. Several people also raised concerns about the potential impacts of ADU regulations on transient rental activity within the City and made suggestions to more tightly restrict transient and Airbnb rental activity of ADUs, which is currently restricted by the LUC.

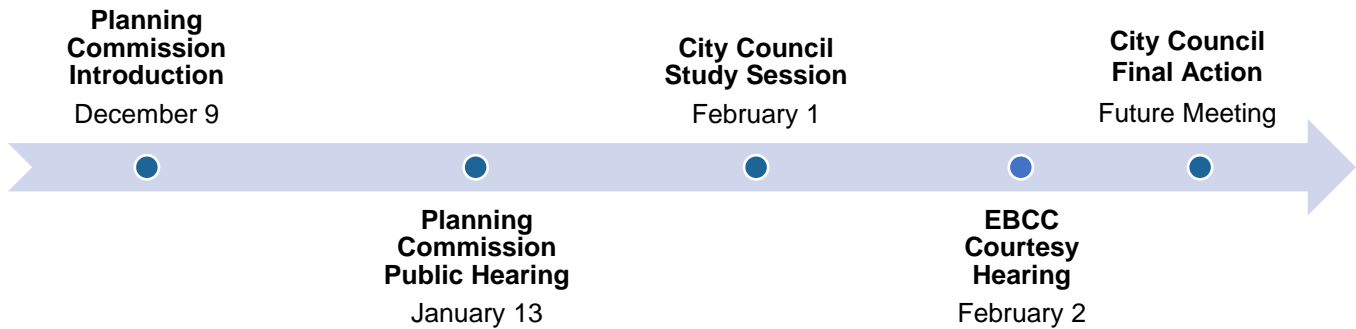
Public Engagement

For these proposed LUCAs, staff has followed a public engagement plan with three modes of outreach to ensure the public, stakeholders, and interested parties had the opportunity to be informed and to provide comments.

- A. Process IV Requirements. Process consistent with Chapter 20.35 LUC procedural requirements to provide opportunities for public comment, including:
 - notice of application of the proposed LUCAs on December 3, 2020;
 - notice of public hearing and staff report on December 17, 2020; and
 - public hearing on January 13.
- B. Direct Engagement and Feedback. Dialogue with the Master Builders Association of King and Snohomish Counties, and interested members of the public regarding the proposed amendments.
- C. Online Presence. City webpages for both LUCAs to provide opportunities for the public to stay informed, including:
 - contact information for public comments;
 - staff report and LUCA strike-draft; and
 - public information messages regarding LUCA progression.

Review Process

The timeline contains the review process for processing both LUCAs. Council will consider the recommended LUCAs during the February 1 Study Session, with final action anticipated at a future meeting.



POLICY & FISCAL IMPACTS

Policy Impact

The proposed LUCAs will advance the AHS and other City policies which support a range of housing choices throughout the City.

Fiscal Impact

There is no fiscal impact associated with implementing these proposed LUCAs.

OPTIONS

1. Direct staff to bring back the Ordinances as drafted for final action at a future meeting.
2. Provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. Planning Commission Resolution Recommending ADU LUCA
- B. Planning Commission Resolution Recommending Unit Lot Subdivision LUCA
- C. Strike-Draft of ADU LUCA
- D. Draft ADU LUCA Ordinance
- E. ADU LUCA Staff Report
- F. Strike-Draft of Unit Lot Subdivision LUCA
- G. Draft Unit Lot Subdivision LUCA Ordinance
- H. Unit Lot Subdivision Staff Report

AVAILABLE IN COUNCIL LIBRARY

N/A