

CITY OF BELLEVUE
BELLEVUE PLANNING COMMISSION
MINUTES

September 25, 2024
6:30 p.m.

Bellevue City Hall
Room 1E-113

COMMISSIONERS PRESENT: Chair Goepple, Commissioners Ferris, Khanloo, Villaveces

COMMISSIONERS REMOTE: None

COMMISSIONERS ABSENT: Vice Chair Cálad, Commissioners Bhargava, Lu

STAFF PRESENT: Teun Deuling, Emil King, Thara Johnson, Kate Nesse, Department of Community Development; Kristina Gallant, Mathieu Menard, Department of Development Services; Matt McFarland, City Attorney's Office

COUNCIL LIAISON: Deputy Mayor Malakoutian

GUEST SPEAKERS: None

RECORDING SECRETARY: Gerry Lindsay

1. CALL TO ORDER

(6:31p.m.)

The meeting was called to order at 6:31 p.m. by Chair Goepple who presided.

2. ROLL CALL

(6:32 p.m.)

Upon the call of the roll, all Commissioners were present with the exception of Commissioners Bhargava, Cálad and Lu

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 Khanloo and the motion carried unanimously.

4. REPORTS OF CITY COUNCIL, BOARDS AND COMMISSIONS – None

(6:33 p.m.)

Deputy Mayor Malakoutian reported the City Council is continuing to work on the city's budget. The finance and asset management team has done an excellent job streamlining the budget. Additionally, the Council at its meeting on September 24 directed staff to bring the Comprehensive Plan ordinance forward for adoption. The entire City Council is appreciative of the Commission's hard work and is looking forward to the Commission's continued efforts on the Land Use Code amendment for the next phase.

5. STAFF REPORTS

(6:34 p.m.)

A. Planning Commission Meeting Schedule

Senior Planner Teun Deuling briefly reviewed the schedule of updating meeting dates and agenda items.

6. WRITTEN AND ORAL COMMUNICATIONS

(6:35 p.m.)

Chair Goeppele took a moment to note that under Ordinance 6752, the topics about which the public may speak during a meeting are limited to subject matters related to the city of Bellevue government and within the powers and duties of the Planning Commission. Additional information about the new rules of decorum governing conduct of the public during meetings can be found in Ordinance 6752.

A. Written Communications – None

(6:37 p.m.)

B. Oral Communications

(6:37 p.m.)

Jessie Clawson spoke representing the Bellefield Office Park, located on 112th Avenue SE next to Mercer Slough. The residential conversion legislation is very exciting. The office park site is currently zoned Office, but in the Future Land Use Map for the Comprehensive Plan it is listed as LR-O-MU. Some office buildings, especially those from the 80s and 90s, are good candidates for conversion to residential. Residential density should be exempted from the limits for conversions similar to what Seattle has done. In the Office zone, there is a maximum 0.5 FAR for residential density, and the current legislation allows for a 150 percent increase, which would be on the order of 0.75 and which may not be enough to slot in residential. Additionally, the critical areas exception should be removed. The code says the residential conversion legislation does not apply in areas with critical areas. Bellefield Office Park is located in a critical area buffer, but since the structures already exist, a conversion would not create additional environmental impacts.

Vishnu Mangipudi, a Bellevue Youth Link board member, invited the Commissioners to attend the annual Youth Link Gumbo Night on Wednesday, October 23, from 6:00 p.m. to 8:00 p.m. at the Crossroads Community Center. The special social event provides an opportunity for Youth Link members to engage and dialog with elected officials and community leaders over a shared meal.

7. PUBLIC HEARING – None

(6:43 p.m.)

8. STUDY SESSION

(6:43 p.m.)

A. Proposed Land Use Code Amendment Encouraging the Redevelopment of Existing Buildings Into Residential Uses, Consistent with House Bill 1042

Planning Manager Kristina Gallant said the proposed amendment is in response to HB-1042, which is intended to help facilitate the conversion of existing commercial buildings into residential, or existing residential into denser residential.

Senior Planner Mathieu Menard said HB-1042 applies to all buildings in mixed use areas that are older than three years old. If the City does not adopt a LUCA by June 30, 2025, the state law will supersede the City's code, which is not desirable. Under the bill, the City must allow an additional 50 percent greater residential density over the base density. Additional parking cannot be required for new or converted residential units, though it can be required for new commercial uses. Additional permitting or architectural/design standards beyond what is required for new buildings cannot be required. Ground floor use requirements cannot be imposed unless along a major pedestrian corridor. The state law also exempts the buildings from transportation concurrency studies and SEPA reviews. Additionally, the City cannot deny projects based on existing nonconformities.

Continuing, Mathieu Menard noted that there had been multiple discussions with local development teams who either worked on or are exploring these projects. The Puget Sound Regional Council (PSRC) also presented on the feasibility of such projects, which was helpful, as much of the data comes from that. AECOM, an economics and planning firm, estimates a funding gap of \$50 to \$125 per square foot for these buildings, which would mean without incentives buildings would be unlikely to redevelop. Nationwide, most of the buildings that are redeveloping are doing so with additional funding sources, like the state incentives such as low-income housing tax credits (LIHTC), or historic tax credits. In Bellevue, however, it is unlikely any buildings will qualify for historic tax credits, so state or federal affordable housing incentives will be key. The draft LUCA allows for a 150 percent density increase. Seattle allows for unlimited density, an approach that would not have much of an impact if adopted in Bellevue given that the buildings are all existing and the fact that increases will be limited to the shell of the buildings.

There is no affordable housing requirement in the bill, but there is one for the state incentive related to House Bill 6175. That pushes developers toward affordable housing if they want to seek financial help. Feedback from stakeholders has highlighted the fact that hotels and mid-rise office buildings from the 80s and 90s, the those four- to five-story office buildings, are the most

feasible for conversion. It has been heard that some hotels and possibly a senior citizen home in the city are considering redeveloping into residential uses. When Seattle adopted similar legislation, their estimation was that about 12 buildings in the downtown could redevelop in the next seven years. Bellevue is not expecting widespread use of this bill; it will be a niche for specific buildings that meet certain criteria. AECOM identified that the most favorable conditions for feasibility are small floor plates, low rents, a large amount of continuous vacant space, and proximity to transit, conditions that Bellevue does not have in abundance. Overall, there is a relatively limited applicability in Bellevue.

The objectives of the LUCA are first to update the Land Use Code in line with state law and in such a way as to align with local needs rather than simply adopting state law as is. The Council has asked to include incentives where possible to encourage conversions beyond the just the state requirements.

Mathieu Menard reiterated that the state bill applies to buildings in mixed-use areas that are at least three years old and received their certificate of occupancy over three years ago. The state bill does not allow changes to buildings that qualify for conversion under HB 1042. However, based on the feedback received a little more flexibility is needed to allow for items such as HVAC systems, additional insulation, ADA accessibility, or new windows, and small expansions or envelope changes to the buildings may be needed to accommodate the uses. Allowing the extra five percent increase to accommodate the targeted uses makes sense.

Additionally, stakeholders have shared that allowing a single additional floor, whether for mechanical use or residential penthouses, could help cover some of that funding gap, especially if where adding a residential penthouse can add value to the buildings. However, that approach will have limited applicability since many buildings were not designed to support an extra floor structurally.

The proposal is to provide a 50 percent density increase, which is consistent with state law. The City can require maintaining the existing parking for residential use, but cannot mandate additional parking for the new residential uses. The state law also requires that the City exempt the projects from design and architectural standards. The proposal goes beyond that, proposing an exemption from all dimensional standards. Things like setbacks and building height restrictions would not apply to the buildings given that they cannot change substantially. The approach is especially relevant if a building already encroaches on the setback or if an extra floor is allowed, even if it surpasses current height limits.

For the downtown area, the requirement for active uses on the ground floor along major pedestrian corridors like the Grand Connection, Bellevue Way, and Main Street in Old Bellevue will be retained. Those areas need to remain vibrant with active ground floor uses, but elsewhere in mixed-use areas, the requirements would not apply, allowing for residential units on the ground floor.

Also proposed is an exemption from nonconforming language, which is a bit beyond what the state law mandates. Existing site nonconformities would not prevent redevelopment. Developers

have said making site changes around an existing building can be very challenging.

Two additional exemptions being recommending are for recycling and waste areas, and multifamily play areas. Currently, buildings must allocate a certain amount of space for recycling and waste, and multifamily buildings must provide play areas. However, office buildings were not built with these in mind, so flexibility is needed. Developers would still need to work with service providers to ensure waste removal is handled properly.

With regard to the timeline, Mathieu Menard said if the Commission directs staff to move forward, a public hearing will be scheduled for the end of October. The City Council would then review it toward the end of the year or early next year. The aim is to sequence completion of the LUCA ahead of other state-mandated Land Use Code changes coming up in the spring.

Commissioner Villaveces agreed with the recommendations, especially those regarding critical areas in areas like Eastgate and Bellefield. Making provisions to allow flexibility seems important and the question asked was about Bellevue's lack of code flexibility currently. Mathieu Menard explained that Seattle has its own building code, meaning they set their own standards. Bellevue follows the state building code, though the city can go above the state code but not below it.

Commissioner Villaveces noted that Seattle allows for single-stair buildings and Bellevue does not. Mathieu Menard agreed to look into that.

Commissioner Ferris also agreed with the proposed recommendations regarding residential density and critical areas. Specific to critical areas, however, language should be included requiring a plan for mitigating any impacts for buildings located in a critical area.

Commissioner Ferris asked if the Multi-Family Tax Exemption (MFTE) can be considered as an incentive. Mathieu Menard answered that if the buildings were to include residential units, the developer could possibly participate in the MFTE program. Kristina Gallant said staff would seek a clarification on that, noting that MFTE is typically for new construction, not rehabilitations.

Commissioner Ferris asked if creating a rooftop outdoor space would be an acceptable use. Mathieu Menard said the draft as written allows for residential amenities like a shared patio or a common kitchen on the top floor.

Commissioner Ferris asked if buildings with excess parking would be allowed to reduce it. Mathieu Menard said they could provide they meet the minimum parking requirements.

Commissioner Khanloo voiced concern about exempting recycling and waste areas. There are already issues with them in downtown Bellevue and the current requirements should be retained if possible. Additionally, all parking should be retained as it exists given the need. Mathieu Menard said if the Commission wants to maintain the recycling and solid waste requirements, direction to do so would need to be given. Staff would also appreciate some guidance on the

unlimited density issue. With regard to recycling and waste areas, buildings would still be required to provide for pickup. As proposed, only the size requirements would be exempted. The feedback has been that it is difficult to reconfigure buildings and include a large space for recycling and solid waste.

Chair Goepple voiced concern about giving a blanket exemption for critical areas. It would be preferable to require some review to assess the impacts of reuse on critical areas, rather than just having a broad exemption. A similar concern was voiced in regard to recycling and waste disposal. The concern was less about the space requirements than about the functional ability of a building to manage waste and recycling. The issue could possibly be addressed by including a qualifier stating that exemptions could be allowed as long as the building can still meet all functional requirements.

Chair Goepple observed that the eligible areas largely fall near I-405 and I-90. During the Comprehensive Plan update, one part of the discussion was around not having as many residential uses near freeways due to health concerns. Mathieu Menard allowed that those are the areas currently designated for mixed-use and commercial/multifamily, and the proposal would not change those designations. The City is required to apply the state bill to all areas designated for multifamily or mixed-use. Chair Goepple added that the need for housing is so great the City should do whatever it can to meet the demand.

Commissioner Villaveces agreed there should not be a blanket exception for critical areas, density, recycling and waste. There should be some flexibility to allow for departures, provided there is a demonstration of not being able to comply due to existing conditions. Mitigation plans for critical areas should be required even as development in those areas is not outright forbidden.

Commissioner Villaveces suggested consideration should be given to allowing horizontal or vertical expansion since adding two or three floors could make projects more feasible. Mathieu Menard said the state law does not allow for expansions. The proposal is to allow for small horizontal expansions to accommodate things like HVAC systems or accessibility improvements. The proposal also allows for adding a single extra story, which could include a residential penthouse. To go beyond that would exceed the scope of the bill. However, a larger LUCA is being worked on that will focus on encouraging more residential and affordable housing in the city by addressing things like building heights and FAR increases. That will be the opportunity to discuss adding multiple stories.

Kristina Gallant added that should the City start allowing for more floors, it may raise questions about whether all the proposed exemptions still make sense.

Mathieu Menard stressed the need to keep in mind that the tenets of the bill are specifically exempted from SEPA review. A SEPA review will be required for any additional story, but the further the city goes beyond the state law, the more likely it will be that a full EIS will be necessary.

Commissioner Villaveces urged caution about doing more than just encouraging affordable housing and ground floor retail. Such requirements have at times limited development, especially post-pandemic.

Commissioner Villaveces asked if any consideration has been given to allowing for mixed-use floor plates that would combine residential with other uses, such as storage, in areas where there is no natural light. Mathieu Menard said the bill specifically encourages residential, but there is nothing in the Land Use Code that would prevent mixed-use floor plates. With regard to ground floor retail, it was noted that the proposal is to limit the requirement to just the A rights-of-way in the Downtown where the uses are key to drawing people in. The only time affordable housing would be a requirement would be if developers choose to take advantage of the state's sales tax incentive under HB 6175. Otherwise, the proposed LUCA does not include any affordable housing mandates.

Commissioner Ferris voiced support for exempting the residential density limits. With regard to the critical areas exemption, there should be a modified exemption rather than a blanket exemption that involves a staff review. Support was also offered for the proposal regarding recycling and solid waste disposal so long as there is a plan that is acceptable to the city.

Commissioner Khanloo agreed with the proposed critical areas exemption but suggested the recycling requirements should stay in place. There have been issues during severe weather events and it is crucial that the standards be retained.

Commissioner Khanloo asked for clarification as to how many buildings in the eligible areas would qualify. Mathieu Menard said any building over three years old in the designated areas would qualify. The estimate is that fewer than 12 projects would be seen within the next seven years. Three potential projects have already been highlighted, each of which involves hotels and senior housing rather than office-to-residential conversions. Kristina Gallant added that there are a number of factors involved, including whether or not a property owner wants to do such a project, and the limited number of development teams that do such projects.

Chair Goepple summarized the Commission's conversation by highlighting the call for a qualified exemption, with a staff review, for critical areas and recycling and waste areas; and to remove the residential density multiplier.

A motion to schedule a public hearing on the proposed LUCA in line with the direction from the Commission was made by Commissioner Khanloo. The motion was seconded by Commissioner Ferris and the motion carried unanimously.

9. OTHER BUSINESS – None
(7:22 p.m.)

10. APPROVAL OF MINUTES
(7:22 p.m.)

A. September 11, 2024

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

11. EXECUTIVE SESSION – None
(7:23 p.m.)

12. ADJOURNMENT
(7:23. p.m.)

A motion to adjourn was made by Commissioner Ferris. The motion was seconded by Commissioner Villaveces and the motion carried unanimously.

Chair Goeppelle adjourned the meeting at 7:23 p.m.