

CITY COUNCIL STUDY SESSION

Affordable Housing Strategy Implementation Briefing

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DIRECTION NEEDED FROM COUNCIL

INFORMATION ONLY No action is required; this is an informational briefing in response to the November 19, 2018 request for additional work in support of the Affordable Housing Strategy. Council may wish to provide direction to staff regarding the housing work program.

RECOMMENDATION

N/A

BACKGROUND & ANALYSIS

On November 19, 2018 Council requested additional work in support of the Affordable Housing Strategy (Attachment A Council Request for Waiver of 8-Hour Rule). The four parts of that request are addressed below.

1. Units Achieved
 - a. *How many affordable housing units have been built, permitted, and are in project review in the City since the adoption of the affordable housing strategy?*
 226 Bellevue affordable units have been funded or added in 2017 and 2018, with an additional 35 affordable units estimated in pipeline projects that are in review. Table A shows when these units were funded or added in relationship to significant milestones in implementing the Affordable Housing Strategy.
 - b. *How many units within ½ mile radius of light rail transit stations since the adoption of the Multifamily Property Tax Exemption (MFTE) program and the affordable housing strategy?*
 63 affordable units in two downtown projects have been contracted to date, with an additional 35 units estimated in two downtown pipeline projects and one BelRed pipeline project. Attachment B shows the location of 2017 and 2018 multifamily affordable housing sites and the half mile buffer to East Link Stations.

Table A: Affordable Housing Units Funded/Added/Pipeline since 2017

	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Council funds 30Bellevue	62						
Council funds Highland Village	76						
Council adopts AH Strategy	✓						



	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Council approves 2-phase WP		✓					
Council adopts Eastgate voluntary AH incentive		✓					
Council adopts DT Livability voluntary AH incentive			✓				
ADUs permitted 2017			12				
Park East, DT AH incentive			1				
Council adopts MFTE update				✓			
MFTE application approved 888-108				8			
DT voluntary incentives 888-108				24			
Council reviews C-1 screening criteria				✓			
MFTE application approved Ceresa						31	
Council approves Utilities Emergency Assistance							✓
Council requests review of progress							✓
Council approves \$15M/CIP and \$412K/GF for AH							✓
Council reviews Regional AH Task Force Action Plan							✓
ADUs permitted 2018							12
Affordable Units Added/Funded	226						
Pipeline Projects							
DT AH incentive							6 TBD
DT AH incentive							5 TBD
BR MFTE (layered with FAR)							4 TBD
BR FAR (layered with MFTE)							20TBD
Pipeline Units Estimated	35						

2. Implementation Timeframe

- a. *When will the City implement the affordable housing strategies that have not yet been implemented?*

Progress on Phase 1 and Phase 2 work program actions is shown in Attachment C. Shaded items are in progress or work to begin in 2019.

Attachment D is the updated Affordable Housing Strategy 2-Phase Work Program, showing proposed timelines for all 21 actions of the Affordable Housing Strategy.

3. Targets

- a. *Are the adopted strategies on track to produce the goal adopted by Council (2,500 affordable units over 10 years)?*

If the goal were measured as linear growth and the City was on track, then 375 units would have been built or preserved in the first 18 months. However, it is expected that more affordable units will be realized after actions are implemented and the development community and other partners have time to use these tools. Results for the actions that have been adopted to date are shown in Table B.

Table B: Status of Adopted Strategies

Adopted Strategies	Status	Comment
MFTE	<u>Estimate:</u> 65 affordable units per year <u>Achieved:</u> 39 MFTE units <u>Pipeline:</u> 4 MFTE units	Since the February 2018 MFTE update two downtown MFTE projects have been contracted, adding 39 MFTE units layered with an additional 24 voluntary incentive units. Also, a proposed BelRed MFTE project could include four MFTE units layered with voluntary incentive units.
BelRed voluntary incentive	<u>Estimate:</u> 200 affordable units in 10 years <u>Achieved:</u> 89 affordable units and \$2.4M fee-in-lieu <u>Pipeline:</u> 20 voluntary incentive units	Since the 2009 adoption of BelRed zoning, 15 residential projects with 2,168 apartments have been permitted in BelRed, with all but three smaller projects (107 units) participating in the voluntary FAR incentive program.
Downtown voluntary incentive	<u>Estimate:</u> 45 affordable units in 10 years <u>Achieved:</u> 25 affordable units <u>Pipeline:</u> 11 affordable units	In 2018 Q4 there were six Downtown projects with 987 residential units in the land use and building permit process. Two recent projects used the density incentive. One project layered with MFTE (24 units) and one project contracted in late 2017 through the incentive program available before Downtown Livability (1 unit).
Eastgate voluntary incentive	<u>Estimate:</u> 10 affordable units in 10 years <u>Achieved:</u> 0 <u>Pipeline:</u> 0	No multifamily residential development has been permitted in this area since Eastgate land use code was adopted 2017 Q3.

- b. *Where are affordable units likely to be generated (in TOD areas, other multi-family zones, or in single-family zones)?*

Attachment C shows where units are likely to be generated for all actions of the Strategy.

4. Analysis of strategy implementation and voluntary versus mandatory approaches

- a. *When will the actions of the affordable housing strategy be implemented?*

Progress on Phase 1 and Phase 2 work program actions is shown in Attachment C. Shaded items are in progress or scheduled for work to begin in 2019.

Attachment D is the updated Affordable Housing Strategy 2-Phase Work Program, showing proposed timelines for all 21 actions of the Affordable Housing Strategy.

- b. *What might be achieved through voluntary versus mandatory approaches?*

“Inclusionary zoning” includes both voluntary and mandatory tools that include affordable units in market housing projects. Prior to adoption of the Strategy, Council considered voluntary versus mandatory approaches for Downtown, BelRed, Wilburton, East Main and Eastgate. Table C was provided as an estimate of expected yield under voluntary and mandatory approaches. Council direction was for voluntary incentives, which were already in place in BelRed, and have since been adopted in Downtown and Eastgate. *These estimates are from 2017 and should be updated after zoning is adopted in East Main and Wilburton.*

Table C: 10-year Estimate of Affordable Units with Inclusionary Zoning*

TOD Growth Area	Voluntary	Mandatory
<i>Downtown</i>	45	165
<i>BelRed</i>	200	250
<i>Wilburton</i>	200	250
<i>East Main</i>	20	30
<i>Eastgate</i>	10	40
Total	475	735

* Assumes ability to layer with MFTE, with additional MFTE affordable units achieved

POLICY & FISCAL IMPACTS

Policy Impact

The purpose of the Affordable Housing Strategy Implementation Program is to improve affordable housing opportunities across the City. This is consistent with City Council Priorities, Comprehensive Plan Housing Policy, and Economic Development Plan Strategies.

- Comprehensive Plan Policy HO-24: *Develop and implement an effective strategy to ensure affordable housing opportunities are available in Downtown and throughout the City at a range of affordability levels. Monitor quantity, types, and affordability of housing achieved for potential unintended consequences and to determine if the need is being met.*
- Economic Development Plan Strategy E.1: *Develop a City-wide strategy to expand workforce housing options by exploring all manner of tools, including a multifamily tax exemption program, a revolving fund for transit-oriented development, zoning changes, and other options.*

Fiscal Impact

Sufficient budget authority has been approved for implementation of the Affordable Housing Strategy 2-phase work program (Attachment D). Council request for additional research, work items, or condensed schedule could require additional resources.

OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

- Council Request for Waiver of 8-Hour Rule November 19, 2018
- Map of 2017-2018 affordable housing sites and half mile buffer to East Link Stations
- Assessment of units to be generated and where those units are likely to be located
- Affordable Housing Strategy 2-Phase Work Program

AVAILABLE IN COUNCIL LIBRARY

Affordable Housing Strategy, June 5, 2017