



Bellevue Planning Commission

July 24, 2024

PLANNING COMMISSION AGENDA ITEM

SUBJECT

Affordable Housing Strategy Update

STAFF CONTACTS

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POLICY ISSUES

Bellevue's Affordable Housing Strategy includes five strategies and 21 actions to increase the availability and access to affordable housing over ten years. This memo provides an update on AHS implementation and next steps for updates.

DIRECTION NEEDED FROM THE PLANNING COMMISSION

ACTION



DIRECTION



INFORMATION ONLY



BACKGROUND

The City's current Affordable Housing Strategy was adopted in June 2017 and last before the Planning Commission in July 2017. Nearing the end of the seventh year of implementation, significant progress has been made towards the strategy's target of preserving or developing 2,500 affordable units over 10 years (2017-2027).

Implementation progress includes:

- A total of 2,750 affordable housing units built, funded, or approved for an incentive (2017-2023).
- Of these, 1,899 units and 190 shelter beds have been built since the strategy was developed.
- Another 661 affordable housing units have been funded or approved for an incentive and are considered in the pipeline. Pipeline affordable housing includes:

- Affordable units on public land;
- Preservation of existing housing and creation of new affordable units through the City's Housing Stability Program;
- Affordable units produced using the City's land use and tax incentive programs.
- Affordable units/beds achieved to date plus the current pipeline indicates the 10-year goal of 2,500 units will be achieved.

IMPLEMENTATION OF ACTIONS

Noteworthy actions include the following:

Occupancy of the final stage of Eastgate Campus – Polaris at Eastgate's first phase of 138 units began move-ins at the end of March with the final phase of 222 units expected to start occupancy later this summer. This development brings a total of 360 housing units affordable at 60% Area Median Income (AMI). This is the final stage of the Eastgate Campus that includes the 100-bed Porchlight Men's Shelter and 92 apartments at Plymouth Crossing in the permanent supportive housing category – both projects housing people with incomes below 30% AMI.

Affordable housing on suitable public lands – Staff continue to pursue partnerships to develop affordable housing on suitable public lands in proximity to transit hubs. Pipeline projects include:

- Spring District ST OMFE – Sound Transit maintenance base site being developed by BRIDGE Housing; all funding for this affordable housing development has been secured with construction set to start in the fall.
- Former Porsche site – A half-acre city-owned parcel in Wilburton; staff are preparing due diligence materials; anticipate releasing a request for proposals to identify a development partner later this year.
- 130th Avenue Station/Kelly parcels – two city-owned parcels; ongoing efforts to refine the development program, schedule, and partnership strategy.

Housing Stability Program (HSP) – In February, the Council approved \$14,221,579 in capital and \$838,004 in operation, maintenance, and service Housing Stability Program funds for three projects. The 2024 RFP was released in June, advertising up to \$10 million in capital and operation, maintenance, and service funds.

C-1 Program – Affordable Housing Strategy C-1 relates to increasing affordable housing capacity on faith-owned properties. Staff continue to engage with faith-based organizations interested in utilizing the C-1 LUCA to develop affordable housing on their properties. Six potential projects are in different stages of entitlements - two sites are eligible for the C-1 Phase 1 density bonus and four are eligible for rezones through the C-1 Phase 2 LUCA.

Next Right Work – In 2022, Council prioritized five “Next Right Work” actions to further increase housing production and affordable housing opportunities. Staff continue to advance work and are nearing complete implementation of the actions.

1. Remove barriers to Micro Apartments – LUCA adopted June 5, 2023

- 2. Allow higher floor area ratio (FAR) for residential uses** to incentivize residential developments over commercial uses. On December 12, 2022, Council initiated this item in two phases. Phase 1 involved the adoption of an Interim Official Control (IOC) focused on Downtown Land Use Districts. The IOC allows for a higher FAR for projects that include affordable units. The IOC also grants greater development flexibility to projects meeting affordable housing thresholds. Since its adoption on May 8, 2023, four projects have utilized the IOC. The IOC was extended for six months in May 2024.

Phase 2 work is underway and will include a permanent land use code amendment (LUCA) for Downtown and targeted mixed-use land use districts throughout Bellevue. This phase will utilize the recently completed Environmental Impact Statement for the Comprehensive Plan Periodic Update, as well as respond to Land Use Map designation and policy changes to be adopted through the Periodic Update. This LUCA will evaluate the effectiveness of three affordable housing programs alongside these upzones. The LUCA and rezones are anticipated for Council consideration in the second quarter of 2025 after the adoption of the Comprehensive Plan Periodic Update this fall.

3. Reduce permit review and inspection fees for affordable housing – adopted July 17, 2023

- 4. Encourage Detached Accessory Dwelling Units (DADUs), Accessory Dwelling Units (ADUs), and duplex, triplex, quadplexes**, including a mechanism for separate ownership. On July 17, Council adopted Phase 1 of this action, which included a LUCA removing barriers to attached ADU development and allowing for separate ownership. The remainder of this action will be considered with the Comprehensive Plan Periodic Update and implemented by subsequent LUCA(s) and rezone(s). The LUCA and rezones are scheduled for completion by the state deadline of June 30, 2025.

5. Simplify the permitting process and expedite permitting for affordable housing.

Council initiated two categories for this item: internal process improvements and code amendments. Code amendment work on transportation development and environment procedures code was completed in 2023. The Development Services Department is actively working on internal process changes to support affordable housing providers through the permitting process and shorten the permitting time for affordable housing projects. These improvements may also serve as pilots for future deployment on other projects.

ESTABLISHING A NEW AFFORDABLE HOUSING TARGET

For purposes of the Affordable Housing Strategy target, affordable housing is defined as income-restricted units for households that earn up to 80 % AMI, adjusted for household size.

The existing 10-year target of 2,500 units was established in 2017 to assist the City in gauging the effectiveness of implementing the 2017 Affordable Housing Strategy. In seven years (2017-2023), 2,750 units have been funded, approved for an incentive, preserved, or constructed.

A new affordable housing target would assist the City as it continues to plan for affordable housing by:

- Identifying a new preservation/production goal the City would seek to achieve over time;
- Gauging the effectiveness of current affordable housing programs;
- Helping to identify resources to meet the target; and
- Assisting the City in implementation efforts related to the Comprehensive Plan Periodic Update and updates to the Affordable Housing Strategy.

An introduction to establishing a new affordable housing target was provided in October 2023 to Council. In April 2024, staff presented a starting point target to Council, who generally supported it as a starting point and directed staff to further engage technical stakeholders before returning in October 2024.

The starting point target is for a ten-year period and focuses on affordable units for those making <80% AMI. It includes sub-targets for extremely low (0-30%), very low (30-50% AMI) and low (50-80% AMI) income bands.

The new target is based on a need analysis conducted in the 2022 Bellevue Housing Needs Assessment (HNA), the results of which were previously presented to the Commission. This approach estimated housing needs by income band based on the city's overall growth target of 35,000 housing units in 25 years. Within the HNA, housing needs for current and future residents are calculated and represent the socioeconomic characteristics of those who live in Bellevue today, those who work in Bellevue today, and those who live across King County and may want to live in Bellevue.

The new affordable housing target is based on taking 25-year housing need numbers and calculating a proportionate need for a 10-year timeframe (40%). A total of 14,000 housing units are needed in 10 years. Of that, about 40% - or 5,700 units – need to be affordable to those making <80% AMI. The affordable housing target will complement and support the City's broader planning efforts and policy decisions to accommodate the affordable housing need allocated to Bellevue.

Income	25-Year Housing Need	10-Year Housing Need
0-30% AMI	6,820	2,728
30-50% AMI	3,646	1,458
50-80% AMI	3,887	1,555
80-100% AMI	3,035	1,214
100-120% AMI	3,185	1,274
>120% AMI	14,427	5,771
Total	35,000	14,000

To meet this target, the city will likely need new tools to create more, and more deeply affordable, housing. Since 2017, our average annual rate of production based on in-service units has been 271 units. Table 4 shows the average annual production by income band, compared to the annual average to meet the proposed target.

Average Annual Income Restricted Unit Production				
	0-30% AMI	30-50% AMI	50-80% AMI	Total <80% AMI
In-Service Annual Average (2017-2023)*	23	5	243	271
Future Annual Average Needed	270	145	155	570
<i>*Figures do not include emergency housing beds</i>				

NEXT STEPS

Council directed staff to further operationalize the starting point target through additional scoping and engagement. Staff are in the process engaging four technical stakeholder groups to facilitate discussions on the opportunities and challenges around meeting this starting point target.

Staff are also working to scope out an update for the Affordable Housing Strategy. Updating the AHS will identify the next set of near-term actions to help the city achieve the new affordable housing target and meet other housing priorities.