

CITY COUNCIL AGENDA TOPIC

Land Use Code Amendment to establish provisions related to co-living housing in response to recent changes to the Growth Management Act (Chapter 36.70A RCW) enacted through House Bill 1998 in 2024.

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EXECUTIVE SUMMARY**DIRECTION**

Staff will be presenting on the proposed scope of this Land Use Code Amendment (LUCA) for co-living housing. This LUCA is necessary to comply with House Bill (HB) 1998, which requires cities to allow for co-living housing in all Land Use Districts that allow six or more units per lot by right. Following discussion, staff will ask Council to enter a finding of necessity for Council to process this LUCA and direct staff to schedule that public hearing.

RECOMMENDATION

Consider entering a finding of necessity for Council to process this LUCA and direct staff to schedule the public hearing.

BACKGROUND/ANALYSIS**Background**

In 2024, the Washington State Legislature passed, and the Governor signed, HB 1998, which intends to provide additional housing choices by requiring that cities and counties allow for the development of co-living housing. HB 1998 added a new section RCW 36.70A.535 to define and establish requirements for co-living housing. RCW 36.70A.535(1)(a) defines “co-living housing” as a residential development consisting of individually rented, lockable sleeping units that include living and sleeping space.

Residents share kitchen facilities with other sleeping units in the building.

RCW 36.70A.535(1) requires co-living housing as a permitted use on any lot that allows at least six units by right, including on lots zoned for mixed use development. Per the co-living guidance published by the Washington State Department of Commerce, cities are not required to allow for co-living housing on lots where six units are permitted only through an affordable housing density bonus.

For new co-living housing development in residential and mixed-use areas, the City:

- May not impose room dimensional standards (i.e. dwelling unit size, sleeping unit size, room area, and habitable space requirements) more restrictive than those required by the state building code.

- May not require parking within one-half mile walking distance of a major transit stop¹. Outside of this transit buffer, the city may only require a maximum of 0.25 off-street spaces per sleeping unit.
- May not require co-living housing to provide a mix of unit sizes, a specified number of bedrooms, or include other uses.
- May not impose development standards that are more restrictive than those required for other types of multifamily residential uses in the same zone.
- May not, for purposes of calculating dwelling unit density, count a sleeping unit in co-living housing as more than one-quarter of a dwelling unit.
- May not exclude co-living housing from participating in affordable housing incentive programs.
- May not, for purposes of calculating fees for sewer connections, treat a sleeping unit in co-living housing as more than one-half of a dwelling.

HB 1998 mandates that cities and counties update their regulations by December 31, 2025. If a LUCA consistent with HB 1998 is not adopted by this date, state law will supersede the Land Use Code (LUC). The full text of HB 1998 is provided as Attachment A.

Context

Similar Housing Types in the Land Use Code

The LUC currently includes regulations for micro-apartments, boarding housing, and rooming houses—three similar housing types to co-living housing. However, the existing development standards for these types of housing would not comply with HB 1998. Examples for each housing type are included below:

- **Micro-Apartment** (LUC 20.20.537). While standards for parking and density are similar between micro-apartments and co-living housing, the two housing types differ in where they are allowed and how they are defined. Under the Land Use Code, micro-apartments are limited to areas near transit that already allow for multifamily. These units are defined as individual dwelling units—each providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation. These units are capped at a maximum gross floor area of 320 square feet. Co-living housing is not required to offer complete independent facilities within each unit. Instead, it provides private living and sleeping quarters while sharing kitchens, bathrooms, and other common areas. Unit sizes in co-living housing must comply with minimum standards set by the state building code but may not otherwise be restricted by local size limits.
- **Boarding Houses** (LUC 20.20.140). Boarding houses are defined as “an owner-occupied dwelling...” and may be rented on either a short term or long-term basis. However, they are limited to renting out no more than two rooms and must provide one off street parking space per rented room. Co-living housing may not be subject to these same restrictions.

¹ “Major Transit Stop” is defined as

- (i) A stop on a high capacity transportation system funded or expanded under the provisions of chapter 81.104 RCW;
- (ii) Commuter rail stops;
- (iii) Stops on rail or fixed guideway systems, including transitways;
- (iv) Stops on bus rapid transit routes or routes that run on high occupancy vehicle lanes; or
- (v) Stops for a bus or other transit mode providing actual fixed route service at intervals of at least 15 minutes for at least five hours during the peak hours of operation on weekdays.

- **Rooming Houses** (LUC 20.20.700). Rooming houses are required to be in a detached single-family dwelling and are only permitted in multifamily residential districts. Rooming houses are also limited to renting a maximum of four individual rooms. Co-living housing must be allowed in all residential and mixed-use zones where at least six units are allowed. The bill does not limit the number of rooms that may be rented, and it does not restrict the housing type to detached single-family dwellings. As currently defined, the City's rooming house regulations are more restrictive than what HB 1998 requires and would not comply with the law's broader allowances for co-living housing.

Middle Housing LUCA (HB 1110) in Relation to Co-Living Housing LUCA (HB 1998)

On June 24, Council adopted Ordinance No. 6851 to implement the requirements of HB 1110. These amendments updated Bellevue's Land Use Code to expand the number and types of housing units permitted in residential areas of the city. Although co-living housing is not one of the middle housing types defined in HB 1110, the legislation is related to HB 1998 because it broadens the areas where six units per lot are allowed, and by extension, where co-living housing must also be permitted.

During review of the Middle Housing LUCA, staff informed the Planning Commission and subsequently City Council about upcoming requirements under HB 1998, which mandates cities to allow co-living housing in all areas where six units are permitted by right. This information informed discussions on whether to exceed the state's minimum density standards set by HB 1110 and allow six units by right in additional locations.

Council ultimately adopted Ordinance No. 6851, which permits six units by right within one-quarter mile of Regional and Candidate Countywide Growth Centers (Downtown, BelRed, Wilburton, Crossroads, Eastgate, and Factoria) and within one-quarter mile of a Major Transit Stop, as required by state law (e.g., Light Rail and RapidRide stops).

Attachment B includes a map showing the general areas where co-living housing must be allowed. The map highlights all mixed-use areas and existing multifamily land use districts in purple, along with a light blue buffer indicating where the middle housing code changes may allow up to six units by right. This buffer shows straight-line ("as the crow flies") distances for reference only. Actual eligibility will be determined during permit review based on verified walking distances to transit stops or mixed-use areas, using a verifiable mapping tool. Lots outside these walking distances are not eligible for six units by right or for co-living housing.

Proposed Amendments

The LUCA will focus on ensuring direct compliance with the requirements in RCW 36.70A.535, as amended by HB 1998. Specifically, staff are not proposing to deviate from the baseline requirements mandated by state law.

Of the three housing types described in the section above, the City's current LUC framework for rooming houses most closely resembles co-living housing. However, because RCW 36.70A.535 requires broader allowances for co-living housing than are currently provided for rooming houses—both in terms of where it can be located and how it can be provided—the current rooming house regulations will become increasingly limited in their applicability. As a result, staff propose removing the current rooming house provisions and replacing this housing type with the state-required co-living housing

provisions. These updates would eliminate existing restrictions, such as limiting rooming houses to detached single-family dwellings, confining them to multifamily zones, and allowing only four rentable rooms.

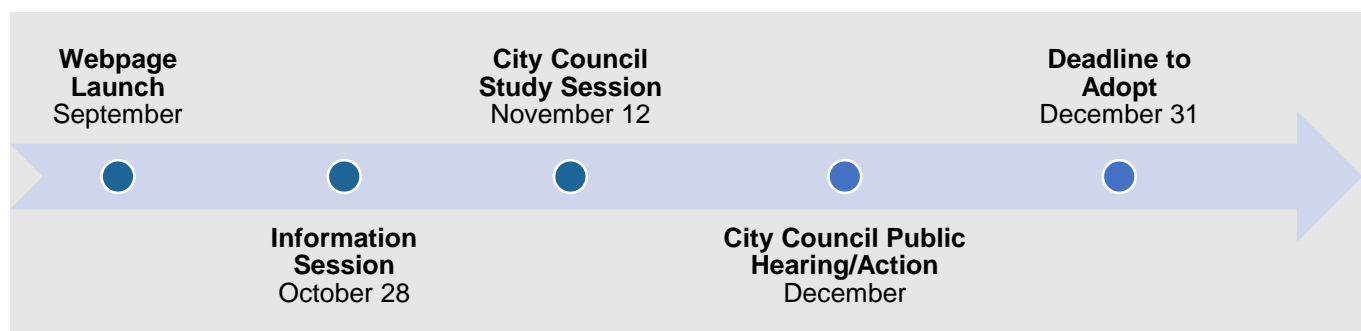
Additionally, the LUCA would update terminology to define “rooming house” in Bellevue as containing “co-living units,” consistent with RCW 36.70A.535. State law allows jurisdictions to use their preferred terminology, provided that the adopted standards meet the requirements of the statute. The full co-living housing LUCA strike-draft is provided as Attachment C.

Public Engagement

Because this state mandate is highly prescriptive, opportunities for local or community input are limited. Consequently, public engagement for this LUCA will differ from typical code amendments. While community feedback cannot alter the specific provisions of this amendment, staff remain committed to informing residents about where and how the state-mandated changes will apply. Attachment D includes a handout about this LUCA that was published on the project webpage. Printed copies were distributed at community events beginning October 25. To promote transparency and public awareness, staff are implementing a targeted engagement plan with three modes of outreach:

1. Process IV Requirements. Process consistent with Chapter 20.35 LUC procedural requirements to provide opportunities for public comment.
2. Public Information Session. A virtual lunch and learn event was held on October 28 to share background information, general legislative requirements, and implications for Bellevue. Following the presentation, attendees were invited to ask questions and share feedback.
3. Online Presence. A City webpage was published in September for members of the public to find more information on the LUCA, updates on the review process, staff contact information, and methods for providing comments.

Project Timeline



POLICY & FISCAL IMPACTS

Policy Impact

The proposed Co-Living Housing LUCA is required to conform with recent amendments to RCW 36.70A.535, which requires cities to allow co-living housing as a permitted use in all zones where at least six multifamily residential units are allowed.

In addition to compliance with the state mandate, the proposed LUCA is also supported by the following Comprehensive Plan policies:

- **HO-10.** Work to identify and eliminate current city policies, practices and regulations that perpetuate housing disparities and discrimination.
- **HO-11.** Ensure a diverse housing stock, including affordable housing, throughout the city to meet the needs of all individuals and families of differing incomes, sizes, arrangements and cultural backgrounds.
- **HO-14.** Ensure there are zoning ordinances and building policies in place that allow and encourage an increase in the housing supply attainable to households along the full range of income levels.
- **HO-18.** Promote housing density, choice and affordability in areas served by the frequent transit network, businesses serving the community's day-to-day needs and significant nodes of employment.
- **HO-22.** Allow innovative housing types and demonstration projects that could serve as a model for new housing choices currently not being built in Bellevue.
- **HO-33.** Address the need for housing affordable to extremely low-, very low-, low- and moderate-income households, through funding, regulations, policies, procedures and other mechanisms.
- **HO-43.** Recognize the connection between housing cost burden and mobility cost and work to provide affordable housing in areas served by the frequent transit network.

Fiscal Impact

There is no fiscal impact associated with implementing this LUCA.

OPTIONS

1. Enter a finding of necessity for Council to process this LUCA and direct staff to schedule the public hearing.
2. Provide alternative direction to staff.

ATTACHMENTS

- A. HB 1998
- B. Map of where co-living housing is a permitted use.
- C. Co-Living Housing LUCA Strike-draft
- D. Community Handout: Co-living Housing Project Info

AVAILABLE IN COUNCIL LIBRARY

N/A