



Bellevue Planning Commission

May 14, 2025

PLANNING COMMISSION STUDY SESSION ITEM

SUBJECT

Study Session on a Land Use Code Amendment to expand housing opportunities in mixed-use areas as part of the City's "Next Right Work" initiative to boost housing production and affordable housing in the City.

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POLICY ISSUES

The City adopted an updated comprehensive plan in the fall of 2024. The Comprehensive Plan sets a goal of 35,000 new housing units and 75,000 new jobs by 2044 and emphasizes the creation of new housing opportunities throughout the City, increasing walkability and multimodal transportation options, and creating vibrant neighborhood centers. This Land Use Code Amendment (LUCA) will implement updated policies in the Comprehensive Plan and align development regulations with the land use designations in the Future Land Use Map (FLUM). The LUCA addresses many policies in the Comprehensive Plan, especially the Housing, Land Use, and Urban Design elements.

Additionally, on May 7, 2024, the City Council adopted a target to create 5,700 affordable housing units between 2026-2036. The LUCA will assist the City in achieving this goal by creating a new affordable housing program in the mixed-use areas covered by this LUCA scope.

DIRECTION NEEDED FROM THE PLANNING COMMISSION

ACTION

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DIRECTION

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INFORMATION ONLY

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The goal of this study session is to provide information to the Planning Commission on the draft LUCA and gather feedback. Staff will provide an overview of the Land Use Code and zoning changes proposed through the Housing Opportunities in Mixed Use Areas (HOMA) project. After the study session, the Planning Commission will be asked to direct staff to schedule the required public hearing.

BACKGROUND/ANALYSIS

Housing Opportunities in Mixed-Use Areas (HOMA) Background

The HOMA LUCA was initiated in December 2022, following the Council's selection of this LUCA as part of the July 2022 "Next Right Work" initiative. At that time, the office market was more competitive, often outcompeting residential development in areas like Downtown.

To address this imbalance and encourage affordable housing production, the City adopted Phase One: Downtown Interim Official Control (IOC) in May 2023. The IOC tested regulatory flexibility in exchange for affordable housing. Key provisions included:

- A larger floor area ratio (FAR) exemption paired with a higher market-to-affordable unit square footage ratio
- Parking reductions
- Reduced upper-level setbacks
- Flexible FAR “movement” within a project
- Other form standard flexibility when a threshold of affordable units were included in a project.

Since HOMA’s inception, evolving market conditions and city policy direction prompted a re-evaluation of the LUCA scope. At a Council check-in on December 10, 2024, staff presented an updated scope in response to the following shifts:

- Cooling Office Market: The office market has softened considerably, reducing its economic advantage over residential development.
- New Growth Targets: The City adopted updated jobs and housing targets, and has identified an affordable housing target.
- Comprehensive Plan Update: In October 2024, the City Council approved major updates to the Comprehensive Plan, refining the growth strategy and introducing new land use designations for geographic areas aligned with HOMA’s focus, including Crossroads, Factoria, Newport Hills, and other mixed-use areas throughout the City.

Council was supportive of the revised HOMA scope, and emphasized the importance of affordable housing, minimizing business displacement, and ensuring the voices of the community are heard through the LUCA process.

Planning Commission Study Session

The Planning Commission held a study session February 26th to discuss the components of the proposed LUCA. Planning Commission provided input relating to public safety, placemaking and identity, transitions between mixed-use areas and lower-density residential neighborhoods, mass timber construction, permit expediting, and livability.

Based on input from the community, market-rate and affordable housing developers, and the Planning Commission, strike drafts of the proposed HOMA LUCA were released to the public on March 9 and have subsequently been updated based on received feedback and internal review. Throughout the outreach process, members of the community have noted the importance of the retail elements of the existing neighborhood centers, encouraging specific neighborhood serving uses, and the importance of scale. Downtown stakeholders also noted some concerns related to the updated Downtown Amenity Incentive System. To address the community comments and concerns, the LUCA requires “pedestrian oriented uses” along the street frontage in land use districts intended to be the neighborhood focal point; exempts needed uses as identified by the community; and proposes scales consistent with the future land use map. Adjustments have also been made to the Downtown Amenity Incentive System to provide additional affordable housing exempt FAR if a project utilizes all of their amenity incentive points.

Proposed LUCA

Two strike drafts are provided with this agenda memo, representing two alternative options for the LUCA. Option A includes a mandatory affordable housing program (Attachment A). Option B includes a voluntary affordable housing program. Attachment B details the differences between Option A and

Option B. This Agenda Memo will cover the more significant proposed changes to the Land Use Code, organized by the following topics:

- Topic 1. Dimensional Standards
- Topic 2. Affordable Housing
- Topic 3. Parking
- Topic 4. Downtown
- Topic 5. Community Mixed-Use Design District
- Topic 6. Transition Areas
- Topic 7. Eastgate and Factoria 1

Topic 1. Dimensional Standards

To encourage additional housing in the mixed-use areas, building height and floor area ratio (FAR) modifications are proposed for several of the districts included in HOMA. For consistency with the FLUM, two new Land Use Districts, Mixed-Use: 7 Story (MU7) and Mixed-Use: 16 Story (MU16), are proposed. Existing and proposed building heights and FAR for each district are listed in Table 1 under Option A, and in Table 2 under Option B.

Table 1. FAR and Building Height Limits, Option A (Mandatory Affordable Housing Approach)

DISTRICT	CURRENT FAR OR DU/A	PROPOSED FAR	CURRENT MAX HEIGHT	PROPOSED MAX HEIGHT/BONUS HEIGHT
Office (O)	20 DU/A	1	30'	45'/55'*
Neighborhood Business (NB)	15 DU/A	2	30'	45'/60'*
Office And Limited Business (OLB)	30 DU/A	1	45'	45'/60'*
Office And Limited Business 2 (OLB 2)	1 FAR	2	75'	75'
Community Business (CB)	30 DU/A	2.5	45'	60'
Neighborhood Mixed Use (NMU)	1 FAR	4	75'	110
Factoria 1 (F1)	Varies***	3/5**	Varies****	80/170**
Factoria 3 (F3)	30 DU/A	4	75'/135'	135
Eastgate Transit-Oriented Development (EG-TOD)	2 FAR	2	160'/55'	160
Mixed-Use: Seven Story (MU7)		3		80
Mixed-Use: 16-Story (MU16)		5		170

*Bonus height shall only be allowed when an additional 5% of affordable housing is provided

**A 3 FAR and 80-foot building height limit applies only to District F1 DA II

***The FAR in the F1 Land Use Districts is currently governed by the size of the individual structures on site. The current FAR ranges between 0.1 and 0.5 FAR.

****The F1 Land Use District contains several sub-districts which have heights that vary from 40 to 75 feet.

Table 2. FAR and Building Height Limits, Option B (Voluntary Affordable Housing Approach)

District	Current FAR or DU/A	Proposed FAR	Current Max Height (feet)	Proposed Max Height (feet)
O	20 DU/A	0.5	30	30
NB	15 DU/A	1	30	40
OLB	30 DU/A	0.5	45	45*
OLB2	1 FAR	1	75	75
CB	30 DU/A	1.5	45	60
NMU	1 FAR	2.5	75	110
F1	Varies	1.5/3.5*	Varies	40/140*
F3	30 DU/A	2.5	75/135	100
EG-TOD	2 FAR	2.5	160/55	140
MU7		1.5		50
MU16		3.5		140

*1.5 FAR and 40 foot building heights only apply to F1 Development Area II

The voluntary affordable housing option provides additional building height and FAR in exchange for the provision of affordable housing. For every 0.2 FAR of affordable housing provided, projects may receive:

- O, OLB, NB, and CB districts: Additional 10 feet of building height (up to 20 feet of additional height), and additional 0.5 FAR (up to a maximum 1 additional FAR).
- OLB2, NMU, EG-TOD, MU7, MU16, F1, and F3 districts: Additional 10 feet of building height (up to 30 feet of additional height), and additional 0.5 FAR (up to a maximum 1.5 additional FAR).

Setbacks and general site landscaping requirements are proposed to be eliminated in mixed-use areas unless abutting a residential district, in which case setback and landscaping requirements from the current transition area overlay district (LUC 20.25B) would apply.

The intent of the updated dimensional standards under both Options A and B is to create more vibrant mixed-use areas which provide points of interest and interaction for pedestrians at the street level while promoting additional housing through increased building height and FAR.

Topic 2. Affordable Housing

Option A- Mandatory Affordable Housing Approach

Residential:

Option A provides that in all districts included in HOMA, 10 percent of units must be provided to households earning 80 percent of the area median income (AMI), 7 percent at 60 percent AMI, or 5 percent at 50 percent AMI. This requirement applies to projects with 10 or more dwelling units. A \$13 per square foot fee in-lieu option is available to residential projects in the higher density HOMA districts, which include the OLB2, NMU, MU7, MU16, F1, F3, and EG-TOD Land Use Districts. A \$10 per square foot fee is available in the lower density HOMA districts, which include O, OLB, NB, and CB Land Use Districts.

Commercial:

A commercial fee in-lieu or on-site performance option is also proposed with this LUCA. A single \$16.50 per square foot fee in-lieu is proposed for commercial development in all HOMA districts.

The City completed an economic analysis to determine the current feasibility of development and evaluate the impacts of code changes on development viability (Attachment C). Under current market conditions, many developments are generally not economically viable. A mandatory program may reduce overall development value; however, reductions in parking requirements and increases to building height and FAR, with additional bonuses provided for the provision of affordable housing are intended to mitigate these impacts as market conditions improve and become more favorable for development.

Option B- Voluntary Affordable Housing Approach

Option B does not require the provision of affordable housing but incentivizes affordable housing by offering additional FAR and building height. This voluntary approach allows an additional 10 feet of building height and 0.5 FAR for every 0.2 FAR of affordable housing provided within the limits mentioned in the dimensional requirements section above. This ratio was chosen as the incentive value between the additional FAR and building height and is similar to the incentive used in Phase One IOC, which demonstrated effectiveness in increasing affordable housing production in Downtown. This approach is designed to encourage around 10 percent affordable housing in a project.

To provide an additional incentive towards affordable housing, both Options A and B propose exempting four square feet of market rate housing from the total site FAR for every one square foot of affordable housing provided.

Topic 3. Parking

The LUCA includes minor reductions to residential parking minimums, and no changes to commercial parking requirements are proposed. Currently, residential parking minimums for market-rate units can range from 1.2 to 1.8 spaces per unit, depending on number of bedrooms. The LUCA proposes a minimum parking requirement of one space per unit for all unit sizes. Minimum parking requirements for affordable and market-rate housing in parking areas are also proposed to be slightly reduced.

Along with traffic, parking has been identified as one of the primary concerns of the community. Staff has received input through community outreach that the proposed parking requirements are both too high and too low. The majority of the comments raised concerns about the sites being under-parked leading to spillover parking onto on-street public parking. However, given that the proposed parking reductions are relatively minor, and apply to mixed-use projects and areas that will also include

substantial commercial parking, the anticipated impact of spillover parking on streets is expected to be limited.

Parking requirements are a major contributor to the cost of both producing and purchasing housing, the proposed reductions are aimed at both increasing the supply of housing and lowering the rental or purchase price of that housing after it has been produced.

Topic 4. Downtown

Minor changes are proposed to Downtown, specifically related to the Perimeter Overlay areas, affordable housing, and parking.

Several aspects of the Downtown IOC related to the Perimeter Overlay areas have been included as permanent aspects of the code through HOMA, including:

- Within a single project, unutilized FAR from the Perimeter Overlay may be utilized in the DT-MU district as long as the maximum FAR for the entire site is not exceeded.
- If providing 0.5 FAR of affordable housing, sites in the Perimeter Overlay may:
 - Increase lot coverage by five percent
 - Increase building heights by 25 feet
 - Be exempt from maximum floor plate requirements if the building is less than 80 feet tall

Currently, the Downtown amenity incentive system does not include provisions for affordable housing, as it is encouraged through a separate FAR exemption. HOMA proposes to add affordable housing to the amenity incentive system, requiring the first 25 percent of amenity incentive points a project must earn be earned through the provision of affordable housing. By utilizing this incentive, projects can unlock additional FAR above the base FAR at a ratio of four square feet of market rate for every one square foot of affordable housing provided. Downtown areas are not proposed to be included in any mandatory affordable housing requirements through HOMA. Developments are also able to exempt up to one FAR of affordable housing from the building's total FAR calculation.

Parking is proposed to be reduced from a minimum of one space per unit to 0.5 spaces per unit in the DT-R, DT-MU, DT-OB, and DT-OLB districts. The DT-O-1 and DT-O-2 districts currently have no minimum parking requirements. As Downtown is a dense, transit-rich area, the requirement of one space per unit is higher than we would generally require in other TOD areas and is a major driver of building cost, especially when parking is provided underground.

Topic 5. Community Mixed-Use Design District

Design standards specific to the O, OLB, OLB2, NB, CB, NMU, MU7, and MU16 districts have been consolidated into the renamed Community Mixed-Use Design District (formerly Community Retail Design District). This section incorporates existing site design standards related to residential building entries, pedestrian connectivity, connections to adjacent open space, loading and storage areas, and parking structures.

Input received through public outreach emphasized that the retail component of the neighborhood centers is important to the residents of adjacent areas and neighborhood identity. Based on this input, new requirements related to street-frontage uses are proposed.

- In the NB and CB districts, 50 percent of the total frontage along a public right-of-way is required to be “pedestrian oriented uses”
- In the MU7, NMU, and MU16 districts, 66 percent of the total frontage along a right-of-way is required to be “pedestrian oriented uses”
- Pedestrian oriented uses are required to be within 10 feet of the back of the sidewalk and have entrances that face the sidewalk.
- Windows or other transparent elements are required along the street frontage and weather protection is required for public entrances.

Through outreach for HOMA and the Comprehensive Plan, several uses have been identified as especially important to encourage in our mixed-use areas. HOMA proposes to exempt the following uses from FAR to encourage their location or retention on site:

- Grocery stores
- Childcare
- Non-profits
- Affordable commercial space
- Open space provided for over 30 percent of the total lot area may earn up to 0.25 additional FAR

Additionally, an FAR bonus is proposed for affordable housing. For every square foot of affordable housing, four square feet of residential FAR can be exempted, up to a maximum of 1 FAR.

Topic 6. Transition Areas

Elements of the Transition Area Design District have been incorporated into the Community Mixed-Use Design Districts. Outreach to the development community identified the height restrictions present in the Transition Area Design District as a potential constraint on housing production, as they limited the feasibility of cost-effective mixed-use development. To address this, the removal of these height restrictions is proposed.

Setbacks and landscaping requirements associated with transition areas have been included in the updated Community Mixed-Use Design Districts requirements with minor changes. Under the proposed language, developments directly abutting a residential district would be required to provide a 25-foot setback and landscaping between the abutting property line if there are non-residential uses within 150 feet of the property line. This would maintain a separation and buffer between commercial and neighboring residential uses in these areas.

Topic 7. Eastgate and Factoria 1

The development standards associated with the EG-TOD and F1 districts generally remain in place with minor changes to encourage residential development. Dimensional standards have been updated as discussed above and the FAR for grocery stores, childcare, non-profits, affordable commercial space, open space, and affordable housing have been carried over into these land use districts.

Public Engagement

Staff is implementing multiple modes of outreach to ensure the public, stakeholders, and interested parties have the opportunity to be informed and to provide comments.

1. Process IV Requirements. Process consistent with Chapter 20.35 LUC procedural requirements to provide opportunities for public comment, including:
 - Notice of Application
 - Public hearing on the proposed LUCA
 - Site specific noticing for rezones
2. Direct Engagement and Feedback. Information gathering about the barriers to redeveloping existing buildings and outreach to inform the public of the LUCA.
 - Discussions with development teams, including representatives from several teams interested in redevelopment throughout Bellevue
 - Two virtual information sessions and three in-person information sessions
 - Multiple meetings with development, affordable housing, and neighborhood groups
3. Online Presence. City webpage and StoryMap to provide opportunities for the public to stay informed and to request additional information, including:
 - Staff contact
 - Information on the LUCA and LUCA schedule
 - StoryMap webpage and questionnaire

Anticipated LUCA Schedule

The anticipated schedule for this LUCA is as follows:

Date	Topic Areas
Dec. 12, 2022	<u>City Council Initiation</u> <ul style="list-style-type: none"> • Introduction and direction to proceed with LUCA
Dec. 10, 2024	<u>City Council Scope Update:</u> <ul style="list-style-type: none"> • Affirmation from City Council on updated scope
Feb. 26	<u>Planning Commission Study Session:</u> <ul style="list-style-type: none"> • Introduction, key policy moves, and feedback
May. 14	<u>Planning Commission Study Session:</u> <ul style="list-style-type: none"> • LUCA review and feedback
To Be Scheduled	<u>Planning Commission Public Hearing:</u> <ul style="list-style-type: none"> • Hold public hearing • Provide Planning Commission recommendation to City Council on the LUCA
To Be Scheduled	<u>City Council Study Session</u> <ul style="list-style-type: none"> • Present Planning Commission recommendation to City Council
To Be Scheduled	<u>City Council Action</u> <ul style="list-style-type: none"> • Present ordinance to City Council for adoption

ATTACHMENT(S)

- A. Option A Strike draft
- B. Option B Strike draft

C. Housing Economic Policy Analysis: Phase II Financial Feasibility Analysis