



# Bellevue Planning Commission

April 14, 2021

## PLANNING COMMISSION AGENDA ITEM

### SUBJECT

Study Session on a proposed Land Use Code Amendment (LUCA) to establish a density bonus and additional modifications to other standards and requirements in the Land Use Code (LUC) for affordable housing developments on certain public, non-profit, or religious organization-owned properties. The LUCA is required for consistency with RCW 35A.63.300 and advances the City's Affordable Housing Strategy (AHS) Action C-1. File No. 20-102681-AD.

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### POLICY ISSUES

The proposed LUCA is required for consistency with RCW 35A.63.300 and advances the AHS. RCW 35A.63.300, adopted by the Washington State Legislature in 2019, requires the City to offer a density bonus for affordable housing development on property owned by religious organizations.

The requirements in RCW 35A.63.300 align with Action C-1 of the AHS, which seeks to “increase development potential on suitable land owned by public agencies, faith-based and non-profit housing entities for affordable housing”. The City adopted the AHS in 2017, in order to address Bellevue’s affordable housing needs. AHS Action C-1 is also consistent with the following City policies and initiatives:

- **Comprehensive Plan Policy HO-7:** Encourage the development of affordable housing through incentives and other tools consistent with state-enabling legislation.
- **Comprehensive Plan Policy HO-26:** Provide incentives and work in partnership with not-for-profit and for-profit developers and agencies to build permanent low- and moderate-income housing.
- **Comprehensive Plan Policy HO-32:** Evaluate surplus City land for use for affordable housing.
- **Diversity Advantage Plan Guiding Principle Opportunity:** Share prosperity by connecting residents, schools, businesses, faith and nonprofits to work together for the common good.

### DIRECTION NEEDED FROM THE PLANNING COMMISSION

**ACTION**

**DIRECTION**

**INFORMATION ONLY**

Staff will be presenting the components of the proposed LUCA in two study sessions. After the study sessions, the Planning Commission will be asked to hold a public hearing on and recommend approval of the proposed LUCA.

	<b>Topic Areas</b>
<input type="checkbox"/>	<b>Study Session 1 (April 14): Eligibility, Bonus, and Affordable Housing Cleanup</b> <ul style="list-style-type: none"> <li>• Topic 1. Eligibility Criteria</li> <li>• Topic 2. New Density Bonus</li> <li>• Topic 3. Affordable Housing Cleanup</li> </ul>
<input type="checkbox"/>	<b>Study Session 2 (May 12): Bonus (Transportation analysis), Dimensional Standard Modification and Applicable Procedures</b> <ul style="list-style-type: none"> <li>• Topic 2. New Density Bonus: Findings from transportation analysis</li> <li>• Topic 4. Dimensional Standard Modification</li> <li>• Topic 5. Applicable Procedures</li> </ul>
<input type="checkbox"/>	<b>Public Hearing (June 9):</b> <ul style="list-style-type: none"> <li>• Required Public Hearing</li> <li>• Planning Commission Recommendation</li> </ul>

## **BACKGROUND/ANALYSIS**

### **State Legislation**

State House Bill 1377 (SHB 1377) established RCW 35A.63.300 to require cities planning under the Growth Management Act to provide an increased density bonus consistent with local needs for any affordable housing development for real property owned or controlled by a religious organization. This affordable housing must be part of a binding obligation that requires the development to be used exclusively for affordable housing purposes for at least 50 years, even if the religious entity no longer owns the property. The density bonus under the proposed LUCA intends to satisfy these requirements.

### **2020 C-1 Comprehensive Plan Amendment**

The AHS established an “ambitious goal” of adding up to 2,500 affordable homes in Bellevue within 10 years of implementation. Action C-1 is one of 21 actions identified under the five AHS strategy areas. Action C-1 calls for “increasing development potential on suitable land owned by public, non-profit housing, and faith-based entities for affordable housing” and can make a significant contribution to achieving the AHS goal.

In 2020, the City adopted several policies in the Comprehensive Plan Housing Element to support the provisions of RCW 35A.63.300 and AHS Action C-1. These policies are intended to lead to implementation of a density bonus and modifications to other standards and requirements in the LUC for eligible properties, in order to increase affordable housing development. The new policies are as follows:

- **Policy HO-33:** Implement Affordable Housing Strategy C-1 by providing bonuses and incentives to increase permanently affordable housing on any qualifying property owned by faith-based or non-profit housing entities, or on surplus property owned by public entities.

- **Policy HO-34:** Implement the bonuses and incentives for qualifying properties to respond to the different conditions of multifamily and single family land use districts that are outside of Downtown, BelRed, and Eastgate TOD.
- **Policy HO-35:** Adopt an interim ordinance enabling a demonstration project including affordable housing and is consistent with Policy HO-14, on qualifying non-profit housing entity-owned property and when located in a multifamily land use district and is on an arterial. The interim ordinance shall address standards and requirements for site proximity to transit, residential development capacity, and other land use dimensional incentives for the additional development of permanently affordable housing.

Comprising of permanent amendments, this proposed LUCA will implement Policies HO-33 and HO-34; Policy HO-35 will be addressed separately through a future interim ordinance.

### **Components of Proposed LUCA**

The proposed LUCA will repeal and replace LUC 20.20.128 and amend other provisions in chapters 20.20, 20.25A, 20.25D, 20.25P and 20.50 LUC to establish a density bonus and additional modifications to other standards and requirements in the LUC for affordable housing developments on certain public, non-profit, or religious organization-owned properties.

#### *Topic 1. Eligibility Criteria*

Per the current LUC 20.20.128, a 15% density bonus is available for any market rate multifamily housing development that includes affordable housing units. Consistent with RCW 35A.63.300, the new section LUC 20.20.128 will add a second, larger density bonus for affordable housing located on property owned by religious organizations in single family, multifamily, or mixed-use residential zoning districts. Likewise, consistent with AHS Action C-1, the proposed density bonus will also be available for affordable housing on property owned by nonprofit organizations and certain public entities in multifamily or mixed-use residential zoning districts. To be eligible for this bonus, a development must consist entirely of permanent affordable housing units serving households up to 80% AMI.

There are several exceptions to eligibility. The bonus is not available in Downtown, BelRed, or Eastgate TOD zoning districts, as density bonuses for affordable housing are already available in these districts. Additionally, properties owned by the Bellevue Parks Department, Bellevue Community Development Department, or any public utility are not eligible for the density bonus.

#### *Topic 2. New Density Bonus*

Affordable housing developments meeting the criteria above will be eligible for upto a 50% density bonus above what is prescribed in the underlying Land Use District. While RCW 35A.63.300 requires cities to provide a density bonus for any affordable housing development on properties owned by a religious organization, the statute also provides that the quantity of the bonus be “consistent with local needs.” The proposed 50% bonus represents a balance between providing a substantial increase that is broadly applicable while still consistent with the Comprehensive Plan land use designations and map. The proposed LUCA will also include additional modifications to other standards and requirements, in part to accommodate the bonus, to be discussed in the second study session.

Around 111 parcels are estimated to be eligible for a density bonus under the proposed LUCA, yielding around 1,400 additional units of affordable housing. **Table 1** summarizes these parcels and bonus units by Land Use District and neighborhood.

**Table 1. Estimated Qualifying Property and Bonus Units by Land Use District, 2021**

Land Use District	Qualifying Parcels	Additional Units with Bonus	Neighborhood	Qualifying Parcels	Additional Units with Bonus
CB	1	7	Bridle Trails	7	160
NB	1	2	Cougar Mountain / Lakemont	1	32
O	9	131	Crossroads	21	523
OLB	5	124	Eastgate	2	27
R-1	5	7	Factoria	4	31
R-1.8	9	10	Lake Hills	23	230
R-2.5	8	19	Lake Hills / Eastgate	1	9
R-3.5	7	32	Newport	5	29
R-4	5	16	Northeast Bellevue	1	9
R-5	28	153	Northwest Bellevue	16	125
R-7.5	1	9	Somerset	9	37
R-10	2	16	West Bellevue	8	48
R-15	2	62	West Lake Sammamish	6	22
R-20	19	367	Wilburton	3	98
R-30	9	472	Woodridge	4	47
<b>Total</b>	<b>111</b>	<b>1,427</b>		<b>111</b>	<b>1,427</b>

This analysis does not consider the likelihood that property will be developed or redeveloped for affordable housing. In reality, staff anticipates that a minority of eligible property owners will take advantage of the density bonus, and not all of these developments will use all the available bonus. Eligible property owners may have other plans for their property, and are not obligated to take advantage of the density bonus. Further, only 24 of the 111 eligible parcels do not currently have existing housing units. Transportation Department staff are currently analyzing the number of vehicle trips associated with the additional units identified in **Table 1**. Staff will report on findings at the second Study Session.

While the proposed density bonus must be applicable anywhere in the City for any type of affordable housing project per RCW 35A.63.300, certain properties may support a greater density increase based on their location and access to transportation and services. Under Comprehensive Plan Policy HO-35, staff will develop an interim ordinance establishing a demonstration program to allow for more substantial site-specific density increases. As noted above, this interim ordinance is not part of this proposed LUCA and is a future work item.

### *Topic 3. Affordable Housing Cleanup*

The proposed LUCA includes revisions to the definition of "Affordable Housing" and removes an unused definition of "Affordable Housing – Low Income." These revisions establish that, unless otherwise stated in the code, affordable housing units must serve households up to 80% Area Median Income (AMI) and must remain affordable for the life of the project. The proposed LUCA also removes references to affordability level and duration requirements elsewhere in the LUC. Variations on affordable housing provisions and requirements specific to certain Land Use Districts or incentive programs have been retained.

### **Public Engagement**

Staff developed a public engagement plan with three 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 of the proposed LUCA on March 4; and
  - Public hearing on the proposed LUCA anticipated in June.
  
2. Direct Engagement and Feedback. Dialogue with representatives of faith organizations, affordable housing providers, and neighborhoods, including:
  - Informational meeting with representatives of Bellevue religious organizations;
  - Focus groups and individual conversations with affordable housing development community representatives to solicit feedback on draft LUCA content; and
  - Informational meeting with interested members of the public.
  
3. Online Presence. Engaging Bellevue and city webpage to provide opportunities for the public to stay informed, including:
  - Staff contacts; and
  - Public information regarding LUCA progression.

Staff will continue to collect feedback from the public, stakeholders, and interested parties and summarize their comments for the Planning Commission throughout the LUCA process.

### **Anticipated Schedule**

The Planning Commission will be introduced to and asked to consider the proposed LUCA. The anticipated timeline for processing the LUCA is as follows:

- Planning Commission Study Sessions: April 14 and May 12
- Planning Commission Public Hearing and Recommendation: June 9 (tentative)
- City Council Study Session: to be scheduled
- EBCC Courtesy Hearing: to be scheduled
- City Council Action: to be scheduled
- EBCC Public Hearing and Approval/Disapproval: to be scheduled

**ATTACHMENT(S)**

- A. Strike-Draft of Proposed LUCA
- B. Map of Eligible Areas Under Proposed LUCA