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To: [PlanningCommission](#)
Cc: [Patience Malaba](#); hal.ferris@outlook.com; [Chris Buchanan](#); [Jesse Simpson](#)
Subject: EAHC & HDC - Comment on Wilburton LUCA, Affordable Housing Requirement - 9/11/2024
Date: Tuesday, September 10, 2024 1:18:17 PM
Attachments: [EAHC_WilburtonLUCA_AHrequirement_letter_9-11-2024.pdf](#)
[HDC_BellevueHousingRequirement_7-12-2024_V5_updated.pptx](#)

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Dear Bellevue Planning Commission:

I am reaching out on behalf of the The Eastside Affordable Housing Coalition (“EAHC”) and Housing Development Consortium (“HDC”). We thank you for your ongoing prioritization of affordable housing in Bellevue, especially as you begin considering aspects of the the Wilburton Land Use Code this week. **We urge you to support a well-calibrated affordable housing requirement in the Wilburton LUCA.**

Please see the attached letter as our full comment, including a detailed policy position starting on pg. 4. We also included a slide deck with additional information and data.

The Wilburton code update represents a critical opportunity for Bellevue to remain a regional leader in affordable housing. A thoughtfully designed affordable housing requirement will best position Bellevue to achieve affordable housing **at scale** alongside robust housing creation. At the end of our letter, we offer specific details for a **middle ground, strategic compromise position** that we believe can build support across sectors. Together, we can seize this once-in-a-generation opportunity to create a truly inclusive mixed-income neighborhood in Wilburton.

We look forward to working with you as partners to find the right affordable housing solution for Bellevue.

Best Regards,
Brady Nordstrom

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Associate Director of Government Relations and Policy
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September 11, 2024
Bellevue Planning Commission
450 110th Ave NE
Bellevue, WA 98004

Subject: **EAHC & HDC Comment on Affordable Housing Requirement in the Wilburton Land Use Code Update**

Dear Bellevue Planning Commission:

The Eastside Affordable Housing Coalition ("EAHC") and Housing Development Consortium ("HDC") are grateful for your tireless work to promote affordable housing in Bellevue. Given the imminent review of the Wilburton code by the Planning Commission this fall, and the subsequent review and vote by Council, we must act decisively. We believe it's possible to identify and implement an effective affordable housing policy in Wilburton that creates a vibrant, transit-oriented neighborhood for generations to come.

In our letter below, we first share background to urge the City of Bellevue to pursue a **well-calibrated affordable housing requirement with fee-in-lieu option for the Wilburton Land Use Code Update**. In the final section (starting on pg. 4), we outline specific policy recommendations as an initial good-faith, strategic compromise position that can build broad support across sectors.

High-Level Policy Background.

The EAHC and HDC support a **well-calibrated affordable housing requirement with fee-in-lieu option for the Wilburton Land Use Code Update**. Below, we provide high-level policy background and reasons that we think an affordable housing requirement is the right approach for Wilburton:

- **Create long-term affordable housing at scale.** The City of Bellevue acknowledges the importance of creating long-term affordable housing at scale. There is a clear understanding that the market alone cannot adequately meet the demand for affordable housing. To address this, intentional support and decisive action from city leaders are necessary to increase the production of housing across a range of income levels. By focusing on the outcome of affordable housing creation, we can build a vibrant, transit-oriented neighborhood that serves the diverse needs of those who live and work in Bellevue.
- **At its core, an affordable housing requirement is a value exchange.** The City of Bellevue creates significant value by increasing development capacity through upzoning. In exchange for this windfall and added development potential, Bellevue can capture a portion of this

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value for public benefit by requiring the inclusion of affordable housing. This approach ensures that the benefits of growth and development are shared with the community, helping to address the critical need for affordable housing while supporting the city's broader goals of equity and inclusivity.

- **The EAHC does not support an incentive-only approach to affordable housing.** While incentives can be valuable when paired with a base affordable housing requirement, they are not sufficient on their own. Unlike a mandatory requirement—which is widely recognized as an effective policy across the Eastside region, Washington State, and the U.S.—**incentives alone have not demonstrated the ability to produce affordable housing at the scale needed.** Bellevue's FEIS highlights this limitation, noting that “recent development trends have shown decreases in affordability despite these existing tools,” including the long-term use of incentives. This underscores the necessity of an effective affordable housing requirement to ensure that development benefits the entire community. ([pg. 164](#)).
- **Bellevue must demonstrate “adequate provisions” for affordable housing,** as mandated by Washington State law RCW [36.70A.020](#). According to Bellevue's FEIS, “significant adverse impacts on housing affordability are anticipated under the Preferred Alternative,” which “can be mitigated through the adoption of targeted affordability strategies, *including mandatory inclusionary zoning and targeted funding*” ([pg. 163](#)).
- Given the cyclical nature of real estate development, **Bellevue should design a forward-looking program that remains effective across economic cycles,** ensuring that development can begin promptly after the upzone is finalized.
- **There is an urgent need for the city to establish the correct affordable housing requirement.** Legally, this requirement must be set at the time of any upzone and cannot be increased afterward. To ensure the program's legality, and to facilitate a balance between the requirement and the value provided, the city can consider adding additional value through measures like temporary tax abatements (MFTE), reducing barriers to FAR utilization, lowering parking requirements, expediting permitting, other dimensional standards modifications, etc.

Bellevue Housing Need & Comparison Jurisdictions.

The need for affordable housing in Bellevue and across our region is profound. This need isn't just an abstraction, as we often see it show up in policy documents as a percentage of area median income (“AMI”) or the yawning gap between housing costs and incomes for various households. It is a real crisis that impacts people's lives in tangible ways: low-income workers commuting long distances to work in Bellevue due to a lack of nearby affordable housing; businesses struggling to find or retain talent because of high rents; young families fighting to keep their children in the Bellevue School District as housing costs rise; and elderly adults trying to age in place on fixed incomes.

The [Bellevue 2022 Housing Needs Assessment](#) shows that approximately 40% of housing growth in the City needs to be at or below 80% AMI between now and 2044, out of a total of 35,000 housing units. The most significant need is at the lowest income levels, where more substantial intervention is required. Addressing this demand will require a comprehensive approach that includes new policies and funding tools, in addition to an affordable housing requirement and the other successful strategies Bellevue is already planning and implementing.

An affordable housing requirement, such as the one proposed in Wilburton, has proven effective in other Eastside cities, fostering robust development across a range of income levels including those below 80% AMI. Cities with such programs include Redmond, Kirkland, Issaquah, Sammamish, Newcastle, Bothell, and Kenmore. *To remain a regional leader in affordable housing creation, Bellevue must be bold in deploying this tool.* It is essential to recognize that incentives alone have not demonstrated the ability to produce affordable housing at the scale Bellevue needs. We urge you to consider a well-calibrated program that will ensure affordable housing in Wilburton.

Below are examples of calibrations that other Eastside cities have deemed economically feasible through their analyses, supported by multiple consultant teams and regional planning staff:

- [Redmond](#) has produced **909 affordable units** since 1993 alongside market-rate units ([source 1](#), [source 2](#), [source 3](#))
 - Redmond's base program is 10% set aside at 80% AMI for rental housing that stacks with MFTE to get to anywhere between 50% and 65% AMI depending on the neighborhood and if the project uses a 12- or 8- year MFTE program.
- [Kirkland](#) has produced **231 affordable units** since 2010 alongside market-rate units ([source](#))
 - Kirkland's base requirement is 10-15% set aside at 50% AMI for rental housing depending on the zone and allowed height of the building. In certain zones, after the first 10% set aside is satisfied, the project can provide affordable housing at an equivalency ratio (ex: 1 unit at 50% AMI = 1.3 units at 60% AMI or 2 units at 80% AMI)
 - Kirkland allows conversion of AMI level or set aside percentage depending on zone:
 - Conversion of set aside percentage (ex: 10% of total units at 50% AMI = 13% of units at 60% AMI or 17% of units at 70% AMI)
- [Seattle](#) has seen a commitment of **246 affordable units** between MHA implementation and December 31, 2022. Seattle enabled a citywide Mandatory Housing Affordability ("MHA") program through [Ord. 125791](#) in 2019. This land use code requirement is not stopping development in Seattle; from MHA adoption through the end of 2022, permits have been issued for 41 performance projects with 3,604 units ([source 1](#), [source 2](#)).

- Seattle's base requirement depends on the zone density. Note that all set asides are for 60% AMI units:
 - High-density areas require 7% - 11% set aside at 60% AMI
 - Medium-density areas require 6% - 10% set aside at 60% AMI
 - Low-density areas require 5% - 9% set aside at 60% AMI

Seattle's MHA has a robust **fee in lieu** alternative compliance method where applicants can pay a fee instead of performing with units on site. Revenue generated via fee in lieu is leveraged as critical gap funding for affordable housing development and reaches lower AMI levels (<60% AMI) compared to a code-based affordable housing requirement. In 2022, the Seattle Office of Housing awarded **\$77.5 million of MHA payments to projects**. This 2022 MHA revenue will support **902 affordable rental units** and **30 for-sale homes** reserved for low-income first-time homebuyers. Fees vary by zone and commercial vs. residential development ([source](#)):

- Commercial:
 - Inside Downtown, SM-SLU, and SM0-U: \$10.01 - \$29.69
 - Outside Downtown, SM-SLU, and SM0-U: \$7.15 - \$20.74
- Residential and Live-Work:
 - Inside Downtown, SM-SLU, and SM-U 85: \$7.70 – \$29.06
 - Outside Downtown, SM-SLU, and SM-U 85:
 - Low density: \$9.80 – \$17.50
 - Medium density: \$18.55 - \$31.16
 - High density: \$29.06 - \$45.86

EAHC & HDC Policy Recommendations.

We present the following position as a good-faith, strategic compromise designed to build broad support across sectors in Bellevue. Given the imminent review of the Wilburton code by the Planning Commission this fall, we must act decisively. While this proposal reflects a balanced middle ground, we are committed to exploring innovative solutions and fine-tuning details. Addressing affordable housing is a critical issue, and it demands a mindset of partnership, collaboration, and sincere engagement with the City of Bellevue and all relevant stakeholders.

1. **Prioritize Affordable Housing by Implementing a Mandatory Base Requirement:** Implement a mandatory base requirement of 10% at 80% AMI for rental. For ownership, implement a base requirement of 10% at 100% AMI. To contextualize this compromise position, we believe that the upzone in Wilburton provides enough value to support a requirement of 10% set aside at 60% AMI for rental.

2. **Prioritize Affordable Housing in the Amenity Incentive System:** In addition to the base requirement, introduce a priority incentive for affordable housing to increase the total to 15% at 80% AMI for rental after meeting the base affordable housing requirement. Consider using incentives to achieve a 15% set aside at 100% AMI for ownership.
 1. Ensure that the maximum scenario density bonus can be reached with the affordable housing amenity incentive. This will require an increase in the bonus ratio for affordable housing.
3. **Fee in Lieu Payment or Deed in Lieu of Land:** Encourage a balance of program performance and payment. Fee in lieu options can increase project flexibility when there are site-specific barriers to development. Payment options can also provide a supplement to other revenue sources. This creates critical gap funding for projects to reach deeper levels of affordability (Ex: units at < 60% AMI) compared to code-based performance.

We encourage adoption of a set fee schedule. For example, the payment or land value would be 110% of the difference in value between a new market rate apartment and an apartment affordable to families earning 80% of AMI. A project that pays a fee in lieu of producing a unit would not benefit from the affordable housing reduction in parking, fee waivers, or the MFTE.

1. Example calculation: use CAP rate and rent value comparisons to determine fair market value of fee in lieu of performance. For example, if the difference in rent for an apartment was \$500/ month and the CAP rate was 5.5% the fee per apartment would be $\$500 \times 12 / 5.5\% = \$109,090$ per required apartment.
 2. The CAI reports sets the residential fee in lieu at about \$28.07 per bonus square foot. This is based on the BelRed Amenity Incentive program. The CAI analysis suggests that "the in-lieu fees included in this analysis are not recommendations for in-lieu fees in Wilburton..." and that a nexus study should be conducted to understand supportable levels ([pg. 36](#)).
4. **Commercial Fee in Lieu:** Implement a commercial fee in lieu alongside the affordable housing requirement to balance demand for residential and commercial development. This requires a commercial nexus study; we stand ready to engage and support.
 5. **Phased-in Affordability Requirements:** HDC/EAHC can support a phased approach for Wilburton that doubles the incentive for performance for the first 200 units of permanently affordable housing permitted, while maintaining the base requirement.
 6. **Leverage Existing Tools/Programs:** Implement an affordable housing requirement in a way that leverages existing tools and programs in the city to improve program performance.

1. **Allow the program to be combined with MFTE.** MFTE is a temporary affordable housing program that will not preserve affordable housing after expiring in 8- or 12- years (+allowable program extension). It cannot therefore be used to meet 2044 housing goals. *MFTE can, however, provide a temporary tax exemption for permanently affordable units that are meeting the affordable housing requirement and improve program feasibility.* When the MFTE benefits expire, the project will have more time to stabilize financially, and the city will still realize public benefit from the affordable housing requirement.
2. **Do not require parking minimums, especially in transit-proximate areas.** Parking is a major cost driver of housing development. By designing this policy to lead to the future desired behavior (reduced or no parking), the City of Bellevue can dramatically improve pro forma performance.
3. **Combine affordable housing fee waivers, expedited permitting, and other benefits** to further improve feasibility.
4. **Modify dimensional standards and code requirements** so that projects subject to the affordable housing requirement or fee in lieu can maximize FAR utilization, especially in economic mid-rise building typologies (below 90 feet).

Thank you for considering our comment. We look forward to supporting Bellevue leadership and city staff in the ultimate development and implementation of this critical affordable housing policy in Wilburton and other Bellevue neighborhoods.

Thank you,

Eastside Affordable Housing Coalition

Hal Ferris, Co-Chair, Eastside Affordable Housing Coalition
Chris Buchanan, Co-Chair, Eastside Affordable Housing Coalition

Housing Development Consortium

July 18, 2024

Exploring Affordable Housing Requirements in Bellevue



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Policy Vision

We envision a well-calibrated affordable housing requirement program with a fee-in-lieu option.

A successful program:

- Creates low-income affordable housing at scale
- Does not limit development
- Is supported by reducing building costs via changes to development standards and processes.

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Policy Benefit: **Generational Opportunity to Leverage Growth for Public Benefit**

- An immense value is created through an upzone:
 - Bellevue can capture a small portion of this value to create public benefit for current and future residents.
 - The program isn't legal if more value is taken than provided.
- There is urgency:
 - Once the upzone is completed, the opportunity for affordable housing is gone.
- By using this proven tool to create mixed-income communities, Bellevue can remain a welcoming, diverse city.

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Policy Benefit: **Affordable Housing**

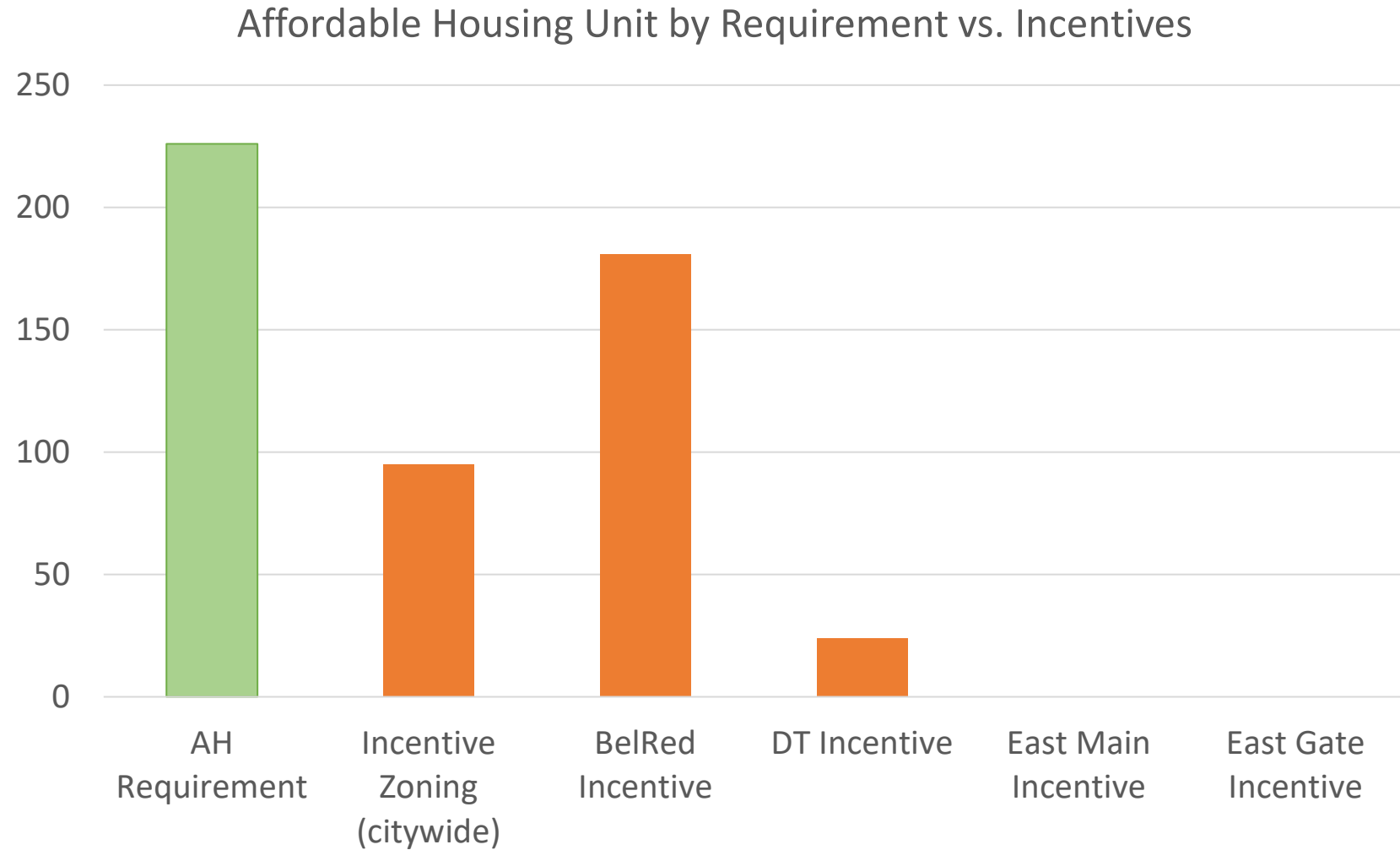
- **The market does not produce low-income affordable housing without additional help**, including action from cities.
 - Adding density or capacity alone is not sufficient.
- **An affordable housing requirement will result in more affordable housing compared to an incentive program**, even according to Bellevue's own FEIS.
 - Incentives won't achieve affordable housing at scale in Bellevue.
 - Residents want an emphasis on Affordable Housing in Wilburton*
- History has shown that a *well-calibrated* program can work alongside robust market-rate development.

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Bellevue: Rate of Requirements vs. Incentives

- **Affordable housing requirement:**
226 units in just 5 years
= 45 units per year
- **All other incentive programs:**
300 units over decades
= 23 units per year
(including 2022 pipeline)



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There is a documented history of Affordable Housing Requirements working effectively in eastside cities

- **Redmond:**

- Program started in **1993**, with an expected updated for Overlake and other areas of the city
- Produced 909 total affordable units

- **Kirkland:**

- Program started in **2010**, with a recent update for NE 85th Street Station Area
- Produced 231 total affordable units

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Affordable Housing Requirement programs are not an uncommon, even on the Eastside.

City	Type of Program	Affordability	Notes
Bothell	Mandatory	80% AMI	Enacted in 2021, includes commercial*
Issaquah	Voluntary in some areas, Mandatory in others	50-80% AMI	Requirements have mostly been achieved through development agreements
Kirkland	Mandatory	50-100% AMI	8-year MFTE included
Newcastle	Mandatory	50-80% AMI	
Redmond	Mandatory	50-80% AMI	Optional MFTE for deeper affordability
Sammamish	Mandatory plus voluntary	80% AMI	Mandatory with additional voluntary option on top

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Working within Economic Cycles

In Kirkland:

“[the] decrease in new multifamily projects compared to pre-pandemic levels... **is likely driven by the increased construction costs and heightened interest rates rather than the City’s Inclusionary Zoning program.**”

(Bellevue Housing Economic Policy Analysis Phase 1, pg. 497 of FEIS)

A well calibrated program will not be a primary factor that impacts development feasibility compared to land costs, interest rates, cap rates, labor costs, etc.

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We're not designing a policy to be frozen in the current development market realities; it's for the long haul.

Bellevue needs a future-looking program that works across economic cycles, over decades.

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Policy Benefit: **Equity and Inclusion**

Bellevue City Council recognizes the critical importance of providing a safe, healthy, and affordable place for people of all income levels to live.

Rapidly rising housing costs **disproportionately impact low-income households** and communities that have historically faced housing discrimination and exclusion.

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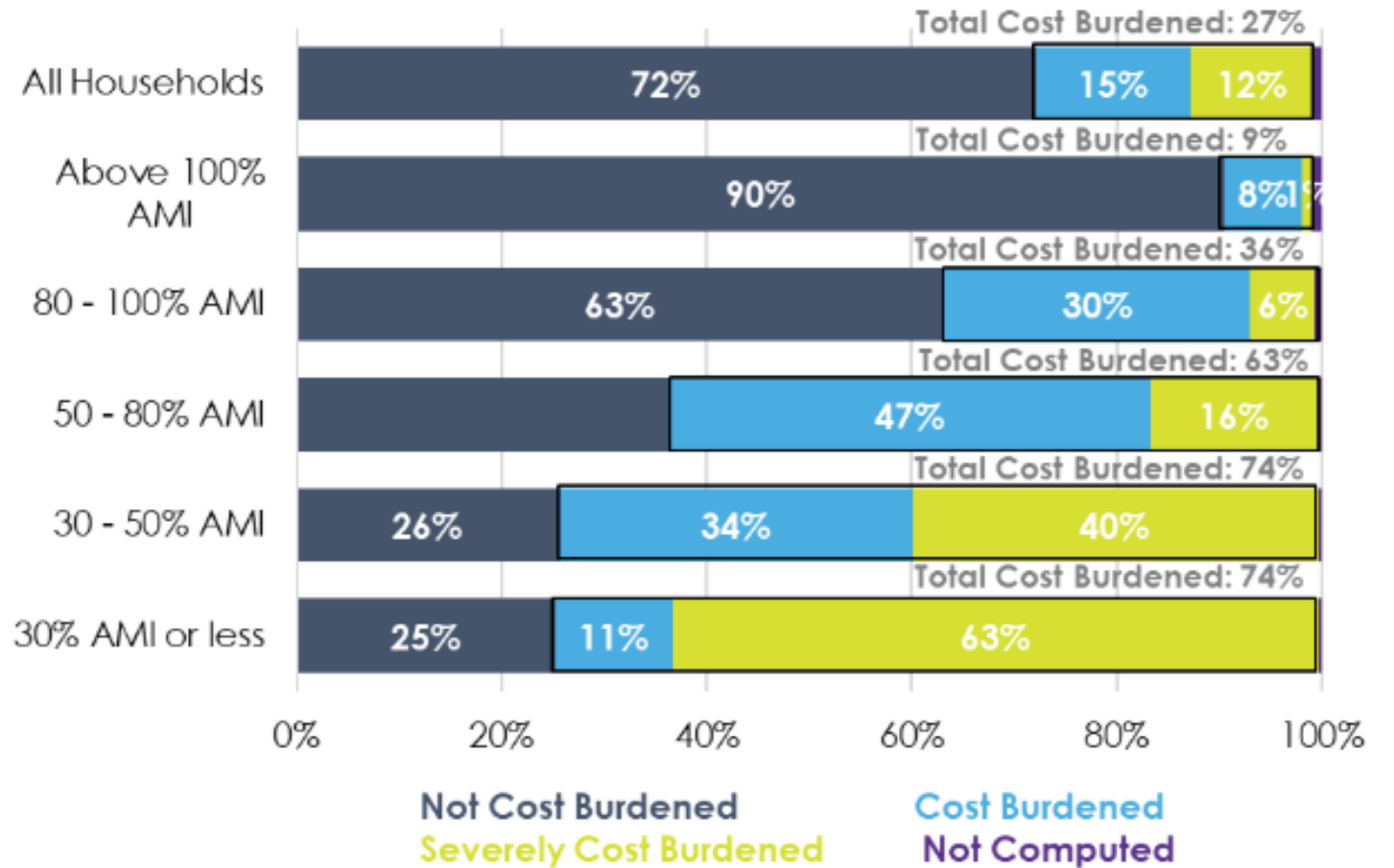
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Cost Burden

= paying more than 30% of income to housing costs

- 27% of households are cost burdened in Bellevue.
- Cost Burden is experienced disproportionately by:
 - Low-income households
 - BIPOC
 - Older adults

Exhibit 57. Cost Burden by Income Range, Percent of Households, Bellevue, 2019



Sources: HUD CHAS, 2015-2019; Community Attributes Inc., 2022.

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Policy Benefit: **Economy and Jobs**

- Including affordable housing near jobs creates a **range of economic benefits**.
- **Employers want workers who can live close to their jobs:** teachers, nurses, childcare professionals, baristas, janitors, administrators, young professionals, and more.

Job growth has been outpacing housing growth for decades in Bellevue.

In 2021, Bellevue had:
2.3 jobs for every 1 housing unit.

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Housing Needs – State and Regional Lens

- Cities are stepping up to address our regional housing issue
- **WA State lawmakers** passed recent laws affirming the urgent statewide need for affordable housing and requiring action on affordability
 - **Bellevue FEIS:** “*Significant adverse impacts on affordability*” can be reasonably mitigated with mandatory inclusionary zoning and targeted funding, but not incentives (pg. 163)

Bellevue can continue to be a regional leader in affordable housing creation and thoughtful, inclusive growth.

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**Next Section:
Wilburton LUCA draft + Recommendations**

**Pause for Questions &
Discussion**

Wilburton LUCA

The Wilburton LUCA is the first real opportunity for Bellevue to explore an affordable housing requirement in this era of the City's growth and story.

Draft for Affordable Housing in Wilburton LUCA

OPTION A (rental and ownership)

- *Affordable Housing Requirement* (NOTE: *within base FAR, Affordable housing is FAR exempt*)
 - Rental:**
 - 15% of units at 80% AMI; or
 - 10% at 60% AMI; or
 - 5% at 50% AMI
 - Ownership:**
 - 15% of units at 100% AMI; or
 - 10% of units at 80% AMI; or
 - 5% of units at 60% AMI
- *Fee-in-lieu available*
- *Bonus points in amenity incentive system for add'l units*
 - 4 points per sq. ft. 80% AMI units
 - 6 points for 60% AMI units
 - 8 points for 50% AMI units

OPTION B

- *No affordable housing required to reach base FAR*
 - *Incentive approach uses lower base FAR compared to Option A; this requires more amenity points to unlock dev. capacity.*
- *Bonus points in amenity incentive system for add'l units.*
 - *Same points as Option A*
 - *Has a tiered approach, with affordable housing as first amenity tier (Option A does not have tiers).*
- *Fee-in-lieu available for bonus points*

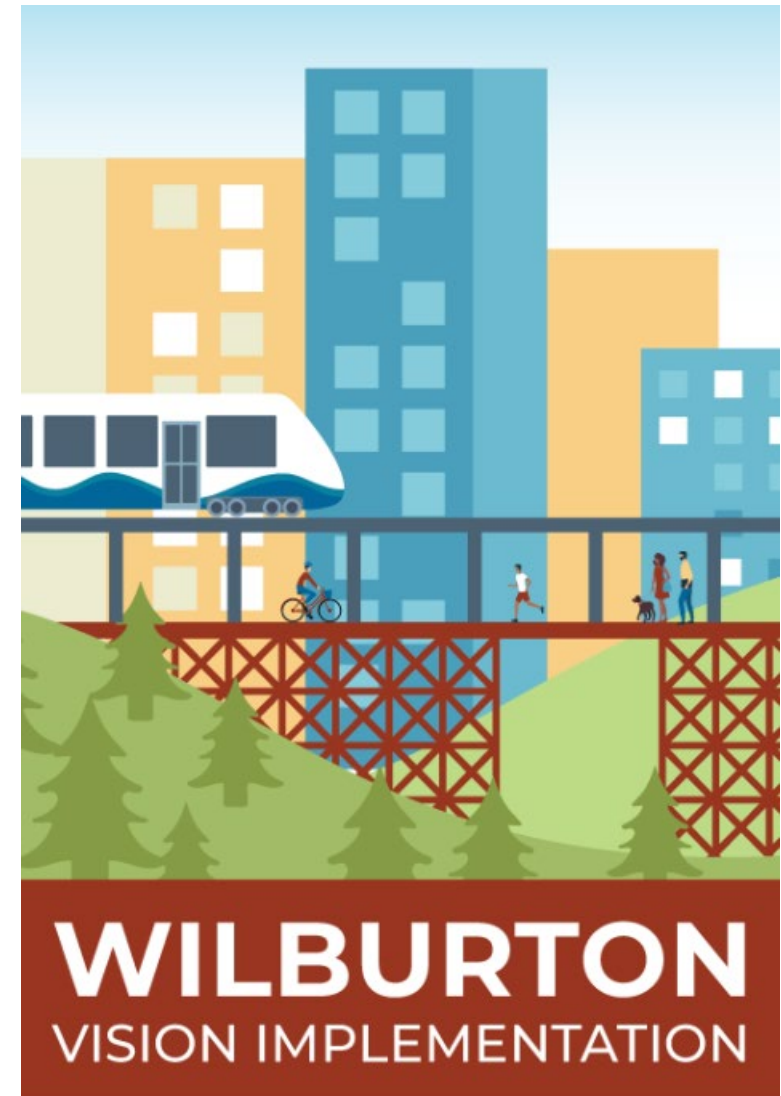
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Economic Feasibility: CAI Wilburton Report

The report finds that adjustments are needed to the program before it is “well-calibrated” and that economic conditions must change, HOWEVER:

- We’re close to feasibility for the key building type for affordable housing: mid-rise
- The CAI analysis did not include **MFTE stacking**, deeper **parking reductions**, affordable housing **fee waivers**, affordable housing **expedited permitting**, etc.
 - These can improve program performance further than what is shown in the CAI study.
- Consider other changes to dimensional standards to help developers maximize FAR utilization, esp. below 85 ft.



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“We envision a well-calibrated affordable housing requirement program with a fee-in-lieu option.”

Recommendations for “Option A”

Creating an Effective LUC Update

Amenity Points – Consider Modifications

Current recommendation in draft:

- 4 points per sq. ft. 80% AMI units
- 6 points for 60% AMI units
- 8 points for 50% AMI units

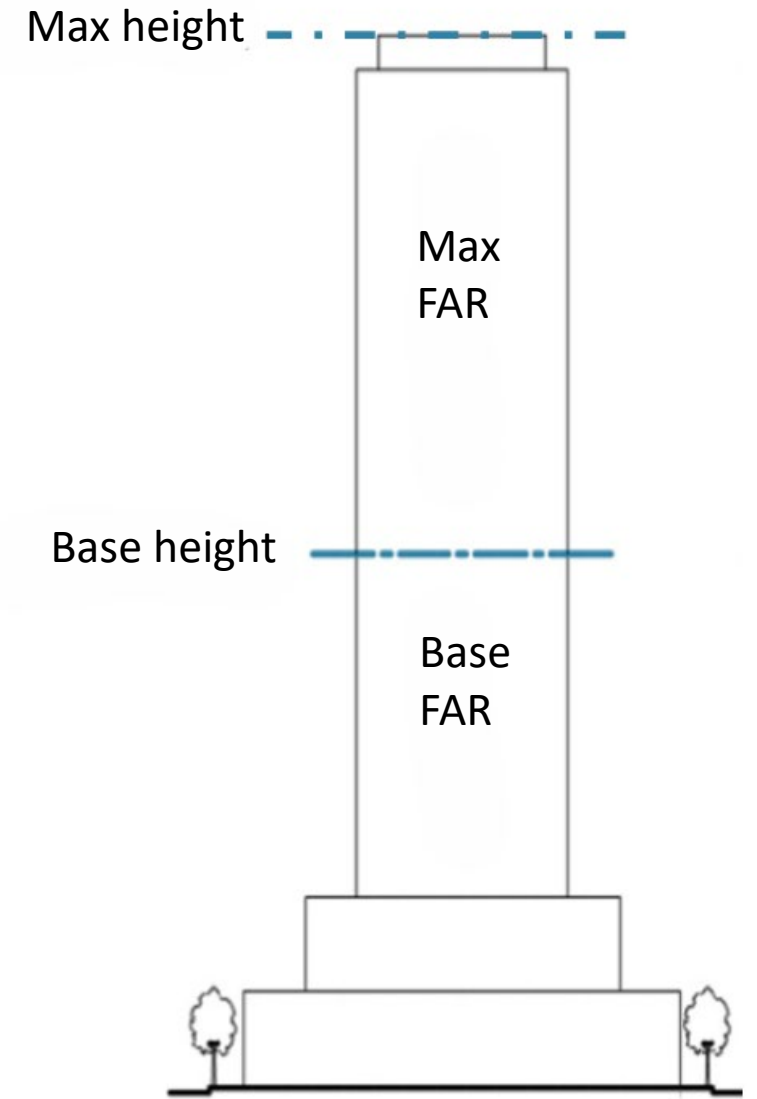
Increase the current bonus ratio to reduce the number units needed to earn the maximum upzone scenario density bonus if affordable housing is a major focus of the program.

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Dimensional Standards and Density

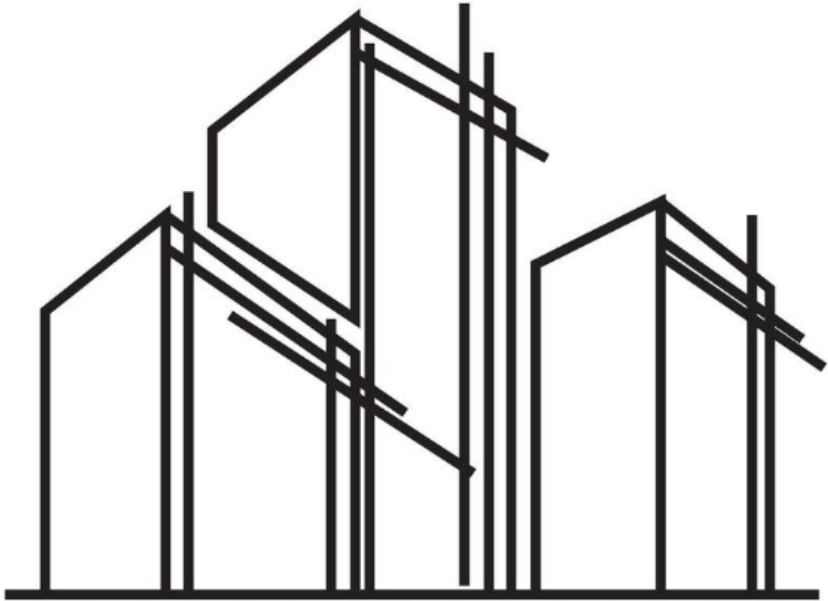
- Option B needs a lower base FAR than Option A in all scenarios. *This is not the case for MU-M and MUR-M.*
 - These mid-rise zones are where most affordable housing will be produced.
- Don't raise the base FAR for the incentive proposal– this diminishes the affordable housing impact of the incentive.



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MFTE



- **Integrate the Multifamily Tax Exemption (MFTE) with the affordable housing requirement.**
- This can help Bellevue require units at lower AMI levels without reducing the overall number of affordable units.
- This approach has been successfully implemented in other Eastside cities like Redmond.

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Fee-in-lieu

- **We support a fee-in-lieu option** that adds flexibility while still encouraging the production of affordable units on site.
- Director can set the formula, but the formula must use **legally clean language** to protect from:
 - Takings Challenges
 - Overly vague language in violation of substantive due process rights
- Include a “**commercial fee-in-lieu**” to balance residential and commercial demand
 - Requires “nexus study”

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Pioneer Provision

We can support a phased approach:

- Reduced initial affordability requirement
- Stepped up requirement after a predetermined number of units are in the pipeline

<u>Table RZC 21.20.060.D.1.d</u>	
<u>Number of Total Market Rate Housing Units in Overlake center</u>	<u>Renter-Occupied: Minimum Percent of Affordable Housing Units and AMI Level Requirements</u>
<u>First 150 market rate units</u>	<u>12.5% of units at 80% AMI</u>
<u>Second 150 market rate units</u>	<u>12.5% of units at 70% AMI</u>
<u>Third 150 market rate units</u>	<u>12.5% of units at 60% AMI</u>
<u>All subsequent units</u>	<u>Base requirements in RZC 21.20 .060.D.1.a</u>

Example from **Redmond Overlake Code**

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What About Option B?

- **There isn't a precedent of incentives working as well as requirements to create affordable housing.**
- Low base FAR is needed for the incentive to work.
- We don't support a minimum parking requirements in Wilburton.
 - Unnecessary parking stalls are a major cost driver.

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Questions?
Next Steps?



Takeaways

- The City of Bellevue has already done incredible work to address affordable housing that is worth celebrating
 - However, there is still a gap with low-income housing.
- An affordable housing requirement is a critical tool to help the City of Bellevue achieve its affordable housing goals.
 - This tool should be paired with other interventions (re: reduce development costs, new funding, etc.)

The following considerations can help an affordable housing requirement succeed:

- | | |
|--|---|
| <ul style="list-style-type: none">• A well-calibrated program (AMI levels, set asides, and other requirements)• Works <u>across</u> economic cycles; basing solely on the current economic conditions is unreasonable• Effective fee-in-lieu to add flexibility• Align the program with existing programs like MFTE• Review and adjust program performance | <ul style="list-style-type: none">• Consider a pioneer provision to transition to the full program requirements• Balance demand for commercial development with a commercial fee-in-lieu program• Reduce barriers to development overall, especially parking requirements and dimensional standards |
|--|---|

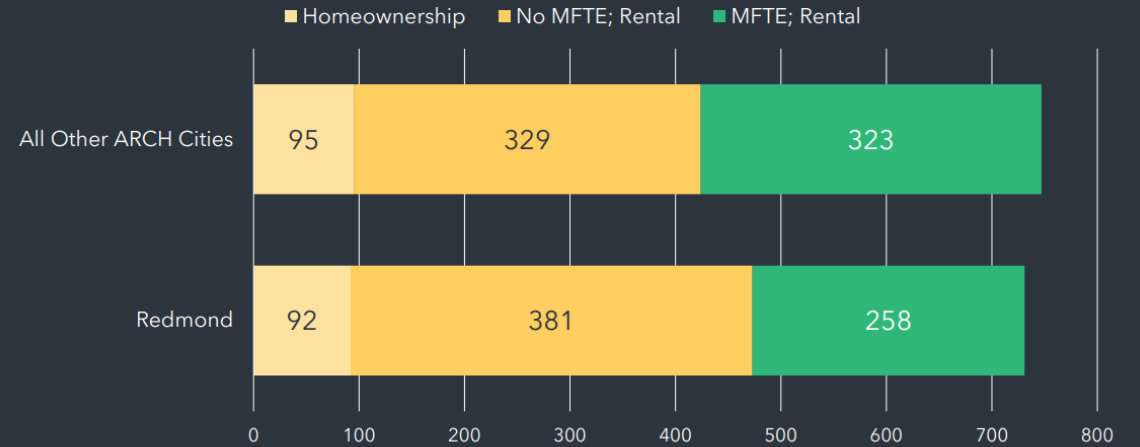
Appendices

When you hear:	Also consider:
<p>“A mandatory requirement is an illegal taking.”</p>	<p>→ This policy is legal when the land value created through the upzone is greater than value from the required public benefit. This policy is successfully implemented in many WA cities.</p> <p>→ In fact, this policy can help Bellevue comply with new state requirements to “plan for and accommodate housing affordable to all economic segments of the population.” Bellevue’s FEIS identifies “significant adverse impacts on affordability” that <u>can</u> be reasonably mitigated with mandatory inclusionary zoning and targeted funding, but <u>not</u> incentives (pg. 163). This is because there is no precedent of incentives working at scale to produce affordable housing.</p>
<p>“An affordable housing requirement will suppress all new development, or at least meaningfully slow development. Failing to keep up the pace of development will cause the most harm to affordability.”</p>	<p>→ While robust supply is the broad foundation for affordable housing, the market will never create low-income affordable housing acting alone. If Bellevue is going to make progress, it should use all the tools at its disposal.</p> <p>→ The real estate market is and always has been cyclical– we can’t just use current economic conditions for a long-haul program that transcends cycles. When conditions are bad, most projects won’t pencil, full stop. Factors like interest rates and construction costs have a much greater impact on development feasibility than an affordable housing requirement.</p> <p>→ Cities both locally (Redmond, Kirkland, & Seattle) and nationally show new residential development happens after passing a <u>well-calibrated</u> affordable housing requirement.</p>
<p>Cost are so high that requirements create a negative land value for base FAR even before a housing requirement. Base FAR & height must have positive residual land value before incentives.”</p>	<p>→ The base FAR was not intended to create a viable development scenario alone. By utilizing amenity incentives provided by the City (and addressing public needs), projects are meant to unlock overall project feasibility.</p> <p>→ Individuals should benefit from the upzones, but the city should also see public benefit. The CPA and LUCA are not intended to maximize the land value, which has appreciated substantially over the last decade.</p>

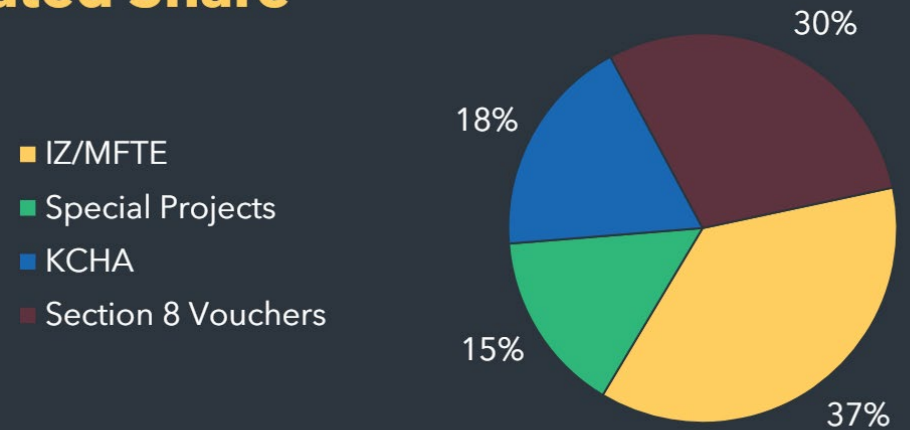
Performance of Eastside Affordable Housing Programs

- From 2011-present, **Redmond has produced more (non-MFTE) affordable rental units than all the other ARCH cities combined!**
- 37% of Redmond's TOTAL affordable housing stock came from mandatory inclusionary zoning

Affordable Units: 2011 - Present



Redmond Affordable Housing Unit Estimated Share



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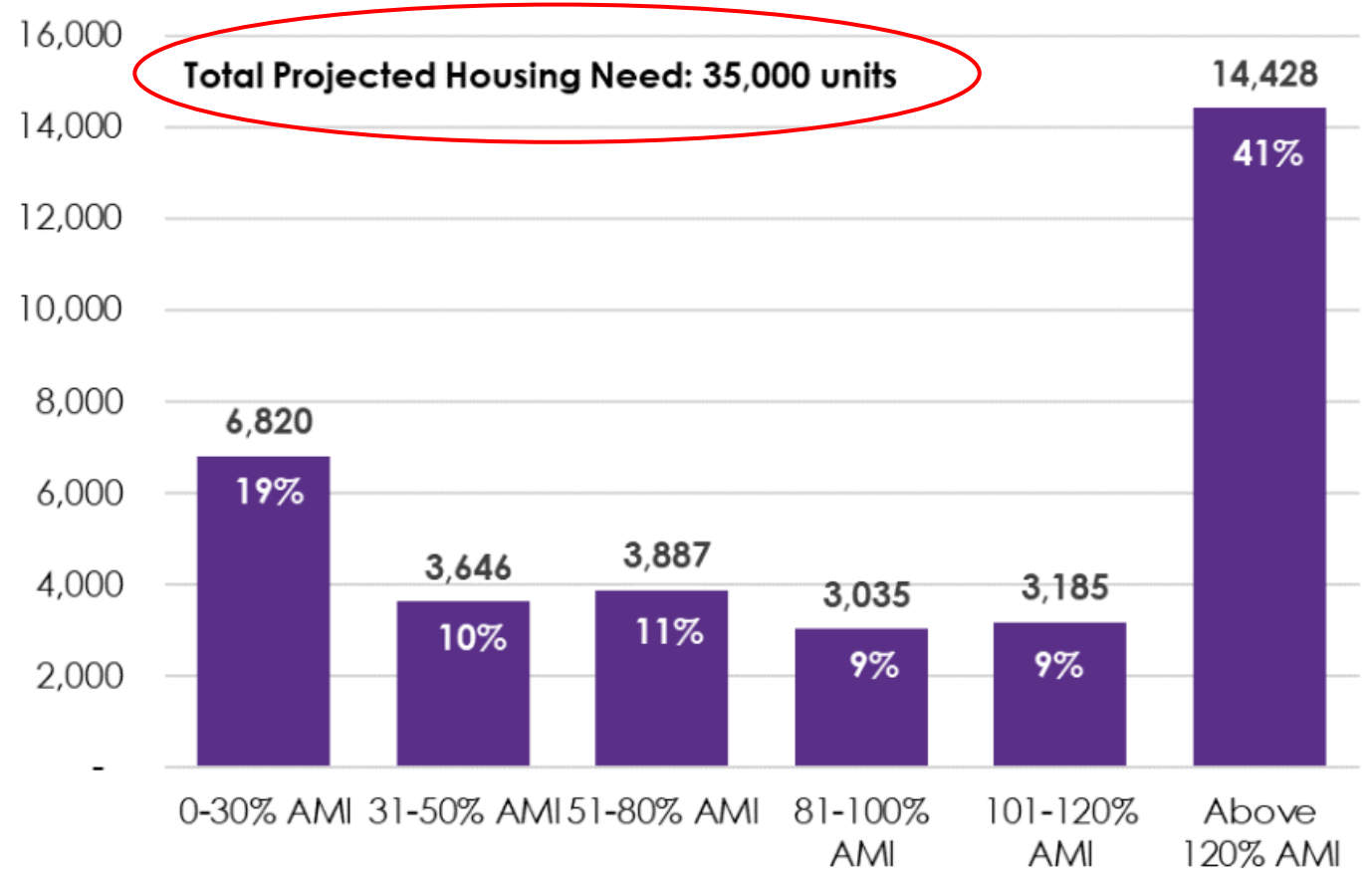
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Housing Needs

- 40% of future housing is needed at 80% AMI or less (2019 – 2044)
- We know community need is especially urgent for low-income households in Bellevue.

Shortage of roughly 5,000 units affordable at 50% AMI or less in 2022

Exhibit 73. Allocation of Projected Housing Units by Income Level, Bellevue, 2044



Source: HUD CHAS 5-year 2015-2019; AASHTO, CTPP Data, 2016; City of Bellevue, 2022; Community Attributes, 2022.

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How has Bellevue Created Its 5,026 Income Restricted Affordable Units?

- **MFTE**
- **Mandatory Inclusionary Zoning** (1991 – 1996)
- **King County Housing Authority Preservations**
- **Local Revenue Sources** (HB 1590 services sales tax, HB 1406 sales tax, Capital Investment Program (CIP) Fund, BelRed in-Lieu Fees, ARCH Housing Trust Fund, etc.)
- **County, State, Federal, and Private Funds** (ex: Washington Housing Trust Fund, federal LIHTC and bond programs, Community Development Block Grants, HOME grants, Microsoft Affordable Housing Initiative, Amazon Housing Equity Fund, etc.)
- **Citywide density bonus** (“voluntary inclusionary zoning” + C-1 density bonus for religious, nonprofit land)
- **Location-specific Density Bonuses** (Downtown, BelRed, Eastgate, East Main)

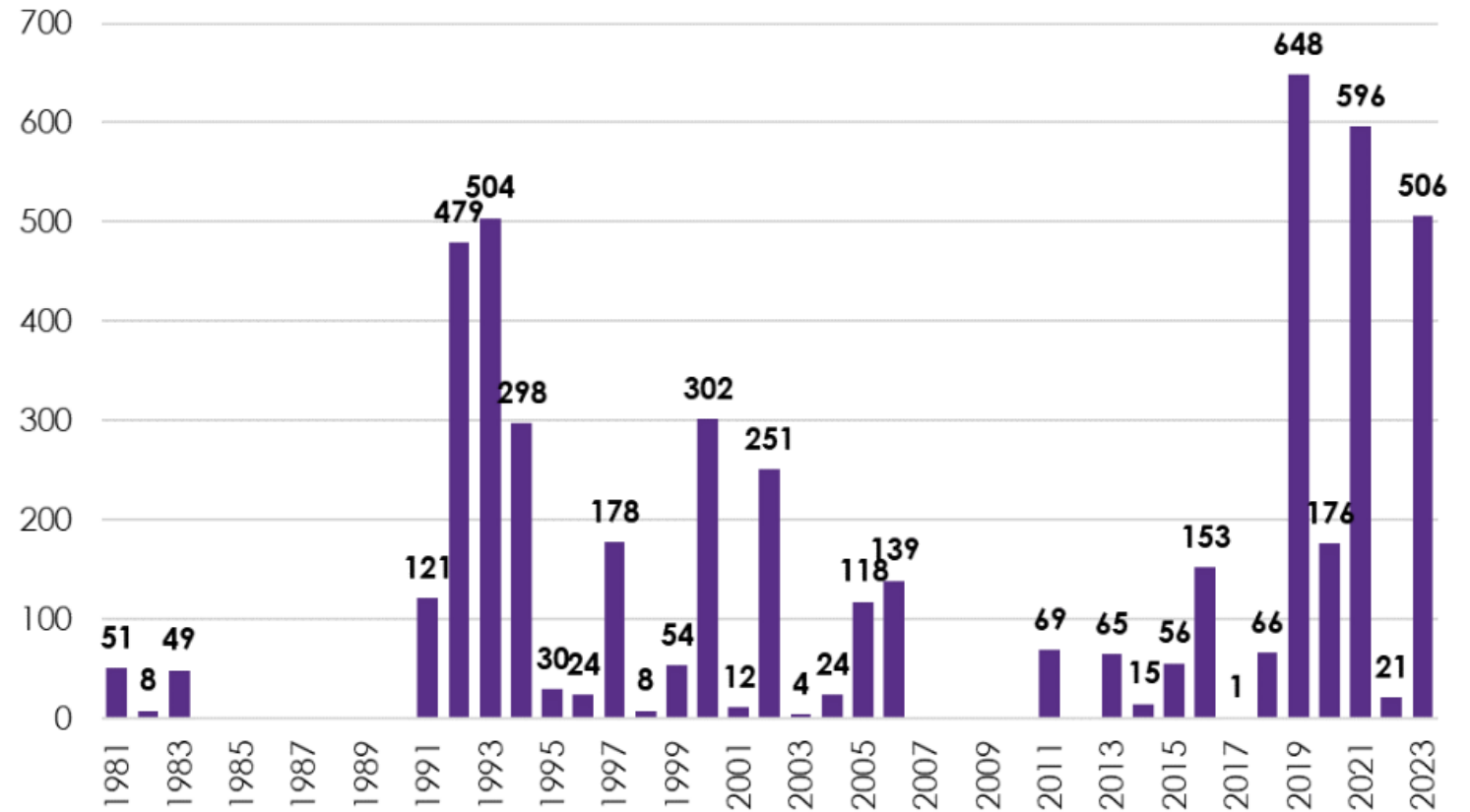
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Existing Affordable Housing Stock

- Total of **5,026** income-restricted affordable housing units in service (2023)
- Shortage of ~5,000 units affordable at or below 50% AMI (2022)
- **Government action matters:**
 - Initial progress made between 1991 and 1995 when Bellevue's past Affordable Housing Requirement program was in effect.
 - Progress since the 2017 Bellevue Affordable Housing Strategy.

Exhibit 3. Number of New Affordable Housing Units in Service by Year (including Bellevue Affordable Housing Incentive Programs and Other Income-Restricted Units), 1981 to 2023



Source: City of Bellevue, 2023; Community Attributes, 2023.

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Housing Production & Growth Trends in Bellevue: 2000-2022

Bellevue Total Housing 2000	Bellevue Total Housing 2022	Housing Growth 2000-2022	From Annexation	From Production	Total Years	Units Produced Per Year
48,519	65,891	17,372	3,353	14,019	22	637

*Data Taken from 2022 Bellevue Housing Needs Assessment

Bellevue produced ~**640 units** / year from 2000-2022

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Bellevue had a Successful Affordable Housing Requirement Program

146 rental and 80 condo (226 total) affordable units were created from 1991-1996 due to this program

Years	Coverage	Requirement	Alternative Compliance	Additional Incentives
1991-1996	All new multifamily residential development	10% @ 80% AMI or 5% @ 50% AMI	Offsite affordable housing; Fee-in-lieu	15% affordable housing density bonus
	Central Business District <ul style="list-style-type: none"> • First 250 units • Second 250 units • Third 250 units • All other units 	10% @ 105% AMI 10% @ 100% AMI 10% @ 90% AMI 10% @ 80% AMI	Offsite affordable housing (in CBD); Fee-in-lieu	
1991-1995	Rezoned	Additional 10% @ 80% AMI or 5% @ 50% AMI		

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City of Kirkland Mandatory Program

Years	Coverage	Requirement	Alternative Compliance	Additional Incentives
2009-present	Height-Limited Zones Rental Housing	10% @ 50% AMI (life of project)	Offsite affordable housing; Fee-in-lieu	Height bonus; 8 year MFTE; 12 year MFTE if additional 10% @ 80% AMI; fee waivers
2009-present	Height-Limited Zones Ownership Housing	10% @ 80% AMI (50 years)	Offsite affordable housing; Fee-in-lieu	Height bonus; 8 year MFTE; 12 year MFTE if additional 10% @ 110% AMI; fee waivers
2009-present	Density-Limited Zones Rental Housing	10% before bonus @ 50% AMI (life of project)	Offsite affordable housing; Fee-in-lieu	Density bonus; 8 year MFTE; 12 year MFTE if additional 10% @ 80% AMI; fee waivers
2009-present	Density-Limited Zones Ownership Housing	10% before bonus @ 100% AMI (50 years)	Offsite affordable housing; Fee-in-lieu	Density bonus; 8 year MFTE; 12 year MFTE if additional 10% @ 110% AMI; fee waivers

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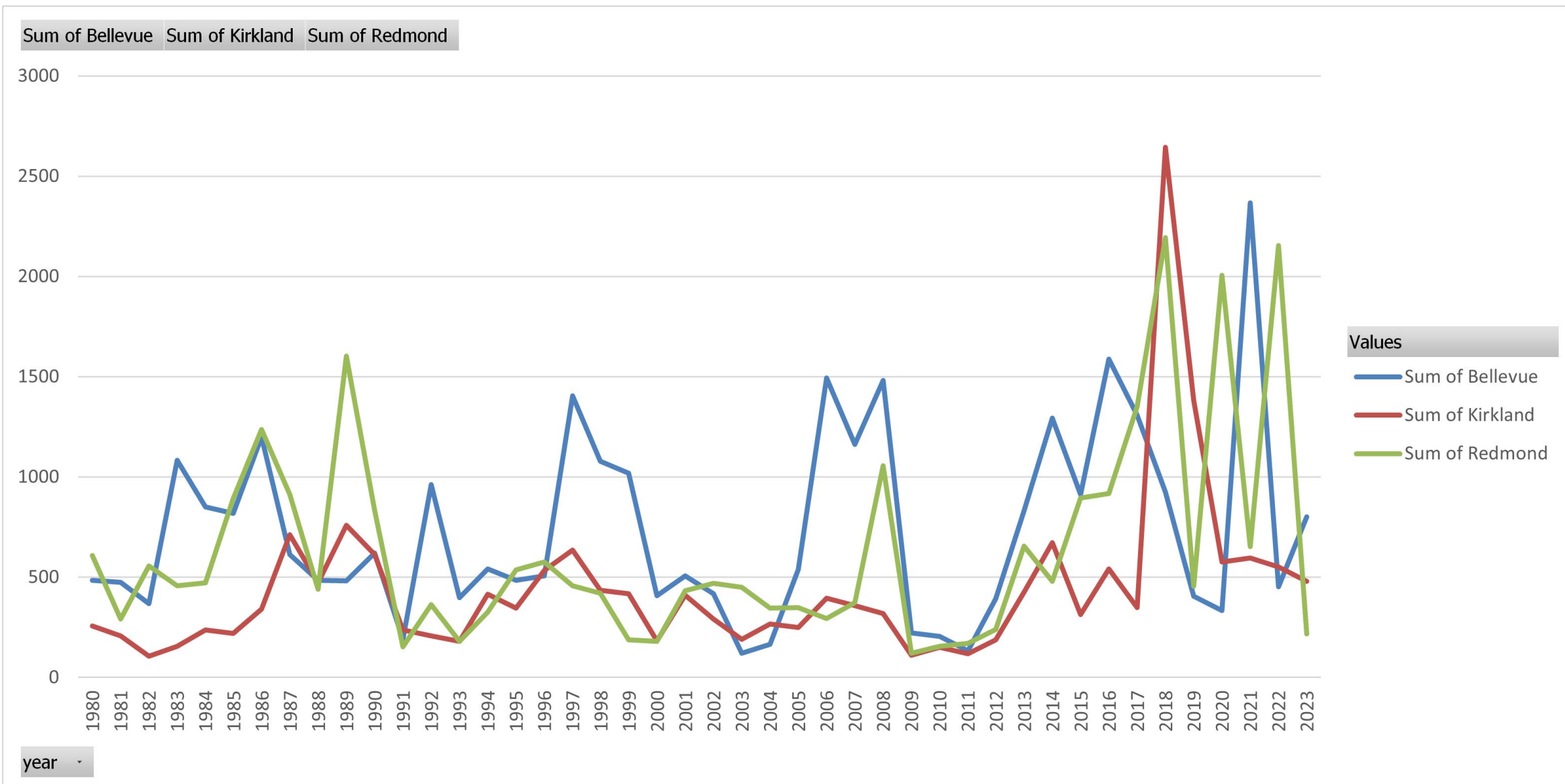
City of Redmond Mandatory Program

Years	Coverage	Requirement	Alternative Compliance	Additional Incentives
1993 - present	Outside Marymoor Rental Housing	10% @ 80% AMI or 5% @ 50% AMI (life of project)	Offsite affordable housing; Fee-in-lieu	Density bonus; 8 year MFTE if 10% @ 60% AMI; 12 year MFTE if 10% @ 65% AMI and 10% @ 85% AMI; fee waivers
1993-present	Outside Marymoor Ownership Housing	10% @ 80% AMI (50 years)	Offsite affordable housing; Fee-in lieu	Density bonus; fee waivers
2017-present	Marymoor MDD3 Rental Housing	10% @ 80% AMI (life of project)	Offsite affordable housing; Fee-in-lieu	Fee waivers
2017-present	Marymoor MDD3 Ownership Housing	10% @ 80% AMI (50 years)	Offsite affordable housing; Fee-in-lieu	Fee waivers
2017-present	Marymoor other zones Rental Housing	10% @ 50% AMI (life of project)	Offsite affordable housing; Fee-in-lieu	8 year MFTE; 12 year MFTE if 10% @ 60% AMI AND 10% @ 80% AMI; fee waivers
2017-present	Marymoor other zones Ownership Housing	10% @ 70% AMI (50 years)	Offsite affordable housing; Fee-in-lieu	Fee waivers

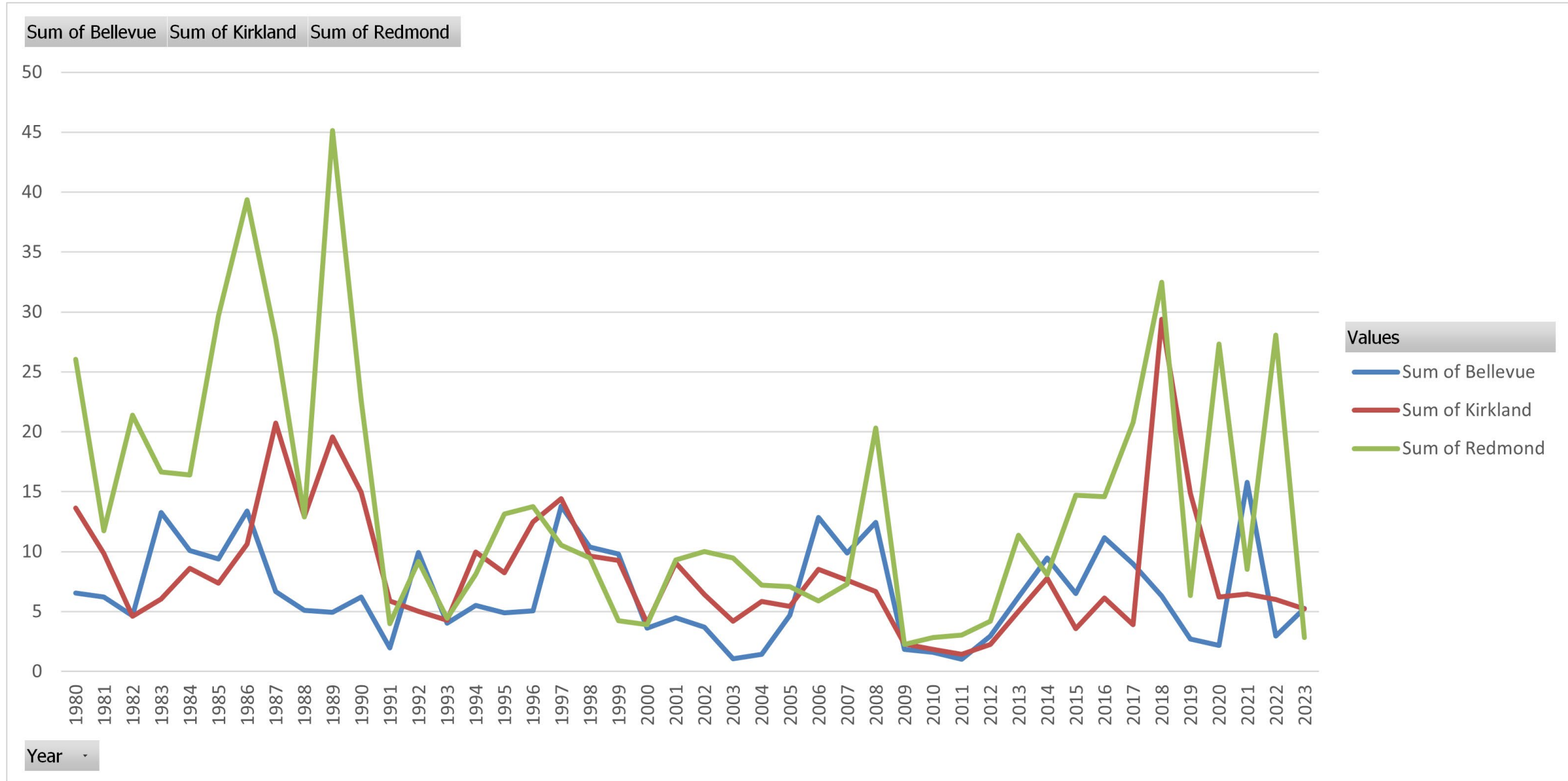
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Permitted Units Per Year, Total: 1980-2023



Permitted Units Per Year, Per 1,000 Residents: 1980-2023



CAI Bellevue Report

The City's own economic analysis indicated the limitations:

- The static model being used is not a precise feasibility analysis, but it can be used to compare policy impacts.
- The model has limitations:
 - complexity of the amenity program proposed
 - need to generalize prototypes
 - poor market conditions currently experienced in real estate development.
- The city can still adjust amenities ratios and code requirements to make this program optimal.
 - The current structure does not incentivize 25-29% of units at 80% AMI
 - Parking has a particularly large impact on feasibility.

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Feasibility

“Current real estate development and financing metrics across the country indicate that many development typologies of great interest to Wilburton are not currently feasible.” (CAI, “City of Bellevue: Wilburton Land Use Code Amendment (LUCA) Economic Analysis”)

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APPENDIX: PARKING SENSITIVITY ANALYSIS

Exhibit 31 presents RLV and Yield on Cost for the three residential prototypes and low, medium, and high parking requirement assumptions. The parking ratio plays a significant role on output metrics, with a decrease in the parking ratio of 0.5 increasing RLV by \$70 to \$500 depending on the density of the prototype. Yield on cost saw an increasing ranging from .20% to .30% when the parking ratio was reduced by roughly 0.5.

Parking Ratios Can Make a Big Impact on Feasibility, esp. for Mid-Rise Typologies.

Exhibit 31. Parking Ratio Analysis

	High			Medium			Low		
	Baseline	Scenario		Baseline	Scenario		Baseline	Scenario	
		Base	Max		Base	Max		Base	Max
Urban Core									
Parking/Unit Ratio	1.54	1.54	1.52	1.04	1.04	1.02	0.54	0.54	0.52
RLV	(\$404)	(\$536)	(\$382)	(\$140)	(\$272)	(\$382)	\$125	(\$7)	(\$382)
Yield on Cost	4.125%	4.008%	4.346%	4.326%	4.198%	4.346%	4.565%	4.425%	4.346%
Mixed-Use Residential Mid-rise									
Parking/Unit Ratio	1.63	1.63	1.64	1.13	1.13	1.14	0.63	0.63	0.64
RLV	\$70	\$43	(\$158)	\$140	\$112	(\$49)	\$209	\$181	\$60
Yield on Cost	4.464%	4.365%	3.995%	4.709%	4.601%	4.213%	5.005%	4.886%	4.481%
Mixed-use High-rise									
Parking/Unit Ratio	1.56	1.56	1.54	1.06	1.06	1.04	0.56	0.56	0.54
RLV	(\$300)	(\$384)	(\$843)	(\$133)	(\$217)	(\$578)	\$34	(\$51)	(\$314)
Yield on Cost	4.022%	3.909%	3.772%	4.206%	4.082%	3.946%	4.422%	4.287%	4.153%

Sources: City of Bellevue, 2024; Community Attributes Inc., 2024.

From: [Valentina Vaneeva](#)
To: [PlanningCommission](#)
Subject: National Week Without Driving
Date: Tuesday, September 10, 2024 4:14:26 PM

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Hello commission members,

Since 2021, [Disability Rights Washington](#) has been organizing the [Week Without Driving](#) challenge every year. I've just recently learned about it myself from Disability Rights Washington's founder [Anna Zivarts' book](#), and I am of course planning to participate this year. The challenge lasts from Monday, September 30 to Sunday, October 6.

I also encourage all of you to participate. Our city's comprehensive plan and land use code directly affect many things related to transportation, especially for people who cannot drive. Density of housing and consequent viability of public transit routes, location of businesses and services and their accessibility to people without cars are of daily importance to those who do not drive.

Perhaps, it will also make visible some things about your neighborhood that you didn't notice before, like bus schedules and convenience of bus stops, quality of sidewalks and crossings, quality of bike lanes. Perhaps, it will also give you an opportunity to directly engage with people who, for whatever reason, are not driving either.

You can join the challenge here: <https://weekwithoutdriving.org/join/>.

Thank you and hope you will sign up!