



Agenda Item 11. Other Ordinances, Resolutions and Motions
City Council Study Session **August 07, 2017**

**Eastgate Land Use Code Amendments/Rezone
and Homeless Shelter Related Topics**

Kate Berens, City Manager's Office

Mac Cummins and Terry Cullen, Planning and Community Development

Carol Helland, Development Services Department

Tonight's Meeting – Four Interrelated Topics

1. Eastgate Land Use Code Amendment (LUCA)
2. Associated Eastgate Legislative Rezone
3. Interim Official Control: Land Use Code provisions regarding homeless shelters
4. Interim Official Control: Land Use Code provisions banning safe injection sites

An aerial photograph of a city landscape. In the foreground, there is a dense forest of evergreen trees. A multi-lane highway with several overpasses and ramps runs diagonally across the middle ground. To the right of the highway, there are several modern, multi-story office buildings. In the background, a large body of water, likely a bay or a large lake, is visible under a clear sky. The city's urban sprawl is visible in the distance.

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**a) Eastgate Land Use Code Amendment
Ordinance 6366**

Eastgate Land Use Code Amendment (LUCA)

Final adoption of the Eastgate LUCA, including:

- An affordable housing ratio in EG-TOD and NMU
- Maintenance of status quo for homeless shelter-related provisions from the Eastgate code package
- Previously Incorporated Council Direction

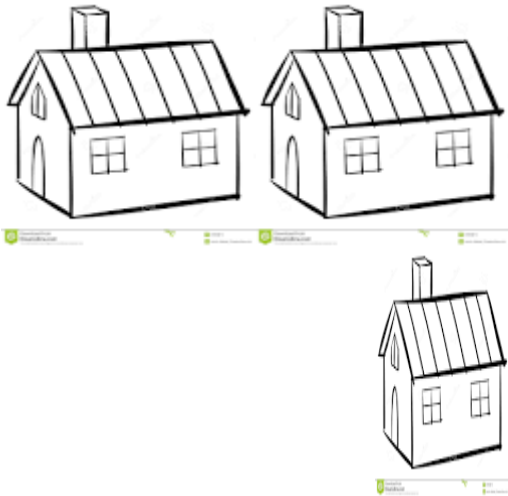
Affordable Housing Ratio

- Council requested additional information on multiple ratios.
- The ratio will be applied in the FAR exemption for EG-TOD and NMU.
- A 2.5:1 ratio balances stakeholder costs and benefits.



Affordable Housing Ratio

2.5 market rate units



1 affordable unit



Ordinance for Council Adoption includes a 2.5: 1 ratio.

Shelter-Related Topics

- Stakeholders have expressed substantial concern about the proposed shelter in Eastgate.
- Council discussed separating the shelter-related issues from the Eastgate land use code amendments.
- Ordinance for Council adoption:
 - Maintains the shelter permitting status quo.
- Two emergency ordinances proposed later on agenda:
 - Address shelter siting citywide, and
 - Ban safe injection sites.

Previously Incorporated Council Direction

- ✓ Require phased development in the EG-TOD zoning district to mitigate transportation impacts over time
- ✓ Include a 1.0 FAR exemption (NMU, EG-TOD) to incent the production of affordable housing in NMU and EG-TOD
- ✓ Prohibit use of the housing bonus in NMU/EG-TOD that applies in land use districts that do not have an FAR exemption
- ✓ Provide flexibility in the NMU zoning district for the ground floor non-residential use requirement

Previously Incorporated Council Direction

- ✓ In the NMU zoning district, allow for 'auto retail' use on properties previously zoned GC (General Commercial).
- ✓ Apply adopted Low Impact Development (LID) standards for the three (3) new zoning districts similar to the standards already in place for other like zoning districts.

Recommended Action on the Eastgate LUCA: Following Presentation on all Interrelated Topics

- Staff recommends that Council adopt the final ordinance and associated rezone for the Eastgate land use code amendments which includes:
 - An affordable housing incentive ratio of 2.5:1 at 80% AMI;
 - Maintenance of the status quo on shelter-related provisions in the Eastgate code package; and
 - Previously Incorporated Council Direction.

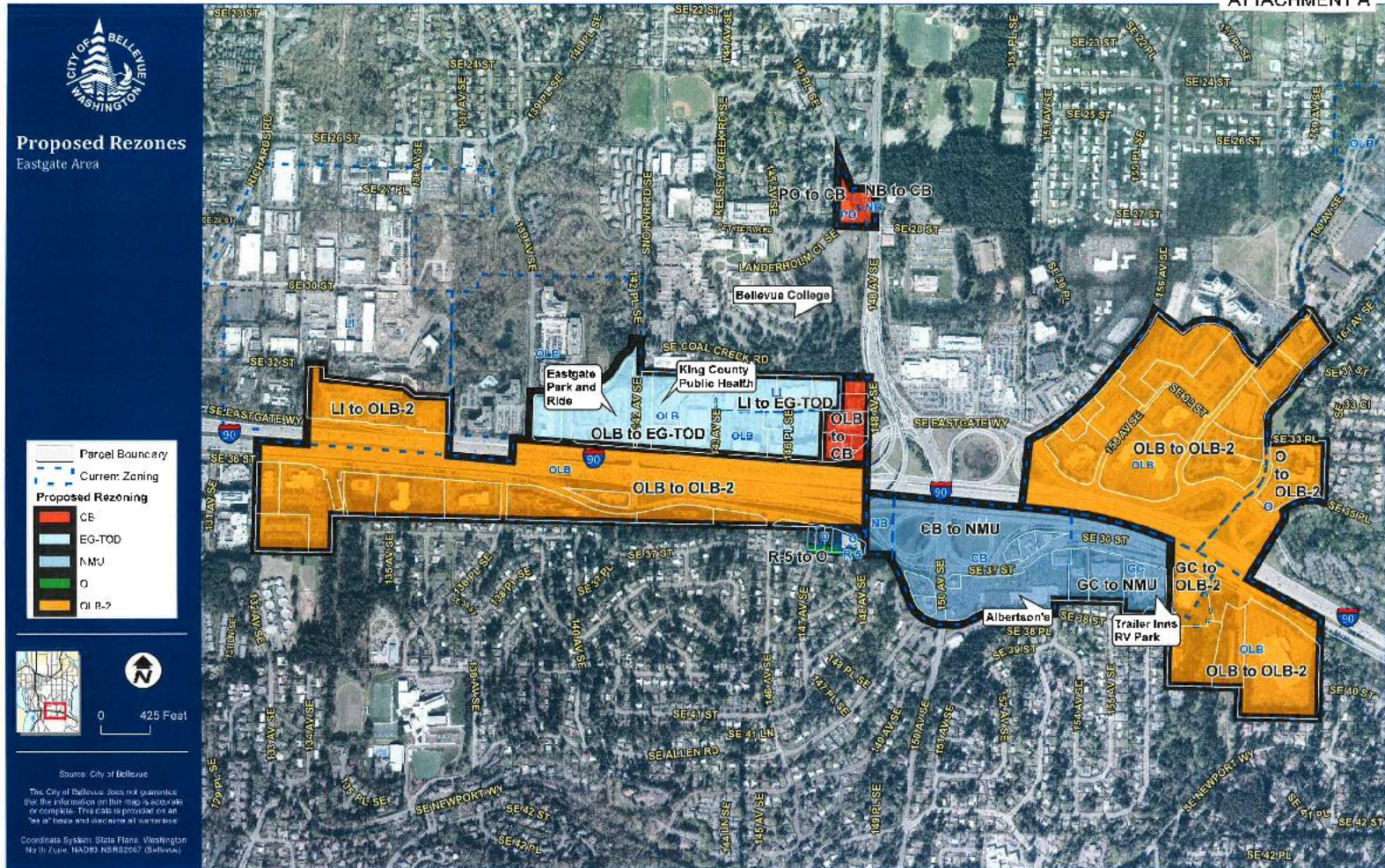
An aerial photograph of a city landscape. In the foreground, there is a dense forest of evergreen trees. A multi-lane highway with several overpasses and ramps runs diagonally across the middle ground. To the right of the highway, there are several modern, multi-story office buildings. In the background, a large body of water, likely a bay or a large lake, is visible under a clear sky. The city's urban sprawl is visible in the distance.

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**b) Eastgate Legislative Rezone
Ordinance No. 6367**

Rezone Needed to Apply New Regulations in Eastgate

ATTACHMENT A



Transition from Current Zoning to Future Zoning

Current Zoning in the Eastgate Corridor	Future Zoning in the Eastgate Corridor
Commercial Business (CB)	Commercial Business (CB)
General Commercial (GC)	Eastgate-Transit Oriented - NEW Development (EG-TOD)
Light Industrial (LI)	
Neighborhood Business (NB)	Neighborhood Mixed Use (NMU) - NEW
Office (O)	Office (O)
Office/Limited Business (OLB)	Office/Limited Business 2 (OLB 2) - NEW
Professional Office (PO)	
Residential-5 (R-5)	

Recommended Action on the Eastgate Rezone: Following Presentation on all Interrelated Topics

Staff recommends that Council adopt Ordinance No. 6367 approving the Eastgate/I-90 Corridor Legislative Rezone



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**c) Interim Official Control for Shelter
Permitting Ordinance No. 6368**

Interim Official Control Amend Land Use Code Regarding Homeless Shelters

- Separates homeless shelter from hotel/motel use
- Clarifies process in short term while preparing permanent citywide regulations
- Requires public hearing within 60 days of adoption

Land Use Districts Where Hotel and Motel Use Permitted (including Shelters)

- OLB
- CB
- Factoria-1
- Factoria-2
- Factoria-3
- All Downtown
- All BelRed
 - Except BR-R, BR-Ort, O, P.O

Recommended Action on Homeless Shelter Permitting Following Presentation on all Interrelated Topics

Staff recommends that Council:

- Adopt Ordinance No. 6368 imposing an interim official control regarding the permit process required to establish a homeless shelter, and
- Set a date for a public hearing within 60 days



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**d) Interim Official Control Banning Safe
Injection Sites Ordinance No. 6369**

Interim Official Control Amend Land Use Code Banning Safe Injection Sites

- Creates citywide prohibition
- Provides clarity in short term while permanent regulations are prepared
- Requires public hearing within 60 days of adoption

Recommended Action

Following Presentation on all Interrelated Topics

Staff recommends that Council:

- Adopt Ordinance No. 6368 imposing an interim official control banning Safe Injection Sites in Bellevue, and
- Set a date for a public hearing within 60 days

Motions on Four Interrelated Topics

1. Eastgate Land Use Code Amendment (LUCA)
2. Associated Eastgate Legislative Rezone
3. Interim Official Control: Land Use Code provisions regarding homeless shelters
4. Interim Official Control: Land Use Code banning safe injection sites



Eastgate Land Use Code Amendments

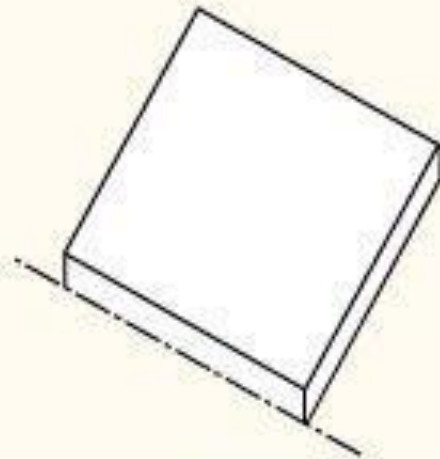
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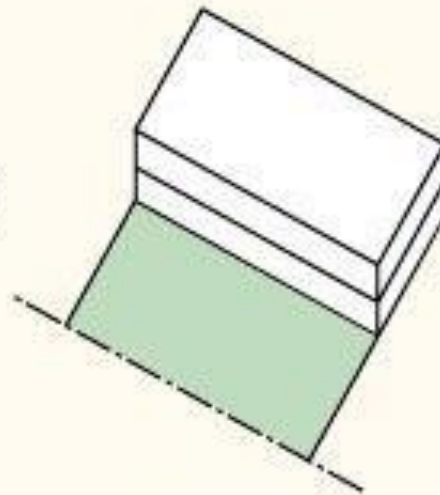
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Floor Area Ratio (FAR)

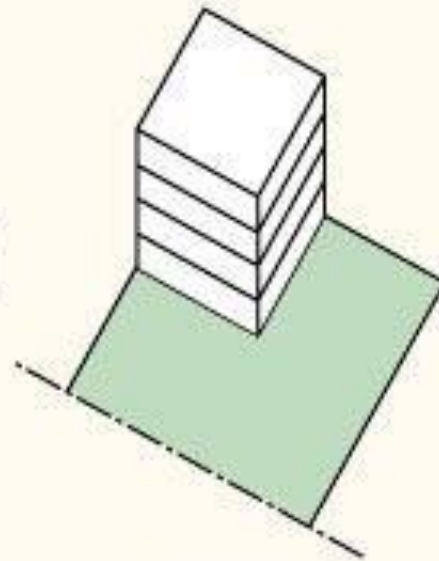
1:1 Ratio



1 story
(100% lot coverage)



2 stories
(50% lot coverage)



4 stories
(25% lot coverage)

Economic Analysis Eastgate

SAMPLE PROJECT UNIT MIX AND MARKET RENTS

Number	Net	Market	Rent / sq ft	Percent Units
Unit Description	of Units	Sq.Ft.	Rent *	
Studio	10 10%	550	\$1,513	\$2.75
1BR	50 50%	675	\$1,755	\$2.60
2BR	40 40%	950	\$2,185	\$2.30
3BR	0 0%	1100	\$2,475	\$2.25
TOTAL	100			
AVERAGE	Net	773	\$1,903	\$2.50
Gross	900			
Net Square Footage	77250	\$2,283,300		
Gross Square Footage	90,035	Ratio	0.9	

* See Berkm pg 25 for estimate of per sq ft rent.

I. EASTGATE AFFORDABLE HOUSING FAR BONUS

A. Economic Impact of Providing Affordable Units

Total	Required	Market	80%	Rent
Unit Type	Units	Aff. Units	Rent	Median Inc. Rent
Studio	10 Gap \$265	2	1,513\$	\$1,247
1BR	50 \$336	6	1,755\$	\$1,419
2BR	40 \$607	6	2,185\$	\$1,578
TOTAL/AVERAGE	100 \$438	14	\$1,903	\$1,266
14.0%	Percent Total Units			
Annual Reduced Rent	\$73,515			
Capitalized Value of Reduced Rent from Affordable Units			Cap rate	4.75%
Total	\$1,547,687			
Per Affordable Unit (80% of Median income)		\$110,549		
Note: Per Affordable Unit (70% of Median income)		(-\$160,000)		
Per Bonus Unit	3.0:1 Ratio	\$27,637		
2.5:1 Ratio	\$31,585			
2.0:1 Ratio	\$36,850			
0:1 Ratio	\$110,549			

EXEMPTION SCENARIO: 2.0 FAR

Affordability: 2:5:1 on bonus FAR

Scenario A	Scenario B
100 Mkt Unit	86 Mkt / 14 Aff.
\$ 15,125	\$ 14,595
\$ 87,750	\$ 85,732
\$ 87,400	\$ 83,757
\$190,275	\$184,083

BASE SCENARIO

1.0 FAR

50 Mkt units
\$7,563
\$43,875
\$43,700
\$95,138

Unit Type	Total Units	Aff. Units 2:5:1 Ratio	Market Rent	80% AMI Rent
Studio	10	2	\$1,513	\$1,247
1BR	50	6	\$1,755	\$1,419
2BR	40	6	\$2,185	\$1,578
Total	100	14		

Annual Rent	\$2,283,300	\$2,208,998	\$1,141,650
Operating Cost	\$600,000	\$600,000	\$300,000
NOI	\$1,683,300	\$1,608,998	\$841,650
Multiplier	18	18	18
Supported Cost (value)	\$30,299,400	\$28,961,971	\$15,149,700
Value per unit	\$302,994	\$289,620	\$302,994
Impact on overall Value (Scen. A - Scen. B)		A \$1,337,429	
Land Value (per acre)	\$6,059,880	\$5,792,394	\$3,029,940
Land Value (per unit)	\$60,599	\$57,924	\$60,599
Land Value (per sq ft)	\$139.12	\$132.98	\$69.56
Impact on Land Value (Scen A - Scen. B)			-\$267,486
Impact on land value from Base Scenario	\$3,029,940	B	\$2,762,454

Notes/Assumptions

\$6,000 Per unit

5.56% Equivalent Cap rate

20% of overall cost
20% of overall cost

Summary points:

- Approach on this page mirrors what Councilmember Wallace sent, but 1) adds the far right column to allow comparison to existing. Also bottom section might not be exactly what he was laying out, so would need to discuss. This is done using the 2.5:1 ratio. Can easily update to other ratios.
- To get to overall economic impact of affordable units with a rezone, believe it is to compare:
 - Highlighted Box A (Impact on overall project value from affordable to units: Lost value of \$1.337 million; to
 - Bottom row: Impact on land value from base scenario Box B: Increased value of \$2.762 million (might be other box, \$3.029 m.)
- Caveat regarding assumptions. Highlighted in blue are two key assumptions 'multiplier' and land cost as percent of cost. As presented here, they translate to Cap rate of 5.5% and land values greater than \$55,000. Over the past year we've used cap rates around 4.75 and land values more in the \$40,000 (plus/minus depending on neighborhood). His assumptions result in less impact to the developer for providing affordable units. If we change to assumptions we normally use (see next bullet), there is still a positive ratio between cost and benefit, but it is more in the 1 to 1.25 – 1.3 range compared to the 2 to 1 from the chart on this page.
- Historic Approach. Next page is the summary/approach typically use. The result seems more conservative than this page. Primarily due to different assumptions as described in the previous bullet (typically we try to use somewhat conservative assumptions).