



Bellevue Planning Commission

December 10, 2025

PLANNING COMMISSION PUBLIC HEARING

SUBJECT

Public hearing 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.

STAFF CONTACT(S)

Mathieu Menard, Senior Planner, 452-5264

Kristina Gallant, Code and Policy Planning Manager, 452-6196

Nick Whipple, Code and Policy Director, 452-4578

Development Services Department

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 touches on many aspects of the Comprehensive Plan, especially the Housing, Land Use, and Urban Design Elements.

Additionally, the City has 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



DIRECTION



INFORMATION ONLY



Following discussion on the proposed LUCA on October 8, with prior sessions on September 10, May 14, and February 26, the Planning Commission directed staff to schedule a public hearing. Tonight, the Commission will be asked to hold the public hearing on the proposed LUCA, included as Attachments A-D. Following the Public Hearing, staff will request that the Commission make a recommendation on the proposed LUCA or provide staff with guidance to support a recommendation at a future meeting.

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 offering developments regulatory flexibility in exchange for providing 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 minimum 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 softened considerably, reducing its economic advantage over residential development.
- New Growth Targets: The City adopted updated jobs and housing targets, and identified an affordable housing target.
- New Future Land Use Designations: 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 Feedback and Staff Response

The Planning Commission held study sessions on February 26th and May 14th 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. Planning Commission raised concerns over the proposed setbacks, transition areas, and building heights; noting the desire for “wedding cake” style development throughout the City. Planning Commission also expressed a desire for staff to provide more accessible information and outreach to the public related to the LUCA.

Planning Commission held a subsequent Study Session on September 22nd to discuss the concerns raised in the previous meetings. At the meeting, staff presented an updated draft with changes proposed based on Commission input and an engagement report to detail the outreach process to that point. The Planning Commission provided additional input on the drafts, requesting additional information about:

- The economics of the proposed affordable housing program
- Updated transition area code
- Further reducing parking requirements
- Encouraging third places, indoor bicycle parking, and stacked flat housing
- Ground floor transparency requirements

- Downtown affordable housing incentive

Planning Commission met October 8 to discuss the questions raised at the September Study Session and updates to the non-conforming language. Planning Commission raised questions relating to providing additional flexibility in the transition area and clarifying questions about the strike draft and updated non-conforming language. At the conclusion of the meeting Planning Commission directed staff to prepare the LUCA for a public hearing.

Draft Updates

Limited changes have been made to the strike draft between the September Study Session and the public hearing, many of which were discussed at the October Study Session. The substantive changes are detailed below and can be found in the HOMA strike draft included as Attachments A-D. The updates listed below were either finalized after the October Study Session or the Planning Commission was not provided a completed strike draft of the changes at the October Study Session.

Eligibility for Additional Height in Office and Neighborhood Business Districts

Based on stakeholder requests, the proposed change clarifies that developments can use fee-in-lieu or on-site performance to meet the 15% affordable housing requirement to gain additional building height in Office and Neighborhood Business districts.

Ground Floor Use Requirements

Several stakeholders have requested that small lots be exempt from requirements to provide pedestrian-oriented uses on the ground floor (LUC 20.25I.050.A), as it would present a barrier to small scale townhome development. Staff agrees that pedestrian-oriented uses are likely not feasible within mixed-use development on many small lots and has added an exemption to the requirement for parcels under 20,000 square feet.

The existing code contains a departure process for required ground floor uses (LUC 20.20.440 Residential – Nonresidential Districts Footnote 11) which applies to the Neighborhood Mixed Use District. This language has been moved to the Ground Floor Use Requirements Section of the Community Mixed-Use Design District Chapter (LUC 20.25I.050.A.2) and will apply to all districts which require ground floor pedestrian-oriented uses.

Downtown

At the October Study Session staff discussed changes to the Downtown code that would be provided in the updated strike draft. The attached strike draft now includes these changes, which are as follows:

- **Amenity Stacking:** Projects may use the same square foot of affordable housing to participate in the amenity incentive program (LUC 20.25A.070.D) and the FAR exemption (LUC 20.25A.070.C). With this change a project receives four amenity incentive points and four square feet of exempt market-rate residential square footage for every square foot of affordable housing provided, up to 50 percent of the base FAR in the district the project is located in.
- **Additional Development Flexibility:** Previous drafts proposed updated the requirement for the additional development flexibility granted under LUC 20.25A.070.C.2.c to 0.5 FAR of affordable housing rather than the existing code language of 0.5 FAR of exempt square footage. Based on stakeholder feedback the requirement is proposed to be reverted back to 0.5 FAR of exempt

space. As the exemption is proposed to be four square feet of exempt market rate square footage for every square foot of affordable housing provided, to receive the flexibility projects would have to provide 0.1 FAR of affordable housing and 0.4 FAR of exempt market-rate housing.

- **Outdoor Plaza Incentive:** The minimum size outdoor plaza to enable additional building height has been lowered from 10 percent of lot area to seven percent (LUC 20.25A.075.A.3). This would allow projects to build taller buildings while providing seven percent of the lot area as outdoor plaza, rather than the currently-required 10 percent. Through staff research it was discovered that the 10 percent requirement was causing projects to greatly exceed their required amenity incentive points. With the addition of affordable housing to the amenity incentive program, 25 percent of amenity incentive points have been reallocated to affordable housing, making the 10 percent outdoor plaza requirement more onerous to developments.

Affordable Housing Chapter Reorganization

Currently, land use provisions related to affordable housing are contained in LUC 20.20.128. As the city continues to build out its affordable housing programs and capacity, LUC 20.20.128 has grown in length and complexity. HOMA proposes to reorganize the section into a new chapter of the Land Use Code (LUC 20.15) to streamline, organize, and increase the ease-of-use of the code. The proposed code is included as Attachment C and notes how the code has been reorganized. There are two newly proposed changes to the affordable housing language as follows:

- The Wilburton LUCA introduced an inclusionary housing program which requires the provision of affordable housing for any building with 10 or more units in Wilburton. The use of the word “building” created an unintended loophole which allowed projects including multiple buildings to avoid providing affordable housing by placing no more than nine units in a single building. The proposed code closes this loophole by changing “building” to “development” so any project with 10 or more units would be subject to the affordable housing program. Currently, this provision only impacts the Wilburton area but would apply to HOMA districts if Option A is adopted.
- Several stakeholders have requested HOMA allow a land transfer option with Option A, similar to the program adopted through Wilburton (Section 20.15.170 of Attachment C). This would allow developers to provide land to the city rather than provide affordable housing on-site. The currently adopted regulations require an analysis showing the property transferred to the City support at least the required amount of affordable housing that would have been provided on-site. For the districts included in HOMA, language is proposed to be added that requires the transferred property to be within two miles of the project to ensure affordable housing remains in the general neighborhood area of the project.

Transition Areas

Planning Commission and stakeholders have requested that staff explore an option that allows portions of developments which do not exceed the allowed height of the neighboring zoning district to be exempted from transition area requirements. Staff has provided alternative language (Attachment E) to this end. The alternative language requires that any structure that contains commercial uses or exceeds the height of the neighboring residential district and within 150 feet of the adjacent district to provide

the required transition setback and landscaping of at least 25 feet from the structure exceeding the height or containing commercial uses. The alternative language would only require landscaped buffers of 25 feet from the structure itself, not along the property line unless the structure is 25 feet from the property line. If Planning Commission prefers the alternative language, the Planning Commission resolution would need to include language to indicate the language in Attachment E is recommended to replace the transition areas language in Attachment A. Staff would then incorporate the preferred language in the recommended draft LUCA presented to City Council.

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. A detailed engagement report is provided as Attachment F.

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
Sept. 10	<u>Planning Commission Study Session:</u> <ul style="list-style-type: none"> • LUCA review and feedback

Oct. 8	<u>Planning Commission Study Session:</u> <ul style="list-style-type: none"> • LUCA review and feedback
December 10	<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

ATTACHMENTS

- A. Option A Strike Draft
- B. Option B Strike Draft
- C. Affordable Housing Chapter Reorganization Strike Draft
- D. Non-Conforming Language Draft
- E. Alternative Transition Areas Strike Draft
- F. Engagement Report
- G. Staff Report
- H. Planning Commission Resolution