



Bellevue Planning Commission

September 9, 2020

PLANNING COMMISSION STUDY SESSION ITEM

SUBJECT

Comprehensive Plan Amendment (CPA) on Affordable Housing Strategy Action C-1: *Increase development potential on suitable land owned by public, non-profit housing, and faith-based entities for affordable housing.* The implementing Land Use Code Amendment will follow the CPA.

STAFF CONTACT

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POLICY ISSUES

On July 20 Council initiated work on Affordable Housing Strategy Action C-1, including a Comprehensive Plan Amendment as part of the 2020 annual CPA work program and associated Land Use Code Amendments. Council initiated CPAs are reviewed with the 2020 annual privately initiated CPAs that have advanced through Threshold Review. Council initiated CPAs do not have Threshold Review.

Council approved the *Affordable Housing Strategy* in 2017 to address the affordable housing need in Bellevue. Affordable Housing Strategy Action C-1 is critical to achieving the goal of creating 2,500 more affordable homes within 10 years of implementation and is 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 requests input from the Planning Commission on the C-1 CPA work program.

BACKGROUND/ANALYSIS

On July 20 Council initiated work on Affordable Housing Strategy Action C-1. Council directed the Planning Commission to conduct the review and public hearing, with final action taken by City Council on the CPA before the end of 2020 and the LUCA in 2021.

The strategy to implement Affordable Housing Action C-1 is to:

- Conduct staff analysis and public outreach for potential density increases on land owned by public, non-profit housing, and faith-based entities for affordable housing;
- Establish Comprehensive Plan policy direction as part of the 2020 annual amendment process;
- Develop Land Use Code provisions consistent with policy and recent state legislation (SHB 1377); and
- Avoid future parcel-by-parcel plan amendments and rezones as they are not an efficient or effective means to implement this action.

The City Council’s June 5, 2017 approval of Bellevue’s *Affordable Housing Strategy (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 this goal. It was estimated that up to 1,000 affordable homes could be added to the City’s housing stock by implementing Action C-1, with specific focus on households earning less than 50 percent of the area median income (\$59,700 annually for a family of four). Census data shows a need in Bellevue for 5,500 homes affordable at 50 percent of area median income.¹

Achieving new housing affordable to these households typically relies on non-profit housing developers. However, non-profits struggle to buy land in Bellevue, relying instead on public-private partnerships with faith groups or government entities, or redeveloping property they already own.

The traditional approach to increasing development capacity requires a Comprehensive Plan amendment and a rezone for each property like the process for Andrew’s Glen at St. Margaret’s Episcopal Church and 30Bellevue at St. Luke’s Lutheran Church. This parcel-by-parcel approach is not an efficient or effective means to implement this action because it could take several years to complete and does not provide predictability for the non-profit housing developers, neighborhoods or property owners. In the two examples cited, the projects required a Comprehensive Plan amendment and a rezone of the property, about a two-year process. The typical concerns raised about the projects were related to issues such as traffic, parking, building height and setbacks, etc. These issues are addressed through the project-specific development review and permit process.

A key objective of Action C-1 is to make the overall development process more efficient for these non-profits when seeking additional density to develop affordable housing. The staff recommended approach creates a more direct, predictable path for the creation of affordable housing on eligible properties. This approach also creates a bonus for affordable housing on these eligible properties to achieve additional density, saving non-profit developers the cost, timing issues and uncertainty of a Comprehensive Plan amendment and rezone.

The city has been approached by a number of faith-based property owners and non-profit developers who have expressed a desire to develop affordable housing on portions of their property and/or surplus property or property that is being underutilized. The existing zoning and allowable density do not

1 The latest American Community Survey data from the Census Bureau (2012-2016) shows a 5,500-housing unit gap in Bellevue between the number of households earning less than 50 percent AMI and the number of units affordable to them here.

provide the potential for redevelopment to be economically feasible in order to accommodate affordable housing.

State House Bill 1377

State House Bill 1377 (SHB 1377) requires 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. To address this legislative requirement, staff is proposing further analysis of a density incentive in multifamily, multifamily mixed use, and single-family areas. SHB 1377 legislation is included as Attachment A.

SHB 1377 requires a density bonus “consistent with local needs” but allows local jurisdictions to define that need. In establishing that baseline need staff will:

- Look to Bellevue’s Housing Needs Assessment (2016), Affordable Housing Strategy (2017), Human Services Needs Update (2020), and Council Priorities for guidance; and
- Talk with faith groups and non-profit developers to gauge the amount of density that might be needed to achieve a viable project.

2020 C-1 Comprehensive Plan Amendment

The City’s Comprehensive Plan does not have specific policy language which directs guidance for implementation of density bonus incentives on public, non-profit housing, and faith-based entities for affordable housing. Therefore, staff recommended initiation of a Comprehensive Plan amendment as part of the 2020 annual process to add policy language in the Housing Element. This policy amendment would support the provisions of SHB 1377 and provide for implementation in the Land Use Code of density incentives on qualifying properties. This approach is comparable to the BelRed Subarea Plan policy that supports a floor area ratio land use incentive system (Policy S-BR-7).

2020/2021 C-1 Land Use Code Amendment

The C-1 density incentive that staff is recommending for further analysis would add a section to Bellevue’s existing affordable housing incentive ([LUC 20.20.128](#)). The existing provisions in this section provide an incentive of one additional unit for each affordable unit, capped at a 15 percent density increase above the base. Staff is proposing that a new section could be added which would raise the 15 percent density increase for these potential qualifying properties. Staff has not yet evaluated the applicable density increase. The analysis would involve outreach and dialogue with non-profit housing developers and faith-based property owners to determine the appropriate metric which would result in affordable housing that is economically viable.

Criteria for qualifying property

Attachment B shows a list of potential qualifying properties in Bellevue. Staff will continue property analysis to gauge potential for redevelopment, recognizing that decisions by faith organizations to develop affordable housing may be mission driven rather than solely economic.

Qualifying faith, public surplus, and housing non-profit properties

- Public surplus property in multifamily and mixed-use residential districts
- Non-profit housing property in multifamily and mixed-use residential districts

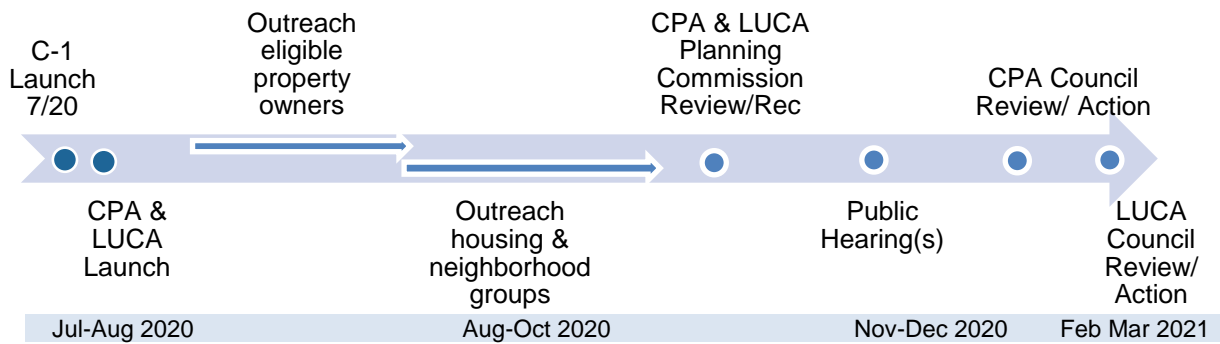
- Faith-owned property in multifamily and mixed-use residential districts
- Faith-owned property in single family residential districts

This list excludes property smaller than 0.2 acres, Parks & Community Services Department owned property and property owned by quasi-public utilities, e.g. PSE, except where vacant. LUC 20.20.128 does not apply to Downtown, BelRed, and Eastgate TOD Area. There are other affordable housing incentives that apply².

The code amendments proposed here would not apply to shelters in any zone in the City.

Attachment C maps these properties to show the distribution of properties by the four categories.

C-1 Timeline



C-1 Outreach

The proposed plan and code amendments will conduct public engagement through the annual Comprehensive Plan Amendment work program and Land Use Code amendment process, including Planning Commission meetings and public hearings. Additional notification and outreach will include owners of potentially suitable properties and to other housing and neighborhood stakeholders. The city’s early and continuous community engagement includes:

- ✓ Responsive early outreach to requests for information and to become parties of interest
- ✓ Responding in writing to each written public comment submitted and returning phone calls
- ✓ Expanded web page material at Comprehensive Plan Amendments with the review schedule, the applications list, and a “What’s Next” timeline
- ✓ Official Weekly Permit Bulletin notice as required
- ✓ On-line presence outreach with Neighborhood News (Sept.), Engaging Bellevue, and Gov Delivery emails.
- ✓ Targeted webinars with housing non-profits, faith community, TAG (Sept 9 Lunch and Learn) and with neighborhood groups (Sept 24 Community Webinar)
- ✓ Council and Commission check-ins, including Human Services Commission and EBCC.

² Land use code sections for Bel-Red (20.25D.090), Downtown (20.25A.070), and Eastgate TOD (20.25P.060) have been updated to include voluntary affordable housing incentives that exceed 15 percent above base density. In Bel-Red the Tier 1 affordable housing bonus offers a 50 percent density increase above base outside of nodes, and a 125 percent density increase above base within nodes.

Discussion

Staff provided City Council with an overview of the proposed policy and associated code amendments at the July 20th meeting and requested direction from Council. Council provided direction to staff to initiate work on the C-1 strategy as part of the 2020 annual CPA's as well as associated land use code amendments.

Staff requests input from the Planning Commission on an incentive-based approach for increasing affordable housing potential on eligible land consistent with Affordable Housing Strategy Action C-1. The proposed amendments include new policies in support of the C-1 strategy within the Housing Element of the Comprehensive Plan as part of the 2020 annual amendment process. Subsequent LUCA will implement C-1 consistent with policy and recent state legislation SHB 1377.

Next Steps

Staff will incorporate Planning Commission direction into the staff report that will be prepared for the October 28 Final Review public hearing.

ATTACHMENT(S)

1. Map showing distribution of properties by the four categories
2. List of potentially qualifying faith, public surplus, and housing non-profit properties in Bellevue.
3. SHB 1377 2019-2020, Affordable Housing Development on Religious Organization Property.

REFERENCE MATERIALS

[Bellevue Affordable Housing Strategy](#)