

CITY COUNCIL STUDY SESSION

Affordable Housing Strategy Implementation Update

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DIRECTION NEEDED FROM COUNCIL**INFORMATION
ONLY**

No action is required. This is an informational briefing on the progress of the Affordable Housing Strategy, including units achieved, effectiveness of programs, and implementation of actions. The briefing will also include a review of upcoming affordable housing actions from the current Strategy and the process to identify potential new actions to implement. This progress report occurs twice per year.

RECOMMENDATION

N/A

BACKGROUND & ANALYSIS**Affordable Housing Strategy Implementation**

This is Council's sixth biannual progress report on the Affordable Housing Strategy since its adoption in June 2017. Going into five years of implementation, significant progress has been made towards the strategy's target of achieving 2,500 units over 10 years.

- A total of 1,428 affordable housing units and 100 shelter beds have been funded or built since adoption of the Affordable Housing Strategy (see tables below).
- Pipeline affordable housing (estimated at around 700 units) includes affordable units on public land in BelRed at the Sound Transit Operations and Maintenance Base Transit-Oriented Development site and 130th Avenue Station, planned affordable units in Eastgate, units funded through House Bill (HB) 1590 funds, pipeline affordable units using the City's Multifamily Tax Exemption (MFTE) program, and use of the Downtown and BelRed land use incentive programs.
- Affordable units/beds achieved to date (1,528 units) plus current pipeline (705 units) indicates that the 10-year goal of 2,500 units can be achieved, assuming continued growth at the same level as the last few years.

Affordable Housing Units Achieved and Pipeline Projects

The following tables itemize the affordable housing units that have been added or are in the development pipeline since the adoption of the Affordable Housing Strategy.

Affordable Units Pipeline (unit # estimate)	Date	Units	Affordability (% AMI)		
			<30/Sec 8	31-60	61-80+
Pipeline land use incentive units estimate for BelRed and Downtown	2022+	~50			~50
Pipeline MFTE units estimate	2022+	~150			~150
HB 1590 Funding (LifeWire HSH)	2022	25	20	5	
Eastgate single adult apartments	2022+	~80	~80		
OMFE TOD, including Council Spur property donation	2023+	~250	~26	~112	~112
130th Station TOD for affordable housing	2023+	~150	~16	~67	~67
Pipeline Total		~705	~142	~184	~379

Effectiveness of Programs

A comparison of the housing achieved (as shown above) to the expected yield in the City's Affordable Housing Strategy is found in Attachment A. For actions that have been implemented to date, performance has been consistent with the expected yield for preservation of existing affordable housing, direct subsidy, and land use incentives in BelRed and Downtown.

Implementation of Actions

Affordable Housing Strategies and Actions at a Glance (Attachment B) lists the five interrelated strategies and 21 actions of the Affordable Housing Strategy.

Work that was completed since the last biannual update in October 2021 and other noteworthy actions include the following:

- On January 24, Council directed staff to return with legislation approving up to \$1.6 million in secured grant funds to LifeWire in support of *Hope Starts Here*, a 25-unit project for domestic violence survivors. This constitutes the first dispersal of House Bill 1590 funds toward a capital project, following a request for proposals issued in Fall of 2021. The LifeWire project also is part of the ARCH Executive Board Housing Trust Fund recommendations for the Fall 2021 funding round.
- Council approved Ordinance No. 6627 on December 13, 2021 to adopt the East Main Land Use Code Amendment, which included incentives for affordable housing.
- Council approved Ordinance No. 6626 on December 6, 2021, which established a 50 percent density bonus for affordable housing developments on qualifying public, non-profit, or religious organization-owned properties, consistent with State law and recently adopted Comprehensive Plan policies.
- Council approved Ordinance No. 6616 on November 15, 2021, which removed occupancy limits in the Land Use Code for residential uses in the City.

- Staff continued outreach to projects eligible for the Multifamily Tax Exemption (MFTE) program. The most recent tally showed 190 affordable MFTE units currently in the pipeline, including those overlapping with other incentives. Additional applicants of potential projects, totaling nearly 300 affordable units, expressed plans to utilize the MFTE program. These pipeline figures and conversations indicated extensive use of the new MFTE code amendments adopted in July 2021 in alignment with staff's expected program utilization.
- Mary's Place utilized the former 98-room Silver Cloud Inn in downtown Bellevue for transitional housing units to provide safe, inclusive housing and services for women, children and families at risk of experiencing homelessness. Mary's place would provide 90 rooms as residences for women, children and families with the balance of the units used for wrap around services such as an on-site store, as well as housing and employment offices.

The City is also continuing work on the following ongoing projects:

- The City is currently processing permanent legislation to respond to recent amendments in RCW 35A.21.430 to allow Permanent Supportive Housing and Transitional Housing in all Land Use Districts where residential dwellings and hotels/motels are allowed, and to allow Emergency Housing and Emergency Shelter in all Land Use Districts where hotels/motels are allowed.
- The City is working in partnership to develop affordable housing on suitable public lands in proximity to transit hubs (OMFE transit-oriented development, 130th Station). Amazon recently announced a financial partnership at the OMFE site to create 235 units of affordable housing. The new apartments, funded through \$42.5 million in low-rate loans and grants from Amazon, are targeting residents who earn 30-80 percent area median income and construction is anticipated to occur in 2024.
- The City Council will consider initiation of Phase 2 of Action C-1 of the Affordable Housing Strategy, which may include City-initiated map and policy amendments and Land Use Code provisions for affordable housing on properties owned by religious entities meeting certain criteria (e.g., near arterials with frequent transit service).
- Staff are developing process recommendations for the future allocation of House Bill 1590 revenues to be brought back to Council for review at a future meeting.
- Staff are developing a community engagement guide for supportive housing developers to use. This is based on the supportive housing best practices work in 2021.
- The City will begin work on updates to the City's Housing Needs Assessment, which was last updated in 2016 and was a key input to the 2017 Affordable Housing Strategy. The updated Housing Needs Assessment will provide a more current representation of the affordable housing need within the City, assist with future affordable housing actions, and inform the scope for the update of the City's Land Use and Housing Elements as part of the Comprehensive Plan Periodic Update.
- The City continues to pursue funding partnerships with employers, financial institutions, foundations, and others.

- The Community Development and Development Services Departments are developing pre-launch materials for the Wilburton Vision implementation, which is scheduled to launch in April 2022.

Progress on actions that have been implemented or launched to date are as follows. Many of the original actions outlined in the 2017 Affordable Housing Strategy have been either partially or fully completed.

Status	Affordable Housing Strategy Actions: Complete and Ongoing
<i>Work continues</i>	Action A-1: Partner with non-profit organizations and housing agencies to fund the purchase of existing, affordable multi-family housing to preserve it for the long term. Recent partnering to purchase Illahee Apartments furthers this action.
✓	Action A-5: Review and extension of utility rate relief and utility tax relief programs.
✓	Action B-2: Update accessory dwelling units standards: LUCA to amend Accessory Dwelling Unit 3-year rule and off-street parking requirement.
<i>Phase 1 complete; Phase 2 to occur in 2022</i>	Action C-1: Affordable Housing Incentive for faith-owned, surplus public and non-profit housing property.
<i>Work continues</i>	Action C-2: Transit-Oriented Development (TOD) at the Operations Maintenance Facility Eastside and 130th Light Rail Station: Develop affordable housing on suitable surplus public lands in proximity to transit hubs.
✓	Action C-2: Funding for Eastgate Men's Shelter and Eastgate Supportive Housing furthers this action on what was originally surplus County land.
✓	Action C-3: Update and expansion of the Multifamily Tax Exemption program.
✓	Action C-4: Eastgate and Downtown Livability LUCAs including incentive for affordable housing
<i>East Main adopted; Wilburton to launch in 2022</i>	Action C-4: East Main and Wilburton LUCAs including affordable housing incentives.
✓	Action C-5: Reduce costs to build affordable housing by reducing minimum parking requirements near transit stations.
✓	Action D-1: Revise codes to reduce costs and process time for building multifamily housing: LUCAs for zero lot line townhome regulations and multifamily parking requirements near transit.
✓	Action D-2: Amendments to State condominium statutes to increase condominium development.

Status	Affordable Housing Strategy Actions: Complete and Ongoing
<p style="text-align: center;">✓</p> <p style="text-align: center;"><i>Funds being allocated through various processes; ~\$10.2 million in 2021 capital funds expended</i></p>	<p>Action E-1: Increase funding for affordable housing:</p> <ul style="list-style-type: none"> • \$412,000 per year general fund support for affordable housing, consistent with past budgets • \$2 million per year capital investment contingency funds for affordable housing through 2027 • \$625,000 per year from Council authorization of HB 1406 local sales tax option for affordable housing • Approximately \$9 million per year from Council authorization of HB 1590 local sales tax option for affordable housing and mental and behavioral health services.
<p style="text-align: center;"><i>Work continues</i></p>	<p>Action E-2: Pursue funding partnerships with employers, financial institutions, foundations, and others.</p>

Potential Future Affordable Housing Actions

The City has made considerable progress with implementation of the 2017 Affordable Housing Strategy resulting in the creation and preservation of 1,528 units/beds since its adoption. However, subsequent to the City Council’s original 2017 approval of the Affordable Housing Strategy, the need for affordable housing has changed and deepened considerably within the City. Also, both the Council and community have expressed the need for additional actions.

To respond to this need, staff presented Council with a list of topics for future affordable housing actions at the last biannual update. Additionally, staff are readying to work with stakeholders on building consensus on what should be prioritized in the Affordable Housing Strategy “Next Right Work.” This Next Right Work will inform the joint Community Development and Development Services Departments workplan for 2022-2023. Key considerations in prioritizing the potential actions include geographic distribution for expanded types of housing, expected unit production, affordability level, speed to deliver the housing units, equity outcomes, and opportunities for partnerships.

After stakeholder engagement, a prioritized list of recommended actions will be brought to Council for discussion and direction towards the end of Q2 2022. Based on Council direction, staff would develop a work program for affordable housing actions to pursue in 2022-2023.

POLICY & FISCAL IMPACTS

Policy Impact

The purpose of the Affordable Housing Strategy Implementation Program is to improve affordable housing opportunities across the City. This is consistent with City Council Priorities, Comprehensive Plan Housing Policy, and Economic Development Plan Strategies.

Comprehensive Plan Policy HO-24: *Develop and implement an effective strategy to ensure affordable housing opportunities are available in Downtown and throughout the City at a range of affordability levels. Monitor quantity, types, and affordability of housing achieved for potential unintended consequences and to determine if the need is being met.*

Economic Development Plan Strategy E.1: *Develop a City-wide strategy to expand workforce housing options by exploring all manner of tools, including a multifamily tax exemption program, a revolving fund for transit-oriented development, zoning changes, and other options.*

Fiscal Impact

Sufficient budget authority has been approved for implementation of the Affordable Housing Strategy work program. Council request for additional research, work items, or condensed schedule could require additional resources.

OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. Effectiveness of Affordable Housing Programs
- B. Affordable Housing Strategies and Actions at a Glance
- C. Household Income and Household Need
- D. Affordable Housing Need by Profession

AVAILABLE IN COUNCIL LIBRARY

Bellevue Affordable Housing Strategy, June 5, 2017