

CITY COUNCIL AGENDA TOPIC

Public Hearing and action to adopt an Ordinance relating to Co-Living Housing; amending the Land Use Code (LUC) to establish requirements and standards for co-living housing; amending LUC 20.10.440, Land Use Charts; LUC 20.25A.050, Downtown Land Use Charts; LUC 20.25Q.050, East Main Land Use Charts; LUC 20.20.590, Parking, circulation, and walkway requirements; LUC 20.20.700, Rooming houses; 20.50.014, C definitions; 20.50.016, D definitions; and 20.50.044, R definitions; providing for severability; and establishing an effective date.

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Development Services Department

EXECUTIVE SUMMARY**ACTION**

This Ordinance is a Land Use Code Amendment (LUCA) for co-living housing. This LUCA is necessary to comply with House Bill (HB) 1998, which requires cities to allow for co-living housing in all Land Use Districts that allow six or more units per lot by right.

On November 12, after discussion in Study Session about the proposed Co-Living Housing LUCA, Council directed staff to bring back this Ordinance for a public hearing and final adoption.

RECOMMENDATION

Hold the public hearing and, following the public hearing, move to adopt Ordinance No. 6891.

BACKGROUND/ANALYSIS**Background**

On November 12, Council was introduced to the proposed LUCA. In 2024, the Washington State Legislature passed, and the Governor signed, HB 1998, which defines and establishes requirements for co-living housing to expand more housing opportunities in the state. RCW 36.70A.535(11)(a) defines “co-living housing” as a residential development consisting of individually rented, lockable sleeping units that include living and sleeping space. Residents share kitchen facilities with other sleeping units in the building.

RCW 36.70A.535(1) requires co-living housing as a permitted use on any lot that allows at least six units, including on lots zoned for mixed use development. For new co-living housing development in residential and mixed-use areas, the City:

- May not impose room dimensional standards (i.e. dwelling unit size, sleeping unit size, room area, and habitable space requirements) more restrictive than those required by the state building code.

- May not require parking within one-half mile walking distance of a major transit stop¹. Outside of this transit buffer, the city may only require a maximum of 0.25 off-street spaces per sleeping unit.
- May not require co-living housing to provide a mix of unit sizes, a specified number of bedrooms, or include other uses.
- May not impose development standards that are more restrictive than those required for other types of multifamily residential uses in the same zone.
- May not, for purposes of calculating dwelling unit density, count a sleeping unit in co-living housing as more than one-quarter of a dwelling unit.
- May not exclude co-living housing from participating in affordable housing incentive programs.
- May not, for purposes of calculating fees for sewer connections, treat a sleeping unit in co-living housing as more than one-half of a dwelling.

The LUCA will conform the LUC with state law by allowing for co-living housing in all areas required under law and establishing co-living development regulations consistent with these new requirements. The staff report describing the background, process, LUCA components, and analysis of the proposed amendments and their relationship to the LUCA decision criteria in LUC 20.30J.135 is provided as Attachment A. A final strike-draft showing the proposed amendments is provided as Attachment B.

Review Process

Because Council made a policy decision with the adoption of middle housing in June 2025 to define areas within the city that will allow six units by right, thereby permitting co-living housing in those same locations, and because the proposed LUCA does not propose to go beyond the minimum requirements under state law, and given that the deadline to comply with this state mandate is December 31, 2025, staff recommended that Council enter a finding of necessity to review the LUCA and hold the required public hearing. This action enables the city to timely process the LUCA and ensure consistency between the LUC and state law. Following discussion on November 12, Council entered the finding and directed staff to schedule the public hearing for December 2.

November 12 Study Session

1. Responses for the questions asked during the November 12 study session are included below:
Can we encourage, rather than require, operational standards for co-living housing such as on-site management?

Under the state mandate, the City may not impose development standards to co-living housing that are more restrictive than those for other multifamily residential uses in the same zone. However, the City Council could direct staff to amend the ordinance to encourage or incentivize

¹ "Major Transit Stop" is defined as

- (i) A stop on a high capacity transportation system funded or expanded under the provisions of chapter 81.104 RCQ;
- (ii) Commuter rail stops;
- (iii) Stops on rail or fixed guideway systems, including transitways;
- (iv) Stops on bus rapid transit routes or routes that run on high occupancy vehicle lanes; or
- (v) Stops for a bus or other transit mode providing actual fixed route service at intervals of at least 15 minutes for at least five hours during the peak hours of operation on weekdays.

certain operational practices. For example, the city could offer bonuses, such as additional height, increased lot coverage or FAR, or further reductions to parking if a project includes on-site management. This option would go beyond the minimum requirements mandated by the bill.

2. How does the ownership model for co-living housing work?

There are likely multiple possible ownership structures for co-living housing, and models may vary depending on the developer and building design. City staff were informed of one example in which buyers own their individual private suites through a shared property arrangement, while common areas such as kitchens and living spaces are jointly owned and managed by all residents. According to the organization that shared this model, it may be particularly well suited for older adults who prefer to age in place within a supportive, community-oriented environment.

Another potential approach is a cooperative housing (co-op) ownership model. In this structure, residents do not own individual units outright. Instead, they purchase a share in a housing cooperative that collectively owns the building. Their share grants them the right to occupy a specific unit and participate in the governance and decision-making of the cooperative. Co-op models may also be compatible with co-living arrangements, particularly when shared spaces and collaborative management are features of the housing design.

3. What is the anticipated demand for this type of development and do we know how the price point may compare to other unit types/sizes in the City?

Co-living housing is a relatively new housing type for Bellevue and much of the Eastside, which makes it difficult to predict demand with confidence. Estimating potential demand depends on several factors, including the level of developer interest, financing feasibility, construction costs, operating models, and how the market responds to smaller private living spaces with shared amenities. Additionally, zoning capacity does not translate directly into built projects, as actual development depends on site availability, investment conditions, and many other considerations.

Staff have been contacted by at least one developer currently active in Seattle who is exploring opportunities to introduce co-living housing to Bellevue. Beyond this example, the City has limited direct experience with this housing type, and overall demand remains uncertain.

To understand potential pricing, staff reviewed seven properties in Kirkland, Redmond, and Seattle offering co-living, apodment, or eco-flat style units. Across these properties, the average monthly rent is approximately \$1,300, which aligns with housing affordable to households at roughly 50 percent of Area Median Income (AMI) in the Seattle region. In comparison, average rents in Bellevue are approximately \$2,000 for studio units and \$2,500 for one-bedroom units. While actual pricing in Bellevue may vary depending on design, location, and operational models, these figures suggest that co-living units could offer a comparatively lower-cost option

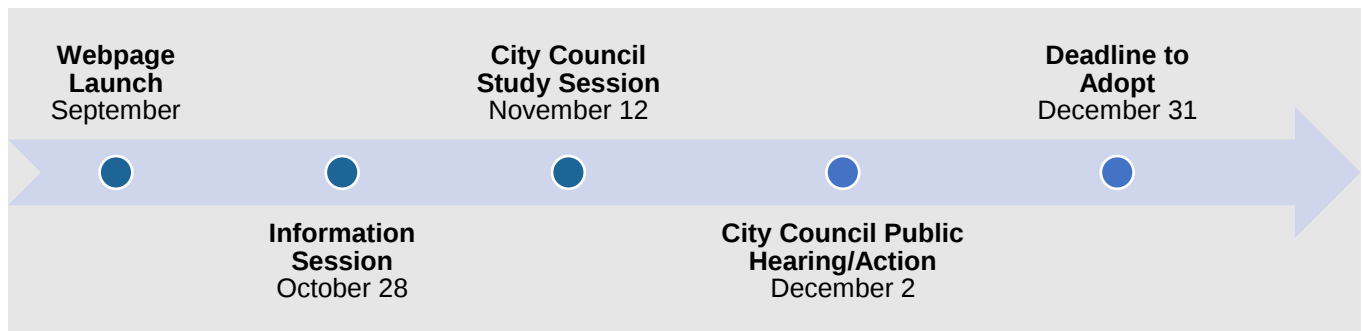
relative to typical smaller unit types in the City.

Public Engagement

Because this state mandate is highly prescriptive, opportunities for local or community input were limited. While community feedback cannot alter the specific provisions of this amendment, staff remained committed to informing residents about where and how the state-mandated changes will apply. A handout about this LUCA that was published on the project webpage. Printed copies of the handout were also distributed at community events beginning October 25. To promote transparency and public awareness, staff implemented a targeted engagement plan with three modes of outreach:

1. Process IV Requirements. Process consistent with Chapter 20.35 LUC procedural requirements to provide opportunities for public comment.
2. Public Information Session. A virtual lunch and learn event was held on October 28 to share background information, general legislative requirements, and implications for Bellevue.
3. Online Presence. A City webpage was published in September for members of the public to find more information on the LUCA, updates on the review process, staff contact information, and methods for providing comments.

Project Timeline



POLICY & FISCAL IMPACTS

Policy Impact

The proposed Co-Living Housing LUCA is required to conform with the recent adoption of RCW 36.70A.535, which requires cities to allow co-living housing as a permitted use in all zones where at least six multifamily residential units are allowed by right. In addition to compliance with the state mandate, the proposed LUCA is consistent with the housing element of the Comprehensive Plan.

Fiscal Impact

There is no fiscal impact associated with implementing this LUCA.

OPTIONS

1. Following the public hearing, adopt the Ordinance relating to Co-Living Housing; amending the Land Use Code (LUC) to establish requirements and standards for co-living housing; amending LUC 20.10.440, Land Use Charts; LUC 20.25A.050, Downtown Land Use Charts; LUC 20.25Q.050, East Main Land Use Charts; LUC 20.20.590, Parking, circulation, and walkway requirements; LUC 20.20.700, Rooming houses; 20.50.014, C definitions; 20.50.016, D definitions; and 20.50.044, R definitions; providing for severability; and establishing an effective date.
2. Provide alternative direction to staff.

ATTACHMENTS

- A. LUCA Staff Report
- B. LUCA Final Strike-Draft
Proposed Ordinance No. 6891

AVAILABLE IN COUNCIL LIBRARY

N/A