



MEMORANDUM

DATE: February 1, 2022

TO: Chair Hummer and Members of the East Bellevue Community Council

FROM: Trisna Tanus, Consulting Attorney
Kristina Gallant, Senior Planner
Development Services Department

SUBJECT: Public Hearing – Affordable Housing Density Bonus Land Use Code Amendment

I. Introduction

On February 1, the East Bellevue Community Council (EBCC) will hold a public hearing and take action on Ordinance No. 6626 amending Land Use Code (LUC) chapters 20.10 Land Use Districts, 20.20 General Development Requirements, 20.25 Special and Overlay Districts and 20.50 Definitions to establish a density bonus and additional modifications to other standards and requirements for affordable housing developments on certain public, non-profit, or religious organization-owned properties. The City Council adopted Ordinance No. 6626 on December 6.

II. Discussion

A. Background

On December 6, the City adopted Ordinance No. 6626, a Land Use Code Amendment (LUCA) to establish a density bonus and additional modifications to other standards and requirements for affordable housing developments on certain public, non-profit, or religious organization-owned properties (Attachment A). The Ordinance amended chapters 20.10, 20.20, 20.25, and 20.50 LUC. A strike-draft of the amendments is included as Attachment B.

This LUCA is in response to RCW 35A.63.300 and the City's Affordable Housing Strategy (AHS). First, RCW 35A.63.300 requires cities to offer "an increased density bonus consistent with local needs for any affordable housing development of any single-family or multifamily residence located on real property owned or controlled by a religious organization." To be eligible for the bonus, all housing units in the project must be reserved for households earning less than 80% Area Median Income (AMI). This restriction must remain for at least 50 years, even if property ownership changes. Second, the LUCA also advances AHS Action C-1, which calls to increase development potential on suitable land owned by public agencies, faith-based and non-profit housing entities for affordable housing.

At initiation of this LUCA, the City Council directed staff to develop a larger density bonus for development meeting the requirements of RCW 35A.63.300, while maintaining compatibility with existing neighborhoods, and consistent with AHS Action C-1. Thus, in addition to religious organizations, the density bonus is available to nonprofit organizations and development on

certain public surplus land. The LUCA includes a 50% density bonus, which equals to the largest density difference in Bellevue's residential land use districts and amounts to a larger bonus than the previous 15% density bonus available to market rate multifamily development. The LUCA also expands the availability of this bonus for development in single family land use districts. The bonus is not available in Downtown, Eastgate, or BelRed, as substantial affordable housing density bonuses are already available in these subareas. A map of land use districts eligible for the new density bonus, as well as those districts eligible for other preexisting affordable housing density bonuses, is provided as Attachment C.

B. Code Amendment Review Process

The Planning Commission reviewed the LUCA in three study sessions on April 14, May 12, and June 23. During the April and May study sessions, the Planning Commission expressed concerns that the proposed density bonus would not be sufficient to make affordable housing projects viable in less dense land use districts. To address this concern, the Commission expressed interest in creating a process to consider specific location characteristics that could support higher densities. In response, staff drafted an additional "super bonus" which could accommodate greater density through the existing Conditional Use Permit (CUP) process.

The Planning Commission reviewed the updated proposal, including "super bonus" during a June 23 Study Session. While the Planning Commission concurred that the intent of the "super bonus" was consistent with their request, the Commission expressed concerns that the complex CUP process would prevent affordable housing developers from using the bonus. After discussion, the Planning Commission directed staff to prepare and schedule the LUCA for Public Hearing.

On September 8, the EBCC held a courtesy hearing on the LUCA. The EBCC expressed concerns with perceived concentrations of affordable housing in specific neighborhoods. The EBCC also expressed concerns that the "super bonus" would be detrimental to neighborhoods and exceed the state mandate.

The Planning Commission held a public hearing on the LUCA, including super bonus, on September 22. After the public hearing and discussion, the Planning Commission decided not to recommend the LUCA to Council. The Planning Commission agreed with public comments and testimony presented during its review of the LUCA that assessed the density bonus as not being large enough. The Planning Commission also noted that the Super Bonus eligibility should be more flexible, the bonus should be greater, and that the CUP process would present a significant barrier to affordable housing development. In the end, the Planning Commission found that the LUCA as drafted did not meet decision criteria A and C of LUC 20.30J.135.

On November 15, the City Council was introduced to and reviewed the LUCA. In response to the Planning Commission, stakeholder feedback, and comments received from the EBCC, the "super bonus" was removed from the proposed LUCA. During the study session, staff also presented a concept for a second phase of work for a City-initiated CPA and Rezone for certain eligible properties owned by religious organizations. This process would provide a more predictable pathway compared to the "super bonus" while still achieving a similar result, thus addressing the Planning Commission's concerns. The 50 percent by-right density bonus was still included in the proposed LUCA and remains one tool to implement Action C-1 and respond to

RCW 35A.63.300. This density bonus is appropriate as a minimum for any eligible project and would be complementary with other additional incentives to further increase development potential where necessary and appropriate. Following deliberation, Council directed staff to finalize an Ordinance for the LUCA, as drafted, for approval. The Council also directed staff to initiate work on the second phase of work.

On December 6, the City Council adopted the LUCA through Ordinance No. 6626. The EBCC is now being asked to hold a public hearing. Notice of the public hearing before the EBCC was provided in the Weekly Permit Bulletin on January 20 and the Seattle Times on January 25.

C. EBCC Jurisdiction

The EBCC jurisdictional area contains land use districts where affordable housing projects on land meeting ownership criteria defined under Ordinance No. 6626 would be eligible for a density bonus. A map of these land use districts, with the EBCC jurisdictional area delineated, is provided as Attachment C.

III. Decision Criteria

LUC 20.30J.135 establishes the decision criteria for an application to amend the text of the LUC. Those criteria have been analyzed and addressed in the August 25 LUCA Staff Report (Attachment D).

IV. Action requested of the EBCC

The EBCC is requested to hold the public hearing on Ordinance No. 6626. Following the public hearing, the EBCC is requested to adopt Resolution No. 600 approving Ordinance No. 6626.

Staff will be present at the February 1 public hearing to answer any questions the EBCC may have. If there are questions before this meeting, please contact Kristina Gallant, 452-6196 or at kgallant@bellevuewa.gov.

ATTACHMENTS:

- A. Ordinance No. 6626
- B. Strike-Draft of LUCA
- C. Map of Eligible Land Use Districts with EBCC Jurisdictional Area Delineated
- D. LUCA Staff Report