

CITY OF BELLEVUE
BELLEVUE PLANNING COMMISSION
STUDY SESSION MINUTES

March 23, 2022
6:30 p.m.

Bellevue City Hall
Virtual Meeting

COMMISSIONERS PRESENT: Chair Malakoutian, Vice Chair Ferris, Commissioners Bhargava, Brown, Goeppele, Moolgavkar

COMMISSIONERS ABSENT: Commissioner Morisseau

STAFF PRESENT: Thara Johnson, Elizabeth de Regt, Department of Community Development; Matt McFarland, City Attorney's Office

COUNCIL LIAISON: None

GUEST SPEAKERS: None

RECORDING SECRETARY: Gerry Lindsay

1. CALL TO ORDER
(6:30 p.m.)

The meeting was called to order at 6:30 p.m. by Chair Malakoutian who presided.

Chair Malakoutian stated that the meeting was being held remotely via zoom.

2. ROLL CALL
(6:31 p.m.)

Upon the call of the roll, all Commissioners were present with the exception of Commissioner Morisseau who was excused.

3. APPROVAL OF AGENDA
(6:31 p.m.)

A motion to approve the agenda was made by Commissioner Goeppele. The motion was seconded by Commissioner Brown and the motion carried unanimously.

4. REPORTS OF CITY COUNCIL, BOARDS AND COMMISSIONS – None
(6:32 p.m.)

5. STAFF REPORTS
(6:32 p.m.)

A. Planning Commission Meeting Schedule

Comprehensive Planning Manager Thara Johnson took a few minutes to review the Commission's schedule of upcoming meeting dates and agenda items. It was noted that the April

13 regular Commission meeting would be canceled due to a lack of quorum.

Thara Johnson informed the Commission that the City Council would be returning to in-person meetings beginning the week of April 18. Direction has been given for the city's boards and commissions to follow. Meetings will be both in-person and via Zoom.

Vice Chair Ferris asked if Commissioners will be mandated to attend future meetings in person or if they can continue to participate remotely. Ms. Johnson said there are still details to be worked out, including that one. Assistant City Attorney Matt McFarland said the issue will be included in the upcoming bylaw amendments, but specific Council direction has not yet been given. The earliest date by which the boards and commissions will begin meeting in person is April 25.

6. ORAL AND WRITTEN COMMUNICATIONS
(6:40 p.m.)

Heidi Dean, 11661 SE 56th Street, referred to the letter submitted to the Commission by George Bullock in regard to the attack that happened at the light rail station in Seattle, and the concern voiced about how the Help Through Housing initiative will impact the neighborhoods. Heidi Dean said the gentleman in question was the same person who walked into their neighbors' homes in April 2020. The man literally walked into homes that were occupied and had to be chased out. The man trashed one home before breaking into another home and menacing an 89-year-old woman before being detained at gunpoint. The man was released just prior to the attack at the light rail station in Seattle. People have valid concerns about placing folks in homeless hotel shelters the county is placing around neighborhoods without any mitigations for the residents. The same will be true as the city adopts the Land Use Code Amendment to place permanent supportive housing in Bellevue neighborhoods. Residents will have no requirement to seek help when they have issues.

Thara Johnson noted the inclusion in the Commission packets the letter from George Bullock; an email relating to the LUCA that will be back before the Commission on April 27 for additional discussion; and an email relating to the Affordable Housing Strategy and expressing enthusiasm for the topic.

7. PUBLIC HEARING – None
(6:48 p.m.)

8. STUDY SESSION
(6:48 p.m.)

A. Overview of the City's Affordable Housing Strategy

Senior Planner Elizabeth de Regt reminded the Commission that the Council adopted the Affordable Housing Strategy in 2017. The document was based on the 2016 Housing Needs Assessment which looked at needs across the city in terms of housing types and affordability ranges. An affordable housing technical advisory group worked for nearly a year on the Affordable Housing Strategy before its adoption by the Council, and since then it has guided much of the city's housing work. The Affordable Housing Strategy includes a series of actions and strategies. One target aims to achieve 2500 new affordable housing units over the ten years between 2017 and 2027; the target was based on the anticipated outcomes of the 21 specific actions in the plan.

Deleted: 6

Deleted: 6

The multipronged approach to the Affordable Housing Strategy is predicated on the five strategies of 1) helping people stay in their affordable housing; 2) creating a variety of housing choices; 3) creating more affordable housing; 4) unlocking housing supply by making it easier to build; and 5) prioritizing state, county and local funding for affordable housing. Since adoption of the Affordable Housing Strategy, just over 1500 units have been achieved. There are approximately 700 additional units in the pipeline.

Elizabeth de Regt highlighted that affordable housing is crucial to the functions of the city. The Council has identified as priorities looking at code amendments instead of Comprehensive Plan amendments for projects with exceptional amounts of low- and middle-income housing, and strengthening the housing bonus program.

The Eastgate master development work for the Congregations for the Homeless project has taken a lot of coordination and work between different partnerships. There are three different subprojects: the Eastside men's shelter with 100 beds; 95 units of permanent supportive housing; and 360 units of workforce housing. In 2021 the Council allocated an additional \$4 million for the projects. Achieving the Affordable Housing Strategy target of 2500 additional affordable housing units includes unit preservation. In 2021 the city partnered with King County and Amazon to preserve the Illahee apartments, a 36-unit building earmarked for households earning between zero and 30 percent of area median income.

Deleted: new

There were three Land Use Code amendments before the Commission and the Council in 2021. They were aimed at reducing the minimum parking requirements near transit areas; unit lot subdivisions; and removal of the three-year wait rule regarding accessory dwelling units.

The multifamily tax exemption program was also updated in 2021. The program update, which is not housed in the Land Use Code, did not come before the Commission. The program had been in existence for a few years but had not seen much utilization. It is based on state legislation that allows cities to exempt the residential property taxes on market-rate buildings in exchange for an agreement to provide 20 percent of the units at affordable rates. Both the exemption and the affordability requirement last for 12 years. The affordable units are mixed in with the market rate units. Several of the program's regulations were changed in order to encourage developers to make use of the program. One change was to make the program available throughout the entire city wherever multifamily is allowed. Another change was to require deeper affordability for extra small units and to disallow double-counting units that overlap with other incentives without providing deeper affordability for those units. Following the updates, there has been an uptick of interest in the program.

Deleted: issue

Deleted: s

Elizabeth de Regt noted that in 2021 the state legislature approved HB 1590 which brings online a new source of funding for affordable housing projects. HB 1590 allows the city to establish a 0.1 percent sales and use tax for housing and related services. In 2021 two separate RFPs were put out, one of which was for human services for housing-related services, including behavioral health services and rental assistance totaling \$1.7 million. The second RFP resulted in the allocation of up to \$1.6 million in capital funds for LifeWire's *Hope Starts Here* project with 25 units for victims of domestic violence.

Deleted: the

The C-1 housing initiative is named after Action 1 of Strategy C of the Affordable Housing Strategy. The strategy identifies the need to provide density bonuses to faith-based, non-profit and public agency-owned land. State legislation came into play after the C-1 strategy was adopted. Bellevue's resulting program provides a 50 percent bonus on those properties if they

Deleted: s

Deleted: that

| provide entirely affordable housing. There is also some additional flexibility to the dimensional standards to make the 50 percent bonus more achievable.

Deleted: is included

Elizabeth de Regt said the Commission will be seeing additional land use map and policy amendments during 2022 to incentivize affordable housing proximate to arterials, transit and multifamily, with an emphasis on single family zones. Also in 2022 the city plans to conduct a housing needs assessment. The work will be done by a consultant and the issue will be brought to the Commission for review and discussion.

The Comprehensive Plan periodic update is due in 2024. A big part of the update will focus on housing in terms of housing unit targets and map amendments; targets for distinct affordability ranges; and policies for increased housing options. The update will also include looking at how the city's needs fit into the housing needs of the region.

A number of the Affordable Housing Strategy actions have already been completed. Going forward the work will focus on some of the remaining actions and the recommendations from the technical advisory group that were not put into the strategies.

| Elizabeth de Regt shared with the Commissioners a chart outlining the average full-time annual wages in the Bellevue area in 2021. It was noted the figures were based on the Seattle/Bellevue metro area. Eighty percent and below of area median income is what is considered to be affordable. At the 80 percent level are annual salaries for registered nurses, firefighters, police officers and middle school teachers. Those in the 50 percent of area median income range include office clerks, waitpersons, laborers and freight and stock handlers. At and below 50 percent of area median income are retail salespersons, cashiers, home health aides and fast food workers. Minimum wage falls well below the 50 percent of area median income line. About two-thirds of Bellevue residents are above the median income level, but fully a third of Bellevue residents fall into the lower-income spectrums. Just over half of Bellevue seniors have incomes above the median, while just under half are in the lower-income categories. Almost a third of all Bellevue households spend more than 30 percent of their income on housing, which is the definition of being cost burdened. Sixteen percent of renters and almost a third of senior renters spend more than 50 percent of their incomes on housing.

Deleted: a

The housing data from 2017 is admittedly out of date but is still indicative of where the gaps are. Nearly 20 percent of Bellevue households are in the zero to 30 percent of area median income range and in the 31 to 50 percent of area median income range. However, less than ten percent of Bellevue's overall housing stock is affordable to folks in that category.

With regard to housing types, Elizabeth de Regt noted that there has been a large trend shift from the early days of the city to the present time. In the 50s and 60s there was a good mix of single family homes that had three, four and five bedrooms. That shifted to homes with five and six bedrooms. In multifamily areas the shift has been even more pronounced and it has gone in the opposite direction. In the 50s and 60s more than half of the units built had two bedrooms; currently more than half of the units have one or fewer bedroom. With single family houses getting bigger and multifamily units getting smaller, there is a resulting gap in the middle. Housing types will be a key theme of the Comprehensive Plan periodic update and other projects. The gap is the range between duplexes and small-scale apartments. Such units are generally located in walkable and transit-rich areas and have two or more bedrooms and are suitable for families. The units are generally more affordable than single family homes because they are smaller. They provide options to serve residents throughout their lives. Those kind of family sized units were fairly common in the 60s, 70s and 80s, but that is no longer the case.

Vice Chair Ferris voiced her understanding that the strategy from 2017 was to have 2500 new units and suggested units that are preserved should be tracked separately. Elizabeth de Regt said the overall goal of 2500 unit was based on all 21 actions in the Affordable Housing Strategy. Each action had specific unit goals which collectively added up to 2500 units. Some units were to be new while others were to be created through preservation.

Vice Chair Ferris asked if all of the ADUs mentioned at affordable at some level. Elizabeth de Regt said the ADUs being tracked are simply those that have been permitted. There is a lot of data that shows ADUs tend to be more affordable than equivalent units, but there are no requirements that they be affordable.

Commissioner Moolgavkar asked for an update about the properties near the transit oriented development stations and the light rail maintenance facility. Elizabeth de Regt noted 250 units are listed as being in the OMFE TOD pipeline with units across a range of affordability levels. Also anticipated are about 150 units of affordable housing near the 130th station. Thara Johnson added that the staff are still working with Sound Transit on the 130th station area and it cannot be said exactly when those units will be brought online, but it is anticipated that construction will start in 2023.

Deleted: is

Commissioner Goeppele asked if the staff were surprised that only 59 ADUs have been created under the new approach, and asked if there are other things the city could be doing to encourage more ADU development. Elizabeth de Regt said it will be interesting to see how many ADUs are created now that some time has passed since the three-year rule was removed. Currently, ADUs in Bellevue must be attached and that limits the number of them.

Commissioner Goeppele asked if the missing middle housing issue could be addressed as part of the Comprehensive Plan periodic update. Elizabeth de Regt said the topic will be raised as part of that work. There are things that can be done via the Comprehensive Plan. Most of Bellevue's new units coming online are in dense nodes, which is good, but they tend to be smaller units. The missing middle could possibly be addressed in the transition areas between single family and the dense nodes.

Commissioner Bhargava asked about the delta between the 2500 unit goal and the actual housing needs assessment for affordable housing. Elizabeth de Regt said the strategy back then did not identify the gap between the target and the need in the community. The issue will be part of the new needs assessment that will inform the Comprehensive Plan update.

Commissioner Bhargava noted that the affordable housing incentives for developers seem to all link to a percentage of units and have little to do with unit size or typology. Commissioner Bhargava suggested the incentives could link to why the city is seeing smaller and smaller affordable housing units created. Policies should be considered that would seek to yield different types and sizes of affordable units. Elizabeth de Regt said there are a number of different ways the incentives work. The incentives that are tied to percentages are primarily related to market-rate projects that include affordable units, and they tend to be denser multifamily buildings. There are policies in place that encourage larger units for those projects, including the multifamily tax exemption program which has a baseline requirement that 20 percent of the units have two or more bedrooms. If the requirement is not met, the developer is required to offer the units at a deeper affordability level. The city has more control to target larger units in preservation efforts.

Deleted: ways

Commissioner Bhargava suggested that while the multifamily tax exemption program is good, it is not enough. More could be done to bring diversity to the city's housing stock.

Commissioner Brown observed that the city appears to be on target to meet the housing goal that was set, but even so apartments are not getting more affordable. The problem has worsened and it will be necessary to greatly exceed the target in order to even come close to addressing the actual need. Commissioner Brown noted that there is legislation being discussed at the state level, such as HB 1782 that would mandate increased density, especially near public transit, and asked if the city is lobbying in favor of the legislation or just waiting to see the outcome. Elizabeth de Regt said there were quite a few bills during the legislative session that addressed the missing middle housing question that did not survive. The Association of Washington Cities, of which Bellevue is a member, did not support most of the bills, favoring instead having local control.

Deleted: unfortunately

Commissioner Brown pointed out that land is a limited commodity in Bellevue, and noted that the vast majority of the land is zoned for and developed with single family. In order to address the need for more housing units, density will have to be increased. Elizabeth de Regt agreed, adding that during the Comprehensive Plan update capacity will have to be increased. Commissioner Brown observed that ADUs and the like offer one way to increase density in single family areas, but there seems to be serious obstacles in zoning and in the permitting process that are keeping many from creating ADUs on their single family properties. Commissioner Brown asked if any effort will be put into addressing those barriers. Elizabeth de Regt said one of the actions in the Affordable Housing Strategy is to identify barriers and take action to reduce them, particularly for ADUs. That is what led to the removal of the three-year rule. Other barriers could be considered, though there has not been any direction given yet to do so.

Commissioner Brown asked if there were anything the Commission could do to urge the Council to take additional action. Thara Johnson said at the time the three-year rule was before the Commission, a recommendation was made that the Council should take additional actions. There is a Comprehensive Plan policy that says DADUs are to be evaluated on a neighborhood-by-neighborhood basis. The issue came up during the Great Neighborhoods process and was highlighted as a significant issue.

Deleted: big deal

Commissioner Goepple commented that in preparing for the meeting they read the hearing examiner's decision in connection with the conditional use permit for the Congregations for the Homeless development. It was interesting to see what was done in that instance to address questions that came up and which will be addressed by the Commission as part of the LUCA.

Deleted: interested

With regard to preservation efforts, Commissioner Bhargava said it was not clear how much opportunity the city has going forward, adding that it is also unclear what opportunities have been lost. Commissioner Bhargava asked what financial mechanisms are available to the city to use to preserve housing units. Elizabeth de Regt said there are a number of funding sources that can be used by developments for affordable housing. The example mentioned in the presentation involved a partnership with King County and Amazon. There has been an uptick in interest on the part of private entities in recent years in giving grants for preservation projects. Commissioner Bhargava noted that Amazon has set up an affordable housing fund and suggested identification of opportunities should be first, and once the opportunity sites are identified the city should seek to proactively form partnerships.

Commissioner Bhargava asked if there are any facts in hand that validate whether or not ADUs

are truly affordable units. Elizabeth de Regt said studies have been done across the country that reached that conclusion, though there are no Bellevue-specific studies. The studies have found the ADUs generally tend to be more affordable than the equivalently sized market-rate units. That could be because the homeowners rent the units to friends, or because the homeowner is being intentional about offering affordability. It is important to note that “affordable” can be used in a number of ways. Officially based on Bellevue’s Land Use Code, affordable refers to rents affordable to households at 80 percent of area median income or less. In saying that ADUs are affordable, the reference is to the units being more affordable than similarly sized market-rate units, which does not necessarily meet the official definition of affordable. Commissioner Bhargava commented that absent convincing evidence that ADUs are affordable, ADUs should be tracked separately and not counted toward the overall target.

Chair Malakoutian concurred that while ADUs may have somewhat lower rents, they are not affordable in terms of the official definition of affordable housing. The term “affordable” should not be used in association with ADUs.

Commissioner Brown said the house they purchased in 2001 for \$200,000 is now generating offers of \$1 million. If sold, the house will be torn down and replaced with a mega mansion as is being done throughout the neighborhood. If the current trend continues, housing will never be affordable. Elizabeth de Regt suggested that it will take a multipronged approach to tackle the problem going forward. The key will be in addressing the overarching supply of housing units and the Comprehensive Plan update process will be key to that.

Vice Chair Ferris voiced appreciation for the work done by both the staff and the Council. The Council is clearly making the issue a priority. In reporting on results, staff should include what it was that triggered the production of particular affordable housing units, be it the C-1 policy or the multifamily tax exemption. That will aid the Commission in focusing on those things that clearly move the needle when working on the Comprehensive Plan update. ADUs will not move the needle. Bellevue has a wonderful school district that needs families, and families need the housing units that are in the middle. There is also the issue of workforce housing which covers the range from about 80 percent of area median income to 120 percent of area median income. While not affordable in terms of the official definition, there is a clear need for those units and there is no real program addressing that population, which is crucial for the health of the community. With regard to senior housing, affordable units are clearly needed. Additionally, the senior population looking to age in place will need services.

Deleted: ut

9. OTHER BUSINESS – None
(7:53 p.m.)

10. APPROVAL OF MINUTES
(7:53 p.m.)

A. March 9, 2022

A motion to approve the minutes as submitted was made by Vice Chair Ferris. The motion was seconded by Commissioner Brown and the motion carried without dissent; Commissioner Moolgavkar abstained from voting.

11. CONTINUED ORAL COMMUNICATIONS
(7:54 p.m.)

Anne Coughlin, 1656 NE 14th Place, asked if the workforce housing in connection with the Congregations for the Homeless project will be only for low-income people, or if it will also be for those with mental health or addiction problems. A concern was also voiced about supportive housing in the neighborhoods if there are going to be no background checks or requirements to take medications to stop addictions. Just putting a person alone in a home will not cure serious mental illnesses or heroin addiction. In larger settings the police can be around to check on the residents.

Thara Johnson responded that the staff would contact Anne Coughlin via email.

12. EXECUTIVE SESSION – None
(7:59 p.m.)

13. ADJOURNMENT
(7:59 p.m.)

A motion to adjourn was made by Commissioner Goeppele. The motion was seconded by Commissioner Brown and the motion carried unanimously.

Chair Malakoutian adjourned the meeting at 7:59 p.m.