

## CITY COUNCIL STUDY SESSION

Council initiation of the Affordable Housing Strategy Action C-1, Phase Two, (Increased density for affordable housing on faith-owned properties).

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## DIRECTION NEEDED FROM COUNCIL

### DIRECTION

Direct staff to initiate work on the Affordable Housing Strategy Action C-1, Phase Two, initiative including a Comprehensive Plan Amendment (CPA) as part of the 2022 annual CPA work program and associated Land Use Code Amendment (LUCA) to further increase affordable housing potential on certain faith-owned properties in single family land use districts.

## RECOMMENDATION

Direct staff to initiate work on the Affordable Housing Strategy Action C-1, Phase Two, initiative including a CPA as part of the 2022 annual CPA work program and associated LUCA to further increase affordable housing potential on certain faith-owned properties in single family land use districts.

## BACKGROUND & ANALYSIS

### Project History and Purpose

In 2016, the City completed a Housing Needs Assessment that found almost 20 percent of Bellevue's households made less than half the area median income (AMI), while less than 10 percent of Bellevue's housing stock was affordable to these households. This finding, along with others, informed the development of the City's Affordable Housing Strategy (AHS), adopted by the City Council the following year in June 2017. Strategy C of the AHS is to "create more affordable housing," and action C-1 calls for "increasing development potential on suitable land owned by public agencies, faith-based and non-profit housing entities for affordable housing." The AHS estimated that between 200 and 1,000 affordable homes could be added to the City's housing stock by implementing Action C-1.

Achieving new affordable housing typically relies on non-profit housing developers. However, non-profits struggle to buy land in Bellevue, and instead typically rely on partnerships with faith groups or government entities, or redevelop property they already own. Correspondingly, state legislation passed in 2019 requires that for real property owned or controlled by a religious organization, cities planning under the Growth Management Act must provide an increased density bonus for any affordable housing development.

In response to the state legislation, the City adopted a CPA in 2020 adding three new housing policies establishing high-level objectives, and in 2021, the City adopted a LUCA providing a 50 percent density bonus for permanent affordable housing development on qualifying faith, non-profit, or public owned properties. Projects eligible for the bonus may also include certain modifications to development requirements, including an additional story of height in multifamily land use districts and incorporation of duplex and triplex units in single family land use districts.

While the 50 percent density bonus is significant especially for properties located in multifamily land use districts due to the high base density and permitted uses, the 2021 LUCA was acknowledged as the first phase of implementing Action C-1. In fact, during the adoption process of the 2021 LUCA, Council directed staff to bring back an Action C-1, Phase 2, to include a CPA and another LUCA to increase density in multifamily and multi-use areas, under zoned areas, along transit-oriented development (TOD) and high frequency transit, and to look at incentives for deeper affordability. This direction for the potential Phase 2 initiative is consistent with input from the Planning Commission during the Phase 1 LUCA process as well as certain concerns voiced by stakeholders that the 50 percent bonus may not be large enough to support affordable housing development in single family land use districts, specifically those faith-owned properties in single family districts that are well-situated to accommodate affordable multifamily housing.

### **Project Overview**

The purpose of this phase of work is to create additional affordable housing capacity on faith-owned properties in single family land use districts which are located in areas well-suited to multifamily housing. Specifically, staff propose analyzing properties meeting all the following criteria:

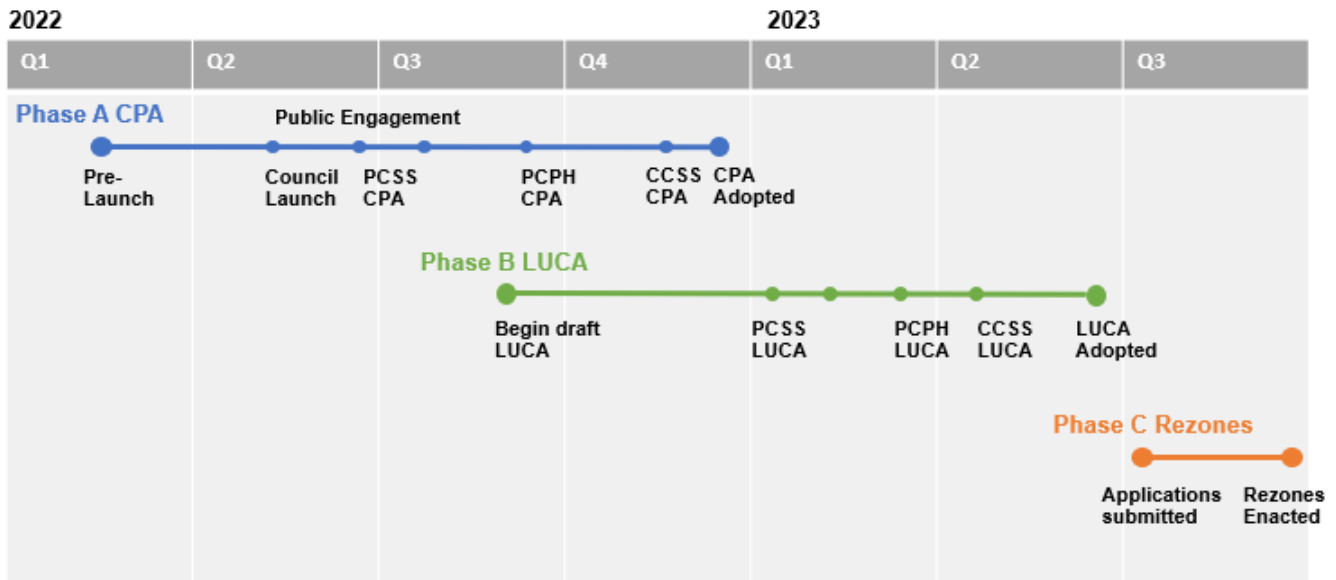
- Owned by a religious organization; and
- Located in a single family land use district; and
- Located on an arterial; and
- Located within half a mile of a frequent transit stop, including future light rail or bus rapid transit; and
- Located near a land use district where multifamily housing is permitted.

Staff have identified 22-24 sites meeting these criteria, just under half of all faith-owned sites in Bellevue located within single-family zones. Further stakeholder engagement and staff analysis are expected to inform proposed increased densities for eligible sites. Staff plan to engage with the public and stakeholders to consider factors that contribute to project viability, along with the land use, transportation and environmental context of each property.

After initial analyses, public engagement, and direction from Council, staff will develop a CPA proposal for consideration by the Planning Commission, which will follow the City's Process IV legislative process for review, public hearing, and recommendation to Council. Following CPA adoption, staff will bring forward a LUCA, followed by any property rezones authorized by the code and policy work.

### **Project Timeline**

The timeline below shows major milestones and the CPA and LUCA processes.



### Public Engagement

Multiple public engagement approaches will be used to gather input from stakeholders to ensure broad perspectives inform the final proposal. Primary stakeholders targeted for outreach are religious organizations, residents, affordable housing developers and providers, community based organizations, and populations most disproportionately impacted by housing cost burden.

## POLICY & FISCAL IMPACTS

### Policy Impact

Affordable housing is a critical need for Bellevue. The City is currently guided by the Council-approved AHS (adopted June 2017). Action C-1 is critical to achieving the goal of creating 2,500 more affordable homes within 10 years of implementation (2017-2027) 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-33.** Implement Affordable Housing Strategy C-1 by providing bonuses and incentives to increase permanently affordable housing on any qualifying property owned by faith-based or non-profit housing entities, or on surplus property owned by public entities.

**Comprehensive Plan Policy HO-34.** Implement the bonuses and incentives for qualifying properties to respond to the different conditions of multifamily and single family land use districts that are outside of Downtown, BelRed, and Eastgate TOD.

**Diversity Advantage Initiative Guiding Principle – Opportunity:** Share prosperity by connecting residents, schools, businesses, faith and nonprofits to work together for the common good.

**Diversity Advantage Plan – Economic Development Recommended Action 1:** Provide opportunities for current and future Bellevue residents and workers by implementing regulatory and incentive tools to increase the supply of affordable housing.

**Fiscal Impact**

There is no direct fiscal impact to revenues or costs associated with implementing this proposal.

**OPTIONS**

1. Direct staff to initiate work on the Affordable Housing Strategy Action C-1, Phase Two, initiative including a CPA as part of the 2022 annual CPA work program and associated LUCA to further increase affordable housing potential on certain faith-owned properties in single family land use districts.
2. Provide alternative direction to staff.

**ATTACHMENTS**

- A. Affordable Housing Strategy C-1, Phase Two, Geographic Scope Map

**AVAILABLE IN COUNCIL LIBRARY**

Bellevue's Affordable Housing Strategy (June 2017)