

CITY COUNCIL STUDY SESSION

Framework for Council Prioritization of the Affordable Housing Strategy “Next Right Work”

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DIRECTION NEEDED FROM COUNCIL

DIRECTION

Staff, joined by SkipStone Consulting, will present a proposed prioritized list of the Affordable Housing Strategy “Next Right Work” actions, informed by recent stakeholder engagement. Staff are seeking Council confirmation of the recommended list of Next Right Work actions to undertake in the next 12-18 months to supplement ongoing housing work. Other Next Right Work ideas would remain for future consideration.

RECOMMENDATION

Confirm the recommended list of Next Right Work actions to undertake in the next 12-18 months to supplement ongoing housing work. Other Next Right Work ideas would remain for future consideration.

BACKGROUND & ANALYSIS

2017 Affordable Housing Strategy – Need for the “Next Right Work”

On April 11, staff provided Council a biannual progress report on implementation of Bellevue’s Affordable Housing Strategy. The progress report noted that many of the actions from the 2017 Affordable Housing Strategy had been completed and the City was on-track to exceed the 10-year (2017-2027) implementation target of creating or preserving 2,500 affordable housing units.

During the discussion on April 11, and affirming its priorities, Council continued to regard housing and affordable housing to be of high importance and recognized the need to do more work, i.e. the Next Right Work on the Affordable Housing Strategy. The City also conducted a targeted stakeholder engagement process within a compressed time frame to help inform the development of a recommended list of actions to be brought to Council for discussion and direction by the end of Q2 2022.

Based on Council direction from the recommended list of actions, staff would develop a work program for actions to pursue over a 12-18 month period in 2022-2023 as part of the joint Community Development (CD) and Development Services (DS) workplan. The joint CD and DS workplan, which was presented to Council in March, specifically allocated staffing and resources for the Next Right Work program. Further, the joint workplan took into account how the Next Right Work actions would fit into the larger City context, including ongoing planning initiatives and work programs, the capacity of stakeholders and the public to fully engage, and other influencers and factors.

Additionally on April 11, Council directed that key considerations should inform the prioritizing of the Next Right Work actions. These considerations are:

- Geographic distribution for expanded types of housing
- Focus on both rental and ownership
- Expected unit production
- Affordability level
- Span of use (i.e., providing housing for people throughout life stages)
- Speed to deliver the housing units
- Ability to attract capital and scale up
- Equity outcomes
- Opportunities for partnerships
- Sustainability
- Needed code and policy work
- What other cities are doing and the effectiveness of those efforts.

The Next Right Work process was designed to create a transparent assessment framework to prioritize potential actions, and to involve and build consensus among stakeholders and the community. The process began by collating a list of actions, aimed to make progress on meeting the housing needs of the City's diverse and growing population. The list included unfinished strategies from the 2017 Affordable Housing Strategy and additional strategies to encourage more housing production overall, increase the amount of affordable housing within the City, and minimize procedural impacts to building housing.

Next Right Work Process and Stakeholder Engagement

To facilitate the Next Right Work process and to assist in developing a prioritized list of actions, the City hired SkipStone, a consultant with experience working on housing and affordable housing issues, and focused expertise on strategy development.

SkipStone worked with staff to develop an outreach plan which included two primary information gathering tools:

- A list of actions to generate more housing overall and affordable housing in particular, with a mechanism for participants to rate and comment on these strategies; and
- A worksheet to ask open ended questions on existing housing challenges, priorities for increasing housing and affordable housing, and high-level policy direction.

SkipStone used these tools to engage a variety of stakeholder groups between April and early June. At the completion of this initial process, additional input was sought from underrepresented groups including market rate renters, homeowners not included in the Neighborhood Leaders group, and affordable housing renters. The full range of stakeholders included:

- A Regional Coalition for Housing (ARCH)
- Eastside Housing Coalition
- Neighborhood Leaders
- Additional homeowner group, not part of neighborhood leaders
- Market rate renters
- People with lived experience of housing insecurity
- Renters of affordable housing
- Bellevue Downtown Association (BDA)
- Bellevue Chamber of Commerce
- Master Builders Association of King and Snohomish Counties (MBAKS)

High-level input, personal stories and anecdotes, and detailed policy suggestions were received from participants at these stakeholder meetings. Staff and the consultant also received telephonic and email input, which was included in the evaluation process. This engagement process focused on high level prioritization using a variety of input mechanisms and noted that further outreach would be conducted on any strategies that advanced to policy or legislative work. Additional information about the outreach conducted can be found in Attachment A – Bellevue Housing and Affordable Housing Strategies (Consultant Report).

Consultant Evaluation and Findings

SkipStone used several analytic strategies to integrate and incorporate stakeholder feedback (see Attachment A for additional detail). The strategies that rose to the top based on the consultant review had the following characteristics:

- A high degree of support from a majority of stakeholders;
- Often cited by participants in response to open ended questions;
- A relatively high degree of consensus (limited polarization);
- The potential to be highly impactful (based on experience in other jurisdictions and analysis of effectiveness done by third parties); and
- A strong alignment with the “considerations” provided by Council.

There was a high degree of agreement on the severity of the challenge facing Bellevue relative to housing. Virtually all participants (except the Neighborhood Leaders) rated the housing availability and affordability problem as “severe” or “very severe”. Among the Neighborhood Leaders, the distribution was evenly spread between scores of 3 (“moderate”) and 7 (“very severe”), on a 1-7 scale for both availability and affordability.

There was also a large amount of input regarding the human and environmental consequences of the shortage of housing and affordable housing. The oft-repeated themes included:

- The environmental consequences of long commutes;
- The impact on families of long commutes;
- The interdependence between housing and childcare and the ability of women to remain in the workforce; and
- The impact of operational regulations and standard practices on the rental housing process which create challenges for renters and mom-and-pop landlords.

Based on the stakeholder engagement, there was strong support overall for additional density around transit and infill within single family neighborhoods (duplex, quad-plex, accessory dwelling units), with a consensus for adding about 75 percent of new capacity in the City near transit (10-minute walkshed). There was also strong support for administrative flexibility (or ability for staff to say “yes” where something is not specifically proscribed) on things such as setbacks and other design guidelines, especially where such flexibility is consistent with overall objectives for housing production and affordable housing production.

Staff Recommendation

After completion of the stakeholder outreach and evaluating the input received, 16 actions rose to the top of the Consultant Report from the original 45 ideas plus write-in ideas. The items with an asterisk, below, were identified in the Consultant Report as ones most appropriate for consideration as the Next Right Work. To supplement ongoing housing work, CD and DS have allocated capacity to work on two to four projects for the Next Right Work in the next 12-18 months depending on the level of effort for the action. Staff has reviewed the Consultant Report and recommends four items be pursued as the first set of Next Right Work. **These recommended actions are bolded and highlighted in yellow below and include: Commercial Linkage Fee; Remove Barriers to Micro-apartments; Allow Higher FAR for Residential; and Reduce Permit Fees for Affordable Housing.** The green rows indicate “Top 16” ideas that are either ongoing work or part of the current 2022-2023 CD/DS joint workplan.

POTENTIAL “NEXT RIGHT WORK” ACTIONS	POTENTIAL IMPACT (Housing and/or Affordable Housing)	LEVEL OF EFFORT (Community, City Council, PC, Staff, etc.)	ONGOING OR IN CURRENT 2022-23 WORK PLAN
Focus: Generate Revenue for Affordable Housing			
Enact a Housing Levy *	HIGH	HIGH	Funding discussion among ARCH cities occurring at Board
Implement Commercial Linkage Fees *	HIGH	HIGH	NO
Focus: Increase Housing and Affordable Housing			
Increase Affordable Housing Density Bonus (based on FAR or height; consider fee in-lieu)	MEDIUM	MEDIUM	YES
Encourage Townhouse/Rowhouse Development	MEDIUM	MEDIUM	YES
Encourage DADUs, ADUs and Duplex, Triplex, Quadplexes, including mechanism for separate ownership *	MEDIUM	HIGH	YES
Remove Barriers to Micro-apartments *	LOW	LOW	NO
Allow Higher FAR for Residential (or unlimited FAR or DUs per acre) within the form/height limits	HIGH	MEDIUM	NO
Eliminate Minimum Parking Requirements for Residential Development (lender sets minimums) *	MEDIUM	HIGH	NO
Increase Ease of Rezones through broader Comprehensive Plan designations and create a process for Contract Rezones/Development Agreements for providing additional housing benefits	MEDIUM	HIGH	YES
Expand Home-Ownership Assistance Programs	LOW	LOW	NO
Increase Stock of Rent Restricted Affordable Housing	MEDIUM	MEDIUM	YES
Expand Areas with Zoning at 90’ to allow for wood frame construction (with a similar Fire Code for “5-over-3 construction”)	MEDIUM	MEDIUM	YES
Focus: Streamline Permits and Procedures			
Simplify the Land Use Code	MEDIUM	HIGH	NO
Simplify the Permitting Process and Expedite Permitting for Affordable Housing projects *	LOW	MEDIUM	NO
Reduce Permit Fees for Affordable Housing projects *	LOW	LOW	NO
Complete Planned Action State Environmental Policy Act review for up-zoned areas that allow for SEPA exemptions for projects up to 250 units	MEDIUM	MEDIUM	NO

Bold Items/Yellow Rows: Staff recommendation for Next Right Work subject to Council input and confirmation.

**Green Rows: “Top 16” ideas that are either ongoing work or part of the current 2022-2023 CD/DS joint workplan.
* Identified in Consultant Report as most appropriate for consideration as the Next Right Work.**

Consistent with CD and DS work planning practices, any project that is initiated will require definition of scope, process, staffing/resource projections, timeline, and engagement plan prior to its launch. However, in order to facilitate Council’s discussion, each potential action has been evaluated for potential impact to housing and/or affordable housing production and level of effort to undertake the action (including community engagement, Council interface, Planning Commission work, and staff oversight, coordination and technical work). As noted earlier, the joint CD and DS workplan for 2022-2023 includes a certain amount of staffing and resource capacity that has been allocated to work on the Next Right Work.

This body of Next Right Work would supplement ongoing housing and affordable housing efforts undertaken by CD and DS as part of the 2022-2023 workplan. These include:

- Comprehensive Plan Periodic Update (new housing capacity, “middle housing” options, etc.)
- Wilburton Vision Implementation (CPA, LUCA)
- BelRed Look Forward (CPA, LUCA)
- Emergency Housing/Supportive Housing LUCA
- C-1/Faith-Based Increased Capacity (CPA, LUCA)
- Housing Stability Program (HB 1590) Implementation
- ARCH Housing Trust Fund contributions
- Other City affordable housing partnerships

These items provide a good mix of actions based on area of focus, potential impact to housing production, which items will be addressed in the Comprehensive Plan Periodic Update already underway, and level of effort, including the staff expertise needed to undertake each action. With Council direction, staff will begin to scope these efforts and conduct necessary pre-launch work, including initial legal review. Following scoping and pre-launch work, staff would seek direction on the formal launch for each action. If any actions are determined during the scoping phase to not be feasible in the timeframe of the Next Right Work, staff will return to Council to seek direction on other actions to pursue.

POLICY & FISCAL IMPACTS

Policy Impact

The purpose of the Next Right Work is to increase the amount of housing and affordable housing throughout the City. This is consistent with City Council Priorities, Comprehensive Plan Housing Policy, Affordable Housing Strategy, and Economic Development Plan Strategies.

Fiscal Impact

The joint CD and DS 2022-2023 workplan for planning initiatives includes staffing and resources for the Affordable Housing Strategy Next Right Work.

OPTIONS

1. Confirm the recommended list of Next Right Work actions to undertake in the next 12-18 months to supplement ongoing housing work.
2. Provide alternative direction to staff.

ATTACHMENTS

- A. Bellevue Housing and Affordable Housing Strategies (Consultant Report)

AVAILABLE IN COUNCIL LIBRARY

Supporting studies and articles provided by SkipStone