

# Affordable Housing “Next Right Work” Framework for Council Prioritization



Emil King, *Community Development*  
Trisna Tanus, *Development Services*  
A-P Hurd, *SkipStone Consulting*

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# Council Direction

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

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# Agenda

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- Background
- Next Right Work Overview
- Key Considerations
- Consultant Work
  - Engagement Process
  - Evaluation and Findings
- Staff Recommendations
- Next Steps



# Background

- Affordable Housing - Key Council Priority
- Affordable Housing Strategy adopted 2017
  - Target of 2,500 units/beds over 10 years
- June 2022 marked midway point
  - On track to exceed 10-year AHS target
- “Next Right Work” will determine initiatives for the next 12-18 months, to supplement ongoing efforts

## AFFORDABLE HOUSING STRATEGY 2017-2027



# Next Right Work Overview

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- Focused stakeholder engagement process
- Review past, current and new ideas
- Three general topics
  - Generate Revenue for Affordable Housing
  - Increase Housing and Affordable Housing
  - Streamline Permits and Procedures
- Acknowledges large body of ongoing housing work (Comp Plan Update, Wilburton, C-1 Properties, Housing Stability Program/1590, MFTE applications, etc.)
- Tonight – Report back to Council with recommendations



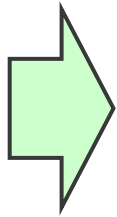


# NRW Supplements Ongoing Work

March '22 LUPI Workplan	2022				2023				2024	
Initiatives	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
2022 Annual CPAs				Adoption						
Comprehensive Plan Periodic Update										Target Adoption
Wilburton CPA/LUCA								Target CPA Adoption		Target LUCA Adoption
I-405 Grand Connection Crossing		If direction received to proceed								
BelRed Look Forward CPA/LUCA										Target Adoption
AHS "Next Right Work"								Target Adoption		
AHS C-1 Phase 2 CPA/LUCA				Target CPA Adoption		Target LUCA Adoption				
Supportive & Emergency Shelter LUCA		Target Adoption								
State Legislation (mandates/conformance)				Target Adoption				Target Adoption		
Tree Canopy Preservation LUCA/BCCA						Target Adoption				
Noise Control Amplified Sound (Phase 1)		Target Adoption								
Noise Control Construction (Phase 2)					Target Adoption					
Wireless (Small Cell ) LUCA					Target Adoption					

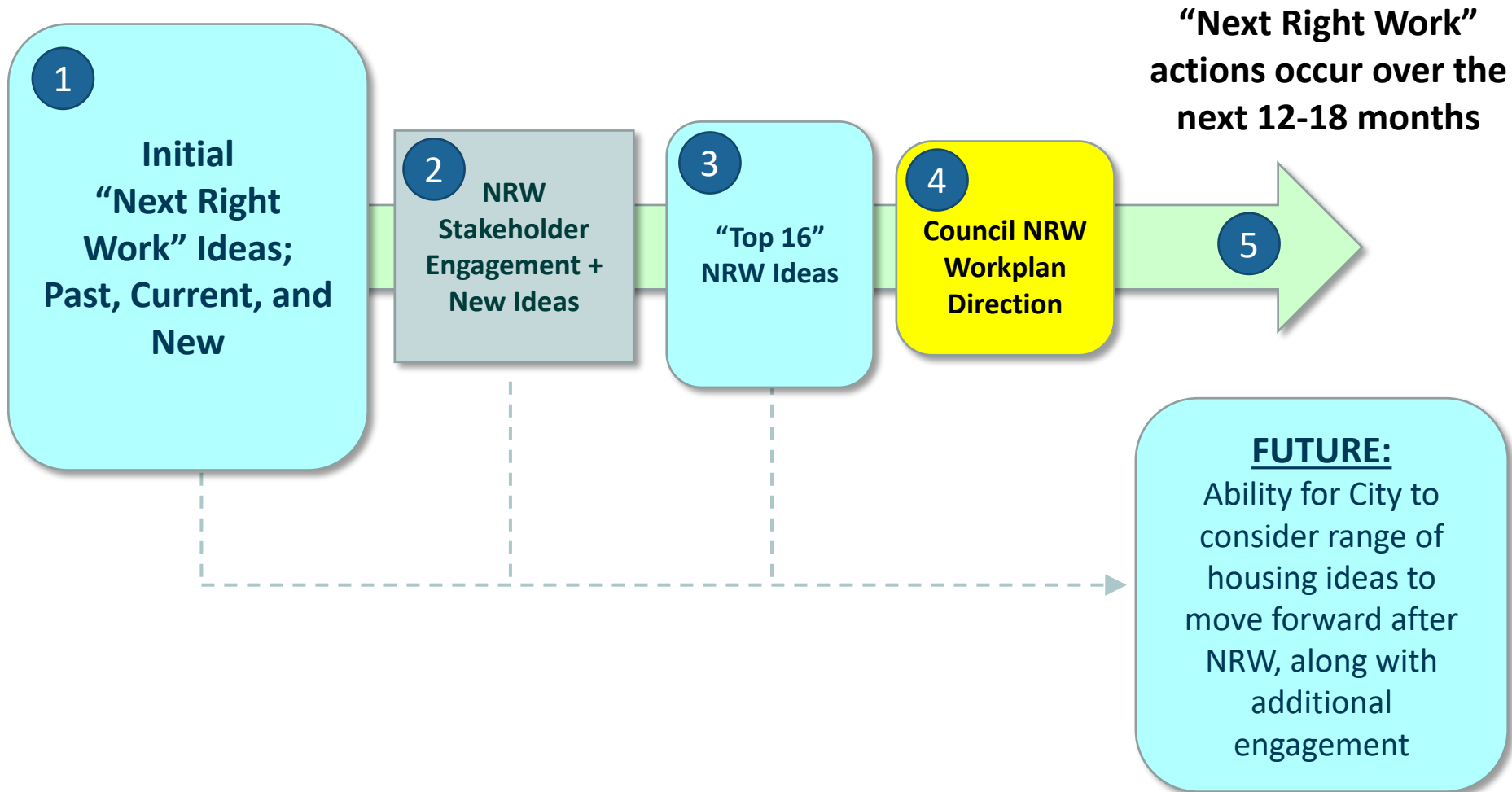
**KEY**

- Pre-Launch Phase
- Execution Phase
- Implementation Phase





# NRW Process Overview



# Considerations for NRW

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







# AGENDA – CONSULTANT WORK

1. Stakeholder Engagement Process;
2. Range of Questions Asked;
3. Starter List of Ideas;
4. Input Received;
5. Consultant Analysis/Findings; and
6. Consultant Recommendations/Short List.



# STAKEHOLDER ENGAGEMENT PROCESS

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

- A list of best practices for growing housing and affordable housing in urban areas, with a mechanism for participants to rate these strategies and comment on them.
- A worksheet that was used in workshops to ask more open-ended questions about housing needs and strategy.

SkipStone and staff met with the following groups:

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



# RANGE OF QUESTIONS ASKED

Some of our open-ended questions

Date: \_\_\_\_\_

1. On a scale of 1-7 where 1 is "not a problem", and 7 is "very severe" how would you rate **housing affordability** in Bellevue? (*circle one*)

1      2      3      4      5      6      7

2. On a scale of 1-7 where 1 is "not a problem", and 7 is "very severe" how would you rate **housing availability** (the amount of housing relative to demand) in Bellevue? (*circle one*)

1      2      3      4      5      6      7

3. If you had concerns for questions 1 or 2, can you write a bit about the negative impacts that you are seeing?

6. What percentage of these new units should be built at these different scales: (*circle your preferences or indicate %ages for each*)

STOREYS      12+      5-8      3-4      1-3      1-3      1-3

7. What percentage of these new units should be built:

a. Within ¼ to ½ mile (10-minute walk) of light rail or high frequency transit \_\_\_\_\_%

b. Outside ¼ to ½ mile radius (10-minute walk) of light rail or high frequency transit \_\_\_\_\_%

8. What do you see as the biggest barriers to new supply? What is slowing the **velocity** of developing new supply? (*continue on back of page if needed*)

9. If you answered (b) or (c) for question 4, how do you think we should come up with the funds to subsidize affordable housing (*list any strategies you find preferable or object to*)

Also included spaces for people to write-in strategies

Some of our detailed strategy questions

Column A: Comments	Column B: Next Right Work Ideas for Consideration	Stakeholder Input
<b>1. Creating More Affordable Housing</b>		
	<b>Mandatory Inclusionary Zoning:</b> Require new development of a certain size or number of units to reserve a percentage of those units as affordable housing.	👍 👎 👏
	<b>Fee in Lieu:</b> This is a program that can be added to (coupled with) an Inclusionary Zoning program to provide a fee-out option that allows developers to "buy out" of the program by paying a fee to the City for affordable housing.	👍 👎 👏
	<b>Deed in-lieu:</b> This is a program that can be added to (coupled with) an Inclusionary Zoning program to allow developers to dedicate a parcel of land (often in a different location) to the City for future affordable housing rather than building the required affordable housing on site.	👍 👎 👏
	<b>Commercial Linkage Fees:</b> Require new commercial development to contribute funds that would go to the production of affordable housing units.	👍 👎 👏
	<b>Increase Affordable Housing Density Bonus:</b> Allow additional density for a development in exchange for income-restricted housing.	👍 👎 👏
<b>2. Creating More Housing and Housing Choices</b>		
	<b>Encourage Townhome/Rowhouse Development:</b> Explore methods of encouraging additional townhouse/rowhouse development. Townhouses/rowhouses typically may be owned in fee, not as condos, and are not affected by condo liability laws.	👍 👎 👏
	<b>Detached Accessory Dwelling Units/Attached Accessory Dwelling Units:</b> Allow detached accessory dwelling units and address any current barriers to attached accessory dwelling unit production.	👍 👎 👏
	<b>Eliminate Parking Requirements for Residential Development:</b>	👍 👎 👏



# STARTER LIST OF IDEAS

## Broad list of ideas:

- Some previously discussed in Bellevue Planning processes
- Some proposed by staff
- Some proposed by Council
- Also included ideas that are considered “best practices” and have been successfully implemented by other cities with measurable positive impact
- Opportunities for participants to propose additional ideas (which they did)



# INPUT RECEIVED: IMPACT OF HOUSING SHORTAGE

“I had to quit my job because I couldn’t find housing and childcare within a reasonable distance of my work and I couldn’t get to childcare pick up on time” \*

“People are commuting farther and farther to get to their jobs [in Bellevue] and this worsens climate change, creates congestion and disconnects our workforce from our community”

“Diversity is our strength and we have to look at all types of diversity including economic/income diversity”

“Teachers, nurses, police officers can not afford to live in the community where they work”

“People in our community are being forced to leave, and people raised in our community can’t come back and give back”

“The people I work with (living in cars) have extreme problems finding and securing housing”

\* this theme of struggling with the relationship between affording adequate housing and childcare was mentioned by 4 separate women participants.



# INPUT RECEIVED: KEY AREAS OF CONSENSUS

- All participants (except the SF homeowners) rated the housing availability and affordability problem as “severe” or “very severe”
  - Among SF homeowners, the distribution was evenly spread between scores of 3 and 7 for both availability and affordability.
- Very significant support for a housing levy
  - (broad support in the comments for the Seattle model)
- There was strong support overall for additional density around transit and infill within single family neighborhoods
  - (duplex, quad-plex, ADU)
- Strong consensus for adding about 75% of new capacity near transit
  - (10-minute walkshed)



# CONSULTANT ANALYSIS

- Open ended questions and emails were evaluated for common themes
- The strategies that rose to the top had the following characteristics:
  - They had a high degree of support from a majority of stakeholders,
  - They were often cited in response to open ended questions,
  - There was a relatively high degree of consensus around them (limited polarization),
  - They had the potential to be highly impactful (based on experience in other jurisdictions and analysis of effectiveness done by third parties),
  - They showed high alignment with the “considerations” provided by council.



# CONSULTANT FINDINGS/RECOMMENDATIONS

- 16 strategies clearly rose to the top (summary on following slide)
- Regardless of administrative workflow/ implementation mechanism:
  - All are important
  - The more you do, the more impactful the result
  - Importance of honoring process and stakeholder input and ensuring follow-through over time.



# “TOP 16” FROM CONSULTANT PROCESS



This short list is based on: stakeholder feedback about priorities, level of consensus, impact on affordable housing production and overall housing production, and needed code and policy work	Geo. Distrib.	Rental AND ownership	AMI level	Speed of entitlement and construction	Ability to attract capital and scale up	Equity Outcomes (see attached summary table for explanations and references)	Sustainability Outcomes (see attached summary table for explanations and references)	Mechanism to Implement
1. Increase the Affordable Housing Density Bonus (and make it so that housing is the priority way to “buy up”). • This could be FAR or height based (to make it compatible with strategy 6) • Consider allowing this for fee in lieu as well as a way to generate funds for non-profits.	TOD	Primarily rental	60-80% AMI		★	★	★	Wilburton (Q2-Q3 2024) and Bel-Red zoning (Q2-3 2024), could also increase downtown as NRW (extra 1FAR exemption with SEPA)
2. Enact a Housing Levy	all	Primarily rental	0-60% AMI			★		NRW
3. Encourage townhouse/rowhouse development	Transitional zones	ownership	100-200% AMI	★	★	★	★	COMP PLAN + possibly parts of Wilburton rezone and Bel-Red
4. Encourage DADUS, ADUS and Duplex, Triplex, Quad-plexes, including mechanism for separate ownership	SF zones	ownership	100-200% AMI	★	★	★	★	NRW (needs Comp Plan to be finalized)
5. Remove barriers to micro-apartments	TOD	rental	< 100% AMI			★	★	NRW
6. Allow higher FAR (or unlimited FAR or DU per acre) for residential within the form/height limits to incentivize residential over commercial	Within ½ mile of transit	Primarily rental	All AMIs		★			COMP PLAN and Wilburton and Bel-Red and NRW: Downtown MU, DU per acre limits
7. Eliminate Minimum Parking Requirements for residential development (note that this doesn't mean eliminating parking, but rather moving a demand-responsive model based on lender requirements)	all	all	All AMIs	★	★	★	★	NRW
8. Increase ease of rezones through broader comp plan designations and create a process for contract rezones for projects that provide additional housing benefits	all	Primarily rental	< 80% AMI	★	★	★	★	COMP PLAN → explain why this creates capacity/responsiveness
9. Simplify the Land Use Code	all	all	All AMIs	★	★	★		Use this as a “lens” for other work.
10. Simplify the permitting process and expedite permitting with specific time goals for processing	all	all	All AMIs	★	★	★		NRW: Streamline permitting process ADR for housing, simplify the design guidelines and create flexibility to meet most but not all of them, several requests to process permits in parallel for lower density developments,
11. Implement commercial linkage fees (in exchange for larger floor plates)	all	Primarily rental	0-60% AMI			★		NRW
12. Expand home ownership assistance programs	All but primarily SF	ownership	80%-140% AMI			★		Tied to getting funds through levy or Com link fee or in lieu fees
13. Increase the stock of rent-restricted affordable housing	All, but primarily TOD	Rental	0-80% AMI			★	★	Tied to getting funds through levy or Com link fee or in lieu fees, or incentive systems
14. Reduce Permitting fees for affordable housing projects	all	Primarily rental	0-80% AMI			★		NRW (same bucket as 10)
15. Complete planned actions for upzones that allow for SEPA exemptions for projects up to 250 units	All/TOD	all	All AMIs	★	★	★	★	Consider as part of future rezones. Needs to be implemented as rezones being considered
16. Expand areas with zoning at 90’(not just high rise) in station areas, to allow for wood frame construction which lends itself to 80-140% AMI affordability even without subsidy	TOD	rental	80-140% AMI		★	★	★	Wilburton, edges of Downtown, Bel-Red and other rezones



# Staff Recommended NRW Actions

Potential NRW Actions	POTENTIAL IMPACT (Hsg and Aff Hsg)	LEVEL OF EFFORT (Public, Council, PC, Staff)	ONGOING OR 2022-23 WORKPLAN
<b>Generate Revenue for Affordable Housing</b>			
Enact a Housing Levy*	High	High	ARCH Board discussing
<b>Implement Commercial Linkage Fees*</b>	High	High	No
<b>Increase Housing and Affordable Housing</b>			
Increase affordable housing density bonus (based on FAR or height; consider fee in-lieu)	Med	Med	Yes
Encourage townhouse/rowhouse development	Med	Med	Yes
Encourage DADUs, ADUs and duplex, triplex, quadplexes, w/ mech. for separate ownership*	Med	High	Yes
<b>Remove barriers to micro-apartments*</b>	Low	Low	No
<b>Allow higher FAR for res. (or unlimited FAR or DUs per acre) within form/height limits</b>	High	Med	No
Eliminate minimum parking requirements for residential development (lender sets mins.)*	Med	High	No
Increase ease of rezones through broader Comprehensive Plan designations and create a process for contract rezones/DAs for providing additional housing benefits	Med	High	Yes
Expand Home-Ownership Assistance programs	Low	Low	No
Increase stock of rent restricted affordable housing	Med	Med	Yes
Expand areas with zoning at 90 feet to allow for wood frame construction (with a similar Fire Code for "5-over-3 construction")	Med	Med	Yes
<b>Streamline Permits and Procedures</b>			
Simplify the Land Use Code	Med	High	No
Simplify the permitting process and expedite permitting for affordable housing projects*	Low	Med	No
<b>Reduce Permit Fees for Affordable Housing projects*</b>	Low	Low	No
Complete Planned Action SEPA review for up-zoned areas that allow for exemptions for projects up to 250 units	Med	Med	No

**Bold Items/Yellow Rows:** Staff recommendation for NRW subject to Council confirmation.

**Green rows:** "Top 16" ideas that are either ongoing work or part of the current 2022-2023 Community Development / Development Services joint workplan.

\* Identified in Consultant Report as most appropriate for consideration as NRW.



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# Next Steps

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- Based on direction from Council:
  - Conduct scoping and pre-launch work
  - Return to Council for formal launch of individual initiatives
  - 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.
- Next Right Work would supplement ongoing housing and affordable housing efforts being done as part of the Comp Plan Periodic Update, Wilburton, and other policy and code development.



# Council Direction

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