

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Regular Meeting

July 5, 2022  
6:00 p.m.

Virtual Meeting  
Bellevue, Washington

PRESENT: Mayor Robinson, Deputy Mayor Nieuwenhuis and Councilmembers Barksdale, Lee, Robertson, Stokes and Zahn

ABSENT: None.

1. Call to Order

The meeting was called to order at 6:04 p.m., with Mayor Robinson presiding.

2. Roll Call; Flag Salute

City Clerk Charmaine Arredondo called the roll and all Councilmembers were present. Councilmember Zahn led the flag salute.

(a) Parks and Recreation Month Proclamation

Councilmember Stokes read the proclamation recognizing July 2022 as Parks and Recreation Month in Bellevue and urged everyone to enjoy the many benefits of our parks, natural areas, trails and recreation facilities.

3. Approval of Agenda

→ Deputy Mayor Nieuwenhuis moved to approve the agenda, and Councilmember Stokes seconded the motion.

→ The motion carried by a vote of 7-0.

4. Oral Communications

(a) Brady Nordstrom, speaking on behalf of the Eastside Housing Roundtable, expressed support for the creation of more housing and diverse housing types across all income levels on the Eastside. He said that is especially critical at a time of rapid job and transit expansion. He expressed appreciation for the City's efforts to identify the next right work

for creating affordable housing. Mr. Nordstrom said an ambitious and appropriate increase to residential capacity in strategic locations is a foundation for other policies to be effective. He encouraged the City to maximize housing opportunities near transit (e.g., BelRed and Wilburton areas) and to recognize that additional revenue is needed for housing at lower affordability levels. He said the Eastside Housing Roundtable looks forward to continued work with the Council and staff.

- (b) Ryan Donohue, Chief Advocacy Officer for Habitat for Humanity and Co-Chair of the Eastside Affordable Housing Coalition, thanked City staff and the consultant for their efforts related to the next right work to create affordable housing. He expressed concern that only four of 16 items are recommended for implementation in tonight's presentation under Agenda Item 10(b). He said bold action is needed to address the current housing crisis. He urged the Council to consider additional items including inclusionary zoning to require the production of affordable housing, completion of the 2017 Affordable Housing Strategy, establishment of a fund to increase the production of affordable housing, code changes to allow detached accessory dwelling units (DADUs), ADUs, duplexes, triplexes, quadplexes, and mechanisms for home ownership in all zones. Mr. Donohue encouraged the City to add planning staff to expedite the work.
- (c) Marguerite Richard expressed concerns regarding the King County Council, Seattle City Council, First Amendment rights and malicious harassment.
- (d) Alex Zimmerman said that companies like Amazon, Google and Microsoft are trying to destroy us. He expressed concern regarding high rental rates.
- (e) Hal Ferris, representing Imagine Housing and the Eastside Affordable Housing Coalition, thanked the Council for its work and for the patience extended to the community as a whole. He expressed support for staff's recommendations related to the next right work to address affordable housing. However, given the urgency of the housing crisis he believes more must be done now. He said additional funding is needed to support housing for households earning 60 percent of the area median income (AMI). He said commercial linkage fees are a critical part of the funding strategy, and they are included in the top priorities recommended by staff. In return for increased development capacity, the owner/developer can provide affordable housing on site or off site, pay a fee in lieu of providing housing, or provide land in lieu for the development of affordable housing. Mr. Ferris said that 482 jurisdictions across the country, including Issaquah, Kirkland, Redmond, Seattle and King County, follow the commercial linkage structure.
- (f) Jessica Clawson, Co-Chair of the Bellevue Chamber of Commerce PLUSH (Permitting, Land Use, Sustainability and Housing) committee, noted the letter sent to the Council earlier in the day regarding the next right work related to affordable housing. She commended the City's consultant and staff for their exceptional outreach and engagement with the community. She said the consultant's report is one of the best she has read in terms of in-depth details regarding the next right work proposals. She said the PLUSH committee is strongly opposed to establishing a commercial linkage fee. She said such a fee without a trade in density is illegal under state and federal law. She encouraged the

City to explore legal options if there is a desire to charge fees or require affordable housing in exchange for additional density. Ms. Clawson urged the City to calibrate fees in a way that furthers the goal of creating affordable housing. She expressed concern that staff recommends moving only a few items forward for the next right work. She said the City's effort to update the Comprehensive Plan provides the opportunity to analyze all of the consultant's 16 recommendations. Ms. Clawson asked the Council to provide the ability for contract rezones in growth centers.

- (g) Heidi Dean expressed concern that the Bellevue Chamber of Commerce's PLUSH committee is trying to push density and affordable housing into neighborhoods. She said neighborhoods should not be seen as growth centers.

5. Reports of Community Councils, Boards, and Commissions: None.

6. Report of the City Manager: None.

7. Council Business and New Initiatives: None.

8. Consent Calendar

→ Deputy Mayor Nieuwenhuis moved to approve the Consent Calendar, and Councilmember Stokes seconded the motion.

→ The motion to approve the Consent Calendar carried by a vote of 7-0, and the following items were approved:

- (a) Council Minutes

Minutes of June 21, 2022 Regular Meeting

- (b) Ordinance No. 6667 repealing Chapter 14.10 of the Bellevue City Code (BCC); adopting a new Chapter 14.10 BCC titled Multimodal Concurrency Code; amending Chapter 14.60 BCC; amending Chapter 22.16 BCC; and establishing an effective date.

9. Public Hearing

- (a) Public Hearing and Action on Ordinance No. 6668 extending an Interim Official Control adopted by Ordinance No. 6585, and extended by Ordinance No. 6637, which amended sections 20.10.440, 20.25A.050, 20.25D.070, 20.25F.010, 20.25L.020, and 20.25P.050 of the Land Use Code (LUC) to allow permanent supportive housing and transitional housing in all land use districts where residential uses and/or hotels and motels are allowed, and to allow Homeless Services Uses in all land use districts where hotels and motels are allowed; amending the definition of Homeless Services Uses in LUC 20.20.455 for conformance and consistency with state law; providing for severability; and establishing an effective date.

Mayor Robinson noted that proposed Ordinance No. 6668 extends the interim official control (IOC) regarding permanent supportive housing, transitional housing and homeless services uses.

Liz Stead, Interim Co-Director, Development Services Department (DSD), recalled that the IOC was originally adopted by Ordinance No. 6585 on July 12, 2021. She said the Council is currently reviewing proposed amendments for permanent regulations. Extending the IOC tonight will allow more time for the Council's thorough consideration of the regulations.

Caleb Miller, Senior Planner, said the permanent Land Use Code Amendment (LUCA) is needed to comply with House Bill 1220, which requires cities to allow permanent supportive housing and transitional housing in all land use districts where residential dwellings or hotels are allowed, and to allow emergency housing and shelters in all land use districts where hotels are allowed. He said the IOC was extended by the Council in December with the adoption of Ordinance No. 6637, and the IOC will expire on July 12.

The IOC adopted by Ordinance No. 6585 provided new footnotes in the land use tables indicating that permanent supportive housing and transitional housing are allowed where residential and hotel/motel uses are allowed and that homeless services uses are allowed where hotel/motel uses are allowed. Mr. Miller noted that homeless services uses are still subject to the conditional use permit (CUP) process and approval. He said the ordinance also updated definitions related to homeless services uses for consistency with state law.

Mr. Miller noted that if the IOC is extended tonight, it will expire on January 12, 2023.

→ Deputy Mayor Nieuwenhuis moved to open the public hearing, and Councilmember Stokes seconded the motion.

→ The motion carried by a vote of 7-0.

City Clerk Arredondo noted that one written comment was received for the public hearing and it has been included in the Council's desk packet.

Heidi Dean expressed concern about the effect of HB 1220 on local planning authority. She recalled that in March 2021, the mayors of the Sound Cities Association (SCA) sent a letter to the state legislature expressing that concern. She said Senator Patty Kuderer submitted an amendment that further infringed on local planning authority. Ms. Dean said there are subsets of individuals experiencing homelessness and some are more appropriate than others in neighborhoods. She said the man who assaulted the woman at the light rail station in Seattle had previously harassed people in the Newport Hills neighborhood and had gone to jail. Ms. Dean said the Council talks often about equity. She said this should include equity in the distribution of certain types of housing throughout Bellevue.

→ Deputy Mayor Nieuwenhuis moved to close the public hearing, and Councilmember Stokes seconded the motion.

- The motion carried by a vote of 7-0.
- Deputy Mayor Nieuwenhuis moved to adopt Ordinance No. 6668, and Councilmember Stokes seconded the motion.
- The motion carried by a vote of 7-0.

10. Study Session

(a) Bellevue's Housing Stability Program

City Manager Miyake introduced staff's update regarding the Housing Stability Program to implement House Bill 1590 [RCW 82.14.530].

Emil King, Assistant Director, Community Development Department, recalled that the City opted to impose the 0.1 percent sales and use tax authorized by the new state law itself. The tax revenue in cities that chose to not adopt local collection will be pooled with King County. He said the implementation of HB 1590 is a One City cross-departmental effort for delivering needed housing for Bellevue's most vulnerable residents.

Mr. King said staff is seeking direction to implement the Housing Stability Program consistent with the recommended framework and to authorize revenue-supported staff for ongoing work. The Housing Stability Program furthers a number of key areas of the City's 2017 Affordable Housing Strategy: 1) brings additional revenue to meet critical housing needs for vulnerable populations, 2) advances the continuum of affordable housing strategies, and 3) enhances housing for diverse income levels and service needs.

Mr. King recalled that in October 2020, the Council adopted Resolution No. 9826 to establish the HB 1590 program consistent with state law. The work plan for the first year was adopted in December 2020 and the City began collecting the sales tax in January 2021. Approximately \$9.7 million in taxes were collected in 2021 and collections in 2022 are anticipated to total approximately \$10.3 million. The Council approved the HB 1590 interest statement in February 2021. A request for proposals (RFP) issued in 2021 for behavioral health and housing-related services resulted in grants totaling \$1.66 million. The RFP issued in 2022 for affordable and supportive housing capital expenditures provided \$1.6 million to LifeWire's Hope Starts Here project in Bellevue.

Mr. King highlighted the lessons learned over the past year. He noted the need to balance the production of housing units and the operations and maintenance of those facilities with the general behavioral health and housing-related services. He said funding for both operations and on-site services is essential. He noted the importance of coordination and flexibility to leverage other resources. He said capital funding expenditures will take time to implement. Mr. King commented that there are opportunities for partnerships (e.g., preservation of units and securing land for housing). The Council's interest in upfront bonding of the tax revenues will require firming up funding opportunities and projects before pursuing bonding. Mr. King said it is

important to recognize the HB 1590 sales and use tax as a way to prevent people from falling into homelessness.

Under state law, at least 60 percent of the HB 1590 funding must be spent on facilities and programs that serve specific populations with households earning at or below 60 percent of the area median income (AMI), and no more than 40 percent may be spent on the operation, delivery or evaluation of behavioral health treatment programs and services as well as housing-related services. Funding for facilities and programs serving specific populations can be used for construction, the acquisition of property, and ongoing operations and maintenance costs.

Lindsay Masters, Executive Director of A Regional Coalition for Housing (ARCH), described the recommended framework for the use of HB 1590 funds. She said up to 40 percent of the revenue can be used for bonding to support housing partnership projects and land acquisition. The priorities will be consistent with those established for capital investments by Council direction in 2021 when the first RFP was issued: 1) serving households earning 0-30 percent AMI, and 2) addressing homelessness and housing instability for vulnerable and underserved populations. Potential investments include the acquisition and preservation of existing housing and significant land acquisitions for future housing development. Ms. Masters noted that this portion of the revenues allow the City to advance investments throughout the year instead of annually.

The second area of investment (up to approximately 40 percent of revenues) is capital projects and operations and maintenance costs for on-site services. Ms. Masters said the recent and future RFPs will provide the ability to invite proposals for ongoing funding for those purposes. The RFP will be coordinated and aligned with the annual ARCH Trust Fund process. This program area is targeted to prevent homelessness and housing instability by serving households earning 0-30 percent AMI and vulnerable, underserved populations. Ms. Masters said the City recommends initial investments of up to \$12,500 per housing unit per year, with funds to be provided through five-year renewable grants.

Toni Esparza, Assistant Director, Parks and Community Services Department, said that approximately 15 percent of HB 1590 funds will be used for behavioral health and housing-related services at housing properties, including same-day mental health and substance use disorder assessments and treatment, medically assisted treatment for substance use disorders, and culturally specific behavioral health services for underserved populations. Funding would be provided to organizations through a RFP process every two years and funding recommendations will be developed by the Human Services Commission.

Mr. King noted that five percent of the revenues will provide staff support for the administration and oversight of the program. Next steps include issuing a RFP for affordable and supportive housing capital, operations and maintenance expenditures (estimated \$10.5 million) and a RFP for behavioral health and housing-related services (\$1.55 million). Funding recommendations for the latter will be presented to the Council this fall and recommendations for the capital RFP will be presented to the Council during the first quarter of 2023. With Council direction, the City will recruit staff to help administer the Housing Stability Program. Mr. King said regular updates will be provided to the Council based on program monitoring.

Mayor Robinson thanked staff for the presentation.

Deputy Mayor Nieuwenhuis, liaison to the Human Services Commission, said he appreciates staff moving forward so quickly to develop the Housing Stability Program. Given the goal of preventing homelessness, including by providing services, he asked about the allocation of 15 percent of the revenues to behavioral health and housing-related services. He noted that many individuals experiencing homelessness are struggling with addiction and/or mental health issues.

Mr. King said that one of the lessons learned during the first year is the need for both housing production/preservation and human services. He said staff considered 20 percent for behavioral health and other services. However, he said it is important to note that the category for capital projects and operations/maintenance for on-site services will provide significant funding for on-site human services within housing facilities (up to \$12,500 per housing unit per year).

Responding to Mr. Nieuwenhuis, Mr. King said the estimated number of housing units to be created through HB 1590 reflects staff's assessment of the number of units that can realistically be provided with the available funding.

Councilmember Stokes said housing needs have increased significantly since the adoption of the Affordable Housing Strategy in 2017. He expressed support for staff's recommended framework for the Housing Stability Program.

Councilmember Robertson expressed support for dedicating five percent of the funding to staff support for administering the program and for focusing on providing services in housing facilities.

Ms. Robertson said that housing development is less expensive for the private sector than when it is provided by the public sector or nonprofit organizations. She noted that 80 percent of the \$200,000 million to be generated over the 20-year period is \$160,000 million to produce potentially 340 units. She said that equates to \$470,588 per housing unit using HB 1590 funding only. Ms. Robertson said she sees every private sector project with multiple dwelling units as an opportunity to potentially invest some of the HB 1590 funds to secure permanent affordability of the units. She said such an approach would distribute affordable housing throughout the community and would lower the cost of creating affordable units. She would like to be able to use HB 1590 monies to partner with private sector projects.

Ms. Robertson expressed support for bonding funds for projects as needed. However, she cautioned against doing so now due to inflation and current interest rates.

Responding to Councilmember Robertson, Mr. King said that bonding funds for partnerships and land acquisitions will not involve a RFP. However, staff envisions the capital projects and operations/maintenance for on-site services category as involving an annual RFP, with the unused funds carried over to the following year's RFP. Ms. Robertson said she would support allowing parties to apply throughout the year instead of annually.

Councilmember Zahn expressed support for the upfront bonding of up to 40 percent of the HB 1590 revenues. She noted the importance of being strategic and leveraging opportunities while creating as much flexibility as possible. She concurred with Councilmember Robertson's suggestion to allow parties to apply for funding on an ongoing basis instead of annually.

Referring to staff support, Ms. Zahn said many community based/nonprofit organizations do not have sufficient staffing capacity. She noted recent discussions by the Eastside Human Services Forum regarding pay equity and uncompensated labor. She asked whether the funding could be used to support staffing and other efforts (e.g., safe parking program). She asked how HB 1590 implementation might affect potential grant funding related to the 988 crisis phone line program.

Responding to Councilmember Zahn, Mr. King said that permanent supportive housing and services will be funded through the portion of tax revenues targeted for capital projects and operations/maintenance costs, including for on-site services. For the safe parking program, Mr. King said it would most likely make sense for organizations to apply for behavioral health and housing-related services funding. He said there was discussion about shifting more funding to behavioral health and housing-related services.

Ms. Esparza said that grants to organizations would help to support staffing by allowing the organizations to continue to provide services. She noted her understanding that grant funding will be available to implement 988 crisis and mental health assistance. Regarding the timing of RFPs, Ms. Esparza said the grants attached to capital projects will be funded for five years and will be eligible for renewal. Staff recommends a funding cycle of every two years for behavioral health and housing-related services.

In further response to Ms. Zahn, Ms. Esparza said there are pros and cons to adding extra dollars to human services funding as it becomes available, instead of once annually, because the funds might not be available for the next funding cycle. Ms. Esparza said it would be difficult to balance one-time funding against the fact that it could later result in layoffs for staff.

Councilmember Lee said he is pleased the Council chose to collect the HB 1590 tax revenues to be able to have City staff plan and implement the program. He commended ARCH for their longtime regional approach to address housing needs. He expressed support for the Housing Stability Program framework as presented by staff. He concurred with Councilmember Robertson about the need for flexibility in distributing grant funds because needs change. He said he hopes Bellevue's leadership will encourage the private sector to be more involved in providing housing and services.

Councilmember Barksdale suggested staff support for crisis response by behavioral health specialists. Mr. King said there are ways to utilize mental health specialists who are not City employees. If permanent staff positions are to be considered, Mr. King suggested that could be addressed through the City's budget process.

Mayor Robinson suggested monitoring and reassessing needs during staff's periodic updates to the Council.



Mr. Barksdale said he would like to discuss the concept further in the future. He would like to consider ongoing funding for crisis response services.

Mayor Robinson said she appreciates the focus on housing stability and preventing homelessness and crises to the extent possible.

Responding to Ms. Robinson, Ms. Esparza said there will be separate RFPs for the City's regular human services funding allocations and HB 1590 funding. However, that could be adjusted in the future. Ms. Esparza said the behavioral health and housing-related services funded in 2021 for the Housing Stability Program are new services, and those providers may apply to maintain funding. She said the providers currently funded under the Human Services Fund are not anticipated to pursue HB 1590 monies, which are intended to support new services and to expand services in the community.

Mayor Robinson expressed support for funding for mental health specialists to work as crisis responders. City Manager Miyake said there are alternative funding sources to be discussed in the future.

Ms. Robinson said she appreciates the emphasis on housing preservation. She noted that the Council will discuss micro units at some point. She suggested that many individuals experiencing homelessness might be able to afford \$300 in monthly rent. She wondered if the City could provide funding to offer units at that rate. She expressed an interest in ways to incentivize developers to include micro units in housing developments with different sizes of units.

Ms. Robinson said Housing Connector is a startup that helps people find affordable housing. She asked whether HB 1590 funds could help support that organization. Diane Carlson, Deputy City Manager, confirmed that the behavioral health and housing-related services funds could potentially be used for that purpose.

Mayor Robinson requested quarterly updates to the Council regarding the Housing Stability Program.

→ Deputy Mayor Nieuwenhuis moved to direct staff to implement Bellevue's Housing Stability Program consistent with the recommended framework, and to return with the appropriate legislation to support implementation of the ongoing program authorized under RCW 82.14.530. Councilmember Stokes seconded the motion.

→ The motion carried by a vote of 7-0.

At 7:35 p.m., Mayor Robinson declared a short break. The meeting resumed at 7:45 p.m.

(b) Council Prioritization of Affordable Housing Strategy's Next Right Work

City Manager Miyake introduced discussion regarding the next right work for continuing to implement the Affordable Housing Strategy.

Emil King, Assistant Director, Community Development Department, said staff is seeking direction to confirm the recommended list of next right work actions to undertake in the next 12-18 months to supplement ongoing housing and planning work. He said the 2017 Affordable Housing Strategy has a target of creating or preserving 2,400 housing units/beds over a 10-year period. He said the City is on track to exceed that target.

Mr. King commented regarding the stakeholder engagement process, which involved reviewing past, current and new ideas. He said three general topics for the next right work initiative are to generate revenue for affordable housing, increase housing and affordable housing, and streamline permit process and other procedures.

Mr. King highlighted the list of initiatives presented in March regarding the 2022-2023 land use planning initiative work plan, and a number of the items relate to housing and affordable housing. The Comprehensive Plan periodic update is a large body of work underway and will involve discussions regarding housing typologies and affordability. The BelRed Look Forward initiative will be considered as part of the Comprehensive Plan update. Additional items include the Wilburton Comprehensive Plan Amendment (CPA) and Land Use Code Amendment (LUCA), Affordable Housing Strategy Action C-1 Phase 2 work related to housing on faith-based properties in single-family zones, and the permanent supportive housing and emergency shelter LUCA.

Mr. King summarized the process used to identify potential actions for the next right work. The City began its stakeholder outreach with 46 ideas and nine more ideas emerged and were discussed throughout that process. The consultant analyzed the list of ideas and narrowed them to the top 16 ideas. Mr. King said staff is currently recommending four of those actions for the work plan over the next 12-18 months. He said the 16 items includes certain initiatives already underway, including the Comprehensive Plan update. The next step is to receive Council direction regarding the next right work to move forward. He said that all 55 original ideas will remain to be considered in the future.

Mr. King described the list of considerations provided to the consultant for analyzing the ideas for the next right work including geographic distribution of housing, focus on both rental and ownership housing, anticipated unit production, affordability level, span of use, equity outcomes, sustainability, speed to deliver the housing units, ability to attract capital, opportunities for partnerships, needed code and policy work, and the effectiveness of efforts in other cities.

A-P Hurd, SkipStone Consulting, said the stakeholder engagement process met with a number of groups including the Eastside Housing Coalition, neighborhood leaders, business organizations, ARCH (A Regional Coalition for Housing) and others. Staff determined that the process did not include input from market-rate renters, homeowners who are not neighborhood leaders or renters of affordable housing. In order to have more representative input, an outreach survey was conducted and four more workshops were held to reach out to those groups. She noted they received only one response from someone who did not currently live in Bellevue but would like to live here if affordable housing was available. Ms. Hurd said people were also given a

worksheet of open-ended questions which included questions about whether they had experienced homelessness or other challenges with housing.

Ms. Hurd said the stakeholders were asked to rate the 46 proposed strategies to indicate the ones they liked and did not like, and space was provided for additional comments. The list of ideas included items previously discussed as part of other City planning processes, proposals from staff, proposals from the Council, and best practices based on experiences in other cities. Stakeholders proposed additional ideas as well. Ms. Hurd commented regarding the disproportionate increase in housing prices over the past decades. She said the public outreach indicated there is broad support for a housing levy and strong support for additional density around transit. Ms. Hurd highlighted the 16 next right work actions recommended by the consultant.

Trisna Tanus, Consulting Attorney, Development Services Department, presented a table depicting the 16 recommended next right work actions that either generate revenue for affordable housing, increase the availability of housing and affordable housing, or streamline and reduce fees for the permitting process. Each item is rated based on the potential impact, level of effort required to implement, and whether the item is part of ongoing work or already on the 2022-2023 work plan. Staff recommends focusing on four of the actions over the next 12-18 months: 1) implement commercial linkage fees, 2) remove barriers to micro apartments, 3) allow higher floor area ratio (FAR) for residential developments within form and height limits, and 4) reduce permit fees for affordable housing projects.

Ms. Tanus said staff is seeking Council direction to conduct scoping and additional pre-launch work for the selected next right work actions. She said the purpose of the next right work effort is to supplement ongoing housing and affordable housing work underway as part of the Comprehensive Plan update, Wilburton planning, and other policy and code development. She said the full list of potential actions will be retained for future consideration.

Mayor Robinson thanked staff for the presentation.

Councilmember Stokes noted the urgent need for affordable housing and said he is pleased to see this moving forward. Responding to Mr. Stokes, Mr. King confirmed that six of the 16 items recommended by the consultant are part of work efforts that are already underway and four of those items are recommended for implementation as the next right work over the next 12-18 months. Responding to Mr. Stokes, Ms. Hurd confirmed there was broad stakeholder support and a high level of consensus in support of a housing levy. Councilmember Stokes expressed support for the four actions recommended by staff.

Responding to Deputy Mayor Nieuwenhuis, Mr. King said a legal analysis regarding a commercial linkage fee has not been conducted and would be required before implementing the fee. In further response to Mr. Nieuwenhuis, Ms. Hurd said there was a great deal of input from neighborhood leaders regarding the proposed next right work actions but not from individual homeowners and renters. Mr. Nieuwenhuis expressed support for staff's recommendations.

Mayor Robinson asked about the deed in lieu option for encouraging the development of affordable housing. Liz Stead, Land Use Director, said staff could start exploring the concept with the Wilburton area code work and the BelRed Look Forward update.

Ms. Hurd noted that the City of San Jose authorizes staff to accept a deed in lieu if the property value is based on an appraisal commensurate with a fee in lieu and is in a location that would meet the City's purposes.

Michael Kattermann, Director, Community Development Department, said staff would want to consult with the legal department to review a deed in lieu option.

Mayor Robinson said she would like to explore allowing a higher FAR for residential development in all areas of Bellevue.

Ms. Robinson recalled Councilmember Zahn's suggestion in past discussions about expanding the distance to transit services for certain affordable housing on faith-owned properties from 500 feet to 1,000 feet. Ms. Robinson said she would prefer 500 feet as the eligibility criteria. She expressed an interest in incentives for providing affordable senior housing.

Responding to Mayor Robinson, Mr. Kattermann said that after a legal analysis of a potential commercial linkage fee, staff will return for further discussion with the Council. He said it is possible that it might take longer than 12-18 months to complete the work to implement the fee.

Responding to Councilmember Robertson, Mr. King said the proposed action to address townhouse/rowhouse development is part of the Comprehensive Plan update process. He said the consultant recommended treating accessory dwelling units (ADUs), detached ADUs (DADUs), duplexes, triplexes, and quadplexes in conjunction with exploring home ownership options. Mr. King said the action is not recommended at this time because it would require a high level of staff effort. In further response to Ms. Robertson, Mr. King said that when staff discussed parking, staff considered the level of staff effort required balanced with the potential impact of parking code changes. He noted that the Council reduced minimum parking requirements for certain affordable housing in recent months.

In further response to Councilmember Robertson, Ms. Stead confirmed that staff at this time does not recommend the planned action State Environmental Policy Act (SEPA) review of upzoned areas that allow exemptions for projects of up to 250 units due to the City's staffing capacity. Ms. Stead said the item will remain on the list of potential actions for future consideration.

Responding to Ms. Robertson, Mr. King said the Comprehensive Plan update is targeted for completion by the end of May 2024. As staff refines the policy direction from the Planning Commission and provides the commission's recommendations to the Council, staff and the Council can start working on the Land Use Code Amendments (LUCAs) to implement the policy direction without waiting for the completion of the Comprehensive Plan update process. Mr. Kattermann said that once the City is closer to adopting the updated Comprehensive Plan, staff can identify which codes will need to be updated.

Councilmember Robertson observed that some of the action items rated medium or high in terms of potential impact are not recommended at this time. She expressed her interest in moving forward more quickly to address urgent housing needs.

Councilmember Barksdale expressed concern about missing opportunities for gaining affordable housing. He is interested in more information regarding micro apartments. He asked about potential alternatives if a commercial linkage fee is not legal or feasible. He is interested in considering mandatory affordable housing and how that might compare to the impact of a commercial linkage fee. Ms. Hurd noted the challenge of being able to charge enough for market-rate rentals to help subsidize affordable units. She said inclusionary zoning tends to be seen as more regressive than a housing levy.

Councilmember Lee thanked staff for all of their work to date. He asked about feedback from the business community regarding commercial linkage fees. Ms. Hurd said that none of the ideas were universally popular and all would require consensus building. She acknowledged that the commercial linkage fee item was less popular with business stakeholders. However, there was a higher degree of support for the idea across the spectrum of stakeholders than for some of the other ideas.

Mr. Lee expressed support for streamlining the permitting process. He acknowledged that both the commercial linkage fee and mandatory inclusionary housing are sensitive topics for the community. He suggested exploring incentives for providing affordable housing in high-rise buildings.

Councilmember Zahn thanked staff and the consultant for the recommendations. She concurred with the comments by Councilmember Robertson and Councilmember Barksdale about the desire to move forward more quickly. Ms. Zahn stated her understanding that if a senior adult wishing to age in place submitted a permit application for a DADU, the permitting process would extend into 2025. She asked what staffing level would be needed to expedite some of the next right work items.

Ms. Zahn suggested considering a one-quarter mile walkshed to transit services for the implementation of Action C-1 from the Affordable Housing Strategy. She questioned not moving forward to reduce residential parking requirements at this time. She said the City must be willing to give something to gain a benefit in return.

Responding to Councilmember Stokes, Mr. Kattermann said part of the planning process is to consider staff capacity over the next 12-18 months. Mr. Kattermann said that some items will require a policy change and others will require code work. The latter can likely be processed more quickly. Tonight staff is requesting direction regarding the items preferred by the Council. Staff will then return to discuss the proposed scope of work. Mr. Kattermann said staff believes they can complete the four recommended items within the 12-18 month timeframe.

Councilmember Stokes expressed concern that it could be two years to three years before more housing is available in Bellevue. Ms. Hurd suggested that when staff returns to discuss the scope

of the four recommended items, the Council and staff could also discuss what it would take to increase staff capacity.

Deputy Mayor Nieuwenhuis suggested focusing on the highest impact items that will encourage and incentivize housing development over the next 12-18 months. He suggested pursuing early wins as well. He suggested removing commercial linkage fees from the recommendations due to the potential legal issues and adding an item to address how to add staffing capacity, whether through City staff, consultants and/or working with partners.

Mayor Robinson said she is eager to move forward and she is interested in a staffing capacity analysis.

Councilmember Robertson concurred with Mr. Nieuwenhuis' concern about the commercial linkage fee and suggested eliminating it from the next right work list of possible actions. Ms. Robertson expressed support for reducing permit fees for affordable housing and for simplifying and expediting the permitting process.

Ms. Robertson suggested allowing additional options for single-family housing types. She noted there are groups of neighbors who would rather redevelop and retain smaller/medium-sized houses on the same amount of land that could be used to develop a few significantly larger homes. Ms. Hurd noted the potential next right work action to eliminate provisions in the Land Use Code regarding the number of units per acre.

Ms. Robertson expressed support for a planned action Environmental Impact Statement (EIS) review. While it is too late to do so for the Wilburton area, she suggested considering that option with the BelRed Look Forward review and transit-oriented development (TOD) policy update.

Referring to the consultant's report in the meeting materials, Councilmember Robertson reiterated her support for the three recommendations not associated with the commercial linkage fee. As the fourth item, she suggested combining the action to simplify the permitting process (Item 10) with the action to reduce permitting fees for affordable housing projects (Item 14). If additional staffing capacity is available, she would like to address contract rezones for projects that provide housing benefits.

Ms. Robertson said she would like staff to come back with a capacity analysis that includes looking at what could be done with more funding. She said private entities have offered significant funding to implement affordable housing work and she would like to see a budget line item for accepting donations for that purpose.

Councilmember Barksdale said he would be interested in the results of a legal analysis regarding the commercial linkage fee before eliminating it from consideration. He expressed support for exploring DADUs, duplexes, triplexes and similar housing as soon as possible.

Councilmember Lee said he supports removing commercial linkage fees from consideration and Councilmember Robertson's suggestion to combine items 10 and 14 regarding the permitting process and fees for affordable housing projects.

Councilmember Zahn expressed support for streamlining the permitting process. She would like to look at the budget to consider adding resources. She reiterated her interest in eliminating residential parking requirements for certain housing. She wants to understand what is possible with the commercial linkage fee before abandoning the idea. Responding to Ms. Zahn, Mr. King said mandatory inclusionary housing is not included in the list of 16 items recommended by the consultant. Mr. King said it is possible it will be addressed during the Comprehensive Plan update.

Ms. Hurd noted that the purpose of allowing a higher FAR for residential development is to make residential uses more competitive than commercial uses in transit-oriented zones.

Mayor Robinson said there appears to be an interest among Councilmembers to defer work regarding commercial linkage fees. She observed that there is a higher interest in removing barriers to micro housing, allowing for a higher FAR in residential areas, and reducing permit fees. She said a majority is interested in adding the item about simplifying the permitting process. Ms. Robinson said there is also Council interest in a staffing capacity analysis.

Councilmember Barksdale expressed support for Councilmember Robertson's suggestion to add alternative housing/neighborhood configurations to the item regarding DADUs, duplexes, triplexes, etc.

→ Deputy Mayor Nieuwenhuis moved to confirm the recommended list of next right work actions to undertake over the next 12-18 months to supplement ongoing housing work. The Council's preferred items are to: 1) remove barriers to micro housing, 2) allow a higher FAR for residential development, and 3) reduce permit fees. The Council would also like staff to conduct a capacity analysis. Councilmember Robertson seconded the motion.

Councilmember Stokes asked about the selection of low- to medium-impact actions instead of items with medium to high impacts. He wants to see actions that have a significant impact on addressing housing needs. He expressed support for the motion.

Mayor Robinson expressed support for the motion.

Councilmember Barksdale expressed support for the motion. However, he would like to see the item regarding different housing types move forward.

Responding to Councilmember Lee, Mayor Robinson said that in addition to the items mentioned in the motion, she would like to add two items for scoping: simplifying the permitting process and allowing DADUs, duplexes, etc., including for ownership housing.

Councilmember Zahn said a housing levy is the only item on the list that will add funding for housing initiatives. Mr. King said there are ongoing discussions by the ARCH Board about ARCH facilitating conversations with member cities to identify and explore dedicated revenues at the local or regional level.

- Deputy Mayor Nieuwenhuis moved to amend the motion regarding the next right work to move Item 10 (i.e., simplify the permitting process) and Item 4 (explore DADUs, duplexes, triplexes, quadplexes, and alternative neighborhood configurations as well as opportunities for home ownership) into scoping. Councilmember Robertson seconded the motion.

Councilmember Robertson observed that the amendment is not needed because staff will scope all of the items recommended by the Council and come back for further discussion. She suggested adding Item 4 to the main motion.

Responding to Mayor Robinson, Mr. Kattermann said his understanding of the motion is to develop a scope of work for each of the following items: 1) encouraging DADUs, duplexes, triplexes and quadplexes, along with home ownership options, 2) removing barriers to micro apartments, 3) allowing a higher FAR for residential development, 4) simplifying the permitting process and expediting permitting with specific time goals for processing, and 5) reducing permit fees for affordable housing projects. Mr. Kattermann said that for the three items in this list that were recommended by staff, staff could return in the near future with the scopes of work and be ready to launch those items (removing barriers to micro apartments, increasing FAR and simplifying the permitting process and reducing fees). Mayor Robinson reminded him about the staffing capacity analysis as well.

- The amendment carried by a vote of 7-0.
- The main motion, as amended, carried by a vote of 7-0.

Mr. King said Councilmember Zahn requested an analysis of revising the 300 feet distance to transit services to 500-1,000 feet for multifamily or commercial properties under Action C-1 of the Affordable Housing Strategy. Mr. King said that expanding the threshold to 500 feet adds three faith-based properties eligible for Action C-1 provisions (Calvary Lutheran, Cross of Christ and First United Methodist). Two churches are in the Lake Hills area and one is in northwest Bellevue. Expanding to 1,000 feet adds five additional properties. Mr. King recommended extending the threshold to 500 feet. He said that could be incorporated into an ongoing review already underway with the Planning Commission.

Councilmember Zahn reiterated her interest in expanding the threshold to 1,000 feet due to the urgent need for housing.

Mayor Robinson said she would like to limit the distance to 500 feet and to reserve the 1,000 feet threshold to look at ways to incentivize housing for older adults.

Deputy Mayor Nieuwenhuis noted that two of the church properties added as eligible for affordable housing if they are within 500 feet of transit service are in the Lake Hills area. He said he hears ongoing comments from the public urging the equitable distribution of affordable housing across Bellevue. He asked whether any of the properties could be dedicated to housing for senior adults. Mr. Nieuwenhuis said he looks forward to the Planning Commission's review.



Councilmember Stokes concurred with the interest in senior housing.

Responding to Mayor Robinson, the Council indicated a consensus in support of 500 feet between affordable housing on church properties and transit services.

- Deputy Mayor Nieuwenhuis moved to extend the meeting to 10:10 p.m., and Councilmember Stokes seconded the motion.
- The motion carried by a vote of 7-0.

Responding to Ms. Hurd, Mayor Robinson confirmed the Council's interests regarding the staffing capacity.

- 11. Land Use: None.
- 12. Other Ordinances, Resolutions, and Motions: None.
- 13. Unfinished Business: None.
- 14. New Business: None.
- 15. Executive Session: None.
- 16. Adjournment

At 9:58 p.m., Mayor Robinson declared the meeting adjourned.

Charmaine Arredondo, CMC  
City Clerk

/kaw