

CITY COUNCIL STUDY SESSION

Council initiation of amendments to the Land Use Code to enable and encourage Micro-Apartments.

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Development Services Department

DIRECTION NEEDED FROM COUNCIL

DIRECTION

Initiate and direct the Planning Commission to process this Land Use Code Amendment (LUCA) to enable and encourage Micro-Apartments.

BACKGROUND & ANALYSIS

Background

Since the adoption of the Affordable Housing Strategy (AHS) in June 2017, the City has made significant progress towards achieving the target of 2,500 affordable housing units over 10 years. On July 5, in building upon the AHS, Council prioritized a set of “Next Right Work” actions to further increase housing production within the City. Council directed staff to begin work on the following items:

- Remove barriers to micro-apartments
- Allow higher Floor Area Ratio (FAR) for residential (or unlimited FAR or Dwelling Units (DU) per acre) within the form/height limits
- Reduce permit fees for affordable housing projects

Tonight, staff will focus on the first item – removing barriers to micro-apartments. Staff anticipates returning to Council for initiation of the latter two items later in the year.

Micro-apartments present a great opportunity to increase and diversify the City’s overall housing stock. This housing type is designed to create lower cost rentals by providing small square-footage studio apartments. Most often built as market rate rentals, micro-apartments also have been utilized as income-restricted or institutional housing (e.g., student housing). Micro-apartments are distinct from dormitories and other group living arrangements as they require that each unit contain a bathroom and kitchen. In essence, micro-apartments are only differentiated from traditional apartments by the imposition of regulatory size maximums.

LUCA Overview

The purpose of this LUCA is to remove barriers to constructing micro-apartments. While micro-apartments are not explicitly disallowed by the Land Use Code (LUC), few, if any, micro-apartments have been constructed within the City. The current LUC requirements for density, parking, and required amenities may add costs to projects that can make micro-apartment construction infeasible or unit costs uneconomical. This LUCA is intended to change those requirements to reduce the per-unit cost of production of micro-apartments. Micro-apartment buildings with the same form as traditional apartment

buildings can contain significantly more units, lowering rents for tenants and ensuring economic feasibility of their construction. As many of the land use districts included in the geographic scope of the project calculate density by DU per acre rather than FAR, current density standards will be studied through this LUCA to ensure that they are not preventing or hampering the development of micro-apartments.

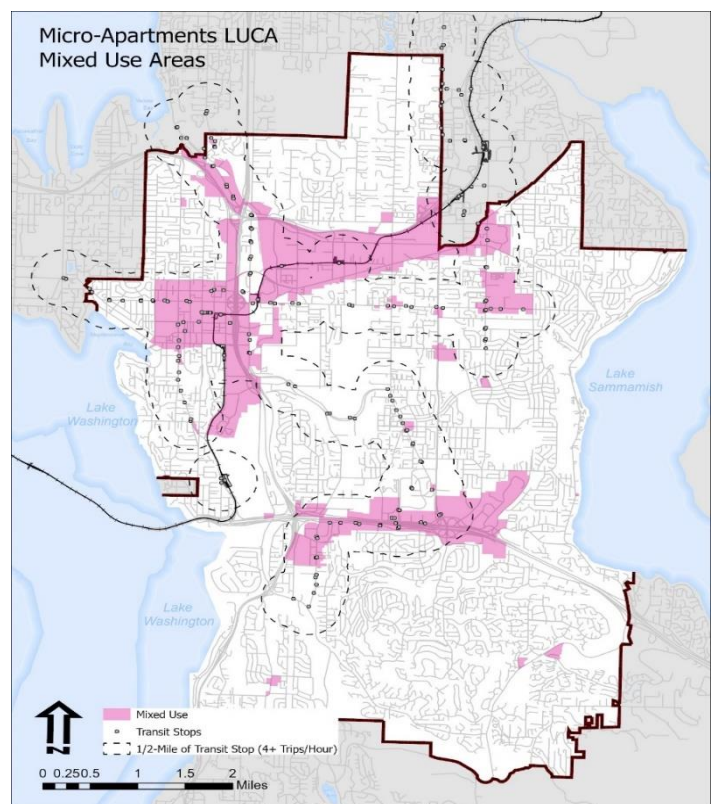
Parking requirements in the LUC add substantial cost to building micro-apartments in the City. Micro-apartments, with tighter profit margins due to their small unit size, can often be economically unfeasible because of these requirements. This LUCA will examine the parking requirements for micro-apartments and what changes are necessary to facilitate the construction of this housing type in Bellevue.

Requirements for residential amenities, such as ground floor uses and multifamily play areas are generally inconsistent with the typical design of these housing types and demographic served. These requirements can prove to be detrimental to the development of micro-apartments. Staff will evaluate whether residential amenity requirements such as these are barriers to micro-apartment development.

Proposed Geographic Scope

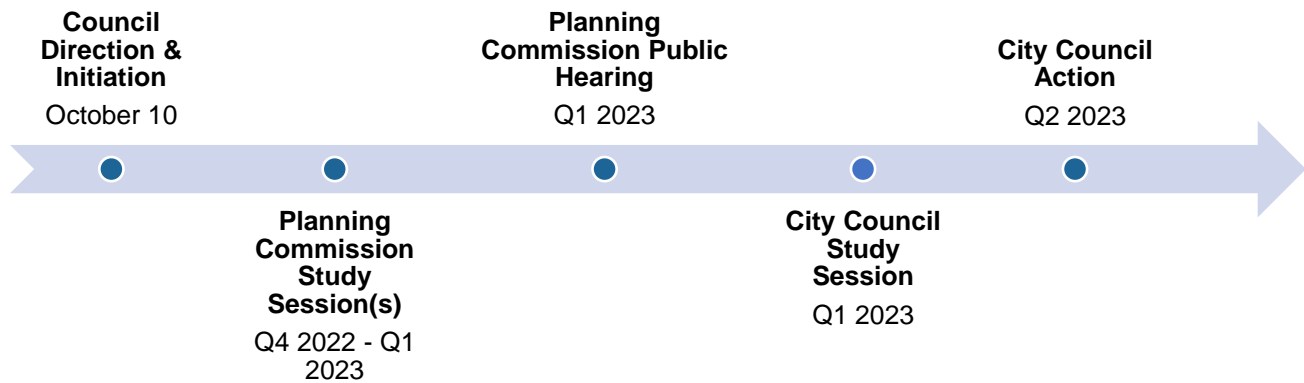
Staff is proposing a geographic scope for this LUCA to include all mixed-use land use districts that allow both multifamily and commercial development located in close proximity to services (Figure 1). Micro-apartments often do not include parking and are well suited to those who do not use a car for their day-to-day transportation and rely on nearby services and diverse transportation options. This proposed geographic scope is responsive to the micro-apartment model and will enable micro-apartments in areas of the City where traditional multifamily housing is already allowed. Development of micro-apartments in these areas promotes more environmentally sustainable transportation methods, and provides a more local and stable customer base for surrounding businesses. AHS Action B-1 recommends encouraging micro-apartment development around light rail stations. Staff is recommending a broader geographic scope to increase the impact of the LUCA, consistent with goal HO-11 and HO-17 of the Comprehensive Plan and the goals of the Next Right Work. The proposed geographic scope follows land use district boundaries, ensuring administrative efficiency and predictability.

Figure 1. Geographic Scope.



Project Timeline

After initiation on October 10, the LUCA is scheduled to be completed in Q2 of 2023 following public engagement and Planning Commission input.



Public Engagement

Staff has developed a public engagement plan with three modes of outreach to ensure the public, stakeholders, and interested parties have the opportunity to be informed and to provide comments.

- **Process IV Requirements.** Process consistent with Chapter 20.35 LUC procedural requirements to provide opportunities for public comment.
- **Direct Engagement and Feedback.** Dialogue with micro-apartment developers, affordable housing providers and advocates, current micro-housing residents, neighbor and peer cities, and Bellevue College.
- **Online Presence.** City webpage to provide opportunities for the public to stay informed and to request additional information.

POLICY & FISCAL IMPACTS

Policy Impact

This LUCA is intended to advance the AHS, Action B-1: *Encourage micro-apartments around light rail stations through actions such as reduced parking requirements.*

Additionally, the LUCA will advance the following Comprehensive Plan policies:

- **LU-3.** Promote a land use pattern and an integrated multimodal transportation system.
- **HO-11.** Encourage housing opportunities in mixed residential/ commercial settings throughout the City.
- **HO-17.** Evaluate the housing cost and supply implications of proposed regulations and procedures.

Fiscal Impact

No additional fiscal impact is anticipated as this LUCA will enable the permitting of micro-housing projects in the same manner as other structures within the City.

OPTIONS

1. Council Initiation of amendments to the Land Use Code to enable and encourage Micro-Apartments.
2. Provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

N/A