



City of Bellevue

Affordable Housing Tools

Inclusionary Zoning for Housing and Commercial Fee-in-lieu

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Information Only

- Staff is providing information regarding inclusionary zoning for housing, and including commercial fee-in-lieu, for generating additional affordable housing.
- Intent is to build a common understanding of these tools ahead of future Council consideration of individual planning efforts and code amendments, including “Next Right Work” actions.

Reason for Briefing: Initial Considerations

- Scope of additional development capacity / incentives
- Public/private benefit analysis
 - Priority-setting (affordable housing vs. other public benefits)
 - Options for affordability levels, % of units
 - Commercial/residential economic analysis
 - Fee-in-lieu calculations
- Options for participation
 - Mandatory/voluntary
 - Options to layer incentives (MFTE, fee waivers, etc.)

Agenda



Background



State Policy Framework



Examples: Inclusionary Zoning and
Commercial Fee-In-Lieu



Initial Implementation Considerations

Affordable Housing “Next Right Work”

Next Right Work items discussed with Council on July 5

Launched Oct 10

- Remove barriers to micro-apartments

Nov 14

- C-1 Phase 2 Policy Amendments to Council for adoption

Dec 12 Launch

- Allow higher FAR for residential
- Reduce permit fees for affordable housing

Dec 12 Update to Council

- Scoping: Simplify/expedite permit process for affordable housing
- Scoping: Encourage DADUs, ADUs, duplex, triplex and quadplexes
- Update on Capacity Analysis

July 5 “Next Right Work”

Potential NRW Actions	POTENTIAL IMPACT (Hsg and Aff Hsg)	LEVEL OF EFFORT (Public, Council, PC, Staff)	ONGOING OR 2022-23 WORKPLAN
Generate Revenue for Affordable Housing			
Enact a Housing Levy	High	High	ARCH Board discussing
Implement Commercial Linkage Fees	High	High	No
Increase Housing and Affordable Housing			
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
Remove barriers to micro-apartments	Low	Low	No
Allow higher FAR for res. (or unlimited FAR or DUs per acre) within form/height limits	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
Streamline Permits and Procedures			
Simplify the Land Use Code	Med	High	No
Simplify the permitting process and expedite permitting for affordable housing projects	Low	Med	No
Reduce Permit Fees for Affordable Housing projects	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

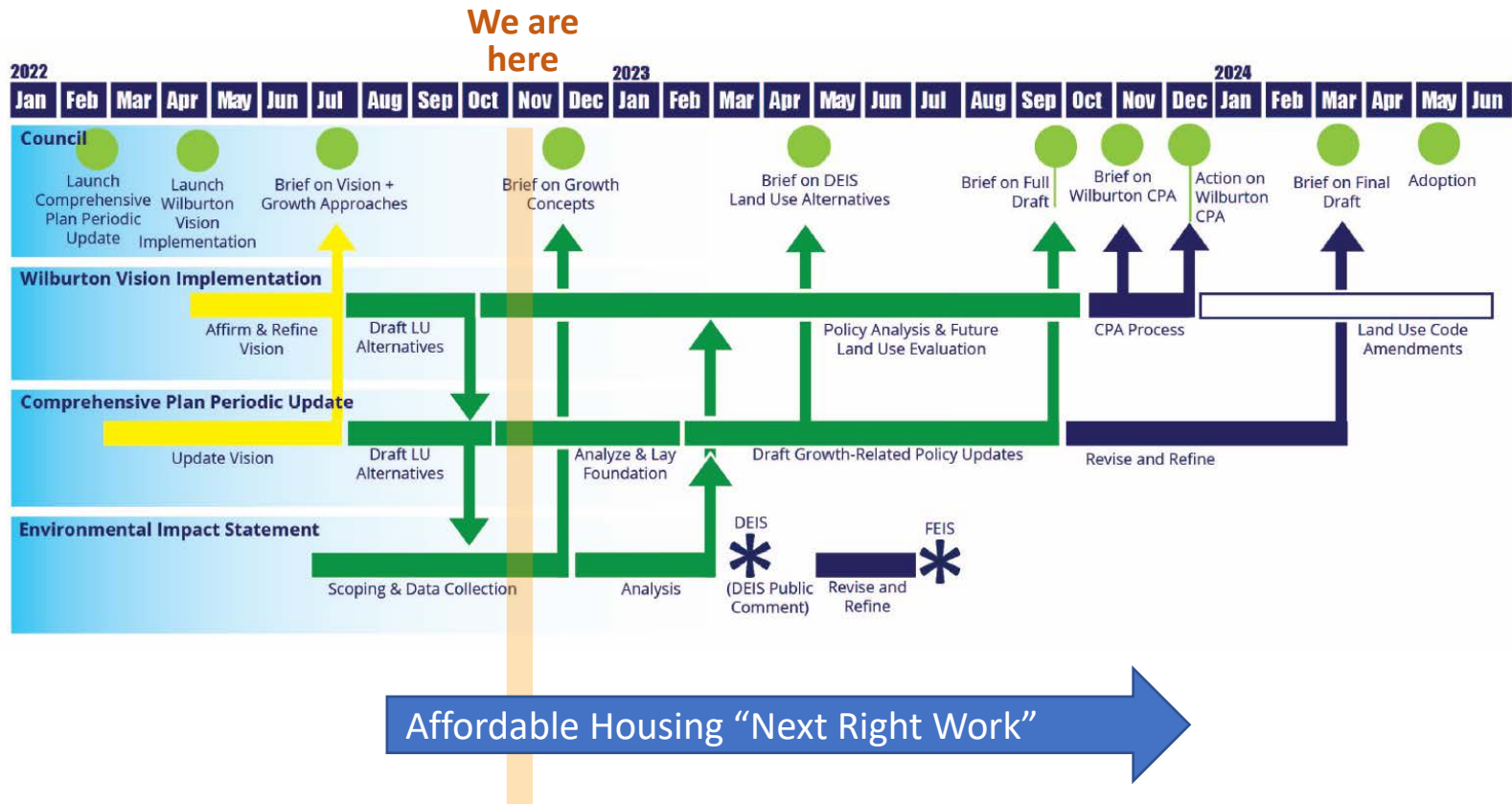
Conduct Capacity Analysis

Blue Rows: Council recommendation from July 5 to proceed to launch or scoping.

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

Upcoming Opportunities

- Comprehensive Plan Periodic Update includes: Wilburton, BelRed, Missing Middle Analysis



Inclusionary Housing Definitions

- Programs that tie the creation of affordable, below market rate housing to new development
- Variety of programs:
 - Residential, commercial and mixed-use
 - Voluntary and mandatory
 - On-site performance, off-site performance, fee-based
 - Zoning, tax, and financial incentives
- Terms: “Inclusionary Zoning,” “Incentive Zoning,” “Commercial Fee-in-Lieu”

WA State Policy Framework

State Growth Management Act (GMA)

Allows affordable housing incentive programs when increasing capacity “zoning changes, bonus densities, height and bulk increases, parking reductions, or other regulatory changes or other incentives.”

**Up to 80% AMI for rental and 100% AMI for ownership
to address local market conditions.**

**In-lieu payments allowed to go towards affordable units.
Minimum 50-year affordability.**

Local Implementation

Typically addressed during plan and code updates.

Current policy direction in Bellevue Comprehensive Plan: Encourage the development of affordable housing through incentives and other tools consistent with state-enabling legislation.

Summary of Eastside Programs

City	Type of Program	Affordability	Notes
Bellevue	Voluntary	80% AMI	Ability to overlap with Multifamily Tax Exemption (MFTE); Commercial fee-in-lieu allowed in East Main
Bothell	Mandatory	50-80% AMI	Enacted 2021; includes commercial
Issaquah	Voluntary in some areas, Mandatory in others	50-80% AMI	Requirements have mostly been achieved through development agreements
Kenmore	Voluntary	50-80% AMI	Currently considering mandatory
Kirkland	Mandatory	50-100% AMI	8-year MFTE included
Mercer Island	Voluntary	60-90% AMI	
Newcastle	Mandatory	50-80% AMI	
Redmond	Mandatory	50-80% AMI	Optional MFTE for deeper affordability
Sammamish	Mandatory plus Voluntary	80% AMI	Mandatory with additional voluntary option on top

Kirkland



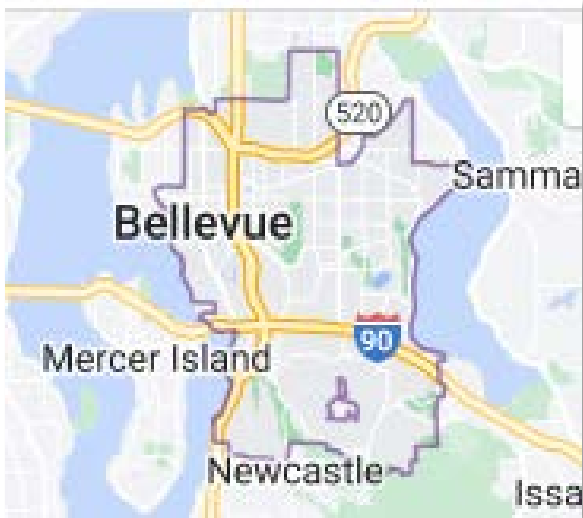
Year	Event
2004	Voluntary density bonus (2:1), 10-year MFTE: 12.5% set-aside, 50% AMI (rental) or 70% AMI (homeownership).
2009	Up-zoned <u>most</u> multifamily areas, <i>converting voluntary affordability to mandatory:</i> 10% set-aside, 50% AMI (rental), 80% AMI or 100% AMI (homeownership).
	Amended MFTE to replace 10-year with:
	<i>Inclusionary zones:</i> 8-year: 10% set-aside, 50% AMI. 12-year: additional 10% at 80% AMI.
	<i>Other zones:</i> 8-year: 10% set-aside, 80% AMI. 12-year: additional 10% at 50% AMI.
2012	Up-zoned east end of CBD; mandatory 10% 50% AMI (rental) or 100% AMI (homeownership).

Redmond



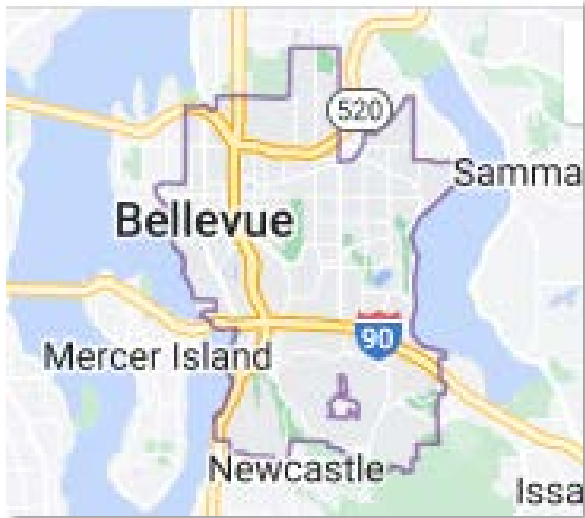
Year	Event
1993	Up-zoned Downtown subarea; mandatory 10% set-aside affordable at 80% AMI (rental and homeownership).
	May substitute 1 unit at 50% AMI for 2 at 80% AMI.
1994-2014	Inclusionary zoning expanded to cover all but 2 neighborhoods.
2017	Marymoor subarea up-zoned for TOD; mandatory 10% at 50% AMI (rental) or 70% AMI (ownership).
	Added MFTE:
	<i>Marymoor subarea</i> 8-year: 10% at 50% AMI (same as inclusionary). 12-year: 10% at 60% AMI + 10% at 80% AMI.
	<i>Downtown and Overlake subareas</i> 8-year: 10% at 60% AMI (deeper than inclusionary) 12-year: 10% at 65% AMI plus 10% at 85% AMI.

Bellevue



Year	Event
1991	Inclusionary zoning adopted for all new residential development of 10 or more units or lots, including senior housing (not nursing homes):
	>=10% set-aside at 80% AMI in exchange for one bonus unit or lot per affordable, up to 15% above existing density.
	Rezoning: same as above but 20% set-aside from density added by rezone.
	May substitute 1 unit at 50% AMI for 2 at 80% AMI.
	Off-site compliance and fees-in-lieu allowed.
1995	Inclusionary zoning amended: extra set-aside dropped for rezoning.
1996	Inclusionary zoning repealed: 1:1 bonus voluntary and only in multifamily development.

Bellevue



Year	Event
2009	Voluntary BelRed FAR bonus adopted: Rental -- 4.6 sq ft bonus: 1 sq ft at 80% AMI Ownership -- 7.2 sq ft bonus: 1 sq ft at 100% AMI Max bonus determined by zone. Fee-in-lieu allowed.
2015	MFTE version 1 adopted
2017	Voluntary Eastgate bonus adopted: 2.5 sq ft bonus: 1 sq ft at 80% AMI, max 1.0 FAR. (No fee-in-lieu.) Voluntary Downtown FAR bonus adopted: 2.5 sq ft bonus: 1 sq ft at 80% AMI, max 1.0 FAR. (No fee-in-lieu.)
2018	MFTE version 2 adopted, amended in Downtown
2021	MFTE version 3 adopted: Expanded to all multifamily zones, with 12-year: affordability for 20% of units at 80% AMI. Overlap with incentive zoning at 65% AMI. Parking excluded from affordable housing costs. Rent increase limits for renewing tenants.
2021	Voluntary East Main FAR bonus adopted: 3.2 sq ft bonus: 1 sq ft at 80% AMI. Max bonus determined by zone. Fee-in-lieu allowed.

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