

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Meeting

December 12, 2022
6:00 p.m.

Council Chambers
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 6:00 p.m., with Mayor Robinson presiding.

2. Roll Call; Flag Salute

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

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) Jodie Alberts, representing the Bellevue Chamber of Commerce, expressed support for the City's efforts to increase the supply of affordable housing. She encouraged the City to support higher floor area ratio (FAR) and density requirements. She thanked the Council and staff for their efforts.

(b) Jesse Simpson, representing the Housing Development Consortium, said the organization convenes the Eastside Affordable Housing Coalition, which includes more than 35 housing providers, community services providers, housing advocates and others. He

thanked the City for its efforts to meet housing needs. Mr. Simpson said he appreciated the City's efforts to reduce fees for affordable housing projects and expressed support for allowing higher FAR limits. He urged the City to also incorporate strong affordability requirements to increase affordable housing capacity and to help produce mixed-income communities. He suggested additional reforms including increasing floor plate maximums and lot coverage ratios and reducing setbacks and setbacks.

- (c) Jack McCullough expressed support for incentives to encourage residential development over commercial development.
- (d) Hal Ferris, a member of the Eastside Affordable Housing Coalition, urged the Council to not approve the direction requested by staff in the agenda memo for Item 10(a) in the meeting packet. Staff seeks to amend the Land Use Code to increase housing over commercial development without addressing the priority to include affordable housing for low- to moderate-income households. He suggested that a portion of the new housing capacity in Bellevue should be dedicated to affordable housing.
- (e) Anthony Lok commented regarding Capital Investment Program (CIP) project S-117 and noted his interest in joining the overall sewer system. He highlighted problems with septic systems experienced by neighboring residents.
- (f) Craig Spiezle, a Lochleven resident, commented regarding the proposed curb management plan and its impact on residential neighborhoods. He thanked the Transportation Commission and staff for their hard work on the plan. He questioned how curb pricing will solve or mitigate the demand for curb usage by delivery trucks, rideshares, and others. He expressed concern that the curb management plan does not address the unintended consequences including spillover traffic and parking in adjacent restricted parking zones. He encouraged the Transportation Commission and staff to refine the pricing plan. He said further exploration is needed regarding the creation of rideshare zones and designated hours for merchants and restaurants. Mr. Spiezle thanked all of the Councilmembers for their hard work over the past year.
- (g) Pamela Johnston said she did not understand why the Council Vision's housing goals are a lot about what King County wants while the vision states that Bellevue celebrates diverse cultures and an equitable community. She asked why neighborhoods were left out of the language related to housing goals. She expressed concern about concentrating housing development outside of the growth areas.
- (h) Clifford Cawthon, representing Habitat for Humanity, said they are one of the founding partners of the Eastside Affordable Housing Coalition. He commented on the need for affordable housing for lower income and middle income households. He thanked the City for exploring a reduction in permitting fees for affordable housing projects and expressed support for allowing higher FAR/density. He said mandatory affordable housing requirements should be in place at the time rezones and upzones are considered. He encouraged mixed income communities.

- (i) Smrithi Dharmarajan expressed support for the sewer extension proposed in the Utilities Capital Investment Program (CIP) Plan. She said the current septic system does not support the addition of more bathrooms and other features/appliances in many homes in her neighborhood. She said residents have been speaking with City staff regarding their needs and support for the sewer project.
 - (j) Madhukirana Reddy Timiri expressed concern regarding Resolution No. 10198 denying the Public Benefit Rating System (PBRs) application for his property. He said the resolution does not provide one proper reason for declaring the application ineligible. He said there are no exclusions in the law for easements. He said the budget impact to the City is minimal. He said the Council evaluated the application under RCW 84.34 while his application was submitted to King County's PBRs program. He said 1,450 King County households, including single-family properties in Bellevue, have participated in the PBRs program. He said the state law referenced above is not applicable to his application and the denial of his application by the City is arbitrary and capricious. He opined that the denial of his application denies him equal protection under the U.S. Constitution's 14th Amendment. He has contacted the civil rights division of the U.S. Department of Justice regarding his concerns and will be contacting elected officials and others to request a review of the Council's decision.
 - (k) Alex Zimmerman asked the City to stop the limit on 10 speakers and a total of 30 minutes for oral communications during Council meetings. He said there was no public hearing regarding tax increases recently adopted by the Council. He encouraged term limits for Council positions.
 - (l) Dr. Sue Mercer said she would like to meet with individual Councilmembers before January 12, when she will travel to Jamaica and Kenya. She would like to talk to Councilmembers about coordinating with King County and the state legislature regarding homelessness, mental health and addiction recovery. She has worked with homeless communities for more than 30 years. She expressed concern about the cost of housing in Bellevue, noting that she and her husband, a Boeing engineer, bought a house for \$25,000 in 1969 with their joint income of \$12,000 per year. She said a Boeing engineer most likely could not afford a house in Bellevue now. She urged the City to not issue any permits for downtown high-rise development that takes up a lane of traffic. She asked the City to restrict construction-related deliveries and traffic to night hours. She asked that any investments in mental health and addiction recovery services be well spent.
5. Reports of Community Councils, Boards, and Commissions: None.
 6. Report of the City Manager
 - (a) Comprehensive Plan Periodic Update and Wilburton Vision Implementation
[Written report; no presentation.]
 7. Council Business and New Initiatives

(a) Parks Levy Recognition

Councilmember Stokes recalled that Bellevue voters approved the renewal of the parks levy in November. He thanked the voters for supporting parks as a core value. The levy will add open space and parks and support sports fields, trails, an aquatic center and numerous other investments. He thanked everyone who championed the levy including the Bellevue Chamber of Commerce and the citizen committee that provided the statement in favor of the levy in the voters pamphlet. He recognized David Hamilton, the levy campaign committee chair, for his leadership. He thanked parks and recreation advocates and everyone in Bellevue for their support.

(b) Remote Participation Request for January 9 Meeting

→ Deputy Mayor Nieuwenhuis moved to approve Councilmember Zahn's remote participation during the January 9, 2023 meeting. Councilmember Stokes seconded the motion.

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

(c) Council Liaison Recommendation for Appointment to Human Services Commission

Deputy Mayor Nieuwenhuis recommended the appointment of Akshi Jain and Chad Halsted to the Human Services Commission. He noted Ms. Jain's involvement with community organizations focused on youth, education, women and homelessness. Mr. Nieuwenhuis highlighted Mr. Halsted's work related to agriculture and rural development, especially as it addresses the needs of Black, Indigenous and People of Color (BIPOC) communities and underserved communities.

→ Deputy Mayor Nieuwenhuis moved to appoint Chad Halsted to serve a partial term on the Human Services Commission expiring May 31, 2025 and to appoint Akshi Jain to serve a partial term expiring May 31, 2026. Councilmember Robertson seconded the motion.

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

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 November 28, 2022

- (b) Motion to approve payment of claims and payroll for the period November 1, 2022 - November 30, 2022.
- (c) Motion to reject the bid from Global Contractors LLC and award Bid No. 22045 for 108th Avenue NE and NE 6th Street and 110th Avenue NE and NE 6th Street Raised Intersections Project (CIP Plan Nos. PW-R-182, CD-44 and W-16) to Gary Merlino Construction Co. as the lowest responsive and responsible bidder, in the amount of \$4,801,545.00, plus all applicable taxes.
- (d) Ordinance No. 6706: (1) accepting \$115,000 from the Bellevue Police Foundation to support recruiting efforts; (2) amending Ordinance 6698, adopted November 21, 2022, as previously amended, to increase the appropriation to the 2023-2024 Operating Grants, Donations, and Special Reserves Fund in the amount of \$115,000; (3) appropriating the unanticipated grant revenues to that fund; and (4) authorizing expenditures of said grant funds for recruiting services.
- (e) Resolution No. 10179 granting authority to the City Manager or his designee to execute a cooperative purchase agreement with CDW-G for security software and services from FireEye, for a 3-year term, billed annually, with an option to extend through years 4 and 5 in an amount not to exceed \$366,061.80, plus all applicable taxes.
- (f) Resolution No. 10180 authorizing execution of an amendment to the Interlocal Agreement for Inmate Housing with South Correctional Entity (SCORE) to increase the number of guaranteed beds to 15 and increase the service fees and charges.
- (g) Resolution No. 10181 authorizing execution of an agreement with Epic Productions of Phoenix, LLC for police recruiting services in the amount of \$225,000, plus all applicable taxes.
- (h) Resolution No. 10182 authorizing execution of a one-year professional services agreement with a physician from Overlake Hospital to provide medical supervision and direction to the Bellevue Fire Department Medic One Program in the amount of \$110,000, plus all applicable taxes.
- (i) Resolution No. 10183 authorizing execution of a five-year agreement between the City of Bellevue and Gallagher Benefit Services, Inc., in an amount not to exceed \$1,100,000, plus all applicable taxes, for health and welfare benefits consulting and brokerage services
- (j) Resolution No. 10184 authorizing execution of a one-year agreement between the City of Bellevue and Premera Blue Cross with the option to extend for additional contract terms, in an amount not to exceed \$1,930,000, plus all applicable taxes, for medical and prescription drug third party administrative services.

- (k) Resolution No. 10185 authorizing execution of a five-year agreement between the City of Bellevue and Navia Benefit Solutions, Inc., in an amount not to exceed \$160,000, plus all applicable taxes, to provide administrative services for certain employee benefit plans.
- (l) Resolution No. 10186 authorizing execution of a two-year interlocal agreement with King County for jail services. The executed agreement shall be substantially in the form of the agreement in the Council Library.
- (m) Resolution No. 10187 authorizing the execution of Amendment No. 3 to the Online Service Licensing Agreement between the City of Bellevue and GOVERNMENTJOBS.COM, INC., (dba "NEOGOV"), adding a city-wide employee onboarding module to the existing platform, in an amount not to exceed \$37,416 plus applicable taxes.
- (n) Resolution No. 10188 authorizing execution of an amendment to the Agreement for Professional Services with LaCombe LLC, extending the contract term and increasing the contract to an amount not to exceed \$174,250, plus all applicable taxes, contingent on execution of an amendment to the Memorandum of Agreement (MOA) between the ARCH member cities to share in the cost of this amendment.
- (o) Resolution No. 10189 authorizing execution of a two-year General Services Contract with Plantscapes Inc. in an amount not to exceed \$101,934.40, plus all applicable taxes, including an option to renew for one additional term of two years in an amount not to exceed \$101,934.40, plus all applicable taxes and any state mandated prevailing wage increase and/or City approved special or unanticipated market condition that does not exceed the Consumer Price Index (CPI-U Seattle-Tacoma-Bellevue) for the most recently completed calendar year
- (p) Resolution No. 10190 authorizing execution of a two-year General Services Contract with Canber Corporation in an amount not to exceed \$48,770.00, plus all applicable taxes, including an option to renew for one additional term of two years in an amount not to exceed \$48,770.00, plus all applicable taxes and any state mandated prevailing wage increase and/or City approved special or unanticipated market condition that does not exceed the Consumer Price Index (CPI-U Seattle-Tacoma-Bellevue) for the most recently completed calendar year.
- (q) Resolution No. 10191 authorizing execution of an agreement with Seattle Police Department to accept modular vehicle barrier equipment valued at \$106,700 purchased through a federal Urban Area Security Initiative (UASI) grant.
- (r) Resolution No. 10192 approving the A Regional Coalition for Housing (ARCH) 2023 Administrative Budget and Work Program as recommended by the ARCH Executive Board.

- (s) Resolution No. 10193 authorizing execution of an amendment to a professional services contract (No. 2050031) with Herrera, Inc., for Utilities Specialty On-Call Professional Services (2020-2022) for Water, Sewer and Stormwater - Environmental Analysis and Permitting, to renew for an additional 2-year term, revise scope of services, and increase contract capacity by \$500,000, for a total contract amount not to exceed \$1,000,000, plus all applicable taxes.
- (t) Resolution No. 10194 authorizing execution of a five-year agreement with Andrews Consulting, LLC dba Northwest Teambuilding for the operation of the Bellevue Challenge Course & Zip Tour in an amount not to exceed \$500,000 plus all applicable taxes.
- (u) Resolution No. 10195 authorizing execution of a General Services contract with Canber Corporation in an amount not to exceed \$1,349,892, plus all applicable taxes, including an option to renew for one additional term of two years in an amount not to exceed \$1,349,892, plus all applicable taxes and any State-mandated prevailing wage increase and/or City-approved special or unanticipated market condition that does not exceed the Consumer Price Index (CPI-U, Seattle-Tacoma-Bellevue) for the most recently completed calendar year.
- (v) Resolution No. 10196 authorizing execution of a General Services contract with Plantscapes Inc. in an amount not to exceed \$120,757.40, plus all applicable taxes, including an option to renew for one additional term of two years in an amount not to exceed \$120,757.40, plus all applicable taxes and any State-mandated prevailing wage increase and/or City-approved special or unanticipated market condition that does not exceed the Consumer Price Index (CPI-U, Seattle-Tacoma-Bellevue) for the most recently completed calendar year.
- (w) Resolution No. 10197 authorizing execution of a General Services contract with Total Landscape Corporation in an amount not to exceed \$55,141.90, plus all applicable taxes, including an option to renew for one additional term of two years in an amount not to exceed \$55,141.90, plus all applicable taxes and any State-mandated prevailing wage increase and/or City-approved special or unanticipated market condition that does not exceed the Consumer Price Index (CPI-U, Seattle-Tacoma-Bellevue) for the most recently completed calendar year.
- (x) Resolution No. 10198 of the City Council of the City of Bellevue, Washington, denying the Timiri and Ostergaard application to reclassify portions of King County Parcel No. 8669400210, located at 4277 137th Ave. NE, Bellevue, Washington (King County), from Single-Family R-1 to open space under the Washington State Open Space, Agricultural, Timberlands, Current Use, Conservation Futures Act, Chapter 84.34 RCW.

9. Public Hearings: None.

10. Study Session Items

- (a) Council initiation of amendments to the Land Use Code (LUC) to allow higher floor area ratio (FAR) or density for certain residential uses to incentivize residential over commercial developments.

City Manager Brad Miyake introduced discussion regarding the proposed Land Use Code Amendment (LUCA) to allow higher floor area ratio (FAR) or density for certain residential uses.

Liz Stead, Interim Co-Director, Development Services Department, noted that her department staff worked with Community Development Department staff to inform tonight's proposal. She said the first phase of the process develops an interim official control (IOC) for downtown projects that are ready for application.

Nick Whipple, Planning Manager, said staff is seeking Council direction to process interim code amendments for downtown development, develop permanent code amendments to allow higher FAR in certain land use districts, and to direct the Planning Commission to process this LUCA. He said there is a current market preference for office development in Bellevue. However, the City is planning for 35,000 or more new housing units for the 2019-2044 planning period and this is an opportunity to boost the affordable housing supply.

Mr. Whipple recalled that the Council selected this item on July 5 for the Next Right Work related to housing and affordable housing. The proposed LUCA allows for higher FAR or density to incentivize residential development over commercial development. He noted that Action D-3 of the Affordable Housing Strategy calls for changing the City's approach to density calculations in multifamily zones to allow more flexibility in unit type and size. He said staff is changing its focus from dwelling units per acre to following the same density control used for commercial development (i.e., FAR).

The objectives of the LUCA are to allow higher FAR for residential development, encourage residential development by making it more economically competitive, increase the production of affordable housing, add flexibility for FAR utilization in downtown perimeter overlays and to allow proposed downtown residential projects to move forward. Mr. Whipple said there are commercial projects interested in switching to residential projects.

Mathieu Menard, Senior Planner, said the first phase is to develop the IOC applicable to downtown development to increase residential FAR, prioritize affordable housing and to add flexibility for the utilization of FAR provisions. He said this effort will inform the development of permanent regulations during the second phase of the project. Stakeholders identified for Phase 1 public engagement are downtown residents, affordable housing providers and advocacy groups, developers and builders, Bellevue Downtown Association (BDA) and the Bellevue Chamber of Commerce.

Mr. Menard said the draft IOC provisions, including community and stakeholder input, will be presented to the Council next year with adoption of the IOC targeted for the second quarter of 2023. A public hearing is required within 60 days of the adoption of the IOC.

Phase 2 involves developing the permanent LUCA to consider the following issues for targeted mixed-use districts: 1) convert the use of dwelling units per acre to FAR, 2) increase residential FAR, 3) adjust affordable housing exemptions, incentives and in lieu fees, and 4) analyze building height and form standards. Mr. Menard said the geographic scope does not include the Wilburton area, which has an ongoing planning effort, or the BelRed district where the subarea plan look forward review is pending. He noted an interest in encouraging or requiring affordable housing for the utilization of the City's bonus program. Staff proposes retaining building form standards as much as possible to mitigate impacts to the community. The Phase 2 public engagement plan will include input from focus groups of developers and affordable housing providers and input from residents, neighborhood associations, community organizations, the Eastside Housing Roundtable, Bellevue Chamber and the BDA.

Mr. Menard highlighted the overall project timeline. Adoption of the IOC during Phase 1 is anticipated next summer. Phase 2 to develop permanent regulations will follow with Planning Commission and City Council review in late 2023 and early 2024. Adoption of the LUCA is anticipated by spring of 2024.

Ms. Stead said staff is seeking direction to initiate work on the IOC for downtown development, draft code amendments to allow higher FAR in certain land use districts and to direct the Planning Commission to process the LUCA.

Mayor Robinson said this is a great opportunity to add affordable housing. She noted her advocacy for affordable housing requirements during the Downtown Livability code update, which was ultimately not successful. She would like to be able to require affordable housing for any residential development. She asked whether the City can require a fee in lieu on commercial development to provide affordable housing.

Turning to Phase 2 of the work, Ms. Robinson said when FAR and building height maximums have been increased in the past, strong development typically follows. She asked whether there are design guidelines and expressed concern that older buildings in Old Bellevue could be replaced. She asked whether there have been discussions about retaining neighborhood character as more affordable housing is developed.

Ms. Stead said staff is not planning to revise any standards related to bulk and form. She said there are design guidelines that consider neighborhood character and compatible development.

Ms. Stead said it would be challenging to require a commercial fee in lieu given that staff is not suggesting additional FAR for commercial development. Ms. Stead said staff is exploring whether a commercial fee in lieu might be feasible in the Wilburton area and other areas that are candidates for upzones. Responding to Mayor Robinson, Ms. Stead confirmed that the current LUCA applies only to residential development requirements. Ms. Stead said the decision to

produce residential units versus commercial development is based largely on the anticipated return to the development community.

Councilmember Stokes expressed enthusiasm for this effort and noted there appears to be some confusion in the community about the LUCA and the potential impacts. He noted the urgent need for affordable housing and expressed concern about the proposed timeline for processing the LUCA through early 2024.

Responding to Mayor Robinson about whether the work could be expedited, Ms. Stead said staff would like to be able to complete the work more quickly, which is the reason for pursuing temporary regulations through the IOC. Ms. Stead said the schedule is actually quite ambitious, especially given the need to study financial and economic considerations.

Councilmember Zahn thanked staff for their work and proposed LUCA approach. She expressed support for efforts to incentivize residential development. She suggested that any FAR increase should be based on current affordable housing tools to ensure public benefit. She asked whether the City intends to hire a consultant to assist in staff's analysis.

Ms. Zahn referenced staff's comment about excluding the BelRed district from the Phase 2 permanent regulations. She would like to include the BelRed area in the regulations if the look forward review will take longer to complete.

Ms. Stead confirmed that staff will work with an economic consultant throughout this work. She recalled a past report related to housing as part of the East Main planning effort as well. She said the BelRed look forward review is scheduled to occur over approximately the same timeline. She said the City does not currently have a commercial fee in lieu program and staff is not considering increasing commercial FAR limits. She said the focus is on increasing residential FAR limits. However, studying a commercial fee in lieu could be part of a future work item.

Councilmember Lee said he is pleased the City is recognizing current market conditions in its efforts to encourage the development of affordable housing. He expressed support for staff's proposed approach and encouraged robust engagement with developers. He said the development of housing must be profitable for developers and builders.

Deputy Mayor Nieuwenhuis thanked staff for the presentation and the discussion. He thanked Mr. Whipple for his comments regarding public engagement. Mr. Nieuwenhuis expressed support for staff's proposed approach, noting that it aligns with the City's Next Right Work initiative, the Affordable Housing Strategy and the planning effort for meeting growth targets. He said the proposed LUCA encourages residential development. He appreciates the proposed adoption of an IOC until permanent regulations can be developed.

Councilmember Barksdale thanked staff for their work. He asked about the affordability levels to be prioritized through this effort and the tools to achieve the desired affordability levels. Ms. Stead said the process will help to identify the appropriate levels. She said affordable housing is currently defined in the Land Use Code as a household priced at 80 percent AMI (area median

income) or less. Ms. Stead suggested reviewing that definition and the potential for different bonus rates to achieve different affordability levels.

Councilmember Robertson said she supports the initiation of the LUCA through the two phases described by staff. Responding to Ms. Robertson, Mr. Whipple confirmed that the Phase 1 FAR increase will apply across the downtown. Mr. Whipple said staff's proposal for the IOC impacts the downtown core and perimeter. He said the increased FAR would apply across the downtown, and adjustments would be made with the perimeter overlays, which often have more stringent regulations. Mr. Whipple said the IOC will address relaxing FAR provisions to allow FAR to transfer more freely within a project. The City currently offers a level of flexibility in its standards (e.g., stepbacks, floor plate limits) when developers provide affordable housing. He confirmed that the FAR increase will apply across the downtown.

In further response to Ms. Robertson, Mr. Whipple said staff will analyze the building form constraints along with the FAR increase to ensure that any increase is supported by the City's form and height limits.

Ms. Robertson encouraged outreach to property owners in all of the zones potentially impacted by the IOC. If there are residential projects that developers would like to build that are constrained under the current code, she would like to prioritize those elements in the IOC to expedite the development of housing and affordable housing.

Councilmember Robertson noted comments by Councilmember Zahn and Councilmember Lee about including the BelRed area in the permanent regulations. Ms. Robertson said she would rather err on the side of being more flexible through the IOC to enhance its impact on stimulating residential development. She opined that the timeline described by staff is relatively fast but she would like to see the adoption of the IOC as soon as possible.

- Deputy Mayor Nieuwenhuis moved to initiate amendments to the Land Use Code to allow higher floor area ratio (FAR) or density for certain residential uses to incentivize residential development over commercial development, and to direct the Planning Commission to process the LUCA. Councilmember Robertson seconded the motion.
- The motion carried by a vote of 7-0.

At 7:30 p.m., Mayor Robinson declared a break. The meeting resumed at 7:41 p.m.

- (b) Council Initiation of Next Right Work proposal to reduce permit review and inspection fees for qualifying affordable housing projects.

City Manager Miyake introduced discussion regarding the Next Right Work proposal related to permit and inspection fees.

Mr. Whipple said staff is seeking Council direction to initiate action to reduce permit review and inspection fees for qualifying affordable housing projects. He noted that this proposal is responsive to Action C-5 in the Affordable Housing Strategy to reduce the cost of building

affordable housing through code amendments, lower fees, reduced parking requirements and other tools.

Mr. Whipple highlighted the proposed three-step process. Tonight's agenda item provides an overview of the proposed scope and schedule of the work. If directed by the Council, staff will return during the second quarter of 2023 to provide an update, including the results of the public engagement process, and to present a draft proposal for the fee waiver program. Council action to implement the reduced fee program is anticipated during the second quarter as well.

Mr. Whipple said that development services operate under a cost-recovery model. Permit fees vary based on the size of the project and cover review, permitting and inspection costs. The City currently waives transportation impact fees and school impact fees for qualifying affordable housing projects.

Mr. Menard said the proposed reduction in fees applies to 100-percent affordable housing developments serving households at or below 80 percent AMI. This includes permanent supportive housing, emergency housing and homeless services uses. Staff proposes waiving up to 100 percent of the review and inspection fees. However, that does not include pass-through fees. Examples of fees for eligible projects include Highland Village with 96 housing units and a fee of \$226,820; Horizon supportive housing to provide 95 units with a fee of \$156,656; and Polaris at Eastgate to create 354 affordable units with a fee of \$918,868. Mr. Menard said the financial impact of fee reductions will be analyzed and staff will explore setting an annual limit on the amount of fees that can be waived. Public engagement will involve input from affordable housing advocacy groups, developers and builders, affordable housing providers, supportive housing and service providers, and other cities. A public hearing will be held as well.

Mr. Menard requested Council direction to initiate the work to reduce permit review and inspection fees for qualifying affordable housing projects.

Mayor Robinson thanked staff for the presentation and commented that it is good to have affordable housing initiatives moving forward.

Responding to Deputy Mayor Nieuwenhuis, Mr. Whipple confirmed that the fiscal review will consider the fees that the City is already waiving in assessing the financial impact. Mr. Nieuwenhuis asked whether staff will consider the relationship between efforts to expedite permit processing and waiving permit and/or inspection fees.

Ms. Stead said staff plans to return in January to discuss scoping for the expedited permit review proposal requested by the Council. She suggested further discussion at that time regarding how the issues of expedited processing and fee waivers/reductions work together.

Councilmember Robertson expressed support for initiating the work to reduce fees. She asked whether the City has received or could conceivably receive applications for projects from an entity other than a nonprofit organization. She said she is hesitant to offer a fee reduction for for-profit projects.

Regarding a maximum annual fee reduction and funding to offset fee reductions, Councilmember Robertson suggested exploring resources such as HB 1590 and HB 1406 revenues and potentially federal Community Development Block Grant (CDBG) funds, transient occupancy tax (TOT) revenue, real estate excise tax (REET) revenue and grants from the State housing trust fund.

Responding to Ms. Robertson, Ms. Stead said staff will present alternatives for offsetting fee reductions during the next update. Ms. Stead suggested identifying a sustainable, ongoing income source to support the program if implemented. Responding to the question about for-profit entities, Ms. Stead said strictly affordable housing projects could potentially be completed by a for-profit developer. Staff will provide more information for the next discussion with the Council.

Councilmember Barksdale expressed support for initiating staff's review of permit and inspection fees related to affordable housing projects.

Mayor Robinson referred to Deputy Mayor Nieuwenhuis' comments and suggested that certain developers might be more interested in expediting permit processing than in other measures, such as reduced fees. Ms. Robinson expressed support for moving forward with staff's proposed approach.

Councilmember Lee thanked staff for their work and concurred with the need to analyze the fiscal impacts and to set annual limits for reduced fees. Responding to Mr. Lee, Ms. Stead said development services are provided through a cost recovery model and therefore fee waivers will reduce revenue for the department's operations.

Councilmember Zahn agreed with her colleagues about ensuring that any fee waivers are offset by another revenue source. Rather than placing an annual limit on fee waivers, she suggested trying to identify additional revenue sources to offset the lost fees in order to maximize the development of affordable housing. Ms. Zahn suggested exploring whether there are ways to further expedite permit processing and/or to provide assurances about the processing timeline for affordable housing developers.

Ms. Stead confirmed that staff will continue to seek grants and other funding opportunities. Responding to Ms. Zahn, Ms. Stead said there have been discussions about designating a staff person to focus on public education and coordination with developers and housing providers.

Councilmember Stokes referred to his earlier comments about the parks levy and thanked Patrick Bannon and the Bellevue Downtown Association (BDA) for their support of the levy.

Mr. Stokes observed that there is general support for considering reduced fees to encourage affordable housing, and there are a number of questions and ideas about how to handle the fiscal impacts. He thanked staff for their work and expressed support for the proposed approach.

→ Deputy Mayor Nieuwenhuis moved to initiate work on a proposal to reduce permit review and inspection fees for qualifying affordable housing projects. Councilmember Stokes seconded the motion.

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

(c) Intergovernmental Issues [*Written information only. No presentation.*]

11. Land Use: None.

12. Other Ordinances, Resolutions, and Motions

(a) Ordinance No. 6707 adopting the 2022 amendments to the Transportation Element and Downtown Subarea Plan CPA (22-103136 AC) of the City of Bellevue Comprehensive Plan pursuant to the Growth Management Act, Chapter 36.70A RCW, and Chapter 35A.63 RCW; providing for severability; and establishing an effective date.

Mayor Robinson noted that the Council previously discussed the Comprehensive Plan Amendments (CPAs) and directed staff to return with legislation for formal action.

Thara Johnson, Comprehensive Planning Manager, said that two of the ordinances under this agenda item adopt specific CPAs, and the third ordinance is the general ordinance to update the Comprehensive Plan. Both of the CPAs were initiated by the City. The first relates to amendments to the Transportation Element of the Comprehensive Plan and to the Downtown Subarea Plan in support of a comprehensive approach to curb management. The second CPA adopts amendments related to Affordable Housing Strategy Action C-1 to increase affordable housing potential on certain faith-owned properties in single-family land use districts.

→ Deputy Mayor Nieuwenhuis moved to adopt Ordinance No. 6707, and Councilmember Stokes seconded the motion.

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

(b) Ordinance No. 6708 adopting the Affordable Housing Strategy (AHS) Action C-1, Phase 2, Comprehensive Plan Amendments (22-105258 AC) pursuant to the Growth Management Act, Chapter 36.70A RCW, and Chapter 35A.63 RCW; providing for severability; and establishing an effective date.

→ Deputy Mayor Nieuwenhuis moved to adopt Ordinance No. 6708, and Councilmember Stokes seconded the motion.

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

(c) Ordinance No. 6709 adopting the City's 2022 amendments to the Comprehensive Plan, as separately set forth in Ordinance Nos. 6707 and 6708, pursuant to the

Growth Management Act, Chapter 36.70A RCW, and Chapter 35A.63 RCW; providing for severability; and establishing an effective date.

- Deputy Mayor Nieuwenhuis moved to adopt Ordinance No. 6709, and Councilmember Stokes seconded the motion.
- The motion carried by a vote of 7-0.
- 13. Unfinished Business: None.
- 14. New Business: None.
- 15. Executive Session: None.
- 17. Adjournment

Mayor Robinson said Council meetings will resume on January 9, 2023. She said she typically writes a poem to close out the year but noted that this year she will read a poem entitled White-Eyes written by Mary Oliver.

At 8:20 p.m., Mayor Robinson declared the meeting adjourned.

Charmaine Arredondo, CMC
City Clerk

/kaw