



# Bellevue Planning Commission

April 12, 2023

## PLANNING COMMISSION PUBLIC HEARING ITEM

### SUBJECT

Public Hearing on a proposed Land Use Code Amendment (LUCA) to establish criteria and procedures in the Land Use Code (LUC) for certain properties owned by religious organizations and located in single family land use districts to be rezoned to allow permanently affordable multifamily housing. The LUCA advances the City's Affordable Housing Strategy (AHS) Action C-1. File No. 23-100486-AD.

### STAFF CONTACT(S)

Kristina Gallant AICP, Senior Planner, 452-6196

Nick Whipple, Planning Manager, 452-4578

*Development Services Department*

### POLICY ISSUES

The proposed LUCA advances Action C-1 of the AHS, which seeks to “increase development potential on suitable land owned by public agencies, faith-based and non-profit housing entities for affordable housing”. The City adopted the AHS in 2017, in order to address Bellevue’s affordable housing needs. The City Council initiated work on AHS Action C-1 on July 20, 2020.

On December 6, 2021, as a first step in implementing Action C-1, the City Council adopted a 50 percent density bonus for affordable housing developments meeting Action C-1 ownership criteria. During the process, Council noted that some religious organizations' properties in single-family land use districts have location characteristics that could support higher densities and multifamily housing. They directed a second phase of work to further increase capacity for affordable housing on these properties through a Comprehensive Plan Amendment (CPA), LUCA and rezone. On December 12, the City Council adopted the CPA necessary for this LUCA, adding a note to the City’s Land Use Map and two new Housing Element policies:

- **Comprehensive Plan Policy HO-36:** Allow properties in single family designated areas on the Comprehensive Land Use Plan map to reclassify to multifamily when they meet all the following criteria:
  1. one hundred percent of the housing being developed will be permanently affordable housing; and
  2. the property is owned or controlled by a religious organization; and
  3. the property is located near high capacity transportation infrastructure and services; and
  4. the property is located near other multifamily residential or commercial use districts.
- **Comprehensive Plan Policy HO-37:** Inform and educate religious organizations about the opportunity to develop affordable housing.

AHS Action C-1 is also consistent with the following City policies and initiatives:

- **Comprehensive Plan Policy HO-7:** Encourage the development of affordable housing through incentives and other tools consistent with state-enabling legislation.
- **Comprehensive Plan Policy HO-26:** Provide incentives and work in partnership with not-for-profit and for-profit developers and agencies to build permanent low- and moderate-income housing.
- **Diversity Advantage Plan Guiding Principle Opportunity:** Share prosperity by connecting residents, schools, businesses, faith and nonprofits to work together for the common good.

**DIRECTION NEEDED FROM THE PLANNING COMMISSION**

**ACTION**

**DIRECTION**

**INFORMATION ONLY**

Staff requests that the Planning Commission hold the Public Hearing on the proposed LUCA and, following the Public Hearing, recommend to the City Council approval of the proposed LUCA. In addition, staff request that the Planning Commission make a recommendation on either retaining the AH Suffix Designation Criteria as drafted, or changing to the alternate method based on the most intensive land use district within 500 feet.

	<b>Topic Areas</b>
<input checked="" type="checkbox"/>	<p><b><u>Study Session 1 (February 8): Affordable Housing (AH) Suffix, Eligibility Criteria</u></b></p> <ul style="list-style-type: none"> <li>• Topic 1. Affordable Housing (AH) Suffix</li> <li>• Topic 2. Eligibility Criteria</li> </ul>
<input checked="" type="checkbox"/>	<p><b><u>Study Session 2 (March 8): AH Suffix Designation Criteria</u></b></p> <ul style="list-style-type: none"> <li>• Topic 3. AH Suffix Designation Criteria</li> <li>• Topic 4. Applicable Procedures</li> </ul>
<input checked="" type="checkbox"/>	<p><b><u>Public Hearing (April 12):</u></b></p> <ul style="list-style-type: none"> <li>• Required Public Hearing</li> <li>• Planning Commission Recommendation</li> </ul>

**BACKGROUND/ANALYSIS**

The content of the LUCA was reviewed and discussed in two study sessions on February 8 and March 8. At the March 8 Study Session, the Planning Commission directed staff to schedule the LUCA for Public Hearing. The Staff Report describing the background and review process, including demonstrating the LUCA’s compliance with the applicable decision criteria in LUC 20.30J.135, is included with this Memorandum as Attachment A.

The proposed LUCA will amend chapters 20.10, 20.20, and 20.30B to establish criteria and procedures in the Land Use Code (LUC) for certain properties owned by religious organizations and located in single family land use districts to be rezoned to allow permanently affordable multifamily housing. A strike-draft of the proposed LUCA is provided as Attachment B.

**Planning Commission Questions**

At the March 8 Study Session, the Planning Commission requested additional information on the impact of potential revisions to the LUCA. Staff will present this information at the Public Hearing and request guidance from the Planning Commission on any revisions to be incorporated in the LUCA for City Council review. This information is also summarized below.

1. *Impact of changing AH Suffix Designation Criteria to use most intensive Land Use District within 500 feet*

The AH suffix available to an eligible property is determined by a “Reference Land Use District” selected from the area around the eligible property. Under the draft LUCA, the Reference Land Use District is identified using either the Land Use District sharing the largest portion of the property’s border or the closest Land Use District where multifamily housing is allowed. During the March 8 Study Session, the Planning Commission requested to review the impact of changing this process to instead use the most intensive Land Use District within 500 feet of an eligible property as the Reference Land Use District.

A comparison of the distribution of eligible sites by AH suffix under the two suffix designation methods is provided in **Table 1**. If the AH suffix designation method is changed to Method 2 (Highest within 500 feet), 10 out of 30 eligible sites would receive a higher AH suffix compared to Method 1. Of these 10, eight would only increase by one suffix level. One site would increase two levels (from AH-2 to AH-4), and one would increase three levels (from AH-1 to AH-4). Under the second method, total affordable housing capacity would increase from 3,571 units to 4,109 units.

**Table 1. Eligible Sites by AH Suffix and Designation Method**

Proposed AH Suffix	Designation Method 1: Adjacent/Closest		Designation Method 2: Highest within 500 Feet	
	Sites	Housing Capacity	Sites	Housing Capacity
AH-1	5	65	1	86
AH-2	3	83	4	230
AH-3	14	161	11	1,099
AH-4	8	163	14	2,694
		3,571		4,109

2. *Can we provide flexibility for sites only missing one of the criteria?*

Comprehensive Plan Policy HO-36 establishes that sites must meet all the following criteria to be eligible for a rezone:

1. one hundred percent of the housing being developed will be permanently affordable housing; and
2. the property is owned or controlled by a religious organization; and
3. the property is located near high capacity transportation infrastructure and services; and
4. the property is located near other multifamily residential or commercial use districts.

The only opportunities for incorporating flexibility with the eligibility criteria are in either the definition of “near high capacity transportation infrastructure and services” or “near other multifamily residential or commercial use districts”.

Under the proposed LUCA, sites must have access to both an arterial and access to frequent transit service to be eligible for a rezone. One option to introduce flexibility in this area would be to include sites that have either arterial access or frequent transit service. If this change were introduced, keeping other criteria constant, seven additional sites would be eligible for a rezone.

There is already some flexibility for arterial access in the proposed LUCA. One of the eligible sites is not located directly on an arterial, but is connected to an arterial by a short dead-end street. The Director was able to use discretion in this case to determine that the site still has direct arterial access.

3. *Could the presence of a property with an AH suffix meet the definition of “significantly changed conditions” for another nearby property seeking a Comprehensive Plan Amendment?*

One of the decision criteria for adopting a Comprehensive Plan Amendment is that the amendment addresses “significantly changed conditions” since the last amendment. Consideration of “significantly changed conditions” is evaluated both during Threshold Review for Comprehensive Plan Amendments initiated by the public or by entities other than the City (LUC 20.30I.140.E) and during Final Review (LUC 20.30I.150.B.3) for any proposed Amendment. During the March 8 Study Session, Councilmember Robertson asked if the rezone associated with this initiative could be used during a later Comprehensive Plan Amendment process to demonstrate significantly changed conditions and support City adoption of a proposed Comprehensive Plan Amendment separate from this C-1, Phase 2, work.

“Significantly changed conditions” are defined in LUC 20.50.046 as “evidence of change such as unanticipated consequences of an adopted policy, or changed conditions on the subject property or its surrounding area, or changes related to the pertinent plan map or text; where such change has implications of a magnitude that need to be addressed for the Comprehensive Plan to function as an integrated whole.” The presence of a qualifying property that has been rezoned by the City with an AH suffix, standing alone, would not constitute “significantly changed conditions” under LUC 20.50.046 and Part 20.30I LUC. When evaluating the “significantly changed conditions” criteria, the Planning Commission and City Council undertake a fact-specific inquiry that looks at the subject property, the surrounding area, and relevant changes to land use patterns and built environment. This inquiry involves a holistic analysis and would not be limited to a review of adjacent qualifying properties in a single family designated area that may develop multifamily affordable housing under the unique AH-based zoning designation.

However, by its very nature, this LUCA and associated rezone would be available to qualifying properties that are located near high capacity transportation infrastructure and services and are located near multifamily residential or commercial use districts. The infrastructure, services, adjacent multifamily or commercial development, land use patterns, and built environment surrounding the subject property under review in connection with a Part 20.30J LUC Comprehensive Plan Amendment, as well as any changes that have occurred around the subject property over time, would all be important to consider in connection with any proposed Comprehensive Plan Amendment. In addition, whether an adjacent, qualifying property that has been rezoned by the City AH suffix has, in fact, redeveloped at the increased density allowed by the suffix-based zoning would be a factor to consider. Still, whether or not a confluence of factors surrounding the subject property would rise to the level of “significantly changed conditions” under the LUC would be a fact-specific inquiry and an adjacent property that has been rezoned to allow higher densities in

connection with a one hundred percent affordable housing development would not, standing alone, satisfy the “significantly changed conditions” decision criteria.

4. *Additional clarification regarding “ownership and control” timing*

In order to be eligible for a rezone, properties must be “owned or controlled” by a religious organization. At the previous study session, staff provided clarification that “control” can be demonstrated in a number of ways, and can accommodate multiple options for partnerships with affordable housing developers.

For further clarification, the question of ownership or control occurs in two instances only: when determining if a property is eligible for a rezone, and when determining if a property is eligible for the already-established 50% density bonus.

Under the proposed LUCA, once a property has been rezoned with an AH suffix, it may be developed as multifamily housing by any owner, provided all housing units are permanent affordable housing. In order to be eligible for the additional 50% density bonus, the property must be owned or controlled by a religious organization, nonprofit organization, or public entity.

### **Public Engagement**

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

1. Process IV Requirements. Process consistent with Chapter 20.35 LUC procedural requirements to provide opportunities for public comment, including:
  - Notice of Application of the proposed LUCA on January 19; and
  - Public hearing on the proposed LUCA anticipated in April.
2. Direct Engagement and Feedback. Dialogue and field visits with representatives of religious organizations, affordable housing providers, and neighborhoods.
3. Public Information Session. Virtual public information session on January 31 to provide information about the project to the general public and respond to questions.
4. Online Presence. City webpage to provide opportunities for the public to stay informed, including:
  - Staff contacts; and
  - Public information regarding LUCA progression.

Staff will continue to collect feedback from the public, stakeholders, and interested parties and summarize their comments for the Planning Commission throughout the LUCA process.

### **Anticipated Schedule**

The anticipated timeline for processing the LUCA is as follows:

- Planning Commission Study Sessions: February 8 and March 8
- Planning Commission Public Hearing and Recommendation: April 12
- City Council Study Session: to be scheduled
- City Council Action: to be scheduled

**ATTACHMENT(S)**

- A. Staff Report
- B. Strike-Draft of Proposed LUCA
- C. Planning Commission Resolution