

**CITY COUNCIL STUDY SESSION****Affordable Housing Strategy Implementation Update**

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**DIRECTION NEEDED FROM COUNCIL****INFORMATION  
ONLY**

This is an informational briefing on the progress of the Affordable Housing Strategy, including units achieved, effectiveness of programs, and highlight of current workplan. This progress report occurs twice per year.

**RECOMMENDATION**

N/A

**BACKGROUND & ANALYSIS****Affordable Housing Strategy Implementation**

The City's current Affordable Housing Strategy was adopted in June 2017. Nearing seven years of implementation, significant progress has been made towards the strategy's target of achieving 2,500 units over 10 years.

- A total of 2,174 housing units and 100 shelter beds have been funded or built since the strategy was developed.
- Pipeline affordable housing (estimated at around 787 units) includes:
  - Affordable units on public land in BelRed at the Sound Transit Operations and Maintenance Facility East (OMFE) transit-oriented development site and 130th Avenue Station;
  - Pipeline units using the City's Multifamily Tax Exemption (MFTE) program; and
  - Use of the Downtown and BelRed land use incentive programs.
- Affordable units/beds achieved to date plus current pipeline indicates the 10-year goal of 2,500 units will be achieved within the next few years.

As noted by Council previously, the 2017 affordable housing goal of 2,500 units over 10 years was a reasonable target at the time but needs updating. Based on the City's progress to date and the planning work that is ongoing, staff will bring forward an approach to Council in the fall to update the current target.

**Affordable Housing Units Achieved and Pipeline Projects**

The table in Attachment A itemizes the affordable housing units that have been added or are in the development pipeline since 2015, slightly before the Affordable Housing Strategy was adopted.

## Implementation of Actions

Work that was completed since the last Council update in October 2022 and other noteworthy actions include the following:

- Evaluated applications submitted for the 2022 Housing Stability Program (HSP) Request for Proposals in conjunction with ARCH project funding applications. Staff will be bringing funding recommendations to Council in mid-May.
- Continued outreach to projects eligible for the Multifamily Tax Exemption (MFTE) program. The most recent tally showed 220 affordable MFTE units currently in the pipeline along with 55 units in the pipeline utilizing both MFTE and other incentives. In addition, developers have expressed interest for another 300 units. These pipeline figures and conversations indicated extensive use of the new MFTE code amendments adopted in July 2021 in alignment with staff's expected program utilization.
- Toured the Eastgate Campus that includes CFH Men's Shelter (100 beds), Plymouth Housing Permanent Supportive Housing (95 units), and Polaris Workforce Housing (360 units). The projects will be ready for occupancy beginning this spring.
- Completed the 2022 Housing Needs Assessment and presented the information to Council in January. It provides a current representation of the housing need within the City and will assist with future affordable housing actions and inform the update of the Land Use and Housing Elements of the Comprehensive Plan Periodic Update.
- Completed the Community Engagement Best Practice Guide for permanent supportive housing developers to use in Bellevue.

Staff continue to work on the following projects:

- Pursuing partnerships to develop affordable housing on suitable public lands in proximity to transit hubs (OMFE transit-oriented development, 130th Station). Amazon recently announced a financial partnership at the OMFE site to create 235 units of affordable housing. The new apartments, funded through \$42.5 million in low-rate loans and grants from Amazon, are targeting residents who earn 30-80 percent Area Median Income (AMI) and construction is anticipated to occur in 2024.
- In December 2022, Council adopted the Comprehensive Plan amendment related to the AHS Action C-1, Phase 2, which includes map and policy amendments for properties owned or controlled by religious organizations and provides guidance on which single-family properties will be eligible for a rezone. In January, staff kicked off the Land Use Code amendment (LUCA) process to establish eligibility criteria, rezone procedures, and criteria for determining the additional capacity available to eligible properties. The LUCA is currently being considered by the Planning Commission and will then be presented to Council. Several religious organizations have expressed interest in exploring the potential of adding affordable housing to their properties and staff will continue to work with them through the LUCA process.
- Bellevue's Comprehensive Plan Periodic Update is well underway, including work to implement the Wilburton Vision. The City is exploring expanding the variety of housing types in order to meet the needs of households across all income bands and life stages. This and other projects

are working to provide affordable housing, micro-units for students/single adults, more mid-sized options for families just starting out or for seniors looking to downsize while staying in their community.

- The City continues to pursue funding partnerships with employers, financial institutions, foundations, and others.
- On July 5, 2022, and January 17 this year, Council prioritized the following five “Next Right Work” actions to further increase housing production and affordable housing opportunities:
  1. **Remove barriers to micro-apartments.** On October 12, 2022, Council initiated this action to address items in the Land Use Code that were identified as impediments to micro-apartments through staff outreach and experience. The Planning Commission reviewed proposed code amendments in a study session on January 25 and a public hearing on March 8. The Planning Commission recommendation was introduced to the City Council on April 24.
  2. **Allow higher FAR or density for certain residential uses to incentivize residential over commercial developments.** On December 12, 2022, Council initiated this item in two phases. Phase 1 will be achieved through an Interim Official Control (IOC) focused on Downtown Land Use Districts, and Council has already considered this temporary IOC for Downtown during a recent Study Session. The IOC intends to increase the production of residential units and affordable housing Downtown by adjusting the FAR exemption to allow additional FAR when affordable housing is provided. The IOC will also provide greater development flexibility to projects meeting affordable housing thresholds. The IOC is anticipated to be adopted in Q2 2023.

Phase 2 will include a permanent LUCA for Downtown and targeted mixed-use land use districts within the City. Phase 2 will utilize the Environment Impact Statement (EIS) being completed with the Comprehensive Plan Periodic Update. This LUCA is anticipated to begin after the Final EIS is released and is scheduled for completion in early 2024.
  3. **Reduce permit review and inspection fees for affordable housing projects.** On December 12, Council asked staff to examine the impacts of a fee waiver program for eligible affordable housing projects, permanent supportive housing, emergency housing, and homeless services uses projects. The objective of reducing permit review and one-time inspection fees is to further incentivize affordable housing production in the City. Staff anticipates introducing the results and recommendations for a fee waiver program to City Council in early summer.
  4. **Encourage Detached Accessory Dwelling Units (DADUs), Accessory Dwelling Units (ADUs), and duplex, triplex, quadplexes, including a mechanism for separate ownership.** On January 17, staff presented a scope of work to Council on this item. The first phase of this work is to remove barriers to attached ADU development and allow for separate ownership, with the remainder of this action to be considered with the Comprehensive Plan Periodic Update. The Planning Commission reviewed the ADU Reform

LUCA on March 22, then directed staff to schedule a public hearing. This hearing has been scheduled for May 10, after which the Commission may recommend the LUCA to Council.

5. **Simplify the permitting process and expedite permitting for affordable housing.** On January 17, Council initiated two categories for this item: internal process improvements; and code improvements. Internal process improvements are suited to expedite permitting for affordable housing projects and to use as pilots for future deployment. Code improvements will focus on implementing previous Council decisions on Unit Lot Subdivisions to spur townhouse development and amend the City's Environmental Procedures Code to maximize SEPA categorical exemptions to decrease the number of projects subject to the SEPA process.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

The purpose of the Affordable Housing Strategy Implementation Program is to improve affordable housing opportunities across the City. This is consistent with City Council Priorities and Comprehensive Plan Housing Policy.

Comprehensive Plan Policy HO-24: Develop and implement an effective strategy to ensure affordable housing opportunities are available in Downtown and throughout the City at a range of affordability levels. Monitor quantity, types, and affordability of housing achieved for potential unintended consequences and to determine if the need is being met.

### **Fiscal Impact**

Sufficient budget authority has been approved for implementation of the Affordable Housing Strategy work program. Council requests for additional research, work items, or condensed schedule could require additional resources.

## **OPTIONS**

N/A

## **ATTACHMENTS**

- A. Itemized List of Affordable Units added since 2015

## **AVAILABLE IN COUNCIL LIBRARY**

Bellevue Affordable Housing Strategy, June 5, 2017