

## CITY COUNCIL PUBLIC HEARING

Public Hearing and action on Ordinance imposing a temporary and interim official control on sections 20.25A.060 and 20.25A.070 of the Land Use Code (LUC) to increase the residential floor area in exchange for the provision of affordable housing, allow development flexibility when meeting certain affordable housing thresholds, and provide projects with flexibility in utilizing FAR in the Downtown Perimeter Overlay within a single project limit in order to encourage residential development; providing for vesting to this temporary and interim control; reserving the right to adopt permanent regulations; providing for severability; and establishing an effective date.

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## EXECUTIVE SUMMARY

Tonight is a public hearing for Council to consider an Interim Official Control (IOC) to temporarily increase the residential floor area in exchange for the provision of affordable housing in Downtown, allow development flexibility when meeting certain affordable housing thresholds, and provide projects with flexibility in utilizing FAR in the Downtown Perimeter Overlay within a single project limit.

## RECOMMENDATION

Hold the public hearing and move to adopt Ordinance No. 6736

## BACKGROUND/ANALYSIS

### Background

On April 17, 2023, Council considered a proposed IOC to increase the production of both residential units and affordable housing in Downtown by adjusting the existing Downtown FAR exemption. The proposed IOC allows for more residential FAR to be exempt when affordable housing is included in the project, provides greater development flexibility to projects meeting affordable housing thresholds, and allows flexibility in FAR usage to projects located within the perimeter overlay.

At the April 17 meeting, Council discussed the need for housing within Downtown, noting that the IOC found a positive balance between incentivizing housing development and requiring affordable housing. Council also stressed the importance of completing the IOC quickly and requested a schedule that would provide for adoption of the IOC as quickly as possible. To this end, the City adjusted the proposed date of the public hearing from May 22 to May 8, which was the earliest date possible to meet noticing requirements.

During the prior discussion, Council raised concerns that the IOC provision to eliminate a 15-foot setback requirement in the Downtown Perimeter Overlay District could impact adjacent residences and the pedestrian realm. Council then requested draft language for potential amendments that would allow the IOC to move forward without eliminating the 15-foot setback from the A-1 Perimeter Overlay

District and along Main Street in Old Bellevue. The requested language is included in the form of two Options in Attachment A to this Agenda Memo.

Council also requested additional outreach to the Vuecrest Owners Association, Downtown Residents' Association, and the Old Bellevue Merchants' Association. Finally, Council requested additional information on how the IOC's success would be measured. As the existing affordable housing FAR exemption has not been well utilized, the best measure of success would be to examine if utilization of the FAR exemption increases during the term of this temporary IOC. The Development Services Department works closely with project applicants and will be able to engage with them as phase two of this "Next Right Work" legislative project commences to better understand the impacts of the IOC on development decisions.

After discussion, Council directed staff to prepare the Ordinance and return for a public hearing and adoption of the IOC. The proposed Ordinance contains a minor modification to the vesting language in Section 5 in order to respond to public concerns and clear up any ambiguity regarding the vesting period for Master Development Plans and associated Design Review under the IOC and Part 20.30V LUC. Tonight's meeting will include the public hearing for the interim official control Ordinance; and a staff report describing the background, review process, and public engagement was provided with the published notice and is included as Attachment B.

### **Outreach**

Staff provided an overview of the current Downtown zoning and proposed IOC to the Eastside Housing Roundtable, EAHC, Bellevue Chamber PLUSH, Bellevue Downtown Association (BDA), and NAIOP in January, February, and March. Feedback on the IOC was received from several of the engaged groups and has been provided to Council.

Subsequent to the Council Study Session, staff provided details of the IOC to the Vuecrest Owners' Association, Downtown Residents' Association, and the Old Bellevue Merchants' Association. Additionally, staff requested that the organizations provide input to Council on the proposed changes during the legislative process and detailed how input could be given.

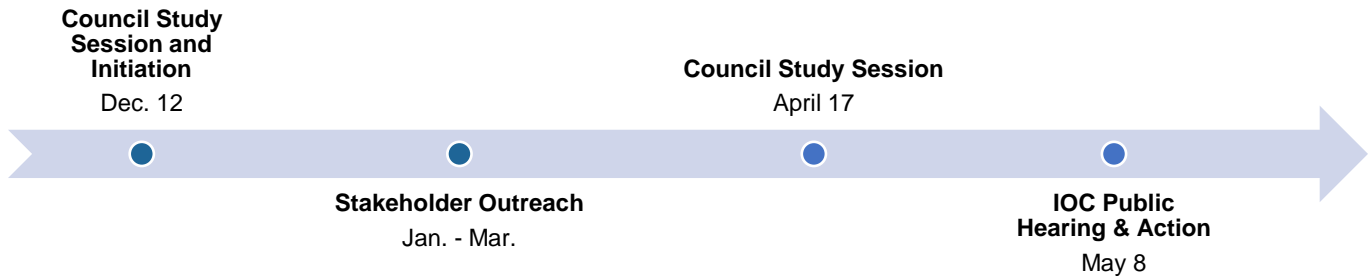
### **Interim Official Control**

As directed by Council, staff has brought back the temporary IOC Ordinance for adoption and public hearing at the meeting tonight. This allows for the public to provide input at the public hearing prior to the adoption of the IOC Ordinance.

In addition, the Growth Management Act (GMA), RCW 36.70A.390, states that this IOC may be effective for six months, and if necessary, may be renewed for one or more six-month periods if a subsequent public hearing is held and findings of fact are made prior to each successive renewal. This IOC is not intended to be permanent development regulations for Downtown or permanently replace the regulations in Part 20.25A LUC and is instead designed to be a temporary allowance to encourage affordable housing and residential development in Downtown during a six (6) month interim time period. Following expiration of the IOC, any affected regulations in Part 20.25A LUC will again control, unless the Phase 2 permanent LUCA amending those regulations has been developed and adopted by the City.

## Review Process

The timeline identifies the review process for this IOC.



## POLICY & FISCAL IMPACTS

### Policy Impact

This IOC is consistent with the Comprehensive Plan, including the Downtown Chapter of the Comprehensive Plan, the Affordable Housing Strategy, and stated goals of the City to increase housing and affordable housing. Staff is recommending that the public hearing be held contemporaneously with action on the proposed IOC Ordinance. In addition, this IOC will be effective for six months following this public hearing and subsequent adoption.

The IOC is consistent with the following Comprehensive Plan policies:

1. LU-15: Provide, through land use regulation, the potential for a broad range of housing choices to meet the changing needs of the community.
2. LU-20: Support Downtown's development as a regional growth center, with the density, mix of uses and amenities, and infrastructure that maintain it as the financial, retail, transportation, and business hub of the Eastside.
3. LU-22: Monitor trends in Bellevue's job centers and consider land use changes, if needed, to maintain the vitality of these centers.
4. LU-28.4: Consider a land use incentive system that offers additional floor area in exchange for infrastructure and amenities that contribute to the public good.
5. HO-7 & HO-23: Encourage the development of affordable housing through incentives and other tools consistent with state enabling legislation.
6. HO-11: Encourage housing opportunities in mixed residential/commercial settings throughout the city.
7. HO-12: Provide incentives to encourage residential development for a range of household types and income levels in multifamily and mixed-use commercial zones.
8. 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.
9. S-DT-9: Provide bonus incentives (related to permitted density, height, etc.) for private developments to accomplish the public objectives outlined in this Plan.

10. S-DT-24: Provide density incentives to encourage urban residential development throughout Downtown.
11. S-DT-24.1: Encourage the development of housing within the Downtown including units targeted to workers who are expected to fill jobs created in the Downtown.

### **Fiscal Impact**

There is no fiscal impact associated with implementing the IOC.

### **OPTIONS**

1. Adopt Ordinance No. 6736 imposing a temporary and interim official control on sections 20.25A.060 and 20.25A.070 of the Land Use Code (LUC) to increase the residential floor area in exchange for the provision of affordable housing, allow development flexibility when meeting certain affordable housing thresholds, and provide projects with flexibility in utilizing FAR in the Downtown Perimeter Overlay within a single project limit in order to encourage residential development; providing for vesting to this temporary and interim control; reserving the right to adopt permanent regulations; providing for severability; and establishing an effective date.
2. Adopt Ordinance No. 6736 excluding Perimeter Overlay District A-1 from the stepback reduction by replacing Section 2 of the Ordinance with the language provided in Option 1 of Attachment A.
3. Adopt Ordinance No. 6736 excluding Perimeter Overlay District A-1 and Main Street within the Downtown Old-Bellevue (DT-OB) Land Use District from the stepback reduction by replacing Section 2 of the Ordinance with the language provided in Option 2 of Attachment A.
4. Provide alternative direction to staff.

### **ATTACHMENTS**

- A. Draft Amendment Language
- B. Staff Report

Proposed Ordinance No. 6736

### **AVAILABLE IN COUNCIL LIBRARY**

N/A