June 14, 2023

PLANNING COMMISSION AGENDA ITEM

SUBJECT

Summary of the Racially Disparate Impact Analysis, Economic Analysis and Implications of Analysis for the Preferred Alternative

STAFF CONTACTS

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POLICY ISSUES

Over the course of three meetings in June, the Planning Commission will select a Preferred Alternative to be included in the Final Environmental Impact Statement (FEIS). This is the next step in the environmental review process. The Draft Environmental Impact Statement (DEIS) was issued on April 27 with a 45-day public comment period ending on June 12.

The Preferred Alternative will cover the City as a whole and the Wilburton Study Area. The Preferred Alternative does not need to be the alternative with the lowest impact. It can be one of the alternatives in the DEIS or a combination of two or more alternatives. Findings from the DEIS and analysis of the Preferred Alternative in the FEIS will inform development of the Planning Commission's recommended growth strategy in late 2023. The growth strategy will incorporate both policies and land use designations for achieving the City's vision and may vary from the Preferred Alternative based on the additional analysis and community input.

At this first meeting in June, Planning Commission will receive a summary of findings from two additional reports to help inform the Preferred Alternative:

- 1) Racially Disparate Impact Analysis an analysis of housing policies and regulations that result in racially disparate impacts, displacement, or exclusion; and
- 2) Economic Report an analysis of economic outcomes for the different growth alternatives studied in the DEIS and viability of neighborhood centers.

DIRECTION NEEDED FROM THE PLANNING COMMISSION					
ACTION	DIRECTION	INFORMATION ONLY			

BACKGROUND

The intent of the EIS process is to ensure environmental values are given appropriate consideration during the City's review of the proposed Comprehensive Plan Periodic Update and the Wilburton Vision Implementation legislative processes. The DEIS analyzed the environmental impact of a No Action Alternative and three Action Alternatives to plan for growth in Bellevue. On May 10, the Planning Commission reviewed the alternatives studied in the DEIS and the potential environmental impacts of each alternative. On June 14, the Commission will have the opportunity to review the Racially Disparate Impact Analysis and the Economic Analysis and align the findings in these two reports with the findings in the DEIS.

Staff will provide the Commission with a set of recommendations in the June 21 packet to inform the Commission's deliberation and selection of a Preferred Alternative to be studied in the FEIS. The staff recommendations will be based on information from the DEIS, community input to date, and other analyses. The public comment period for the DEIS was open for 45 days, closing on June 12. The FEIS will include additional analysis of the Preferred Alternative as needed and respond to comments received on the DEIS. The FEIS is anticipated to be released at the end of August. Below is an outline of the upcoming Planning Commission meetings related to the EIS and Preferred Alternative.

Commission Meetings	Topics	Direction Needed
May 10	Summary of alternatives studied in the DEIS; summary of state legislation	Information
June 14	Summary of Racially Disparate Impact Analysis & Economic Analysis; Summary of implications of the analyses	Information
June 21	Summary of Public Comment; Discussion of Preferred Alternative	Direction on Preferred Alternative
June 28	Continued Discussion of Preferred Alternative	Recommendation on Preferred Alternative

Table 1. Summary of Potential Economic Impacts of Alternatives under a Buildout Scenario

	Citywide			Wilburton Study Area				
Fiscal Impact	No Action	Alt 1	Alt 2	Alt 3	No Action	Alt 1	Alt 2	Alt 3
Construction sales tax								
Retail sales tax								
Total wages								
Property values								
= high impact	= mediu	ım impact		= low im	pact			

Source: City of Bellevue. June 2023. Comprehensive Plan 2044 Economic Report.

SUMMARY OF ECONOMIC ANALYSIS

The Economic Analysis contains two parts. The first part assesses the economic impact of the No Action Alternative and the three Action Alternatives at buildout (which includes potential development past the 2044 time-horizon based on increased capacity). The second part analyzes the commercial viability of Neighborhood Centers under the different alternatives. Although the size of the economic impact of the different alternatives is anticipated to be different at buildout, all alternatives have the same job and housing growth targets and expect similar levels of citywide growth by 2044. The market analysis of the 13 identified Neighborhood Centers demonstrates how different types of Neighborhood Centers function within the City. Recommendations for supporting Neighborhood Centers include incentives for local-serving businesses to locate and remain in the centers, support for housing growth nearby, and tracking the health and needs of centers over time.

The report includes information on the economic impact to the City of the DEIS alternatives. It analyzes the potential impact to City revenues through the collection of construction sales tax, retail sales tax, and property taxes. It also analyzes the impact on total wages. At buildout, the economic impact would be highest under Alternative 3 (Table 1). The No Action Alternative (Alternative 0) is estimated to have a moderate impact on tax revenue and wages across the City and low impact in the Wilburton Study Area. Alternatives 1 and 2 are estimated to have a similar, moderate economic impact at build out because they have a similar capacity for jobs. All the Action Alternatives are anticipated to have a high impact on land values and property tax collection. However, the study notes that the higher capacity for multi-family housing in Alternative 3 would create more opportunity for use of tax exemption programs that support the production of subsidized housing. This could have a short-term negative impact on property tax collections, though it would benefit low-income households seeking housing. As stated above, this part of the analysis considered the impacts of buildout under each of the

alternatives. Since the City's targets and expected growth by 2044 is similar across all alternatives, the overall economic impact of all alternatives would be similar in 2044.

The second part of the report analyzes Bellevue's 13 Neighborhood Centers. Neighborhood Centers are defined as commercial nodes outside of the major employment centers. These areas often have retail, restaurants and services that meet the needs of the local neighborhood, though some serve customers from further away. The report includes an analysis of existing center composition and size (Table 2), the number of visits to centers, and the market sheds or customer home locations. It also analyzes the impact that additional housing nearby would have on Neighborhood Centers. While each Neighborhood Center is unique in its composition and relationship to its immediate neighborhood, some centers have similar characteristics allowing them to be grouped into the following center types:

- Local Shopping Centers These centers are anchored by grocery stores or a major service like a library. Most center customers live within the immediate local area.
 - BelEast Shopping Center
 - Newport Hills Shopping Center
 - Lake Hills Village
 - Lakemont Village
 - Northtowne Shopping Center
- Regional Shopping Centers These centers are also anchored by grocery stores, but they draw customers from a broader area, and they have more retail square footage.
 - Kelsey Creek
 - Eastgate Plaza
- Weigh Stations These areas are anchored by a gas station, pharmacy, or community center with a small amount of additional commercial space.
 - o 8th & 140th Street
 - o 8th & 148th Street
 - o Bellevue Way
- Office Focused Centers These areas have little or no retail relative to the amount of office space.
 - o PineView
 - Yarrowood
- Undefined This area is in transition given its proximity to both Overlake and the Crossroads Mixed Use Center. Its use is currently not well defined.
 - Bellevue Technology Center Area

Table 2. Neighborhood Center Composition

Name	Center Type	Anchor(s), Largest Tenants (bolded)	Retail SF	Grocery Portion (SF)	Office SF	Office + Retail SF Total
BelEast S.C.	Local	QFC, Shell	80,000	40,000	-	80,000
Newport Hills S.C.	Local	S-Mart Asian Supermarket , Stod's batting cages, misc. dining & shops	70,000	20,000	30,000	100,000
Lake Hills Village	Local	Library , Temple/Cultural Center, clinics, dining	70,000	-	70,000	140,000
Lakemont Village	Local	Towne & Country (grocery)	70,000	30,000	-	70,000
Northtowne S.C.	Local	QFC, Chevron	50,000	20,000	-	50,000
Kelsey Creek	Regional	Walmart NC , Wingstop, Kizuki Ramen	180,000	60,000	40,000	220,000
Eastgate	Regional	Safeway, RiteAid, Outback Steakhouse	110,000	30,000	80,000	190,000
8th and 140th	Weigh station	Walgreens , Shell, medical offices, TechAce software	10,000	-	120,000	140,000
8th and 148th	Weigh station	no retail anchor (car wash, Boys & Girls club)	10,000	-	30,000	50,000
Bellevue Way	Weigh station	none (dentist, cleaners, Chevron/Food Mart, pancake restaurant)	10,000	-	10,000	10,000
Pineview*	Office	US Foods Chef's Store (part grocery), dining, 7-11, Firestone	120,000	20,000	320,000	440,000
Yarrowood	Office	no retail anchor (business park, medical, prep school)	10,000	-	660,000	670,000
BTC Area	Undefined	No retail	0	-	450,000	450,000

SOURCES: CoStar and Leland Consulting Group based on CoStar[™] Data.

NOTES:

The report includes recommendations for supporting the development of Neighborhood Centers in Bellevue. The City is already doing some of these actions but there is an opportunity to take further measures to support Neighborhood Centers. Below is a list of the recommendations, identifying how they are currently being implemented or could be implemented in the future.

 Develop a set of questions appropriate for Bellevue and a set of processes and outreach to gather information from residents about the future of the centers.

S.C. = Shopping Center; SF = square feet

^{*}Pineview also includes significant amounts of lodging, vehicle sales (car and motorcycle), and some flex industrial uses which are excluded from this table and from subsequent visitation analysis.

- The City continuously engages with the community about issues of importance to residents.
- Engagement around the future of Neighborhood Centers can be implemented through the Neighborhood Area Plan updates.
- Implement goals, objectives, and performance measures specific to Bellevue's Neighborhood Centers.
 - Goals for the Neighborhood Centers can be created as policies in the Comprehensive Plan Periodic Update.
 - Objectives and performance measures can be created as part of the City's economic development planning activities.
- Identify potential locations for new Neighborhood Centers based on existing land use patterns and areas where services are lacking.
 - A framework for identifying new locations can be created as part of the Comprehensive Plan Periodic Update and implemented through Neighborhood Area Plan updates.
- Invest in pedestrian-supportive public infrastructure (including secondary transit connectivity) for any new redevelopment in and around existing Neighborhood Centers.
 - Transportation projects are prioritized as part of the Transportation Facilities
 Plan.
- Consider novel incentives for developments that directly address the central goals of the Neighborhood Center concept – providing convenient goods, services, and gathering places that are close to the households that will use them the most.
 - o Incentives could be identified through the Comprehensive Plan Periodic Update.
 - o Implementation strategies could be developed as part of the City's Economic Development Plan.
- Aid in the retention of local independent businesses like grocers, hardware stores, and restaurants, that already provide important basic goods and services to local residents but are being crowded out by businesses more able to afford increasing rents.
 - o Retention incentives are included in the City's Economic Development Plan.
- Support housing supply growth wherever possible, especially in and around Neighborhood Centers.
 - Additional capacity for housing around Neighborhood Centers is currently being evaluated in the Comprehensive Plan Periodic Update.

SUMMARY OF RACIALLY DISPARATE IMPACT ANALYSIS

The purpose of the racially disparate impact analysis is to look at Bellevue's housing policies and regulations through an equity lens to identify ones that may be having disparate impacts on particular racial and economic groups. The report includes:

1) Analysis of policies in the Comprehensive Plan that can in effect result in exclusion in housing, displacement, and other disparate impacts;

- 2) Description of current conditions: the outcomes and impacts of those accumulated disadvantages and the current housing situation; and
- 3) The historical context, including past events and policies that have contributed to the current disparity in outcomes.

The analysis shows specific ways that Bellevue can take action to begin to address the current disparity in outcomes. First, the analysis notes inequitable development patterns. Second, the analysis identifies policies in the Comprehensive Plan that are:

- Supportive of addressing racially disparate impacts, displacement or exclusion in housing;
- Approaching support for these actions; or
- Challenging in taking these actions.

And finally, the analysis identified risks for displacement.

The experience of accessing and maintaining housing in Bellevue is very likely to differ based on racial and/or ethnic identity and income. These two factors are associated with where one lives in the city, the likelihood of owning versus renting, the degree of housing cost burden experienced, the likelihood of your children meeting grade level standards, exposure to environmental hazards, and access to parks and open space. Seven broad take-a-ways from the analysis include:

- 1) The Crossroads, Eastgate, and Factoria neighborhoods, which proportionally house more Black and Hispanic residents have a history of under investment, higher levels of exposure to environmental hazards, and more difficult access to parks.
- 2) Segregation in Bellevue by neighborhood is driven in part by the homogeneity of housing types and affordability levels in certain neighborhoods. This effectively excludes residents with lower incomes from certain parts of the City.
- 3) Rapidly rising housing prices are exacerbating wealth inequalities between homeowners and renters, a gap that already exhibited disparities along race and ethnic lines a decade ago. The gap in Bellevue is greater than the national disparity.
- 4) Income disparities exhibit similar patterns by race, putting homeownership farther out of reach, faster, for Black households and Hispanic/Latino households.
- 5) Income also intersects with age, where many households with a member aged 62 or over are living on low to extremely low incomes.
- 6) The housing affordability crisis has affected those with the lowest incomes hardest, but Bellevue is also unaffordable to many of the people who commute to work in the City. Affordable and appealing housing choices convenient to Bellevue's employment centers would support transportation and environmental goals in addition to housing goals.
- 7) In 2019, the Fair Housing Center of Washington testing program observed differential treatment in Bellevue on the basis of race, disability, religion, national origin, and

income. Without specific policy and program interventions, and enforcement of Fair Housing laws, housing within Bellevue is at risk of growing more inequitable through displacement and discrimination.

The analysis also reviewed the policies in the Comprehensive Plan. It found that of the 40 policies in the Housing Element, 68 percent were Supportive of addressing racially disparate impacts, displacement or exclusion, 20 percent were Approaching support, and 12 percent were challenging and need to be addressed. The primary challenges in these policies were:

- 1) Using terms like "character of neighborhoods" and "appropriate regulations" that are subjective and could be applied unevenly; and
- 2) Imposing substantial procedural requirements for housing that can be affordable to more people such as accessory dwelling units.

In addition, there were 27 policies in other Comprehensive Plan elements that were either Challenging or Approaching supportive. These policies were in the following elements: Citizen Engagement Element (3), Land Use Element (8), Neighborhoods Element (2), Capital Facilities Element (1), Transportation Element (3), Urban Design and the Arts (10). The primary challenges in these policies were:

- 1) Emphasizing majority-rule decision-making which can dilute or silence the voices of those most impacted by the decision who tend to be in the minority;
- 2) Using terms like, "balance the needs of..." which, without explicit direction to consider the interests of underserved populations, tend to reinforce existing power dynamics;
- 3) Using terms like "compatibility", "character & identity" and "appropriate regulations" that are subjective and could be applied unevenly; and
- 4) A lack of direction to balance aesthetics with other City priorities such as the provision of housing.

As the City increases capacity for housing development to accommodate growth and achieve its housing goals, it could increase the risk of displacement inadvertently resulting in racially disparate impacts. With increases in development potential, there is increased risk for involuntary residential displacement. The report analyzed the location of displacement risk and the location of naturally occurring affordable housing (NOAH) — market rate housing that costs less than the median. NOAH often occurs in older buildings which are more likely to be redeveloped. Areas with high NOAH density and high displacement risk include parts of the Crossroads, Lake Hills, and Highlands neighborhoods, as well as areas in and around Downtown and near the highway system.

Displacement can also occur in places where rents are increasing faster than incomes, leading to high rates of eviction. Residents in some parts of the City are at higher risk of eviction. The blocks along NE 10th Street in Downtown Bellevue between 100th Ave NE and east until the

freeway, the Crossroads neighborhood, and areas south of I-90 in Eastgate have higher eviction rates than other parts of the City.

Finally, displacement of residents from subsidized housing can occur when a building comes to the end of its required period of income restriction under its covenant. In Bellevue, some of the larger buildings that have covenants set to expire before 2044 include Cerasa Apartments, Bellevue 10 Apartments, Pacific Inn Apartments, and Ashwood Court Apartments, all in Downtown.

The RDI report includes many recommendations for improving racial equity through Comprehensive Plan policies. The recommendations specific to the Comprehensive Plan are:

- 1. Revise policies to provide more specific language that can be enforced objectively.
- 2. Revise policies to further define or clarify subjective terms such as "high-impact."
- 3. Revise policies to rephrase deficit-based language that can have a more subtle effect of creating or reinforcing biases against a community.
- 4. Conduct annual equity reviews with line staff to assess whether updated language is meeting the goal of consistent and objective interpretation. Work with staff to further clarify any unclear language.
- 5. Encourage community engagement and data analysis to make decisions based on current and nuanced understanding of needs and desires. Seek out the input of groups most affected by the policy.
- 6. Reframe the distribution of public resources to consider historical context and greatest needs as a metric for investment.
- 7. Take measures to preserve naturally occurring affordable housing.
- 8. Preserve affordability of subsidized housing by finding a preservation buyer for buildings with expiring affordability restrictions.
- 9. Ensure the enforcement of fair housing laws.

IMPLICATIONS FOR PREFERRED ALTERNATIVE

This section discusses the findings from the different analyses that have been released along with the DEIS and identifies potential implications for the Preferred Alternative. Only findings that could impact the Preferred Alternative are included in the table below. There are additional findings that could impact other policy choices or resulting implementation actions. Those findings will be addressed when relevant.

The DEIS included mitigation measures, and these have been included in the description of the potential implications for the Preferred Alternative.

	Finding	Implication for Preferred Alternative			
	Draft Environmental Impact Statement				
1	The Downtown, BelRed, Wilburton- East Main and Crossroads Mixed Use Centers are at a higher risk for extreme heat and flooding due to climate change than other Mixed Use Centers.	Any of the Action Alternatives could add or strengthen policies calling for greater resilience to heat in buildings and flooding in stormwater systems, increased tree canopy coverage and pervious surface in Mixed Use Centers and other infrastructure, and for improved information and services to vulnerable populations before, during and after extreme heat and rain events. (DEIS Appendix G)			
2	The Mixed Use Centers are areas of the highest impervious surface coverage. An increase in impervious surface could have a negative impact on streams and water resources.	Any of the Action Alternatives could add or strengthen policies calling for greater resilience in stormwater systems and landscaping requirements, addition of trees and native species, and for stronger critical area regulations. (DEIS Appendix G)			
3	Most of the Mixed Use Centers are adjacent to highways that are likely to have poor air quality.	The Preferred Alternative could avoid increasing capacity for residential and other sensitive uses within 500 feet of a highway. To limit people's risk of exposure to poor air quality near freeways any of the Action Alternatives could add or strengthen policies calling for the following adjacent to high volume roadways:			
		 Urban design standards such as maximum floor plate sizes, building siting and open space requirements between buildings; Solid barrier and dense vegetation requirements; High efficiency ventilation requirements; and 			

The Mixed Use Centers have lower tree canopy than the rest of the City

Installation of air quality monitoring sensors.

Any of the Action Alternatives could add or

strengthen policies calling for increased tree

(DEIS Chapter 8)

	Finding	Implication for Preferred Alternative
	which can lead to higher temperatures – a heat island effect.	canopy coverage in Mixed Use Centers. (DEIS Appendix G)
5	There is a potential for commercial displacement in Neighborhood Centers.	 Any of the Action Alternatives could add or strengthen policies calling for: Average or maximum size limitations for ground floor spaces in new development that result in more affordable spaces for small businesses, Reduced parking requirements for small businesses, "Right to return" policies, and for
6	The development of new buildings	 Tenant relocation assistance. (DEIS Chapter 3) Any of the Alternatives could add or strengthen
	across the City could impact public viewsheds and public areas through shadows, light and glare.	 Shadow study requirements; Height limits, maximum floorplate sizes, minimum tower spacing; Ground level or upper story setback requirements; and Protection of specific views. (DEIS Chapter 6)
7	The No Action Alternative is likely to have a significant adverse impact on housing affordability compared to the Action Alternatives because it restricts housing supply to almost exclusively large multi-family buildings and single-family homes.	Any of the Action Alternatives would add additional housing capacity that would enable diverse expansion of Bellevue's housing supply. (DEIS Chapter 7)
8	There is the risk of involuntary residential displacement under any of the Alternatives. More housing options within the City would help people to relocate locally.	 Any of the Action Alternatives could add or strengthen policies calling for: Creating homeownership pathways for accessory dwelling units; Developing programs to support homeownership; and

	Finding	Implication for Preferred Alternative
		 Dedicating surplus public property for housing of low income residents. (DEIS Chapter 7)
9	There may be impacts to the scale and compatibility of uses as development occurs under any of the Action Alternatives. The impacts would be greatest under Alternative 3 because there is capacity for development in more places around the city.	Any of the Action Alternatives could consider policies related to the transition areas between Mixed Use Centers or Neighborhood Centers and surrounding areas (DEIS Chapter 3)
10	Wilburton Study Area. The Wilburton study area, which is located within the Wilburton-East Main Mixed Use Center, was studied in more depth in the DEIS. Under any of the Action Alternatives, there are expected to be impacts to the compatibility of uses and scale of development on the eastern and southern edge of the study area.	Alternative 3 is expected to have the greatest land use compatibility impact. Any of the Action Alternatives could consider the transition between the Wilburton study area and the surrounding areas (DEIS Chapter 3)
11	Wilburton Study Area. All three of the Action Alternatives would change the area to allow for a denser development style with mid-rise and high-rise scale housing opportunities. This could impact public views, shadow, light, and glare.	Alternative 3 is expected to have the greatest aesthetic impact. Any of the Alternatives could implement design guidelines and development regulations, such as dimensional requirements, building form and materiality, and landscaping to mitigate aesthetic impacts. (DEIS Chapter 6)
	Commun	ity Engagement
12	Access to housing is out of reach for many people.	Alternative 3 includes the most options for middle-scale housing.
13	The poorest residents are often overlooked in the city.	Alternative 3 has the most capacity for subsidized housing.

	Finding	Implication for Preferred Alternative
14	Bellevue needs many different neighborhoods to meet the needs of people at all stages of life.	Alternative 3 has the most opportunities for walkable access to goods and services. Any of the Action Alternatives could be amended to better respond to the specific conditions of each neighborhood.
15	Supporting homeownership for first-time home buyers and others with less means is important.	Alternative 3 has the most capacity for middle housing types that may be more affordable to first time homebuyers and others with less means. Homeownership opportunities are a priority for residents.
16	Some places in Bellevue are more suited for middle density housing than others.	Alternative 3 has the most opportunities for middle density housing, Any of the Action Alternatives could be amended to focus middle density housing in the most attractive locations.
17	Reducing greenhouse gas emissions should be a focus of City policy.	All of the Alternatives locate housing near jobs, opportunities and transportation options. Alternative 2 adds the most capacity for housing relative to the capacity for jobs. The ratio of total job capacity to housing capacity in Alternative 2 is 2.24 jobs to 1 housing unit.
	Stra	tegy Team
18	There is a need for affordable housing options to support low- and middle-income Bellevue workers so they can live in the city they work in.	Alternative 3 has the most capacity for subsidized housing and the most capacity for middle housing types that may be more affordable to first time homebuyers and others with less means
19	Emphasis on equity over profitability – but acknowledgement of the need for a balance of incentives and regulation to increase equity in housing and development.	Alternative 3 has the most capacity for subsidized housing. Alternative 3 includes mandatory affordable housing in the Mixed Use Centers and incentives in the Neighborhood Centers, balancing flexibility with the need to produce a significant number of subsidized units.

	Finding	Implication for Preferred Alternative
20	Emphasis on the need to create a strong vision for Bellevue that is bold and innovative.	Alternative 3 creates the most capacity for growth of both housing and jobs.
	Econo	omic Analysis
21	Aid in the retention of local independent businesses like grocers, hardware stores, and restaurants, that already provide important basic goods and services to locals but are being crowded out by businesses more able to afford increasing rents.	Alternatives 2 & 3 include a change to a mixed use land use in Neighborhood Centers that would incentivize infill development of residential rather than the redevelopment of commercial space in some of the Neighborhood Centers
22	Support housing supply growth wherever possible, especially in and around Neighborhood Centers.	Alternative 3 includes an increase in the density of housing around Neighborhood Centers.
	Racially Dispa	rate Impact Analysis
23	Reframe the distribution of public resources to consider historical context and greatest needs as a metric for investment.	Any of the Action Alternatives could be refined to ensure the benefits and burdens of development are shared equitably.
24	Take measures to preserve naturally occurring affordable housing.	Alternative 1 includes the least increase in density in areas that are currently multi-family where much of the naturally-occurring affordable housing is now.

No direction is being sought from the Commission on June 14. This information is intended to inform the Commission's deliberations on June 21 and June 28 as a Preferred Alternative is identified to be included in the FEIS.

OPTIONS

1. N/A

ATTACHMENTS

- A. Racially Disparate Impact Analysis
- B. Economic Analysis
- C. Strategy Team Report
- D. Phase 2b Engagement Report