



# Bellevue Planning Commission

June 28, 2023

## PLANNING COMMISSION AGENDA ITEM

### **SUBJECT**

Recommendation of Preferred Alternative for Comprehensive Plan Periodic Update and Wilburton Vision Implementation to be studied in the Final Environmental Impact Statement.

### **STAFF CONTACTS**

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### **POLICY ISSUES**

The City is currently conducting environmental review for the Comprehensive Plan Periodic Update and Wilburton Vision Implementation. The intent of the Environmental Impact Statement (EIS) process is to ensure environmental values are given appropriate consideration during the City's review of the proposed Comprehensive Plan update and Wilburton legislative processes. The analysis of the Preferred Alternative in the Final EIS (FEIS) will inform the growth strategy that will guide the update to the Comprehensive Plan.

### **DIRECTION NEEDED FROM THE PLANNING COMMISSION**

**ACTION**

**DIRECTION**

**INFORMATION ONLY**

### **BACKGROUND**

The Planning Commission has been engaging in the environmental review process for the Comprehensive Plan Periodic Update and Wilburton Vision Implementation over the past nine months by reviewing the scope of the EIS and reviewing the analysis of the Draft EIS (DEIS). The Commission is now recommending a Preferred Alternative to be analyzed in the FEIS. Staff reviewed the staff recommendation for elements of the Preferred Alternative with the Commission at the June 21 meeting and Commission provided direction on some elements and requested information on others. The purpose of this memo is to review the direction provided on June 21 and provide clarifying information in the areas the Commission requested.

## **DISCUSSION OF STAFF RECOMMENDED PREFERRED ALTERNATIVE**

Below is a summary of the direction provided by the Commission at the June 21 meeting and the areas where the Commission requested additional and need for more discussion. The commissioners requested to see a map of the location of C-1 properties in relationship to Neighborhood Centers. That will be provided at the June 28 meeting. Staff will also review the site-specific comments made during the DEIS public comment period and how they relate to the Preferred Alternative at the June 28 meeting.

### ***Affordable Housing – Mandatory Inclusionary and Voluntary Incentive Programs***

**Staff recommendation:** Similar to DEIS Alternative 3, staff recommend analyzing mandatory affordable housing requirements in Mixed Use Centers and a voluntary affordable housing provisions in Neighborhood Centers.

**Rationale:** The need for affordable housing is high in the region. As part of its update to the Comprehensive Plan under the Growth Management Act (GMA), the City is required to identify sufficient capacity of land for identified housing needs by income level and make adequate provisions to meet all housing needs, including documenting “barriers to housing availability such as gaps in local funding, development regulations etc.”. The breakdown of housing needs in Bellevue, provided in the June 21 memo (Figure 1 and Figure 2), demonstrates that a significant amount of new housing built in Bellevue over the next 20 years will need to be affordable housing. “Affordable housing” is typically defined as affordable to households earning less than 80 percent of the Area Median Income (AMI). Bellevue currently has voluntary affordable housing incentive programs in portions of the City. The FEIS is an opportune time to examine, at a policy level, how mandatory affordable housing requirements would compare to voluntary provisions when development potential is increased.

**Commission direction on June 21:** The Commission requested a summary of DEIS comments related to mandatory inclusionary versus voluntary incentive programs for affordable housing. There was Commission discussion of potentially expanding the FEIS analysis to include review of both mandatory and voluntary in Mixed Use Centers as well as mandatory and voluntary in Neighborhood Centers. This will be discussed and confirmed on June 28. The Commission also requested information on current programs used in Bellevue and in other local jurisdictions, and desired areas of follow-up FEIS analysis, including expected unit production and affordability levels of mandatory compared to voluntary programs and pros and cons of the approaches.

#### **Staff response: DEIS Comments**

Seventeen DEIS comments from 14 different commenters referenced mandatory affordable housing. Seven stated strong support for a mandatory affordable housing program, five

explicitly opposed mandatory requirements, and two noted mandates must be economically balanced to be effective. Two additional comments voiced strong support for Alternative 3, which includes a mandatory inclusionary housing program in Mixed Use areas, due its ability to provide the greatest amount of affordable housing. However, they did not mention support explicitly for a mandatory affordable housing program.

Those opposed to a mandatory program noted that meeting affordable housing needs for very low income households, particularly those in the 0-30 percent and 30-50 percent AMI ranges, is not viable through an inclusionary housing program aimed solely at developers. Other tools are required to provide affordability to households at those income levels such as a housing levy, a fee-in-lieu program, and housing vouchers. Concerns were also voiced over mandatory programs, if not calibrated correctly, forestalling new housing projects resulting in no increase in affordable or market-rate housing.

Those supporting a mandatory program stated that such programs ensure the public will benefit from increased development capacity, that affordable homes will be created directly for low-income individuals, and that mixed-income communities will be created so that people from all incomes have access to high-opportunity areas.

#### Staff response: Description of affordable housing tools

On November 14, 2022, staff provided Council with an overview of affordable housing tools, including mandatory and voluntary affordable housing programs. Commissioners can review the Council meeting materials from that session [at this link](#) to learn more about different tools used by Bellevue and neighboring jurisdictions. Commissioners requested additional analysis on the effectiveness of these tools. This will be completed as part of the FEIS.

#### Options for the Preferred Alternative:

1. Staff recommendation: Analyze a mandatory affordable housing requirement in Mixed Use Centers and a voluntary incentive program in Neighborhood Centers.
2. Other potential direction: The Commission discussed the potential to expand the analysis of mandatory and voluntary affordable housing on June 21 while also wanting to discuss this topic further on June 28. Both mandatory and voluntary affordable housing could be analyzed in Mixed Use Centers and in and around Neighborhood Centers in the FEIS if the Commission provides direction to do so.

#### ***Mixed Use Center: Wilburton***

Staff recommendation: Staff recommend DEIS Alternative 3 with an office-residential emphasis along I-405 and residential-commercial emphasis on the eastern edge of the study area, similar to Alternative 2.

Rationale: Alternative 3 provides the greatest development potential in the Wilburton study area among the DEIS Action Alternatives. Alternative 2 provides the greatest opportunity to increase and focus residential capacity proximate to Eastrail, nearby parks and open spaces, and lower-density residential areas. A hybrid of Alternative 2 and 3 increases housing capacity and diversity with high-rise and mid-rise redevelopment; and provides a transition in scale responding to Downtown, BelRed, and adjacent residential areas.

Commission direction on June 21: The Commission requested further information about the possibility of higher density development in close proximity to the Wilburton light rail station, including the Lake Bellevue area.

Staff response: A future land use designation of Residential/Commercial Midrise (RC-M) is a transit-supportive higher density designation than is applied to parcels near Lake Bellevue today and would encourage redevelopment that allows for more housing capacity. With potential redevelopment, there is a possibility of implementing policies, programs or requirements to environmentally restore and/or provide enhancements to Lake Bellevue (classified as a wetland) as a community asset. Higher-density development could have adverse impacts to the wetland, and its feasibility could be affected by environmental conditions surrounding the wetland. Additionally, critical area regulations would limit development potential at higher density land uses. Mid-rise development also supports a transition in scale from taller buildings closer to I-405 to the neighboring Spring District, while contributing a diversity of higher-density development opportunities within the quarter mile of Wilburton Station.

Options for the Preferred Alternative:

1. Staff recommendation: Residential/Commercial Midrise (RC-M) for parcels around Lake Bellevue.
2. Other potential direction: Use DEIS Alternative 3 – Residential/Commercial Highrise – 1 (RC-H-1) for parcels around Lake Bellevue

***Mixed Use Center: BelRed***

Staff recommendation: Staff recommend DEIS Alternative 3 for BelRed with small adjustments to land use designations around the light rail stations.

Rationale: Alternative 3 expands transit-oriented land use designations around light rail stations, increases development intensities, and emphasizes residential development in more areas across the subarea.

Adjustments to Alternative 3 increased the area designated for mid rise development and decreased the area designated for high rise development to facilitate greater onsite development of affordable housing proximate to light rail stations. With higher per unit

costs of construction, onsite high rise affordable housing units are more challenging to produce. High rise construction can provide fees or deeds in lieu of onsite construction. However, households living in affordable housing could consequently live farther from light rail and have less convenient access to frequent transit.

Commission direction on June 21: The Commission requested consideration of higher development intensities and greater flexibility of uses on the Swire-Coca-Cola site in hopes of achieving more affordable housing.

Staff response: Analyzing higher intensity and flexibility on the Coca Cola site would provide information about the impacts of that type of development and the option to pursue those intensities and uses when setting the growth strategy.

Options for the Preferred Alternative:

1. Staff recommendation: DEIS Alternative 3 with small adjustments to land use designations around the light rail stations.
2. Other potential direction: Alternative 3 with an extension of the BR-RC-H-2 or BR-OR-H-2 land use designation south to BelRed Road to encompass the entire Swire-Coca-Cola site.

***Mixed Use Center: Crossroads***

Staff recommendation: Staff recommend DEIS Alternative 3 but continuing some of the multi-family land uses around the border of the Mixed Use Center into the future.

Rationale: Crossroads is a residential-focused Mixed Use Center with naturally occurring affordable housing. Increasing the density would give an incentive for redevelopment, increasing the likelihood of displacement of residents who are able to find housing with rents manageable to middle income households. In addition, the Mixed Use Center is surrounded by lower density residential so there is a desire to step down the density as a transition to the lower density areas.

Commission direction on June 21: The Commission requested further information about the rationale for choosing properties where future land use was not changed.

Staff response: All properties owned by King County Housing Authority or another affordable housing owner continued to have R-High as in Alternative 3. Of the residential properties that remained, those that are currently multi-family and touching the edge of the Mixed Use Center boundary were selected to continue to have the future land use designation that they currently have. There are two exceptions. The first is a vacant parcel adjacent to office uses with access across BelRed Road to the Overlake light rail station. The second is a large parcel across from Crossroads Mall that also touches an edge of the Mixed Use Center but the main body of the parcel is in the center of the Mixed Use Center.

Options for the Preferred Alternative:

1. Staff recommendation: Alternative 3 but continuing some of the multi-family land uses around the border of the Mixed Use Center into the future.
2. Other potential direction: Alternative 3.

***Mixed Use Center: Factoria***

Staff recommendation: Staff recommend Alternative 3 with additional density on parcels to the north, next to I-90.

Rationale: Alternative 3 allows for mid- or high-rise redevelopment in the Factoria Mall area. The change to allow more density to the north creates more capacity for office in an area anchored by T-Mobile but with minimal other office space. It also creates more capacity for mid-rise mixed use development across from the mall site.

Commission direction on June 21: The Commission requested information about allowing more flexibility in use so housing could be included in the office area.

Staff response: Staff is recommending studying a higher density in this area in the FEIS than was analyzed in Alternative 3 in the DEIS. Alternative 3 included MU-M and O designations on the parcels adjacent to I-90, west of Factoria Blvd. The area across the street was analyzed as MU-L in Alternative 3. Staff recommend analyzing the parcels to the west of Factoria Blvd. with a designation of OC-H-1 and the parcels to the east of Factoria Blvd. with a mixed use designation of MU-M. The reason for changing from a mixed use to an office designation is because of the demand for office space in this area. The area is currently primarily a retail center but with the potential for growth in office space. Analyzing these changes in the FEIS will give the Planning Commission more flexibility in charting the future vision of this area.

Options for the Preferred Alternative:

1. Staff recommendation: Alternative 3 with OC-H-1 on parcels adjacent to I-90, west of Factoria Blvd. and MU-M on parcels next to I-90, east of Factoria Blvd.
2. Other potential direction: Alternative 3.

***Mixed Use Center: Eastgate***

Staff recommendation: Staff recommend Alternative 3 within the Mixed Use Area. Staff also recommend not changing the future land use designations to the east, across 148th Avenue.

Rationale: Alternative 3 supports the continued development of Bellevue College, higher density housing adjacent to it and transit-oriented development adjacent to the Eastgate Park and Ride station which may eventually become a light rail stop. Staff recommend not

changing the OLB designation to the east to preserve affordable office space and infill housing development that is already occurring.

Commission direction on June 21: The Commission requested further information about the occupancy rate in the office area to the east of the Mixed Use Center.

Staff response: Currently the office vacancy rate is higher in this area than in office in the rest of the City (about 15 percent vacancy rate in this area vs. 12 percent city-wide). OLB allows for housing as well as office and some properties are being redeveloped as housing. The change in adjacent uses to a more mixed use character as is proposed in Alternative 3 and the staff recommended preferred alternative would support this continued evolution.

Options for the Preferred Alternative:

1. Staff recommendation: Alternative 3 within the Mixed Use Area. Staff recommend not changing the future land use designations to the east, across 148th Avenue.
2. Other potential direction: Alternative 3.

***Mixed Use Center: Downtown***

Staff recommendation: Staff recommend Alternative 3 with no changes.

Rationale: Alternative 3 continues the existing land uses into the future with some adjustments to policies to encourage more housing.

Commission direction on June 21: The Commission directed staff to proceed with this recommendation in the Preferred Alternative.

***Neighborhood Centers: Shopping Centers***

Staff recommendation: Staff recommend Alternative 3 with an increase in density in the center of the Neighborhood Centers.

Rationale: Alternative 3 changes the character of Neighborhood Centers from solely commercial to mixed use. Adding housing to these mainly commercial areas would support the needs and desires of residents to be able to use active transportation to meet their daily needs. Increasing the density in the centers of the Shopping Centers would allow for more housing at the center of the activity area creating a more active and vibrant center and allow more people to be close to shopping and other daily needs.

Commission direction on June 21: The Commission directed staff to proceed with this recommendation in the Preferred Alternative.

***Neighborhood Centers: Weigh Stations***

Staff recommendation: Staff recommend Alternative 3 with no changes.

Rationale: Alternative 3 changes the character of Neighborhood Centers from solely commercial to mixed use. Adding housing to these mainly commercial areas would support the needs and desires of residents to be able to use active transportation to meet their daily needs.

Commission direction on June 21: The Commission directed staff to proceed with this recommendation in the Preferred Alternative.

### ***Neighborhood Centers: Office Centers***

Staff recommendation: Staff recommend Alternative 1.

Rationale: Alternative 1 would continue the existing land uses into the future. This would preserve some of the more affordable office space in the City; thereby reducing the likelihood of involuntary displacement.

Commission direction on June 21: The Commission requested further information about the occupancy of office space in these areas.

Staff response: The office space in these areas has a higher vacancy rate than the City as a whole (about 16 percent vacancy vs. about 12 percent vacancy city-wide). Maintaining a wide variety of commercial space affordable to a range of businesses supports a vibrant economy. Smaller businesses or start ups may not be able to afford Class A office space (in newer, larger buildings). Having other options available would enable the City to better support a range of businesses in many stages of development.

#### Options for the Preferred Alternative:

1. Staff recommendation: Alternative 1.
2. Other potential direction: Alternative 2/3 – allow for a greater mix of uses, including housing.

### ***Neighborhood Centers: Undefined Center***

Staff recommendation: Staff recommend Alternative 3 with increased density to the north of the Bellevue Technology Center.

Rationale: Alternative 3 supports a future mixed use character of this unique center. The northern portion is across from the Microsoft campus and very close to the Overlake light rail station. A mid-rise mixed use development style would respond to this character while at the same time provide connection to the lower density neighborhood to the east.

Commission direction on June 21: The Commission requested further information about changing the Northern most portion of the neighborhood center to a higher density use.



Staff response: The recent development west of this area in Redmond is of a mid-rise character. The Microsoft campus to the north of this area is also more mid-rise currently, though it steps back from the road and is obscured by trees and other greenery. Redmond is planning for this area to be a location of job growth with higher commercial and mixed use buildings. Staff recommend continuing with the MU-M designation. However, the Commission expressed interest in potentially studying higher density mixed use in this area so there is more flexibility in determining the growth strategy and policies in the future.

Options for the Preferred Alternative:

1. Staff recommendation: Alternative 3 with increased density (MU-M) to the north of the Bellevue Technology Center.
2. Other potential direction: Alternative 3 with MU-M on parcels between the Bellevue Technology Center and BelRed Road and MU-H-1 on parcels north of BelRed Road.

***Transit Proximate Areas***

Staff recommendation: Staff recommend Alternative 1.

Rationale: Staff recommend increasing allowed housing density around light rail, bus rapid transit and mobility hubs but not increase housing density around individual stops not associated with areas of opportunity. Staff note that much of the frequent transit network is within and between Mixed Use Centers and Neighborhood Centers so focusing on Areas of Opportunity does include much of the network.

Commission direction on June 21: The Commission directed staff to proceed with this recommendation in the Preferred Alternative.

***Areas of Opportunity***

Staff recommendation: Staff recommend Alternative 3 but expand the definition of areas of opportunity to include all Mixed Use Centers and all Neighborhood Centers.

Rationale: DEIS Alternative 3 allows for more residential density within a quarter mile of Neighborhood Centers and Downtown. Expanding it to include all Mixed Use Centers would allow more people access not only to frequent transit but also other opportunities like employment, shopping and social and recreational resources.

Commission direction on June 21: The Commission directed staff to proceed with this recommendation in the Preferred Alternative.

***Neighborhood Residential***

Staff recommendation: Staff recommend Alternative 3 with modification to analyze new state law requirements in HB 1110(middle housing) and HB 1337 (accessory dwelling units).

Rationale: Alternative 3 allows for middle housing types throughout Bellevue. HB 1110 and HB 1337 have requirements similar to what was studied but staff recommend aligning it to the specific requirements to ensure they are analyzed in the FEIS.

Commission direction on June 21: The Commission directed staff to proceed with this recommendation in the Preferred Alternative.

**ATTACHMENTS**

A. Preferred Alternative: Future Land Use Maps