



Bellevue Planning Commission

October 23, 2024

PLANNING COMMISSION PUBLIC HEARING ITEM

SUBJECT

Public Hearing on a proposed Land Use Code Amendment (LUCA) encouraging the redevelopment of existing buildings into residential uses, consistent with House Bill (HB) 1042. File No. 24-123266 AD

STAFF CONTACT(S)

Mathieu Menard, Senior Planner, 452-5264
Nick Whipple, Code and Policy Director, 452-4578
Development Services Department

POLICY ISSUES

In 2023, the Washington State Legislature passed HB 1042 (Bill) requiring that cities amend their codes to encourage the interior redevelopment of existing commercial or mixed-use buildings into residential development and encourage the redevelopment of existing residential buildings at a higher density. The required code changes will apply to all buildings over three years old in mixed-use and commercial land use districts that permit multifamily housing. The full text of the Bill is provided as Attachment A.

The draft Comprehensive Plan, anticipated to be adopted October 22, contains several polices that support the proposed Land Use Code Amendment (LUCA), including:

- **LU-3.** Prioritize the redevelopment of under-developed land over vacant land, open space and environmentally sensitive areas.
- **LU-10.** Work toward a land use pattern that makes it possible for people to live closer to where they work regardless of household income.
- **HO-13.** Provide incentives to encourage residential development for a wide range of household types and income levels in mixed use areas throughout the city.
- **HO-14.** Ensure there are zoning ordinances and building policies in place that allow and encourage an increase in the housing supply attainable to households along the full range of income levels.
- **HO-18.** Promote housing density, choice and affordability in areas served by the frequent transit network, businesses serving the community's day-to-day needs and significant nodes of employment.
- **HO-22.** Allow innovative housing types and demonstration projects that could serve as a model for new housing choices currently not being built in Bellevue.
- **HO-25.** Promote climate-friendly housing that minimizes energy and resource use throughout the construction and life of the structure, and that is adaptable to a changing climate, including heat, flooding, air pollution and wildfire events.

DIRECTION NEEDED FROM THE PLANNING COMMISSION

ACTION

DIRECTION

INFORMATION ONLY

Following discussion on the proposed LUCA on September 25, the Planning Commission directed staff to schedule a public hearing. Tonight, the Commission will be asked to hold the public hearing on the proposed LUCA and, following the Public Hearing, make a recommendation on the proposed LUCA either tonight or at a subsequent meeting.

BACKGROUND

The proposed LUCA was reviewed and discussed at the Planning Commission study session on September 25. At the study session staff presented an overview and requirements of the Bill, the City Council initiation of the bill, stakeholder input, feasibility of redeveloping buildings, and the proposed LUCA. A staff report describing the background, review process, and this LUCA's compliance with the decision criteria, is included with this Memorandum as Attachment A.

The proposed LUCA will apply to all buildings which received a final Certificate of Occupancy more than three years ago in mixed-use and commercial land use districts that allow multifamily housing. A map of the geographic scope of the LUCA is included as Attachment C. To encourage the redevelopment of existing buildings, the proposed LUCA allows for:

- Minor modifications to the exterior of the building to allow for residential conversion
- An additional story of building height
- Exemption from dimensional standards
- Exemption from multifamily play area requirements
- Exemption from ground floor use requirements except along major pedestrian corridors
- Modification of parking standards
- Exemption from non-conforming requirements
- Modification of recycling and solid waste area requirements.

A strike-draft of the proposed LUCA is provided as Attachment B.

September 25 Study Session

At the study session, the Planning Commission raised a question related to the City's Multifamily Tax Exemption (MFTE) program and requested changes to the proposed LUCA related to density, critical areas, and recycling and solid waste collection areas. Staff responses to the question and requested changes are provided below.

1. *Would existing buildings that qualify for the provisions of the LUCA be able to utilize the MFTE program?*

Under the City's existing MFTE code only new construction is able to take advantage of the program. This is more restrictive than state law which allows conversion and rehabilitation projects to qualify for MFTE. The Community Development department administers the City's MFTE program and this department has indicated that potential updates to the MFTE code to address conversions are anticipated around the third quarter of 2025.

2. *Planning Commission requested that staff explore removing density limits for qualifying buildings.*

The Bill requires that the City allow at least 50% greater density for existing buildings which are redeveloped or converted to multifamily residential. At the September 25 study session, Planning

Commission suggested that the proposed LUCA should go beyond the Bill with respect to density and remove density limits for qualifying existing buildings. Staff has updated the proposed strike-draft to exempt qualifying buildings from all density requirements, allowing unlimited density in these structures. As the buildings are not permitted to expand horizontally other than incidental features to accommodate the addition of residential uses and one story vertically, minimal additional impacts are expected from this change. Removing density limits further incentivizes the redevelopment of existing buildings, potentially encouraging additional buildings to redevelop into residential uses and increase the effectiveness of the LUCA.

3. *Planning Commission requested that staff explore allowing existing buildings in critical areas to take advantage of the benefits of the LUCA while ensuring the integrity of critical areas protections.*

The proposed language included in the LUCA related to both Critical Areas and Shoreline Management Areas has been updated to allow buildings in these areas to be able to take advantage of the provisions included in the LUCA but continue to be bound by the critical areas and shoreline management codes. As originally proposed, qualifying buildings which are in Critical Areas or Shoreline Management Areas were excluded from using the provisions of the LUCA related to redevelopment. This exclusion has been removed in the updated proposal. Critical Areas and Shoreline Management Program requirements continue to apply to the building and, where these regulations conflict with the provisions of the proposed LUCA, Critical Area and Shoreline Management regulations control. Staff believes this achieves the intent of the Planning Commission's suggestion while maintaining the scope of the LUCA by avoiding changes to the Critical Areas Ordinance or Shoreline Management Program. The Critical Areas Ordinance will be updated in 2025 and this topic could be discussed at that time, if necessary.

4. *Planning Commission requested that staff explore standards for recycling and solid waste collection areas while maintaining design flexibility.*

Staff has added language to the proposed LUCA requiring at least one recycling and solid waste collection area for all qualifying buildings. Additionally, the proposed LUCA allows the Director of Development Services to determine the appropriate square footage and screening of the collection areas. By allowing the Director to determine the appropriate size and screening for collection areas on a case-by-case basis the proposed LUCA ensures that these areas can function within existing buildings without preventing the redevelopment of the building into residential uses.

Public Engagement

Staff followed a public engagement plan with four modes of outreach and engagement to ensure the public, stakeholders, and interested parties had access to up-to-date project information and the opportunity 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 and Public Hearing for the proposed LUCA on October 10
 - Public hearing on the proposed LUCA on October 23

2. Direct Engagement and Feedback: Interviews with developers and architects looking to redevelop existing buildings or with experience redeveloping existing buildings.
3. Community Outreach:
 - Information about the LUCA, contact information, and study session date provided in the Summer 2024 DSD Newsletter
 - Bellevue Development Committee engagement on September 11
 - Informational email to Community and Neighborhood Leaders distribution list
4. Online Presence. City webpage to provide opportunities for the public to stay informed and to request additional information, including:
 - Staff contacts
 - Information regarding the LUCA

LUCA Schedule

The anticipated timeline for processing the LUCA is as follows:

- Planning Commission Study Session: September 25
- Planning Commission Public Hearing and Recommendation: October 23
- 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. LUCA Geographic Scope
- D. Planning Commission Resolution