City of Bellevue

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CITY COUNCIL AGENDA TOPIC

2025 Affordable Housing Strategy Update

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EXECUTIVE SUMMARY

INFORMATION ONLY This is a progress report on the 2025 Affordable Housing Strategy update, covering goals, draft strategies, and analysis and engagement activities.

RECOMMENDATION

N/A

BACKGROUND/ANALYSIS

The Affordable Housing Strategy is a short-term action plan that identifies and sequences steps the City can take to continue to address the need for affordable housing in the community. The Bellevue City Council adopted its existing Affordable Housing Strategy (AHS or Strategy) in 2017. As part of the 2017 Strategy, the Council established a goal to build or preserve 2,500 affordable units over 10 years (2017-2027). Since then, most AHS actions – plus subsequent Next Right Work implementation efforts – are either complete, have made significant progress, or have ongoing work. The 2017 affordable housing target was met as of the end of 2023, with 2,750 affordable housing units built, preserved, or in the development pipeline in Bellevue between 2017 and 2023.

The City Council launched the update to the AHS in November 2024 to implement new policy direction, reflect changing market conditions, and support the development and preservation of additional affordable housing units. At the launch, Council established an affordable housing target to build or preserve 5,700 affordable units in ten years to guide the development and implementation of the Strategy. The new affordable housing target includes sub-targets for income levels below 80 percent of area median income (AMI), shown in Table 1. The updated AHS will cover the years 2025 – 2032, aligning the city on a path towards meeting this significant new housing target.

Table 1: 10-Year Affordable Housing Target (2026-2036)

0-30% AMI	2,700
30-50% AMI	1,450
50-80% AMI	1,550
Total	5,700

The work to update the AHS is occurring in five phases and is currently in the Refine stage.

1. Pre-Launch (Completed, June – Oct 2024) Engage technical stakeholders on the starting point affordable housing target.

2. Launch (Completed, Nov 2024 – Apr 2025) Provide information and educational opportunities on affordable housing topics.
3. Assess (Completed, May – Aug 2025) Develop and conduct technical analysis to evaluate possible actions.
4. Refine (Ongoing, Sept – Dec 2025) Work with technical stakeholders to prioritize strategies within the update; draft the plan.
5. Adopt (Jan – Feb 2026) The final draft strategy is reviewed and adopted by City Council.

PROJECT GOALS AND DRAFT STRATEGIES

The 2025 Affordable Housing Strategy is building upon an established policy framework within the Comprehensive Plan. The Housing Element of the Comprehensive Plan established five broad housing goals: affordable housing, housing equity, housing stability, housing for unique needs, and housing supply & diversity. The 2025 AHS will identify and prioritize strategies and actions within each of these goals that advance the City toward meeting its affordable housing production and preservation target and addressing other housing-related needs in the community. These goals are described in more detail below:

- Affordable Housing: Focuses on increasing the supply of income-restricted affordable housing.
- Housing Equity: Focuses on eliminating disparate impacts in housing by race, ethnicity, status, sexual orientation, ability, and income.
- Housing for Unique Needs: Focuses on having more housing available and affordable for those with unique needs.
- Housing Stability: Focuses on the ability of low- and moderate-income households to remain in their home and neighborhood.
- Housing Supply and Diversity: Focuses on having more housing in general and more housing types available to meet the needs of people at all stages of life.

Under each goal are strategies that the City can undertake to help achieve the goal's objectives. The draft Strategy will include a companion action plan that translates the strategies into specific actions or tasks for implementation.

The AHS update focuses on new and expanded strategies to implement over the next seven years. A seven-year implementation cycle (2026-2032) will allow for adequate time to see results of early implementation efforts while recognizing that market conditions and housing solutions require regular review.

New focus areas in the AHS include acquisition and preservation strategies to both expand and shore up affordable housing quickly. These strategies identify actions to support more cost-effective and timely ways to expand the supply of more affordable units.

A list of the draft AHS strategies is included in Attachment B.

TECHNICAL AND GAP ANALYSIS

A full assessment of community housing needs was conducted as part of the 2022 Housing Needs Assessment and informs the city's next affordable housing production and preservation target. The

AHS project team built upon this assessment, conducting additional technical analysis to develop and refine the recommended strategies and actions. This work assesses effectiveness, impacts, and implementation considerations and informs the refinement, sequencing, and prioritization of actions.

Staff additionally conducted a gap analysis to see the order of magnitude between what we expect the market to be able to produce – based on current pipeline, policy environment, and tools – and the affordable housing target. This is based on assumptions of public and philanthropic funding, and local incentive tools.

Based on the analysis of the current policy and market environment, the City is anticipated to see approximately 3,700 affordable units produced or preserved between 2026-2036. This would leave an overall shortfall of 2,000 affordable units or approximately 45 percent of the affordable housing target. The majority of projected housing development (85 percent) is anticipated at the 50-80 percent AMI income band. The 50-80 percent AMI production/preservation level is anticipated to exceed the income band sub-target by over double, while large shortfalls are expected for below 50 percent AMI units. In general, lower income units are the most challenging to produce as they require substantial financial capital and operating subsidy.

This gap analysis provides a foundation for understanding the outcomes needed from the Strategy to address the affordable housing target. It also helps guide the prioritization of implementation actions as part of budgets and department work plans in the coming years.

COMMUNITY ENGAGEMENT

Robust community engagement is essential to ensuring the AHS appropriately addresses the housing needs of our growing community. AHS community engagement efforts were tailored to three different constituencies in order to provide a range of opportunities to engage and invite broad participation.

- Organizational partners who have technical expertise related to housing and services, including affordable housing and market-rate housing developers and social service providers, are being consulted for feedback on priorities, analysis, and actions.
- Those needing or utilizing affordable housing who have lived experience, including residents of affordable housing and households seeking affordable housing, are being consulted on priorities, barriers, and actions.
- The general public, including Bellevue residents and workforce, are being informed on the project and asked to weigh in on priorities

The first phase of community engagement focused on building awareness about the 2025 Strategy in the community and providing a foundation of information about the project. Goals included providing accessible and understandable information on affordable housing and setting expectations and clear timelines for the project. During Phase 1, the project team connected with over 25 organizations and almost 300 people through a variety of public events. The project team used comments, reflections, and stories shared by community members during these events to identify opportunities, challenges, and priorities, which in turn informed the development of draft strategies and actions. A full report on Phase 1 engagement activities and findings is available as Attachment A.

The second phase of engagement was targeted towards organizational partners and those with lived experience of needing or utilizing affordable housing. Those involved in the field of affordable housing and those who are most impacted by housing issues have expertise and experience to inform the assessment of actions.

Organizational partners were consulted through an open-ended questionnaire to help the project team better address challenges, opportunities, and tradeoffs within the 2025 AHS. Two common themes stood out among the nearly sixty responses. First, there is consensus on the need to reduce the cost to build housing by streamlining processes, reducing regulations, and increasing density. Second, we consistently heard that tradeoffs are inevitable. To evaluate hard choices, community input affirmed that decision-making must be grounded by values like equity and should be advanced with transparency and inclusion.

To reach those with lived experience of needing or utilizing affordable housing, the City developed and launched a unique Community Facilitator Program. Community facilitator-based engagement invites community representatives to gather useful information though culturally relevant and welcoming conversations with diverse community members who might otherwise not participate in a city project. Nine community facilitators were recruited in July to host conversations and listening sessions that would inform the AHS update by ensuring that a full range of priorities, issues, and challenges are represented in the AHS strategies and actions. Community facilitators conducted conversations through mid-September. Some key themes identified included the need for more accessible housing resources and navigation as well as siting, designing, and operating affordable housing to meet the needs of residents.

NEXT STEPS

The next phase of the Strategy will bring together the different streams of input – technical assessments and engagement across stakeholders – to inform the final draft strategies and identification of priority actions.

The project team will continue to seek feedback on the draft AHS. In October, staff will engage organizational partners directly to inform the final priorities. These will then be presented to the public in November at an information session and will be evaluated via a public survey.

The draft Affordable Housing Strategy will be presented to City Council in January 2026.

POLICY & FISCAL IMPACTS

Policy Impact

The Affordable Housing Strategy is a functional plan that implements the approved policies in the Housing Element of the Comprehensive Plan and aligns with the “High Quality Built and Natural Environment” and “Thriving People and Communities” Council Strategic Target Areas.

Fiscal Impact

The adopted 2025-2026 City Budget includes funding to support the Affordable Housing Strategy update and ongoing implementation of affordable housing projects and programs. Additional fiscal impacts will be addressed in the City’s next biennial budget process.

OPTIONS

N/A

ATTACHMENTS

A. Phase 1 Engagement Summary
B. Affordable Housing Strategy Update Draft Strategies

AVAILABLE IN COUNCIL LIBRARY

2022 Housing Needs Assessment