

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

December 14, 2015
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Balducci, Deputy Mayor Wallace, and Councilmembers Chelminiak, Lee, Robertson, Robinson, and Stokes

ABSENT: None.

1. Executive Session

Deputy Mayor Wallace called the meeting to order at 6:02 p.m., and declared recess to Executive Session for approximately 40 minutes to discuss one item of property acquisition and one personnel matter.

The meeting resumed at 6:53p.m., with Mayor Balducci presiding.

2. Study Session

(a) Affordable Housing Strategy Plan - Work Program

City Manager Brad Miyake introduced discussion regarding affordable housing policy. Staff is requesting Council direction to initiate the work program for developing the Affordable Housing Strategy Plan by approving the project scope, Council principles, and public engagement plan.

Dan Stroh, Planning Director, said the Council identified affordable housing as a priority in the recent Comprehensive Plan Update. He noted the needs assessment [Attachment C in the meeting packet] and said that housing prices have risen much faster than incomes. Downtown and West Bellevue apartment rents average \$2,000 per month. Many workers, senior adults, and younger households cannot afford to live near jobs or continue to live in the community that has been their home for a long time. The initial step of the work program for developing the affordable housing strategy will be to update the needs assessment and to gain a clear understanding of Bellevue's housing needs.

Mr. Stroh highlighted Bellevue's existing affordable housing tools. Market incentives include the Multifamily Property Tax Exemption (MFTE), the BelRed FAR (floor area ratio) amenity incentive, reduced parking requirements in the Downtown and BelRed for small affordable

units, and a density bonus and exemption of transportation impact fees for affordable housing. Direct support includes General Fund contributions [Housing Trust Fund administered by A Regional Coalition for Housing (ARCH)] and the donation of surplus land for affordable housing. Other tools are planned affordable housing at transit nodes in the BelRed corridor and the consideration of attached accessory dwelling units (ADUs).

Mr. Stroh said the proposed scope of the work program is to develop a clear understanding of Bellevue's housing needs, assess the tools currently in place, review best practices and successful mechanisms in other places, develop a focused set of additional tools, and to review current public funding levels. This information will be used to develop a strategic action plan for implementing housing policies.

Mr. Stroh highlighted the Draft Council Principles [Attachment A] to guide the development of the Affordable Housing Strategy. These include: focus on action, establish ambitious goals, draw on the knowledge of local experts, recognize the City's role in the broader complex system, leverage resources, consider a full range of tools, monitor results, and engage the public.

Mr. Stroh said that development of the plan will involve broad public engagement including residents, neighborhood leaders, employers, business groups, market housing developers, nonprofit housing developers, public policy advocates, and housing finance professionals.

Mr. Stroh described the public engagement draft outreach stages and highlighted the anticipated project timeline and major milestones. If the Council is ready to move forward, the next step is to appoint a steering committee. The goal is to complete the process and have a final plan by the end of next year.

Mayor Balducci said the Council is being asked to initiate the process to develop the Affordable Housing Strategy Plan and to provide comments on the scope, Council principles and public engagement plan.

Councilmember Lee said this is a long overdue topic. He expressed support for the proposed scope, principles, and public engagement plan. He said housing issues are complex and an important factor in overall economic development. He noted the priority listed at the beginning of the presentation: Develop an affordable housing plan for the needs of a diverse population. He suggested removing the word "diverse" and referring simply to population.

Responding to Councilmember Lee, Mr. Stroh said "cost-burdened" and "extremely cost-burdened" are terms used by housing professionals. Mr. Lee said he would prefer to identify specific income levels. Councilmember Lee said he wants to ensure that the Council has input and involvement in establishing the steering committee.

Councilmember Robinson thanked staff for their work. She noted that she and Councilmember Stokes revised the principles to be more robust in certain areas. She wants to ensure there are policies to focus on retaining affordable rental housing for senior adults (i.e., 65 years and older). Councilmember Robinson wants staff to engage The Bellevue Network on Aging in the public outreach program.

Councilmember Stokes said he wanted the principles to be more robust and action-oriented. He observed that this is a defining moment in setting the course of the City's approach to affordable housing. He said the strategy plan should be written as an action plan. He wants the City to be aggressive in the area of affordable housing and to continue to work with ARCH and new partners to provide needed housing projects.

Deputy Mayor Wallace expressed general support for the revised principles drafted by Councilmembers Robinson and Stokes. He suggested first defining the problem/s and then setting specific goals. He suggested changing "ambitious" goals to "viable" goals. He suggested adding a principle about complying with state and local laws.

Mr. Wallace said he sees the City's role as that of an advocate. He said the City cannot solve the problem because the tools that the state and federal governments have provided are broken and inadequate. He suggested that growth management and the clustering of development contribute to the problem of a lack of affordable housing. Mr. Wallace said the City should have a role in telling the state and federal governments which tools are needed to combat the problem.

Mr. Wallace suggested that the City examine what it can do to reduce the cost of producing affordable housing through changes to the permitting process, taxes, impact fees, and other factors.

Councilmember Chelminiak expressed support for the more action-oriented version of the principles drafted by Councilmembers Stokes and Robinson. However, he expressed concern that this will turn into an extensive planning process. He agreed with Deputy Mayor Wallace's suggestion to identify the problem/s and to articulate specific goals and outcomes.

With regard to the reference to "diverse population," Mr. Chelminiak suggested language encouraging the development of housing that meets the broad range of income levels. With regard to the City's role, Mr. Chelminiak suggested adding a statement that addressing affordable housing effectively will require the coordination of multiple parties. Mr. Chelminiak expressed concern that establishing a steering committee will slow down this initiative.

Mayor Balducci noted general Council support for the version of the principles revised by Councilmembers Robinson and Stokes and the public engagement plan proposed by staff. She noted Mr. Lee's comment about stating a specific income level and/or otherwise defining the term "cost-burdened."

Mayor Balducci said the housing recommendations in Seattle were created by a consortium of land developers and housing affordability advocates. She expressed support for a broader range of stakeholders in the public process, as recommended by staff's approach.

Councilmember Lee said that one way to address the issue of housing affordability is to provide the economic environment that will help people to increase their earning potential.

(b) Update on Sound Transit Phase 3 (ST3) System Plan

City Manager Miyake introduced staff's update on the Sound Transit Phase 3 (ST3) System Plan. Staff will be seeking Council direction in January to provide comments on the projects under consideration to the Sound Transit Board by its January 21, 2016 deadline.

Transportation Director Dave Berg said this is similar to the presentation to the Sound Transit Board on December 4. All jurisdictions have been asked to provide feedback on the ST3 package candidate projects by January 21. City staff will continue to work with Sound Transit staff through the spring to understand the key technical issues and to provide updates to the Council. Adoption of the final ST3 system plan by the Sound Transit Board is anticipated in June.

Ric Ilgenfritz, Sound Transit Executive Director of Planning, Environment, and Project Development introduced Karen Kitsis, Senior Manager for Planning and Project Development.

Mr. Ilgenfritz highlighted the ST3 package timeline. Sound Transit received authorization earlier in the year from the state legislature for local option revenue authority to support the ST3 plan. The Sound Transit Board published a draft project list earlier in the summer and adopted a formal ST3 Candidate Project List on August 27. He said the core priorities for the ST3 package include completing the Link light rail spine, connecting designated centers with high-capacity transit, multi-modal access, integration of transit systems, increasing ridership, and promoting transit-supportive land use (e.g., transit-oriented development).

Ms. Kitsis highlighted ST3 candidate projects in East King County: Overlake to Redmond light rail, Totem Lake to Issaquah light rail, Totem Lake to Bellevue bus rapid transit (BRT), I-405 BRT, and SR 522 BRT. Ms. Kitsis highlighted additional region-wide projects and planning studies.

Mr. Ilgenfritz said a number of ST2 projects were realigned to the ST3 package due to reduced agency revenues during the recession. These include light rail from the Overlake area to Downtown Redmond, the Edmonds permanent Sounder Station, Renton/NE 8th Street direct access ramp, light rail from Kent/Des Moines to Redondo/Star Lake, the extension of Sounder platforms to eight cars, and improvements to Auburn and Kent Sounder Stations.

Mr. Ilgenfritz said input to the Sound Transit Board regarding candidate projects is requested by January 21, 2016. Completion of the draft system plan is anticipated in March, and public and stakeholder outreach will begin in April. Adoption of the final ST3 System Plan could occur as early as June 2016.

Mr. Ilgenfritz said the Sound Transit Board intends to use sales tax, motor vehicle excise tax (MVET), and property tax authority to support the ST3 package. Sound Transit received authority to generate up to \$15 billion in new revenue from 2017-2032. Additional revenue sources are existing taxes, bond proceeds, federal funding, interest, and fare box revenue. The ballot measure to support the ST3 Plan will propose new taxes combined with those other revenue sources for a total of approximately \$26 billion. The new taxes (i.e., sales, MVET and property) total approximately \$200 per adult per year.

Mr. Ilgenfritz said an expert review panel has been appointed by the State to review Sound Transit's cost estimating methodology, forecasting, operating cost methodology, and financial planning methodology.

Noting the time, Mayor Balducci suggested that Councilmembers send questions and feedback to staff in anticipation of the Council's input to the Sound Transit Board in January. Ms. Kitsis referred everyone to soundtransit3.org for more information on candidate projects for the ST3 package.

At 7:59 p.m., Mayor Balducci declared recess to the Regular Session.

Kyle Stannert
Acting City Clerk

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