

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

April 24, 2017
6:00 p.m.

Conference Room 1E-113
Bellevue, Washington

PRESENT: Mayor Stokes, Deputy Mayor Chelminiak, and Councilmembers Lee, Robertson¹, Robinson, Simas and Wallace

ABSENT: None.

1. Executive Session

Deputy Mayor Chelminiak opened the meeting at 6:01 p.m., and declared recess to Executive Session for approximately 20 minutes to discuss one item of pending litigation.

The meeting resumed at 6:20 p.m., with Mayor Stokes presiding.

2. Approval of Agenda

→ Deputy Mayor Chelminiak moved to approve the agenda, and Councilmember Robinson seconded the motion.

→ The motion to approve the agenda carried by a vote of 6-0.

3. Oral Communications

(a) Linda Nohavec, representing the Eastgate Residents Committee, acknowledged that the Council has been given a great deal of information regarding the proposed Eastgate shelter and said the residents would step back and give the Council a break. She said a third party will be reviewing information regarding the matter.

(b) Bill Hirt said he is opposed to the Council's support of Sound Transit and the Council's decision to not require that Sound Transit comply with the memorandum of understanding. He expressed concern about the upcoming closure of the South Bellevue and Overlake Park and Ride facilities. He expressed concern regarding the loss of trees and other impacts related to East Link light rail construction. He said the HOV lanes of I-

¹ Councilmember Robertson arrived at 6:29 p.m.

90 will be permanently closed without Sound Transit demonstrating that the outer roadway lanes can accommodate cross-lake vehicles. Mr. Hirt said he was disappointed that the City did not advocate for bus rapid transit (BRT) on the I-90 bridge center roadway. He said Sound Transit will spend six years and \$3.6 billion on the East Link project, which he believes will not significantly decrease the number of vehicles on I-90. He spoke opposed to the City Council's support of the Sound Transit 3 (ST3) package.

- (c) Steve Sanchez spoke opposed to the proposed Eastgate men's homeless shelter. He noted issues with the existing shelter including inadequate bathroom facilities and the lack of sufficient electrical power for cooking. He visited the shelter and learned that remodeling will start soon to build a new kitchen and other improvements. He asked whether the City or another entity will be responsible for the financial commitments related to the Eastgate shelter. He referenced the comparison of three alternative sites and said the benefits of the sites are not listed.
- (d) Tzachi Litov, an Eastgate resident, spoke in opposition to the men's homeless shelter. He shared information from studies that concluded that the communities making stronger progress on addressing homelessness are those in which public funders are driving the strategy and decision-making. The primary role of providers (e.g., Congregations for the Homeless and Imagine Housing for the Eastgate project) is to inform strategy and participate in its execution. He said it is not reasonable or effective to ask providers to make system-level design decisions when doing so can be in direct conflict with the interests of their individual agencies. He said the studies were commissioned by the City of Seattle and King County but do not appear to have been used in the planning process for the Eastside shelter. He expressed concern that CFH and Imagine Housing are driving the process.
- (e) Saghar Rasoulamini, Municipal Liaison for Bellevue College students, commended the Council for the vote made the previous week. She said Bellevue College student government has not supported or opposed the homeless shelter. She said the college will continue to work with Bellevue Police, City staff, the Council, and students to address issues. She said Bellevue College will hold a public forum regarding the shelter project.
- (f) Todd Woosley spoke about the Affordable Housing Strategy Final Report. He noted that he serves on the Transportation Commission. He said he is representing the owners of the Eastgate RV site, which is well-suited for multifamily housing, including both market-rate and affordable units. Mr. Woosley said they are concerned that there is little opportunity in certain areas, including Eastgate and Wilburton, for housing to be provided. He submitted copies of information depicting what could be built if the zoning indicated for the east side of the BelRed corridor is adopted for Eastgate, versus what could be built under the Planning Commission's draft language for the Eastgate Land Use Code Amendment. He said the private sector can have a significant role in providing affordable and workforce housing if the appropriate Land Use Codes are adopted.
- (g) Lara Litov expressed concern regarding the conditions of the current men's homeless shelter, especially given comments that operating two microwave ovens overloaded the electrical power for the building. She said she contacted the Fire Department and was

told that there were violations noted last summer, and it was unclear whether they were resolved. Ms. Litov said she hopes the City and CFH would conduct inspections in the future before moving into a facility.

Councilmember Robinson requested an update regarding the improvements underway at the Lincoln Center interim shelter.

4. Study Session

(a) Council Business and New Initiatives

There was no discussion.

(b) Bellevue Police Department Reaccreditation by the Commission on Accreditation for Law Enforcement Agencies (CALEA)

City Manager Brad Miyake introduced discussion regarding the inspection of the Police Department in December and its reaccreditation.

Police Chief Steve Mylett said the Bellevue Police Department has been awarded accreditation by the Commission on Accreditation for Law Enforcement Agencies (CALEA) for the fifth time, effective March 19, 2017. The accreditation remains in effect for four years. The process includes a self-assessment of policies, practices and processes against internationally accepted public safety standards. This is followed by an independent assessment by individuals with significant public safety experience. Public feedback and interviews of certain personnel are conducted as well. The decision is rendered by a governing body of 21 commissioners following a public hearing and a review of all documentation.

Chief Mylett thanked the Bellevue Police Department for their hard work and for making this happen. He thanked Captain Jonathan Hoffman, accreditation manager, and Rosanna Williams for leading the effort. He thanked the City Manager, City staff who helped prepare for the on-site visit, and the Council for their support.

Councilmember Robinson commended Bellevue Police Department personnel for being regional and national role models. She thanked them for collaborating with other police departments, especially in their work with safety forums.

Deputy Mayor Chelminiak thanked Chief Mylett and the Police Department for their good work on behalf of the community.

Councilmember Lee said the Bellevue Police Department is the best among police departments.

Councilmember Wallace said the award is well deserved and not surprising given the quality of the Bellevue Police Department. He said it also reflects well on the community of individuals who work and live in Bellevue. He noted the success of the recent Police Foundation fundraiser, which indicates the community's support.

Chief Mylett said he appreciates the strong community support in Bellevue. He noted that the fundraiser raised more money than past efforts, and the event is organized by volunteers. He said the funds are used for items that do not fit into the City's budget.

Mayor Stokes expressed appreciation for the Police Department's efforts to proactively communicate and develop relationships within the community.

Mayor Stokes declared a brief break to take photos.

(c) Bellevue Way SE HOV Lane Project Update

City Manager Brad Miyake introduced discussion regarding the Bellevue Way SE HOV Lane project (South Bellevue Park and Ride to Y at 112th Avenue SE). He recalled that staff provided design options to the Council in January. An open house was held following that meeting and the input was forwarded to the Transportation Commission to assist the commissioners in developing their recommendation. Mr. Miyake said staff is seeking Council direction regarding the preferred option.

Ron Kessack, Assistant Transportation Director, said the 2017-2023 Capital Investment Program (CIP) Plan includes \$4.4 million for the Bellevue Way SE HOV Lane project. The intent of the project is to reduce the projected evening peak period traffic congestion and to reduce the delay for transit services, carpools, and vanpools. Mr. Kessack said staff is seeking Council direction to complete 30-percent design for the project by the end of the year.

Marina Arakelyan, Project Manager, recalled that staff developed several options for the HOV lane project, engaged the community and other stakeholders, analyzed and refined project options based on input received, and identified staff's recommendation for the preferred option. Following the project update to the Council on January 9, a public and online open house was held on January 19. Meetings were subsequently held with the Bellevue Chamber of Commerce (February 14, 2017), Bellevue Downtown Association (February 24, 2017), and Bellevue Transportation Commission (March 9 and April 13, 2017).

Ms. Arakelyan said the options vary in the roadway width and the project length. The wide option has a wider planter section at the base of the retaining wall as well as an intermittent shoulder. Staff analyzed four project length options, with Option 3 involving the addition of a general purpose lane instead of a HOV lane. Further analysis compared Option 2 (extends the HOV lane at the Y on both Bellevue Way and 112th Avenue) and Option 4 (extends the HOV lane at the Y on 112th Avenue only).

Ms. Arakelyan said the Transportation Commission expressed a preference for Option 2. She highlighted the criteria used to compare Option 2 and Option 4 including travel times from Bellevue Way and from 112th Avenue (SOV, HOV, Transit) and peak hour volumes of total vehicles, people, HOV vehicles, and transit routes. The estimated conceptual design, right-of-way acquisition, and construction costs are \$35 million for Option 2 and \$31 million for Option 4.

Ms. Arakelyan said staff recommends the narrow roadway option with a five-foot planter strip along the retaining wall and Option 2 for project length. Staff is requesting Council approval to proceed with the preparation of 30-percent design and environmental documentation through Fall 2017. Next steps include continuing to engage the community and stakeholders, developing project phasing options and recommendations, and continuing to develop project funding strategies. Staff anticipates returning to the Council in early 2018 for direction and approval on project phasing and advancing the project design.

Councilmember Wallace thanked staff for the clear presentation and drawings. He expressed support for the recommended option and noted his interest in considering options for project phasing. Responding to Mr. Wallace, Mr. Kessack said staff recommends including the segment of Bellevue Way SE between the Y and 108th Avenue SE in the environmental review now rather than adding it later.

Responding to Deputy Mayor Chelminiak, Ms. Arakelyan said the project is 2,700 linear feet in length with a 12-foot HOV lane and five-foot planter strip. In further response, Mr. Kessack said Sound Transit will take a lane on Bellevue Way for construction until sometime in 2019. The City's project could begin in 2019 or 2020. He said the funding is already programmed. However, staff will work with the Council to determine specific funding sources. Mr. Kessack said there are opportunities for grant funds and partnerships with local transit agencies.

Responding to Mr. Chelminiak, Mr. Kessack said Phase 1 of the West Lake Sammamish Parkway project has been completed, and funding is available in the CIP Plan for Phase 2. Staff will provide a project update to the Council within the next few weeks. Mr. Chelminiak noted that funding for the 150th Avenue improvements has not been identified. He is not in favor of the HOV lane project based largely on the expense compared to the benefit of the project. However, he said it is reasonable to advance to 30-percent design.

Responding to Councilmember Robertson, Ms. Arakelyan said the project will impact properties along Bellevue Way SE and the City will work with those property owners. She said an open house is anticipated for this fall. Mr. Kessack said staff will continue to communicate with residents of the Enatai neighborhood as well.

Ms. Robertson expressed support for moving forward with project design. She recalled past discussions with Transportation staff which indicated the project is likely to compete well for grant funds. Mr. Kessack confirmed that understanding. Councilmember Robertson commended Transportation staff on their ability to secure grant funding for numerous projects. Mr. Kessack said Eric Miller and his group are responsible for securing grants.

Responding to Councilmember Robertson, Mr. Kessack said project funding and project phasing options will be considered during the 2018 budget process. In further response, Mr. Kessack confirmed that the Transportation Commission supported the project as a high priority.

Councilmember Lee expressed support for the narrow width option. With regard to the project length, he questioned the benefit of the HOV segment from the Y to 108th Avenue SE on Bellevue Way SE. Mr. Kessack said the segment would help vehicle left-turn movements from

southbound Bellevue Way to northbound 112th Avenue SE. It also allows vehicles to queue up in the HOV lane before the intersection. Mr. Kessack said it helps the general purpose lane traffic as well. He said the Transportation Commission indicated it provided sufficient benefit to Bellevue Way SE traffic to warrant further study. Councilmember Lee concurred with the recommendation for further study.

Responding to Councilmember Simas, Mr. Kessack said extending the HOV lane on Bellevue Way SE to 108th Avenue SE will improve general purpose traffic movements at the Y intersection. Mr. Simas expressed support for staff's recommendation.

Councilmember Robinson expressed support for staff's preferred option.

Responding to Mayor Stokes, Ms. Arakelyan said Option 4 provides better travel times and Option 2 moves more people.

Mayor Stokes noted a Council consensus to move forward with staff's recommendation to complete 30-percent design and environmental review.

(d) Affordable Housing Strategy Final Report and Recommendation

City Manager Miyake said the Council had a number of briefings over the past year on the development of the Affordable Housing Strategy Final Report. Staff is seeking Council feedback to finalize the report as well as Council direction regarding funding and inclusionary zoning.

Dan Stroh, Acting Director of Planning and Community Development (PCD), said the report is based on community values and surveys indicating that residents prioritize affordable housing as an important issue. He said the strategy reflects ambitious goals and actions that were developed in working with the Affordable Housing Technical Advisory Group (TAG).

Mike Kattermann, Senior Planner, said the report includes strategies and actions that are consistent with the Council's Guiding Principles for this effort. Staff will be seeking Council action in May to approve the Affordable Housing Strategy Final Report. He highlighted the components of the report including a transmittal letter from the TAG and sections addressing the affordable housing strategy, housing needs in Bellevue, existing programs, developing the strategy, and performance monitoring. The 14-member TAG established ambitious goals and offered differing perspectives on individual actions and the consensus of a need for bold actions.

Mr. Kattermann introduced three TAG members in attendance: Sibyl Glasby, Imagine Housing; Hal Ferris, Spectrum Development Solutions; and David Hoffman, Master Builders Association of King and Snohomish Counties. Mr. Kattermann noted that TAG member Jim McEachran, Human Services Commissioner, was in the audience as well.

Ms. Glasby commended Bellevue for addressing affordable housing and thanked the Council for the opportunity to serve on the TAG. She noted that Imagine Housing is celebrating its 30th year and has three communities in Bellevue with a total of 72 apartments providing permanent affordable housing for families, seniors, veterans, and individuals. The project at St. Luke's Church in north Bellevue will create 63 new permanently affordable apartments, primarily for

families, this winter. Ms. Glasby encouraged the Council to review Section E of the report and to consider the bold funding strategies that could support more affordable housing.

Mr. Hoffman said he wanted to ensure that the TAG addressed feedback from the private sector. He said builders encourage an incentive-based approach for the inclusion of affordable housing units in market-rate developments. He observed that sometimes in this region when incentives do not appear to be producing the desired units, the incentives are not reviewed to consider revisions but instead become mandates. He referred the Council to Sections B and D, which address a variety of housing types and ways to make it easier to develop affordable housing throughout Bellevue. However, he acknowledged that all of the strategies must be considered as a group. Mr. Hoffman said he enjoyed and learned from his experience serving on the TAG. He encouraged bold decisions by the Council.

Mr. Ferris said he enjoyed serving on the TAG as well. He said City staff and the consultants who worked with the TAG did a very good job of creating a cooperative atmosphere for identifying common goals and addressing differing perspectives. He said the actions in the report are gleaned from years of ideas and suggestions. He said that, while a significant number of housing units are being added to Bellevue, essentially none are affordable to families earning less than 80 percent of the area median income (AMI).

Mr. Ferris said increasing the number of market-rate units will not drive lower rents. Instead, when apartments are overbuilt, lenders stop lending and investors stop investing. That will cut off supply until demand increases, resulting again in higher rents. He said affordability will not be achieved without specific tools and incentives. Mr. Ferris said that direct subsidies (i.e., tax credits) from the City or through ARCH (A Regional Coalition for Housing) are used to produce housing for families earning 60 percent AMI and below. However, workforce housing for families earning between 65 percent and 85 percent AMI can be achieved through zoning codes, allowing increased densities, reducing parking requirements, and reconsidering the multifamily tax exemption program. He noted that the MFTE program implemented by the City approximately two years ago has not been utilized to date by the private sector.

Councilmember Wallace said he is surprised that, given rental rates in Downtown Bellevue and the BelRed corridor, the MFTE did not produce housing units. He noted that, despite Bellevue's program being more generous, the City of Seattle's program has been extensively used. Mr. Ferris said that in Bellevue, 20 percent of the units must be affordable, with half of those at 50 percent AMI and half at 70 percent AMI. In Seattle, affordable housing requirements are 65 percent AMI for studios, 75 percent AMI for one-bedroom apartments, and 85 percent AMI for two-bedroom apartments. Mr. Ferris said Bellevue's program required a lower level of affordability, which results in a greater increase in rents.

Responding to Councilmember Robertson, Mr. Ferris said Seattle adjusts its MFTE every three years to facilitate its implementation. Before Seattle moved to a tiered approach, developers were producing only studios and one-bedroom apartments. The total number of affordable units must be 20 percent of all units in a development.

Mr. Kattermann noted that one of the actions in the Affordable Housing Strategy is to update Bellevue's MFTE program.

Mayor Stokes thanked all TAG members for their hard work and important contributions.

Mr. Kattermann highlighted the sections of the final report. He said Section 2, Housing Need, was established through the Human Services Needs Update and the 2015 business survey. He noted that 17 percent of Bellevue households earn 50 percent AMI or less. County residents earning approximately \$20 per hour (e.g., entry-level teachers, medical assistants, bookkeepers) represent 60 percent AMI for a single person and 45 percent AMI for a family of four.

Mr. Kattermann said Section 3, Existing Programs, highlights partnerships (i.e., ARCH, King County Housing Authority, DASH, Imagine Housing); ongoing General Fund and Capital Investment Program (CIP) contributions to affordable housing; and code incentives (e.g., density bonuses, small units for seniors, reduced parking requirements, home repair program).

Mr. Kattermann said Section 4, Developing the Strategy, draws upon knowledgeable resources and effective practices from other places; considers a full suite of tools (e.g., code changes, incentives, partnering); suggests tailoring affordable housing approaches to different areas of the city; and provides robust public outreach and engagement. He said public outreach included a community education forum last June, stakeholder meetings, public workshops, and online open houses and surveys. The strategy was also informed by the Comprehensive Plan Housing Element, the City's Economic Development Plan, and technical analysis and input from the TAG. Mr. Kattermann referred the Council to Appendix 5, Public Engagement Summary, which reflects the general themes and feedback provided through public outreach.

Mr. Kattermann said Section 5, Performance Monitoring, recommends monitoring the results and outcomes of the program and adjusting the program elements as needed. The report suggests implementation monitoring over the first 2-3 years and ongoing performance monitoring with program adjustments every 3-5 years.

Mr. Kattermann said the overall strategies and objectives of the Affordable Housing Strategy are to: 1) preserve existing affordable units; 2) create a variety of housing choices (e.g., micro apartments, detached accessory dwelling units, supported home ownership); 3) create more affordable housing; 4) make it easier to build affordable housing; and 5) to prioritize state, county and local funding for affordable housing. Mr. Kattermann said the report includes next steps for each action listed under those categories, a timeline, and information on other involved City departments.

Mr. Kattermann the funding scenarios and options provided in the report. For units affordable at 60 percent AMI and below, the TAG set a goal of 2,500 created or preserved units over the next 10 years. The three funding scenarios create 540 to 1,550 units over 10 years.

Mr. Kattermann said staff is seeking Council feedback regarding the scenarios and whether others should be considered. Continuation of historic funding levels creates or preserves 400 units over the next 10 years. Scenario 1 reflects historic funding plus \$500,000 annually added to the Capital Investment Program (CIP) to create 540 units over 10 years. Scenario 2 maximizes

the leveraging of outside funds to create 1,000 units over 10 years with an additional annual cost of \$3 million. Scenario 3 is Scenario 2 plus additional City funding.

Mr. Kattermann described inclusionary zoning, which is mandatory and/or voluntary regulations to facilitate the development of affordable housing. He said members of the TAG had differing opinions about specific actions. However, they were comfortable including the category of tools as part of their recommendation.

Mr. Kattermann highlighted a graph depicting the four potential areas for implementing inclusionary zoning and the multifamily tax exemption (MFTE): Downtown, Wilburton, East Main, and Eastgate. The BelRed corridor is a model for voluntary incentives and was used to create estimates of affordable housing potential in the Wilburton area. With regard to the 1.0 FAR (floor-area ratio exemption) considered for the Downtown, the consultants analyzed a 3:1 ratio (one affordable unit per three market-rate units) as well as a 2:1 ratio approach.

Mayor Stokes said staff is seeking Council feedback regarding the funding scenarios and inclusionary zoning options.

Responding to Councilmember Robertson, Mr. Kattermann said the timing of funding is a Council decision. He said staff can develop funding options, potentially including phasing, for the scenarios of interest to the Council.

Ms. Robertson said it is difficult to consider funding scenarios without looking at them within the context of the full City budget. She said the City is already following Scenario 1 because the Council allocated additional funding in the current biennial budget. In looking at the scenarios, Ms. Robertson observed that there appears to be a diminishing power of the dollar as more money is spent. She would like to see how the City's recent increased contribution to affordable housing works before considering increased funding.

Councilmember Robinson said affordable housing goals cannot be achieved without significant funding to support the recommendations. She expressed support for Scenario 2. She thanked the Mayor for establishing the TAG with impressive experts in a number of areas. Her vision was that the City would look at Bellevue's unique affordable housing needs and create a strategy. She observed that Bellevue's strategy might not work for other cities, but she hopes to inspire other cities to look at their housing needs to create their own strategies.

Ms. Robinson said she hopes the performance monitoring and periodic adjustments will be based in part on the biennial Human Services Needs Update. She sees a role for micro housing in Bellevue. She is not generally supportive of accessory dwelling units, but agrees with Councilmember Robertson's comment last year that those could be considered on an individual neighborhood basis. Ms. Robinson spoke in favor of encouraging more condominium development, which might attract empty-nesters and free up some of the housing stock. She requested more details on the recommended implementation steps.

Ms. Robinson questioned how inclusionary zoning layers with the current option to allow higher FARs in the Downtown and Eastgate areas. Mr. Stroh said inclusionary zoning is a layer on top

of FAR provisions. The updated zoning incentive system based on the Downtown Livability Initiative work provides a list of incentives, excluding affordable housing. A second proposed mechanism to achieve affordable housing is an additional 1.0 FAR exemption. In further response to Councilmember Robinson, Mr. Stroh said the Planning Commission is studying which building envelopes will work for the additional 1.0 FAR exemption. Councilmember Robinson questioned whether different incentives will be used in different areas of Bellevue. Mr. Stroh said the FAR exemption is more difficult to achieve in some areas.

Mayor Stokes and Councilmember Robinson requested more information on how inclusionary zoning and FAR incentives would be applied.

Councilmember Robinson observed that the most significant impact of increasing density is increasing the number of cars. She questioned whether it is possible to allow car-less units. She understands it is possible to reduce the number of parking spaces. However, she questioned the ability to designate a certain number of units for car-less individuals, even if parking elsewhere.

Mr. Stroh said that, in highly mixed use, transit-oriented urban centers, many individuals do not have cars. He said it would be a stretch to tie the FAR exemption to a requirement for car-less units. He noted that, as density increases and transit service improves, there is a reduction in the number of car trips.

Councilmember Simas expressed support for Funding Scenario 2, depending on available funding sources and the costs and benefits as the number of units increase. He believes the City needs to develop a clear plan and to look at incentives.

Councilmember Lee said it is important to be realistic and to develop policies that respect the Bellevue way. What types of housing are affordable and appropriate for Bellevue? He noted the need to consider costs, incentives, and opportunities. Mr. Lee said he does not like mandatory requirements for affordable housing. He would like to start slowly as a pilot program and to periodically evaluate the effectiveness of policies and regulations. He expressed support for Scenario 1 and for voluntary mechanisms.

Responding to Deputy Mayor Chelminiak, Mr. Kattermann confirmed that the difference between Scenario 1 and Scenario 2 is \$3 million annually. Mr. Chelminiak recalled the discussion earlier in the evening about the Bellevue Way HOV project. That project essentially saves a driver two minutes and 20 seconds during the evening peak commute period at a cost of \$31 million. He said the Council always places a priority on transportation projects, which are important. He is pleased that the Council doubled the amount it is contributing to ARCH (A Regional Coalition for Housing) over the next seven years. However, he said that somewhere there is a balance. Mr. Chelminiak challenged the Council to do better for people and to keep an open mind, particularly when housing is an important component of the economic development strategy. He is not sure at this point whether he can support another \$3 million per year. However, he said affordable housing relates to other important issues, such as homelessness and maintaining safe neighborhoods.

Mr. Chelminiak noted that King County is considering a sales tax increase to address homelessness and affordable housing. He said he supports an approach that is somewhere

between Scenario 1 and Scenario 2. He thanked the TAG and City staff for their great work and Mayor Stokes and Councilmember Robinson for taking the lead on the Council regarding affordable housing issues.

Councilmember Wallace said he supports looking somewhat separately at affordable housing and workforce housing rent levels. He expressed an interest in considering Seattle's approach to housing requirements based on unit types, as described earlier by Hal Ferris. Mr. Wallace said there is a private-sector, incentive-based scenario for workforce housing and a public-sector, nonprofit-funded scenario for households at or below 60-percent AMI. He said it is important to approach the two scenarios in different ways.

Mr. Wallace said the approach for units falling within 65-85 percent AMI is appropriate for inclusionary zoning. He believes there is an opportunity to create an effective incentive-based system to produce the desired results. He said few projects have been initiated from an early design stage since the City adopted the multifamily tax exemption (MFTE) credit. He said most apartment projects were already underway, with the exception of the Alamo project on Main Street. He said it would be interesting to talk to them to determine what they think of the current requirements.

Mr. Wallace said he strongly supports moving to Seattle's tiered system. He said Bellevue's downtown rents in wood frame apartments are similar to rents in Seattle's University District, which fall roughly mid-point for Seattle rentals. He supports a variety of incentives, including reduced parking requirements. The requirement of one parking space per housing unit needs to be reconsidered to facilitate affordable housing. He would not support mandatory requirements for affordable housing.

Mr. Wallace said the issue of inclusionary zoning is appropriate for workforce housing but not for public-sector/nonprofit housing. He observed that the funding scenarios discussed tonight address the 60-percent AMI and below category. He would like to see a doubling in ARCH contributions by all ARCH cities. He believes that would go a long way in pursuing Scenario 1. He is open to considering a property tax levy for additional funding to move beyond Scenario 1 if supported by a rational plan. He feels a Councilmanic levy with a property tax increase is not appropriate. Mr. Wallace said there are a number of competing priorities with a limited tax base.

Mayor Stokes said he was not yet comfortable expressing support for any of the scenarios. He said the goal is to get more people into housing, which does have costs. He said increased housing affordability contributes favorably to economic development. The difference between 540 units and 1,000 units might be worth the resources needed. He would like to see the City of Bellevue step out and lead regional efforts, including through ARCH funding.

Mr. Stokes said the inclusionary zoning issue is important in terms of achieving the higher goals. He said he assumes that the initial effort is focused primarily on the 60-percent AMI and below level. Responding to Mr. Stokes, Mr. Kattermann said there are two separate but related goals. He noted the goal of 2,500 units for the 60-percent AMI and below category as well as the goal for workforce housing within the 60-80 percent AMI category.

Mayor Stokes thanked Councilmember Robertson for previously suggesting that the MFTE be added as a potential mechanism.

Councilmember Robertson observed that there is support among Councilmembers for both Scenario 1 and 2. She questioned the next step in terms of the overall City budget.

Mr. Kattermann said staff anticipates coming back to the Council in May or soon after to discuss options for achieving the funding levels.

Councilmember Robertson expressed support for Councilmember Wallace's suggestion that all ARCH cities double their contributions.

Arthur Sullivan, ARCH, said Councilmember Robertson has been involved in discussions of the ARCH Executive Board and member cities over the past year and a half. He said ARCH is working to reconvene that group. Those discussions have been similar to the Council's discussion tonight. Mr. Sullivan said ARCH studied different scenarios and there was direction from the ARCH Council Representative group to review and update all cities' goals.

Councilmember Robinson requested that ARCH, in looking at Scenario 1 and Scenario 2 funding, determine how those relate to a potential increase in funding to ARCH. How does that play out? Where does that money go, and how is it applied?

Councilmember Robertson said she supports incentives in the BelRed corridor and the Downtown. She would like to get the MFTE incentive right. She does not support mandatory regulations to provide affordable housing. She expressed support for the 1.0 FAR increase. She would like to stretch further. When the Eastgate Land Use Code Amendment comes back to the Council, she would like an analysis on the potential increase in housing through certain incentives. Ms. Robertson said she supports inclusionary zoning, but not mandatory regulations.

Councilmember Lee observed that being bold means doing the right thing. It does not necessarily mean spending more money.

Councilmember Simas expressed support for incentives versus mandatory requirements. He said working with the development community to determine effective incentives is more effective than mandates. He recalled that the Downtown Livability Initiative process addressed providing flexibility for developers with innovative ideas that might initially seem unreasonable but turn out to be appropriate and effective for certain sites and needs. Mr. Simas expressed support for cities doubling their contributions to ARCH.

Responding to Deputy Mayor Chelminiak, Mr. Stroh said the FAR incentive varies for different parts of the City. In the BelRed area, there are higher estimates for housing production due to the incentive zoning structure. A major upzone of the subarea allowed for an incentive system that ranked the production of affordable housing high on the priority list. In the Downtown, Mr. Stroh said the housing estimates are much lower due to more modest upzones. If the 1.0 FAR exemption is used in the Downtown, the building height, setbacks, stepbacks, and other provisions would not change. The developer would still have to work within the building envelope.

Councilmember Robinson requested information on the number of affordable housing units built during the time that the City had mandatory inclusionary zoning versus the production of affordable units after it was discontinued.

Mayor Stokes noted the Council preference for voluntary versus mandatory requirements. He would like the information requested by Ms. Robinson, however, before making a decision. He encouraged a review of the MFTE. He believes the City is on the right path. He said Bellevue is a city of innovation and can be innovative with housing.

Councilmember Lee asked staff to comment on Mr. Woosley's comments during the earlier oral communications period. Mr. Kattermann said Mr. Woosley was talking about the Eastgate area and he commented that the Eastgate and East Main areas do not have a large capacity for affordable housing, relative to other parts of Bellevue. Mr. Kattermann said Mr. Woosley was questioning what could be done to facilitate workforce housing in the Eastgate area. Mr. Lee encouraged looking at bold, innovative solutions. Mr. Kattermann noted an example in the Affordable Housing Strategy Report that uses prefabricated components for affordable housing.

Councilmember Wallace observed it would be beneficial for staff to spend more time with developers discussing workforce housing production and the impact of the City's rules. He said the key for nonprofit affordable housing projects is finding available land. He encouraged exploring more church properties and public property opportunities. He does not want to consider detached ADUs in neighborhoods that do not want them.

Mayor Stokes said the City does not want to impose ADUs in neighborhoods where they are not wanted by residents.

Councilmember Robertson concurred that it is important for people to understand that ADUs is one issue that can be considered as the City works with residents to update subarea neighborhood plans.

Ms. Robertson said there is currently a bill before the state legislature that allows the MFTE credit to be used for retaining existing housing, rather than only for the creation of new housing. She suggested that Bellevue's lobbyists work on this issue.

Councilmember Robinson said she wants to ensure that projects on church properties do not result in developments that are not in character with existing neighborhoods.

(e) Regional Issues

Joyce Nichols, Director of Intergovernmental Relations, opened staff's update on the Regional Animal Control Services Interlocal Agreement. She introduced Diane Carlson from the King County Executive's Office and Gene Mueller, Director of Regional Animal Services of King County (RASKC). Ms. Nichols said the City is one of 25 partners that contract with King County for animal control services. The existing contract was initiated in 2013 and extended through

2017. Staff is seeking feedback and input regarding renewal of the contract beyond the end of the year.

Alison Bennett, Utilities Policy Program Manager, noted the benefits of having an animal services program including public health and safety and the humane treatment of animals. Pet license fees support those functions and provide the benefit of identifying lost pets. RASKC provides animal control and field services, shelter and adoption services, pet licensing, and ancillary services such as cruelty investigations and public disclosure requests.

Ms. Bennett said the proposed 2018-2022 Interlocal Agreement includes an automatic five-year extension as well as a provision to opt out of the extension if notice is given by June 2021. The services remain the same and the contract continues the same beneficial cost model. The cost estimates do not include the City of Kirkland, which has indicated it does not plan to join the renewed agreement.

Ms. Bennett said the City has had stable and predictable costs throughout the term of the ILA. Licensing revenues for Bellevue have increased every year and the animal “save” rate at the shelter is 90 percent. RASKC has implemented improvements to better serve the diverse population including website information in multiple languages and interpreter services at their call centers. She noted that there is an Eastside adoption center at PETCO in Kirkland.

Ms. Bennett recalled that the City explored alternatives to the King County agreement in 2012. She observed that no conditions have changed to warrant repeating that analysis. She said there are no shelter options in Bellevue. The Seattle-King County Humane Society has indicated they are not interested in contracting with local jurisdictions to provide shelter services.

Ms. Bennett said pet license revenue has increased from \$275,000 in 2011 to more than \$370,000 in 2016. King County will be increasing its emphasis on multifamily units. The net cost to the City in 2018 is projected at \$73,000. However, Ms. Bennett said the City’s annual costs have almost always been lower than the estimates.

Responding to Councilmember Lee, Ms. Bennett said the City’s cost in 2016 will be reconciled in June. However, King County has indicated the cost will be lower than the estimated \$45,000. In 2015, the City paid \$54,000. Councilmember Lee observed that the City could not provide its own service at a lower cost. He expressed support for the proposed renewal of the interlocal agreement.

Responding to Councilmember Robertson, Ms. Bennett said the current pet license fee is \$30. Ms. Robertson said she was concerned last year when King County used a vendor that sent violation notices to everyone who bought pet food. She wants to ensure that will not happen again. Mr. Mueller said the vendor used survey data and self-reported information. He said the source of the information reported by *The Seattle Times* was unclear. He said King County does canvass residents by going door to door to educate them about the benefits of licensing their pets.

Ms. Robertson encouraged the County to reflect a positive tone in license renewal notices to residents. She noted that the tone of a renewal notice she received was somewhat threatening, when in fact the animal had died.

Councilmember Robertson expressed support for the next Interlocal Agreement.

Deputy Mayor Chelminiak expressed support for the proposed Interlocal Agreement.

Councilmember Wallace noted the cost tables and questioned the high costs for the City of Kent. Mr. Mueller said they are high users of the animal control services system. He said a technical report in 2014 indicated that animal control services correlates with socio-economic status. He said Kent residents have high field use, high shelter intake, and low licensing rates.

Mr. Wallace said the cost tables indicate that Bellevue roughly breaks even. He noted that the Cities of Kirkland and Renton have decided to have their own animal control services. During the next five-year contract, he would like staff to explore partnership opportunities with those and other cities.

Ms. Nichols said Bellevue staff reached out to Kirkland staff but have not been successful in obtaining Kirkland's plan. She recalled that staff previously studied a sub-regional model that included several Eastside cities but it did not appear to be a good option. The option of Bellevue providing its own animal control services was hampered by the unavailability of a shelter.

Councilmember Wallace said the next King County contract would be easier to approve if there was a rational apportioning of the costs and revenues. He said it does not make sense to subsidize services in other cities. He is not completely opposed to working with the County, but the cost-sharing should be fair.

5. Council Discussion of Upcoming Items: None.

6. Continued Oral Communications

Pamela Johnston said Bellevue's affordable housing plan is not inspiring in terms of technology and innovation. She suggested an incentive for developers to provide internet service as an amenity in affordable housing units. She encouraged looking from the perspective of providing better teachers and other employees throughout the community by having convenient affordable housing. Ms. Johnston noted that King County Animal Control Services has not been responsive when she has called them.

At 9:33 p.m., Mayor Stokes declared the meeting adjourned.

Kyle Stannert, CMC
City Clerk

/kaw