

CITY COUNCIL STUDY SESSION

Affordable Housing Strategy Implementation Briefing

Mac Cummins, Director, 452-6191

Emil King, Assistant Director, 452-7223

Janet Lewine, Senior Planner, 452-4884

Community Development

DIRECTION NEEDED FROM COUNCIL**INFORMATION
ONLY**

No action is required; this is an informational briefing on the progress of the Affordable Housing Strategy including units achieved, effectiveness of programs, and implementation of actions.

RECOMMENDATION

N/A

BACKGROUND & ANALYSIS

On March 4 Council received a briefing on the progress of the Affordable Housing Strategy. Council requested subsequent progress reports twice per year.

Affordable housing units achieved

How many affordable housing units have been built, permitted, or are in the pipeline since the adoption of the affordable housing strategy?

- 226 Bellevue affordable units have been funded or added in 2017 and through Q2-2019.
- Pipeline projects in Downtown and BelRed will add an estimated 165 affordable units using affordable housing incentives.
- A proposal for preservation of an existing apartment development adds 240 affordable units.
- Council action on the City-owned spur property will result in an additional 80 affordable units adjacent to the Sound Transit maintenance facility in BelRed.
- Fee-in-lieu collected for affordable housing exceeds \$2.4 million, with another \$2.0 million expected in 2019/2020.
- Progress on meeting the Affordable Housing target will be reported annually. Bellevue's pipeline for affordable units is seen as encouraging for meeting affordable housing targets.
- Table A shows contracted affordable units and pipeline affordable units.

How many units are within ½ mile radius of light rail transit stations since the adoption of MFTE program and the affordable housing strategy?

- 63 affordable units in two Downtown projects have been contracted to date.
- An estimated 165 affordable units in Downtown and BelRed pipeline projects will be within ½ mile of light rail transit stations.
- Attachment A shows the location of multifamily affordable housing units that have been contracted or built and the ½ mile buffer to light rail stations.

Programs that are driving the creation of units

- Council adopting affordable housing incentives in Downtown has resulted in 64 affordable units and 165 pipeline affordable units.
- Council providing funding and surplus property for new affordable housing has resulted in 62 affordable units and a pipeline of 80 affordable units.
- Council supporting preservation of existing apartments has resulted in 76 affordable units and 240 pipeline affordable units.

Affordable Housing Strategy implemented actions

Action C-4 Eastgate Land Use Code including incentives for affordable housing

Action C-4 Downtown Livability Land Use Code including incentive for affordable housing

Action C-3 Update and extension of the Multifamily Tax Exemption program

Action E-1 Increased funding for affordable housing

- General fund support for affordable housing of \$412,000 per year, consistent with past budgets.
- 2019 – 2023 CIP contingency funds for affordable housing of \$7.5 million or an additional \$1.5 million per year through 2023.
- 2017 – 2023 CIP contingency funds for affordable housing added \$3.5 million or an additional \$0.5 million per year through 2023.

Many of the actions that forward the Affordable Housing Strategy will be implemented through cross department efforts.

- **East Main LUCA** including affordable housing incentives. **Action C-4** Increase zoning as an incentive to provide affordable units in new development.
- **Zero Lot-Line Townhomes.** **Action D-1** Revise codes to reduce costs and process time for building multifamily housing.
- **Accessory Dwelling Units.** Land Use Code Amendment limited in scope to removing 3-year requirement for new construction. **Action B-2** Update Accessory Dwelling Unit Standards.
- **TOD at OMFE and 130th Station.** **Action C-2** Develop affordable housing on suitable surplus public lands in proximity to transit hubs.

The Affordable Housing Strategy Work Program includes additional actions for the next phase of implementation, depending on available resources.

- **AHS C-1** Increase development potential on suitable land owned by public agencies, faith-based and non-profit housing entities for affordable housing.
- **AHS D-1** Revise codes to reduce costs and process time for building multifamily housing.
- **AHS B-1** Encourage micro-apartments around light rail stations through actions such as reduced parking requirements.
- **AHS C-4** Increase zoning as incentive to provide affordable units in new development.
- **AHS B-2** Update Accessory Dwelling Unit standards and allow detached units in self-selected neighborhoods.
- **AHS D-3** Change the city's approach to multifamily density calculation in to allow more flexibility in unit size and type.

- **AHS B-4** Consider changes to the down payment assistance program for low-income and first-time homebuyers.
- **AHS E-2** Pursue funding partnerships with employers, financial institutions, foundations, others.

Table A: Affordable Housing Units Funded/Added/Pipeline since 2017

	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2
Council funds 30Bellevue	62								
Council funds Highland Village	76								
Council adopts Affordable housing (AH) Strategy	✓								
Council approves 2-phase WP		✓							
Council adopts Eastgate AH incentive		✓							
Council adopts Downtown Livability AH incentive			✓						
ADUs permitted 2017			12						
Park East, Downtown AH incentive			1						
Council adopts MFTE update				✓					✓
MFTE application 888-108				8					
Downtown incentives 888-108				24					
Council reviews C-1				✓					
MFTE application Ceresa						31			
Council approves Utilities Emergency Assistance							✓		
Council approves \$15M/CIP and \$412K/GF for AH							✓		
Council reviews Regional AH Task Force Action Plan							✓		
ADUs permitted 2018							12		
Council review of progress								✓	
Affordable Units Added/Funded									226

Pipeline Projects	
Pipeline Incentive Units Estimate	165
Pipeline Subsidy Units Estimate	80
Pipeline Preservation Units Estimate	240
Affordable Units in Pipeline Estimate	485

POLICY & FISCAL IMPACTS

Policy Impact

The purpose of the Affordable Housing Strategy Implementation Program is to improve affordable housing opportunities across the City. This is consistent with City Council Priorities, Comprehensive Plan Housing Policy, and Economic Development Plan Strategies.

Comprehensive Plan Policy HO-24: *Develop and implement an effective strategy to ensure affordable housing opportunities are available in Downtown and throughout the City at a range of affordability levels. Monitor quantity, types, and affordability of housing achieved for potential unintended consequences and to determine if the need is being met.*

Economic Development Plan Strategy E.1: *Develop a City-wide strategy to expand workforce housing options by exploring all manner of tools, including a multifamily tax exemption program, a revolving fund for transit-oriented development, zoning changes, and other options.*

Fiscal Impact

Sufficient budget authority has been approved for implementation of the Affordable Housing Strategy work program. Council request for additional research, work items, or condensed schedule could require additional resources.

OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

A. Map of affordable homes near light rail

AVAILABLE IN COUNCIL LIBRARY

Affordable Housing Strategy, June 5, 2017