

CITY OF BELLEVUE
BELLEVUE PLANNING COMMISSION
STUDY SESSION MINUTES

September 9, 2020
6:30 p.m.

Bellevue City Hall
Virtual Meeting

COMMISSIONERS PRESENT: Chair Moolgavkar, Vice Chair Malakoutian,
Commissioners deVadoss, Ferris, Laing, Morisseau

COMMISSIONERS ABSENT: None

STAFF PRESENT: Thara Johnson, Emil King, Janet Lewine, Department of
Community Development

COUNCIL LIAISON: Councilmember Barksdale

GUEST SPEAKERS: None

RECORDING SECRETARY: Gerry Lindsay

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1. CALL TO ORDER
(6:30 p.m.)

The meeting was called to order at 6:30 p.m. by Chair Moolgavkar who presided.

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2. ROLL CALL
(6:31 p.m.)

Upon the call of the roll, all Commissioners were present.

3. APPROVAL OF AGENDA
(6:32 p.m.)

A motion to approve the agenda was made by Vice Chair Malakoutian. The motion was
seconded by Commissioner Ferris and the motion carried unanimously.

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4. REPORTS OF CITY COUNCIL, BOARDS AND COMMISSIONS
(6:33 p.m.)

Councilmember Barksdale said he had no reports for the Commission. He took a moment to
express a heartfelt thank-you and his gratitude to Commissioner Morisseau for her time leading
the Commission. He also extended a welcome and congratulations to Chair Moolgavkar and
Vice Chair Malakoutian. He said he looked forward to looking with the new leadership and
indeed the entire Commission.

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5. STAFF REPORTS
(6:34 p.m.)

Comprehensive Planning Manager Thara Johnson briefly reviewed with the Commissioners the
schedule of upcoming meeting dates and agenda items. She noted that November 4 had been set

as a placeholder for the Commission's upcoming annual retreat and she asked the Commissioners to weigh in on possible topics and to offer any questions.

Commissioner Morisseau asked if there were any sense of what the theme would be for the retreat. Ms. Johnson said it was her understanding that the retreat has traditionally served as an opportunity for dialog between Commissioners and staff, to review the previous year's accomplishments, and to address specific topics of interest to the Commission. Commissioner Morisseau said it is always useful at the retreat to briefly review the Commission's guiding principles.

Commissioner Ferris said she would like to have a short tutorial on the Comprehensive Plan update process.

Commissioner deVadoss said where people work, how they work, the ways they commute and where they choose to live are all changing as a result of the pandemic. He said it was his conviction that much of the city's data, and most of the models built up over the last 20 years, either are obsolete or just wrong. He proposed as a topic discussing how to ensure there is data and models that come closer to the new realities.

Commissioner Malakoutian agreed with the need to focus on how to prepare for the future as people choose to live and work in ways that are very different from the pre-Covid-19 days.

Ms. Johnson noted that the Commission has not been allowing for oral communications since meetings have been held virtually. On September 8 the Council for the first time allowed for public comments outside of a public hearing, and they utilized video as well. The understanding is that all boards and commissions will be able to do the same moving forward.

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Ms. Johnson reminded the Commissioners that the code had been amended to allow for an earlier submittal cycle for the annual Comprehensive Plan amendments. The new deadline of September 15 is coming up; the applications received will be previewed for the Commission on September 23. The staff have been meeting with applicants interested in pursuing privately initiated Comprehensive Plan amendments for the 2021 cycle.

Commissioner Morisseau stated that in August she and Chair Moolgavkar provided the Council with an update on the 2020 Comprehensive Plan threshold review process. She suggested the rest of the Commissioners should be updated as to the outcome of that presentation. Ms. Johnson said the presentation covered the final recommendation from the Commission on privately initiated Comprehensive Plan amendments. There was a healthy discussion during which the Councilmembers asked quite a few questions. There will be additional discussion and analysis with the Commission as things move forward over the next couple of months.

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6. ORAL AND WRITTEN COMMUNICATIONS (6:48 p.m.)

Ms. Johnson noted that four written communications had been received, including a notice from the Environmental Protection Agency and three letters of support of Action C-1 of the affordable housing strategy. The letters received were from Downtown Action to Save Housing (DASH), Main Street Property Group, and from James McEachran, who served as part of the technical advisory group associated with the city's affordable housing strategy.

7. PUBLIC HEARING – None

(6:50 p.m.)

8. STUDY SESSION

(6:50 p.m.)

A. Comprehensive Plan Amendment on Affordable Housing Strategy Action C-1

Ms. Johnson said Comprehensive Plan amendments must be completed by the end of the year, thus the timeline for the affordable housing strategy amendment will follow that path. The plan is for the required Land Use Code amendments to follow the adoption of the Comprehensive Plan amendments and be completed in the first quarter of 2021.

By way of background, Ms. Johnson noted that the city adopted an affordable housing strategy in 2017 after several years of designing it. On July 20 an overview of the proposed approach relating to the C-1 action strategy was shared with the Council, which calls for increasing the development potential on certain types of land, including non-profit, faith-based and public ownership. The proposal includes a Comprehensive Plan amendment with specific policy language in support of increasing density on certain types of properties. The code will then also need to be amended to provide specific requirements and regulations related to how the incentives on certain properties will function, as well as the mechanisms required for that to occur.

Ms. Johnson said the intent of the affordable housing strategy is to create more affordable housing. She said the Council approved the affordable housing strategy in June 2017 and gave top priority to Phase I implementation. Along with five specific strategies, there were 21 specific actions and a goal of achieving 2500 more affordable homes within ten years. The C-1 strategy is aimed at providing more housing for low-income households and it has been calculated to achieve anywhere from 200 to 1000 additional affordable housing units. The strategy focuses on those at 50 percent of area median income and below.

Answering a question asked by Commissioner deVadoss, Ms. Johnson said the city reached out to all of the non-profit housing developers to share information. Additionally, the city reached out to all faith-based property owners, and a lunch and learn event was scheduled that was attended by about 40 persons. In addition to the presentation, time was allowed for dialog and discussion on the proposed approach. Commissioner deVadoss asked why the city is evangelizing the initiative instead of waiting for developers to reach out to the city. Ms. Johnson allowed that the bill states that if a religious organization approaches the city, the city must grant density incentives to it and therefore the City is being proactive with ensuring that regulations are in place should a request come forward. Also, Action C-1 is one of the affordable housing action strategies and as such it has been adopted by the City Council.

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Senior Planner Janet Lewine said the affordable housing strategy adopted a range of different tools, including market incentives to create affordable housing for the lower incomes. Commissioner deVadoss reiterated that the city's effort to conduct outreach, rather than waiting for religious organizations to approach the city, violates the strategy as it was written. Ms. Johnson said the city's outreach plan is multifaceted. The initial meeting held a week ago was focused on the non-profit developers, affordable housing developers, and faith organizations. A follow-up town hall is scheduled for September 24 during which the city will engage with the community. There have been a number of conversations with various faith communities and there is a clear interest on their part toward accommodating affordable housing. Typically what has to happen is faith communities must partner with non-profits, and a number of different

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funding sources must come into play, making the projects difficult to pencil out financially. That was largely the rationale behind the bill that went through the state legislature. Part of the city's intent is to have regulations in place should a development proposal come forward.

Councilmember Barksdale pointed out that the House bill does not preclude the city from being proactive. Given that affordable housing is a priority both for the community and the Council, steps are being taken to make the process more efficient. Commissioner deVadoss said he was clear in that regard, but reiterated that the process is not coming across as an affordable housing strategy, rather it comes across as a make life easy for builders strategy. Councilmember Barksdale said if the intent and desire is to create affordable housing, steps should be taken to make the process more efficient, which is not in conflict with the bill as written.

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Ms. Johnson stated that over the years there have been a number of conversations between the city and faith communities wanting to accommodate affordable housing on their properties. Conversations have also been had with the school district, businesses, Sound Transit and affordable housing non-profits, all of whom have shown an interest in developing affordable housing on their underutilized and/or surplus properties. Most of Bellevue is developed and land availability is an issue when it comes to developing affordable housing. An affordable housing development proposal is moving forward in partnership with Sound Transit.

The benefits to the community as a result of the C-1 action strategy and proposal include providing a basis for non-profits to work together with faith communities to create additional opportunities for affordable housing. As it plays out, the action strategy will provide greater housing accessibility in Bellevue neighborhoods, and help to make Bellevue a more diverse and welcoming community.

Commissioner Bhargava said he was not entirely sure where Commissioner deVadoss's concerns were in terms of proactive outreach. Commissioner deVadoss explained that the language of the bill very clearly states that the motivation ought to be from religious entities reaching out to the city. He said he was curious why the city would not at least do outreach first to the neighborhoods and citizens rather than first reaching out to developers.

Commissioner Bhargava asked if the city would be reaching out to the community seeking feedback as part of the process. Ms. Johnson said there will be plenty of opportunities for outreach and public discourse going forward.

Commissioner Morisseau said she fully supported finding solutions to affordable housing, for which there is a clear need, particularly in light of the pandemic. The school district is one of the potential partners, which is good given that the creation of additional affordable housing may in fact make worse the school district's need for more classroom space. She asked why for-profit developers are not on board as potential partners as well. Ms. Johnson agreed to look into the school district issues. With regard to partnering with for-profit developers, she said typically there are rare instances in which market-rate developers choose to move forward with a project that is completely focused on affordable housing. The majority of affordable housing projects, however, are undertaken by affordable housing and non-profit developers. Under HB-1377, in exchange for a density bonus cities provided to developers, the entire development must be for affordable housing; there cannot be a mix of market-rate units and affordable housing units.

Commissioner Ferris voiced her strong support for the C-1 initiative. She noted that since 2017 when the Council decided to make bold steps toward the creation of more affordable housing there has not been much production. That is evidence that the status quo is not working. The

approach will not make it easy for developers. The development of affordable housing is always incredibly difficult for non-profits and everyone else. The city will need to be flexible in allowing market-rate developers to bring new units online, especially given that Amazon is slated to bring some 25,000 new jobs to Bellevue. She said her understanding was that HB-1377 represents the minimum the city can do. The bill only talks about religious organizations but already the talk is about expanding it to public and non-profit properties. Ms. Johnson agreed that jurisdictions can do more than the minimums set out in the House bill.

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Commissioner Ferris said in terms of the market-rate developers, it would be wise to look at the 50 percent of area median income. Few if any of them would participate if forced into that niche.

Commissioner deVadoss said the data appears to be incorrect in some instances. The list of properties includes the St. Louise church site at 0.4 acres when in fact the site is nowhere close to that size. The data needs to be verified. Ms. Johnson said staff would look into that more carefully.

Commissioner deVadoss asked when the East Bellevue Community Council data will be brought in. Their territory takes in a significant part of the city and they likely will want to be involved in the debate. Ms. Johnson said it was her understanding that as with all Comprehensive Plan amendments that involve their jurisdiction, a courtesy public hearing will be held before that body. That is slated to occur in October.

Ms. Johnson said under the current regulations and policies, the approach to increasing development capacity requires a Comprehensive Plan amendment followed by a rezone for each of the properties, all of which takes quite a lot of time and resources. The barriers sometimes discourage potential development from moving forward. She allowed that there have been some affordable housing projects move through the process. Some have been successful, including St. Luke's and St. Margaret's. The DASH project, however, has experienced barriers and has been stalled for two years.

HB-1377 directs cities to provide a density bonus for affordable housing on faith-owned properties. The legislation does not provide a lot of specificity and provides discretion to jurisdictions on the amount of density bonuses which are to be consistent with local needs. One thing the Commission will need to do is discuss and evaluate the appropriate level of density to be awarded based on the types of properties, single family or multifamily, and based on other criteria, such as proximity to an arterial or transit, as well as other factors. The Human Services Needs Update drafted in 2020 includes information and data related to this topic. The process will involve working with faith groups and non-profit developers in determining the amount of density needed in order to make projects pencil out, while also balancing that against what is appropriate in specific areas and zones within the city.

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The Council on July 20 directed staff to pursue a one-time Comprehensive Plan amendment and Land Use Code amendment rather than the current approach that involves individual applications for each development proposal. Having a new density bonus in the code will usher in a more predictable approach for developers. The proposal is that a new section should be added to the existing affordable housing incentives. The current incentives are primarily focused on developers that want to set aside a certain number of units in exchange for the additional 15 percent density bonus. Few developments have utilized the bonus. The C-1 bonus is not needed in Bel-Red, downtown or Eastgate because the subarea plans covering those areas have been updated to allow for affordable housing incentives. In Bel-Red, affordable housing is not counted against the floor/area ratio limit, and there is no limit to the number of affordable units that can

be achieved.

Commissioner Ferris asked how critical HB-1377 is to meeting Bellevue's affordable housing needs, or if the city can follow its own path to creating more affordable housing. Ms. Johnson said the intent behind the House bill is to provide cities with the legislative authority for moving forward. The bill provides the legal framework within which to apply new incentives and to provide the means for entities like religious organizations to be able to accommodate affordable housing. She said her experience in other jurisdictions was similar to what has happened and is happening in Bellevue, namely that there are religious organizations wanting to do more for affordable housing by using their available surplus land. In 2018 Bellevue staff presented a proposal related to C-1 and the Council's direction, after a lengthy discussion of the proposed approach, was to wait to see if HB-1377 would be enacted and what the provisions would be. Staff returned to the Council earlier in 2020 with an update about the affordable housing strategy implementation and C-1. Council directed that a proposal be formulated and brought back to them, which is the course currently being followed.

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Commissioner deVadoss suggested the city cannot have its cake and eat it too. Either the city should go with the bill or choose to chart its own course. The staff proposal excludes Bel-Red, Eastgate and the downtown, and that could lead to a final outcome that lacks uniformity in terms of affordable housing bonuses. Ms. Johnson said a lot of the analysis and a good portion of the stakeholder outreach will involve determining the best fit in terms of density approaches. She indicated that there are some areas within single family and multifamily zones that are suitable for more density, while there are other areas that are more constrained. All of those issues will be evaluated through the process, and the eventual outcome likely will not be a one-size-fits-all approach for the entire city.

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Commissioner deVadoss said it would be blatantly unfair to skew the approach across the city without a clear set of principles. There is no need to exclude Bel-Red, downtown and Eastgate if the end result is going to be uneven anyway. Ms. Johnson said the land use provisions in those three areas were recently updated to include progressive incentives related to affordable housing. Developers have taken advantage of those bonus incentives to a fair extent. The existing affordable housing incentives that apply outside of those three areas, specifically the 15 percent density bonus, have not been used much at all.

Commissioner Bhargava asked what framework will be used to make decisions around the allocation of density bonuses in evaluated potential projects. He said the approach appears to focus on available parcels of land and community partnerships that will enable the development of affordable housing, which is the right approach, but one that could lead to a fragmented fabric. As affordable housing development occurs, it may then be necessary to integrate services into areas for which they are not currently planned. Ms. Johnson said there will be a combination of different types of analyses. There will be a technical analysis that will assess the development potential and which will identify the qualifying properties. There will also be an assessment made of potential transportation impacts resulting from density increases, and an analysis of which sites may be more appropriate for additional density. There will be a lot of stakeholder conversations, including neighborhoods, communities and non-profit developers. There will also be the public process with the Commission and the East Bellevue Community Council.

Chair Moolgavkar noted that land is important but so are cash subsidies. She said in approaching the subject, there should be a real expectation of what the cash subsidies are going to look like when trying to make deals pencil out. She added that 50 percent of area median income and below is very difficult to finance. There will also be questions about how the bonuses provisions

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will be analyzed in the current Covid-19 to fully understand the value of the land. Ms. Johnson thanked Chair Moolgavkar for the insightful feedback and said staff were just at the outset of the analysis phase and have not yet delved into land value questions.

Ms. Johnson stated that as envisioned, the qualifying properties in multifamily and mixed use districts outside of Bel-Red, downtown and Eastgate, include public surplus properties, non-profit housing properties, and faith-owned properties. In single family districts, only faith-owned properties would qualify. The areas being excluded will also include growth corridors since the regulations for were recently updated, and most of which already have existing incentives in place. No parks and community services properties will be included, nor will properties owned by a public utility. The Commissioners were shown maps indicating the distribution of potential sites within the city.

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Commissioner Ferris asked if properties less than half an acre in size would be excluded. Ms. Johnson clarified that the properties excluded by size were those less than a quarter of an acre. She said the argument is that properties that small can be assumed to have a very low potential for redevelopment.

Ms. Johnson said implementation of the C-1 action strategy will involve a two-step multi-pronged approach. The first step will be to amend the Comprehensive Plan to add a policy or policies in support of C-1 to the housing element calling out strong support for providing density incentives on faith, housing non-profit and public surplus land. There is a comparable policy housed in the Bel-Red subarea plan that supports a floor/area ratio land use incentive system. A Land Use Code amendment will also be needed to establish specific requirements for appropriate density increases, and to specify the types of properties eligible for density increases. Sections within the existing affordable housing incentive sections will need to be updated to ensure consistency. A lot of analysis will be conducted along with outreach to the community before coming up specific ideas around what the density increases will look like.

Commissioner Ferris said she would like to see the city reach out to interested for-profit developers to gain their input. Their insight regarding the necessary tools will be valuable.

Commissioner deVadoss commented that the text of the proposal very clearly calls for making the overall process more efficient for builders. He noted that the city in fact works for citizens and neighborhoods, not just the development community, so a balance will need to be sought.

Ms. Johnson said the outreach process will include a number of different mechanisms. There are the statutory requirements for the legislative process for both the Comprehensive Plan amendment and the Land Use Code amendment, both of which will require public hearings before the Commission and the East Bellevue Community Council. Presentations will also be given to the Human Services Commission. Notification will be provided to individual neighborhoods in different areas of the city. A town hall webinar event is slated for September 24 with the intent of reaching out to housing and neighborhood stakeholders. Other events will be scheduled as time goes on.

The technical analysis is under way. Additional review by the Commission, the public hearing and the development of a recommendation will continue through October and November. Council action on the C-1 Comprehensive Plan amendment is tentatively slated for December. Council action on the associated Land Use Code amendment will be on the calendar for early 2021.

Commissioner Morisseau thanked staff for the presentation. With regard to the community engagement approach, she asked what the specific purpose of the outreach will be in light of the fact that outreach can be overly broad, especially with a topic with the potential of being contentious. She asked if the process will involve going to the community with a set of principles and seeking feedback relative to affordable housing, or if the community will only be asked for a straw poll. Ms. Johnson said there will be different approaches to different groups. The community engagement plan is still evolving, but of course things would look a lot different if meeting in person were allowed. Hopefully the virtual environment will offer a different set of advantages and opportunities. The focus will be on gaining feedback, both positive and negative, from the community as ideas regarding the density incentives are presented.

Commissioner Ferris commented that the city faces unprecedented times in terms of development over the next 50 years. There has been a huge push to develop over the past couple of years and that can be expected to intensify in the coming years. That will only serve to magnify the problem of affordable housing. The 2500 units identified in 2018 did not even come close to meeting the need, and now the need has been magnified even more. It is the time to be bold in addressing not just the very low-income affordability problem but also the workforce affordability problem.

9. OTHER BUSINESS – None
(8:23 p.m.)

10. APPROVAL OF MINUTES
(8:23 p.m.)

A. July 22, 2020

A motion to approve the minutes as submitted was made by Commissioner Malakoutian. The motion was seconded by Commissioner Ferris and the motion carried unanimously.

11. CONTINUED ORAL COMMUNICATIONS – None
(8:25 p.m.)

12. EXECUTIVE SESSION – None
(8:25 p.m.)

13. ADJOURNMENT
(8:25 p.m.)

A motion to adjourn was made by Commissioner Morisseau. The motion was seconded by Commissioner Ferris and the motion carried unanimously.

| Chair Moolgavkar adjourned the meeting at 8:25 p.m.

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