



City of Bellevue

MEMORANDUM

DATE: October 6, 2020

TO: East Bellevue Community Council

FROM: Thara Johnson, Comprehensive Planning Manager, 425-452-4087

SUBJECT: 2020 proposed Comprehensive Plan amendments within jurisdiction of EBCC
NE 8th Street Partners File No. 20-102741 AC
Glendale Country Club NE File No. 20-102772 AC
Affordable Housing C-1 Strategy File No. 20-112885 AC

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LUC 20.35.435.A requires that Process IV proposed Comprehensive Plan amendments which are subject to the jurisdiction of a community council pursuant to RCW 35.14.040 may be in turn the subject of a courtesy hearing prior to the City Council's Final Review action. Comments from the community council on the proposal may be forwarded to the Planning Commission or directly to the City Council.

Background Policy Issues

The Comprehensive Plan is Bellevue's foundational policy document which guides the nature and intensity of development in the City and sets out the community's vision for the future, provides policies to guide city actions, and provides a framework to allow the city and community organizations to work towards common goals.

- Introduction and Vision, Comprehensive Plan

An amendment to the Plan is a mechanism by which the City may modify its land use, development or growth policies.

- Land Use Code (LUC) 20.30I.120 - Purpose

Under the state Growth Management Act (GMA), the Bellevue City Code permits property owners to propose site-specific Comprehensive Plan amendments, and for anybody to propose non-site-specific (i.e. text) amendments. These privately-initiated applications are accepted and reviewed annually; they are not part of a broader city initiative. Site-specific amendments approved by the City Council lead to rezoning, to ensure development regulations that are consistent with and implement the Comprehensive Plan. The city reviews these applications through a two-step process set forth in the Land Use Code at LUC 20.30I.

The Bellevue City Code also allows for city-initiated amendments to the Comprehensive Plan to be initiated by City Council at any time. The city-initiated amendments are reviewed by the

Planning Commission and acted upon by Council through a Final Review process as set forth in the Land Use Code LUC 20.30I.

The 2020 Threshold Review first step was completed with July 20 and August 3 City Council actions establishing the annual work program. See chart below and Attachment 1. Under the Final Review second step, the merit of each proposed amendment is evaluated using decision criteria to determine if the proposal should be adopted into the Comprehensive Plan.

The Planning Commission holds Final Review public hearings and makes recommendations. The City Council’s subsequent action on those recommendations amends the Comprehensive Plan.

There are five proposed amendments in the 2020 Final Review work program. Three of them fall within the jurisdiction of the East Bellevue Community Council pursuant to RCW 35.14.040: the privately-initiated NE 8th Street Partners and Glendale Country Club NE proposed amendments and the city-initiated Affordable Housing C-1 proposed amendment.

2020 Annual Comprehensive Plan Amendments List of Proposed Amendments

Proposed Plan Amendment	Site-specific Proposal	City Council action
NE 8th Street Partners 20-102741 AC 13635 and 13655 NE 8th Street <i>Wilburton/NE 8th St</i>	This privately-initiated application proposes a map amendment from Office (O) to Multifamily-High (MF-H) on two parcels on a nearly one-acre site.	Included in the 2020 work program
Glendale Country Club NE 20-102772 AC 13440 Main Street <i>Wilburton/NE 8th St</i>	This privately-initiated application proposes a map amendment from Single Family-Low (SF-L) to Multifamily-Medium (MF-M) on a 3.3-acre portion of the (currently undivided) Glendale Country Club property. The area is triangle-shaped and fronts on NE 8th Street.	Included in the 2020 work program
Affordable Housing C-1 Strategy 20-20-112885 AC <i>citywide</i>	Prompted by passage of SHB 1377 this city-initiated proposed plan amendment would develop policy for an incentive-based approach for increasing affordable housing potential, consistent with Affordable Housing Strategy C-1: <i>Increase development potential on suitable land owned by public, non-profit housing, and faith-based entities for affordable housing.</i>	Initiated into the 2020 work program

It is worth noting that all of the proposed plan amendments this year address housing capacity. Three of the privately-initiated proposals, including the two that are subject to EBCC jurisdiction, are suggesting that Office designations represent housing opportunity based on location. The C-1 city-initiated amendment provides an affordable housing focus and bookend opportunity to compare to the market capacity (generally) proposed by the privately-initiated amendments.

NE 8th Street Partners 20-102741 AC

This privately-initiated application proposes a map amendment from Office (O) to Multifamily-High (MF-H) on two parcels on a nearly one-acre site. See Attachment 2.

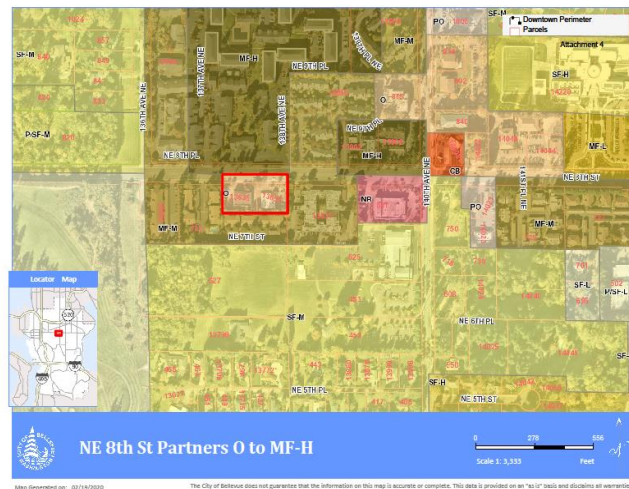
Work Program

On August 3, 2020, the City Council accepted the Planning Commission’s recommendation to advance the NE 8th Street Partners application to Final Review.

The Planning Commission found that the proposed amendment addresses significantly changed conditions where higher density multifamily development and the potential for redevelopment has emerged as a major residential land use pattern in the areas west and east of this site along NE 8th Street, itself the recipient of an increasing transit focus. A number of neighborhood service and convenience uses have been developed within close proximity.

Site Analysis

The existing two-parcel site at 40,750 square feet represents nearly an acre. VCA Veterinary Hospital is in a 3,600 square foot building. About 7,600 net square feet of the 12,800 square foot, two-story office building is in office (the balance is parking) Tenants who have used the address include: The Cryptic Club – puzzle room; RoboKids – STEM education; American Academy of Fine arts – ART Education; NIKA International Dance Sport Academy – Dance Education; El Mundo Communications – Print Media; Chiropractic Physicians; and Ireland Insurance Association.



LUC Requirements		Site remains O	Site becomes multifamily
Designation	Lot area	Capacity	Capacity
Office	40,570 sf*	20,000 square feet of building capacity @.5 FAR 10 units of residential capacity (half the allowed floor area) at 1,000 square feet size per unit	
Multifamily Medium			18 units
Multifamily High			28 units

*sf = square feet. FAR = Floor Area Ratio

Both Multifamily-Medium (R-15 and R-20) and Multifamily-High (R-30) have comparable site dimensional requirements such as setbacks and height.

Establishing this nexus in the context of the long-range Comprehensive Plan will determine whether isolating this site from a financial perspective for purposes of additional housing is consistent with either or both the citywide Environment Vision and Land Use Vision, or neither:

ENVIRONMENT

Bellevue embraces its stewardship of the environment by protecting and retaining natural systems, and building for a sustainable future. As growth and development occurs, Bellevue is working to build a healthier, greener and more sustainable future for generations to come. New buildings are designed to protect and even restore natural systems. The community highly values and celebrates the results, such as reduced energy use and greenhouse gas emissions, increasing tree canopy and more salmon in local creeks.

LAND USE

Bellevue grows in a manner that enhances the livability of the community, while maintaining the elements that residents cherish. Growth in Bellevue is focused in denser mixed use centers, like Downtown, BelRed and Eastgate, while maintaining the city’s outstanding natural environment and the health and vitality of established residential neighborhoods.

The proposed amendment highlights the issue of balancing environmental preservation with efficient land use development, and poses the question of whether it is possible to balance both environmental preservation and land use development.

LUC Requirements		Site remains residential
Designation	Lot area	Capacity
Single family Low	145,733 sf*	3 units
Multifamily Medium		Critical areas represent 63.2 per cent of the site; the density-intensity calculation capacity estimate is 25 units
Multifamily High		Critical areas represent 63.2 percent of the site; the density-intensity calculation capacity estimate is 37 units

Affordable Housing C-1 Strategy 20-112885 AC

Bellevue Affordable Housing Strategy Action C-1: *Increase development potential on suitable land owned by public, non-profit housing, and faith-based entities for affordable housing.*

Work Program

On July 20 the City Council initiated work on Affordable Housing Strategy Action C-1, including a Comprehensive Plan Amendment as part of the 2020 annual work program. The City Council directed the Planning Commission to conduct the review and public hearing, with final action taken by City Council on the proposed plan amendment before the end of 2020 and on the associated Land Use Code Amendment (LUCA) in 2021.

The strategy to implement Affordable Housing Action C-1 is to:

- Conduct staff analysis and public outreach for potential density increases on land owned by public, non-profit housing, and faith-based entities for affordable housing;
- Establish Comprehensive Plan policy direction as part of the 2020 annual amendment process;
- Develop Land Use Code provisions consistent with policy and recent state legislation (SHB 1377); and
- Avoid future parcel-by-parcel plan amendments and rezones as they are not an efficient or effective means to implement this action.

Analysis

Achieving new housing affordable to these households typically relies on non-profit housing groups. However, non-profits struggle to buy land in Bellevue, relying instead on public-private partnerships with faith groups or government entities, or redeveloping property they already own.

The traditional approach to increasing development capacity requires a Comprehensive Plan amendment and a rezone for each property like the process for Andrew's Glen at St. Margaret's Episcopal Church and 30Bellevue at St. Luke's Lutheran Church. This parcel-by-parcel approach is not an efficient or effective means to implement this action because it could take several years to complete and does not provide predictability for the non-profit housing group, neighborhoods or property owners. In the two examples cited, the projects required a Comprehensive Plan amendment and a rezone of the property, about a two-year process. The typical concerns raised about the projects were related to issues such as traffic, parking, building height and setbacks, etc. These issues are addressed through the project-specific development review and permit process.

A key objective of Action C-1 is to make the overall development process more efficient for these non-profits when seeking additional density to develop affordable housing. The staff recommended approach creates a more direct, predictable path for the creation of affordable housing on eligible properties. This approach also creates a bonus for affordable housing on these eligible properties to achieve additional density, saving non-profit housing groups the cost, timing issues and uncertainty of a Comprehensive Plan amendment and rezone.

The city has been approached by a number of faith-based property owners and non-profit housing groups who have expressed a desire to develop affordable housing on portions of their property and/or surplus property or property that is being underutilized. The existing zoning and allowable density do not provide the potential for redevelopment to be economically feasible in order to accommodate affordable housing.

Background -the role of State House Bill 1377

SHB 1377 requires cities planning under the Growth Management Act to provide an increased density bonus consistent with local needs for any affordable housing development for real property owned or controlled by a religious organization. This affordable housing must be part of a binding obligation that requires the development to be used exclusively for affordable housing purposes for at least 50 years, even if the religious entity no longer owns the property. To

address this legislative requirement, staff is proposing further analysis of a density incentive in multifamily, multifamily mixed use, and single-family areas.

SHB 1377 requires a density bonus “consistent with local needs” but allows local jurisdictions to define that need. In establishing that baseline need staff will:

- Look to Bellevue’s Housing Needs Assessment (2016), Affordable Housing Strategy (2017), Human Services Needs Update (2020), and Council Priorities for guidance; and
- Talk with faith groups and non-profit housing groups to gauge the amount of density that might be needed to achieve a viable project.

2020 C-1 Comprehensive Plan Amendment

The City’s Comprehensive Plan does not have specific policy language which directs guidance for implementation of density bonus incentives on public, non-profit housing, and faith-based entities for affordable housing. Therefore, staff recommended initiation of a Comprehensive Plan amendment as part of the 2020 annual process to add policy language in the Housing Element. This policy amendment would support the provisions of SHB 1377 and provide for implementation in the Land Use Code of density incentives on qualifying properties. This approach is comparable to the BelRed Subarea Plan policy that supports a floor area ratio land use incentive system (Policy S-BR-7).

2020/2021 C-1 Land Use Code Amendment

The C-1 density incentive that staff is recommending for further analysis would add a section to Bellevue’s existing affordable housing incentive (LUC 20.20.128). The existing provisions in this section provide an incentive of one additional unit for each affordable unit, capped at a 15 percent density increase above the base. Staff is proposing that a new section could be added which would raise the 15 percent density increase for these potential qualifying properties. Staff has not yet evaluated the applicable density increase. The analysis would involve outreach and dialogue with non-profit housing groups and faith-based property owners to determine the appropriate metric which would result in affordable housing that is economically viable.

Background - Criteria for qualifying property

Attachment 4 shows a list of potential qualifying properties in Bellevue. Staff will continue property analysis to gauge potential for redevelopment, recognizing that decisions by faith organizations to develop affordable housing may be mission driven rather than solely economic.

Background - Qualifying faith, public surplus, and housing non-profit properties

- Public surplus property in multifamily and mixed-use residential districts
- Non-profit housing property in multifamily and mixed-use residential districts
- Faith-owned property in multifamily and mixed-use residential districts
- Faith-owned property in single family residential districts

This list excludes property smaller than 0.25 acres, Parks & Community Services Department owned property and property owned by quasi-public utilities, e.g. PSE, except where vacant. LUC 20.20.128 does not apply to Downtown, BelRed, and Eastgate TOD Area. There are other

affordable housing incentives that apply¹. The code amendments proposed here would not apply to shelters in any zone in the City.

Attachment 5 maps these properties to show the distribution of properties by the four categories.

C-1 Engagement and Outreach

The proposed plan and code amendments will conduct public engagement through the annual Comprehensive Plan Amendment work program and Land Use Code amendment process, including Council, Planning Commission, and EBCC meetings and public hearings. Additional notification and outreach will include owners of potentially suitable properties and to other housing and neighborhood stakeholders. The city's early and continuous community engagement includes:

- ✓ On-line outreach with a presence in the September Neighborhood News, as a project item on the www.EngagingBellevue.com web page, and in targeted Gov Delivery emails;
- ✓ A September 9 "Lunch and Learn" webinar focused for members of housing non-profits, faith communities, and Affordable Housing Strategy Technical Advisory Group (TAG);
- ✓ A September 24 "Housing Town Hall" community webinar with neighborhood groups and other stakeholders;
- ✓ Responsive early outreach to requests for information and to become parties of interest;
- ✓ Responding in writing to each written public comment, and returning phone calls;
- ✓ Expanded web page material at Comprehensive Plan Amendments with the review schedule, the applications list, and a "What's Next" timeline; and
- ✓ Official Weekly Permit Bulletin notice as required.

Additional Background – Bellevue's Affordable Housing Strategy

Council approved the *Affordable Housing Strategy* in 2017 to address the affordable housing need in Bellevue. The Affordable Housing Strategy is the key functional plan implementing the City's Comprehensive Plan Housing Element, as established in Housing 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.* The Strategy also addressed one of the Council's priorities in their Vision for a High Quality Built and Natural Environment to "Assess the unique housing needs of our city and region, and create an affordable housing strategic action plan by 2016 and implementation in 2017.

A Technical Advisory Group (TAG) of 15 people with expertise in different aspects of housing and including two community representatives was appointed by the Mayor and confirmed by Council to provide guidance and assistance to staff and consultants in developing the Affordable

¹ Land use code sections for Bel-Red (20.25D.090), Downtown (20.25A.070), and Eastgate TOD (20.25P.060) have been updated to include voluntary affordable housing incentives. In Bel-Red the Tier 1 affordable housing bonus offers a 50 percent density increase above base outside of nodes, and a 125 percent density increase above base within nodes.

Housing Strategy. The TAG's primary focus was the technical analysis of the feasibility and efficacy of the potential actions; the TAG was not asked to provide a policy recommendation on a preferred approach. In keeping with their role as technical experts, TAG members were appointed based on their specific background and technical understanding of housing, financing, development and affordable housing issues. The TAG met as a full group and in subgroups from May 2016 to April 2017 and completed their service to the City with the adoption of the Strategy in June 2017.

Bellevue provides housing funds, generally through ARCH, to subsidize housing for low income families and individuals and provides land use code incentives such as density bonuses to achieve low- and moderate-income housing. These approaches have both been used in the past and are included in the 21 Actions of the Affordable Housing Strategy. The Strategy guides the City's efforts to integrate existing and new actions, measure results, dedicate resources and adapt over time to achieve more affordable housing.

Affordable Housing Strategy Action C-1 is essential to achieving the goal of creating 2,500 more affordable homes within 10 years of implementation. It was estimated that between 200 and 1,000 affordable homes could be added to the City's housing stock by implementing Action C-1, with specific focus on households earning less than 50 percent of the area median income (\$59,700 annually for a family of four). Census data shows a need in Bellevue for 5,500 homes affordable at 50 percent of area median income.²

What's Next in the Plan Amendment Review Process

Having been presented to the EBCC at this October 6 courtesy hearing, community councilmember comments on the NE 8th Street Partners and Glendale Country Club NE privately-initiated proposed amendments, as well as on the city-initiated Affordable Housing C-1 Strategy policy amendment, will be provided to the Planning Commission record in anticipation of a scheduled October 28 Final Review public hearing.

The Planning Commission will make an October recommendation to for City Council consideration in December. The City Council action on these proposed 2020 plan amendments will be returned to the EBCC for action under LUC 20.35.450.A – Community Council review and action within the 60-day period required by statute.

All application materials, files, and public comments are available on the [Comprehensive Plan Amendments web site](#).

Attachments

1. August 3 City Council Agenda minutes (2020 work program action)
2. NE 8th Street Partners map location
3. Glendale Country Club NE map location
4. C-1 Site map showing distribution of qualifying properties by the four map categories
5. C-1 Site list of potentially qualifying faith, public surplus, and housing non-profit properties

² The latest American Community Survey data from the Census Bureau (2012-2016) shows a 5,500-housing unit gap in Bellevue between the number of households earning less than 50 percent AMI and the number of units affordable to them here.