



MEMORANDUM

DATE: November 17, 2020

TO: Human Services Commission Members, Chair Timothy Ma

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SUBJECT: Affordable Housing Strategy and Action C-1

Staff will brief the Commission on progress implementing the City's Affordable Housing Strategy and Action C-1 to *Increase development potential on suitable land owned by public, non-profit housing, and faith-based entities for affordable housing.*

Action C-1

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. On October 28 the Planning Commission completed their review and public hearing of the proposed policy amendments, and recommended approval to Council. The Planning Commission's recommendation will be presented to Council at a November 16th study session and final action will be taken by City Council on the proposed plan amendment before the end of 2020. Following adoption of the policy amendments, which provide policy support and direction for regulations within the Land use code, the associated Land Use Code Amendment (LUCA) is anticipated to occur in early 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.

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

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. Very often, the existing zoning and allowable density do not provide the potential for redevelopment to be economically feasible for affordable housing.

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. The typical concerns raised for projects like Andrews Glen and 30Bellevue 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.

State House Bill 1377

SHB 1377 was passed in 2019 and 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. SHB 1377 requires a density bonus "consistent with local needs" but allows local jurisdictions flexibility to define that need.

2020 C-1 Comprehensive Plan Amendment

The City's Comprehensive Plan does not have specific policy language which directs incentives on public, non-profit housing, and faith-based entities for affordable housing. Proposed policies (Attachment 1) provide support for density incentives that are responsive to differences in single-family and multifamily neighborhoods, and for affordable housing demonstration projects for certain qualifying properties.

2020/2021 C-1 Land Use Code Amendment

The C-1 density incentive would add a section to Bellevue's existing affordable housing incentive (LUC 20.20.128). This existing code provides an incentive of one additional unit for each affordable unit, capped at a 15 percent density increase above the base and this density bonus has not been used significantly. Therefore, staff is proposing that a new section be added that would raise the 15 percent density increase for qualifying properties. Evaluation continues in establishing that increase. Analysis includes outreach and dialogue with non-profit housing groups and faith-based property owners to determine the appropriate amount that would result in affordable housing that is economically viable.

Proposed qualifying properties for the C-1 Incentive are:

- 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

Properties that are not being considered include 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 since affordable housing incentives already apply in these subareas and have been utilized frequently. Also, the code amendments proposed under this initiative would not apply to shelters in any zone in the City.

Planning Commission Review

The Planning Commission held a public hearing on October 28th for the 2020 CPA's including the C-1 policy amendments. The Planning Commission recommended that the City Council adopt the C-1 Affordable Housing Strategy amendment to amend the Housing Element and Glossary with policies for an incentive-based approach to increase affordable housing development potential, consistent with Affordable Housing Strategy C-1: *Increase development potential on suitable land owned by public, non-profit housing, and faith-based entities for affordable housing.*

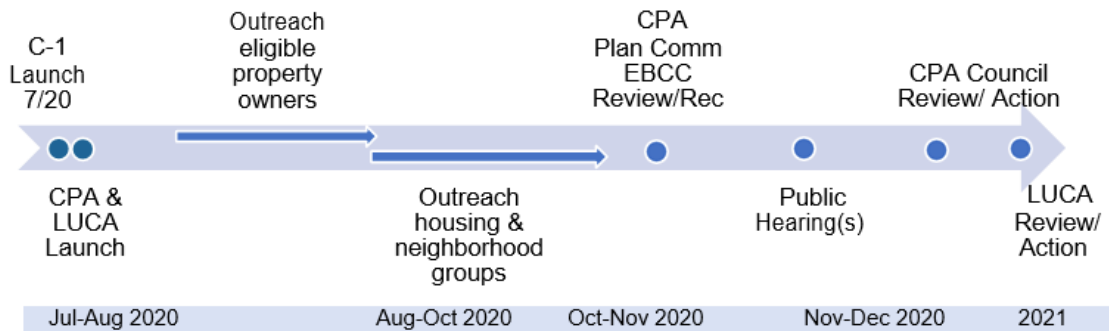
C-1 Engagement and Outreach

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;
- ✓ Expanded web page material the [Comprehensive Plan Amendments web site](#) with the review schedule, the applications list, and a "What's Next" timeline; and
- ✓ Official Weekly Permit Bulletin notice as required.

Public comments received throughout the CPA process since the launch of the C-1 Affordable Housing initiative in July 2020 included a combination of written comments which included 101 written comment letters as well as public testimony at the Planning Commission and EBCC meetings. The comments are located on the CPA website.

C-1 Timeline



Bellevue's Affordable Housing Strategy

Council approved the *Affordable Housing Strategy* in 2017 to address the affordable housing need in Bellevue. Going into four years of implementation, significant progress has been made towards the strategy's target goal of 2,500 units over 10 years.

- A total of 1,118 affordable housing units and 100 shelter beds have been funded or built since adoption of the affordable housing strategy.
- The number of affordable units achieved in 2019-2020 benefitted greatly by the availability of Microsoft financing to the King County Housing Authority (KCHA). Two KCHA acquisition properties in Bellevue (Kendall Ridge, Hampton Greens) preserved 566 low- and moderate-income homes.
- Pipeline affordable housing (estimated 632 units) includes about 400 affordable units on public land in BelRed at the Sound Transit Operations and Maintenance Base Transit-Oriented Development site and 130th Avenue Station, 80 units in Eastgate, and 152 affordable units using the multifamily tax exemption (MFTE), and the Downtown and BelRed land use incentive programs.
- Affordable units achieved to date (1,218) plus current pipeline (632) indicates that the 10-year target of 2,500 units can be achieved, assuming continued growth in the same level as the last few years.

Affordable Housing Strategy Action C-1 is essential to achieving the target 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 about 5,500 homes affordable at 50 percent of area median income.

Attachment 2 shows the affordable units achieved since the 2017 adoption of the Affordable Housing Strategy. Attachment 3 shows the Affordable Housing Strategy Actions that are included in the 2020 and 2021 work program.

Attachments

1. Recommended C-1 Comprehensive Plan Housing Policies
2. Affordable Housing Units Added/ Funded/ Pipeline
3. 2020/2021 Affordable Housing Work Program

Attachment 1

Proposed policies to the Housing Element and Glossary:

Policy HO-33: Implement Affordable Housing Strategy C-1 by providing bonuses and incentives to increase permanently affordable housing on any qualifying property owned by faith-based or non-profit housing entities, or on surplus property owned by public entities.

Policy HO-34: Implement the bonuses and incentives for qualifying properties to respond to the different conditions of multifamily and single-family land use districts that are outside of Downtown, BelRed, and Eastgate TOD.

Discussion: Adopting permanently affordable housing bonuses and incentives that respond to the different conditions for multifamily and for single family districts for the purpose of creating flexibility in development standards is needed to achieve bonus affordable housing units on qualifying properties. Amending these standards for use in by-right development processes will address the look and feel of housing structures, variation in the types of housing, and dimensional standards.

Policy HO-35: Adopt an interim ordinance enabling a demonstration project including affordable housing and is consistent with Policy HO-14, on qualifying non-profit housing entity-owned property and when located in a multifamily land use district and is on an arterial. The interim ordinance shall address standards and requirements for site proximity to transit, residential development capacity, and other land use dimensional incentives for the additional development of permanently affordable housing.

Definition in Glossary:

Qualifying properties: Multifamily property that is owned by faith-based, or non-profit housing entities, or surplus property owned by public entities; or single-family property that is owned by faith-based entities.

Attachment 2

Affordable Housing Units Added/ Funded/ Pipeline

Since June 2017 adoption of Bellevue's Affordable Housing Strategy

Affordable Units Added/Funded	Date	Units	Affordability (% AMI)		
			<30/Sec 8	31-60	61-80+
KCHA Highland Village, preservation	2017Q2	76			76
ADUs permitted 2017	2017	12			12
Park East, DT incentive	2017Q4	1			1
	2017 subtotal	89			
888 Bellevue Tower, MFTE	2018Q1	8			8
888 Bellevue Tower, DT incentive	2018Q1	24			24
Cerasa, MFTE	2018Q3	31			31
ADUs permitted 2018	2018	12			12
	2018 subtotal	75			
30Bellevue, direct subsidy	2019Q2	62	40	22	
KCHA Kendall Ridge, preservation	2019Q3	240			240
Brio, DT incentive	2019Q4	20			20
ADUs permitted 2019	2019	8			8
	2019 subtotal	330			
KCHA Hampton Greens, preservation	2020Q1	326			326
Eastgate Men's Shelter (100 beds), direct subsidy	2020Q2	100	100		
Inland Polaris at Eastgate, direct subsidy	2020Q2	298		298	
	2020 subtotal	724			
Units/beds since Affordable Housing Strategy		1,218	140	320	758
LIV, Hyde Square- BelRed FAR Incentive	Since 2015	89			89
Total Units/beds including BelRed FAR		1,307	140	320	847
Affordable Units Pipeline (unit # estimate)	Date	Units			
Pipeline incentive units estimate BR and DT	2020+	~152			~152
Eastgate single adult apartments	2022+	~80	~80		
OMF RFP: KC/\$10M TOD Bond, ARCH/\$4M, ST/land donation, Council Spur property donation	2021+	~200-300	~26	~112	~112
Bellevue & ST partner at 130th for TOD with AH	2022+	~150	~16	~67	~67
Pipeline Total		~632	~122	~179	~331

Attachment 3

2020/2021 Affordable Housing Work Program

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| Action A-1 | Partner with non-profit organizations and housing agencies to fund the purchase of existing, affordable multi-family housing to preserve it for the long term. |
| Action B-2 | LUCA to amend ADU 3-year rule and off-street parking requirement. |
| Action C-1 | Affordable housing incentive for faith-owned, public surplus and non-profit housing property. |
| Action C-2 | TOD at OMFE and 130 th and other suitable surplus public lands in proximity to transit hubs |
| Action C-3 | Update of the Multifamily Tax Exemption Program |
| Action C-4 | East Main LUCA and Wilburton CPA including affordable housing incentives |
| Action D-1 | LUCA for zero lot line townhome regulations and MF parking near transit. |
| Action E-1 | Work program in development for new sales and use tax of one tenth of one percent for affordable housing. |
| Action E-2 | Pursue funding partnerships with employers, financial institutions, foundations, and others. |