

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Meeting

February 1, 2021
6:00 p.m.

Virtual Meeting
Bellevue, Washington

PRESENT: Mayor Robinson, Deputy Mayor Nieuwenhuis, and Councilmembers Barksdale, Lee, Robertson, Stokes, and Zahn

ABSENT: None.

1. Call to Order

The meeting was called to order at 6:01 p.m., with Mayor Robinson presiding.

2. Roll Call; Flag Salute

City Clerk Charmaine Arredondo called the roll. All Councilmembers were present and participating remotely. Councilmember Zahn led the flag salute.

3. Approval of Agenda

→ Deputy Mayor Nieuwenhuis moved to approve the agenda, and Councilmember Barksdale seconded the motion.

→ The motion carried by a vote of 7-0.

4. Oral Communications

- (a) Randy Bannecker, Seattle-King County Realtors Association, encouraged Council support of the accessory dwelling unit (ADU) and unit lot subdivision Land Use Code Amendments (LUCAs). He said the creation of more housing will expand homeownership opportunities and enable residents to age in place. Mr. Bannecker said that unit lot subdivisions offer a viable condominium alternative.
- (b) Emmanuel Solis thanked the Council for focusing on the complex problem of affordable housing in the community. He expressed support for the Planning Commission's

recommendation to allow ADUs to be built at the time of new construction for single-family homes. He said that he and others are concerned about investors operating short-term rentals in single-family homes. He said he did not support detached ADUs or removing the owner occupancy and off-street parking requirements. Mr. Solis urged the City to include the community in addressing affordable housing solutions.

- (c) Michelle Wannamaker said there is a lot of residential construction activity in the Eastgate neighborhood. She said she would be more supportive of the proposal to remove the three-year waiting period on building ADUs if she thought it would help the affordable housing crisis. Ms. Wannamaker said there are no provisions to ensure that homeowners lease or operate the ADUs as affordable units. She expressed concern about the increased number of vehicles associated with many rental properties. She expressed concern that rental properties will be operated as larger businesses instead of as owner-occupied home rentals. Ms. Wannamaker said it is important to retain the three-year waiting period on building an ADU because it will give the homeowner time to learn about the neighborhood and the neighbors before undertaking the addition of an ADU that could significantly impact the neighbors.
- (d) Pamela Johnston said the City has been a regional leader in planning for growth, including in the Downtown, BelRed, Wilburton, and Factoria areas. She said State Senate Bill 5253 regarding increasing housing unit inventory by removing arbitrary limits on housing options is usurping local government control. She encouraged the Council to take action to reject the State's infringement on local planning rights.
- (e) Jared Axelrod, Senior Manager for Local Public Policy and External Affairs, Amazon, expressed support for the ADU LUCA. He commented on Amazon's interest in working together to address affordable housing and to support innovative housing affordability initiatives. He expressed concern that the owner occupancy requirement would be a limiting factor in creating housing supply. He proposed removing certain parking requirements if the housing is located near frequent transit service. He encouraged the Council to consider allowing detached ADUs. Mr. Axelrod thanked Councilmembers for their work and said he looked forward to continuing to work with the City.
- (f) Betsi Hummer commented regarding the proposed ADU LUCA. She agreed that eliminating the three-year waiting period would be a good idea. However, she would like the Council to avoid changing the owner occupancy restriction or the parking restriction. She suggested requiring a minimum three-month lease for ADUs. She believes that the units will likely rent at market rates. Ms. Hummer noted the many different types of housing in East Bellevue. She thanked the Council for their work.
- (g) Heidi Dean, a resident of Newport Hills, expressed concern regarding the number of people living in vehicles next to the Walmart store in the Factoria area and the associated littering and garbage. She said the two youth who murdered the man in May Valley had been living in their car at that location. Ms. Dean stated her understanding that outdoor camping would not be allowed with the men's shelter now operating year round. She noted individual tents in the Eastgate area, including at the Mormon church. She

acknowledged that there are concerns about overcrowding in shelters due to the pandemic. Ms. Dean noted a large tent at the site of the future men's shelter in the Eastgate area and suggested using that to house individuals experiencing homelessness.

Mayor Robinson asked the City Manager to have staff follow up with Ms. Dean regarding her concerns.

5. Reports of Community Councils, Boards, and Commissions: None.

6. Report of the City Manager: None.

7. Council Business and New Initiatives: None.

8. Consent Calendar

→ Deputy Mayor Nieuwenhuis moved to approve the Consent Calendar, and Councilmember Stokes seconded the motion.

→ The motion to approve the Consent Calendar carried by a vote of 7-0, and the following items were approved:

- (a) Resolution No. 9884 authorizing execution of the renewal of a purchasing agreement with Dell Boomi (Boomi) to provide Information Technology (IT) integration platform services for the years of 2021 and 2022, in an amount not to exceed \$210,000 plus all applicable taxes.
- (b) Ordinance No. 6565: 1) authorizing execution of a Grant Agreement (and supplements if necessary) with King County Metro (KCM) for acceptance of \$300,000 in pass-through grant funds from KCM for the City-wide Transportation Demand Management (TDM) Implementation Program 2021-2022; 2) amending the 2021-2022 Operating Grants, Donations and Special Reserves Fund by increasing the appropriation by \$300,000; and, 3) authorizing execution of a professional services contract amendment (and supplements if necessary) with Bellevue Downtown Association in the total reimbursement amount of \$150,000, plus all applicable taxes, for trip reduction services associated with implementing the TDM Implementation Program 2021-2022.
- (c) Resolution No. 9885 determining the anticipated shortfall in revenues for providing municipal services to the annexations areas of Eastgate, Hilltop, Tamara Hills and Horizon View (Eastgate Annexation Areas), setting a new threshold amount for the State of Washington fiscal year July 2021 to June 2022, continuing a sales and use tax, as authorized by RCW 82.14.415, Ordinance 6045 and Ordinance 6063 at the existing rate for such fiscal year; and authorizing certification of the City's true and actual costs to provide municipal services to the annexed areas.

- (d) Resolution No. 9886 authorizing execution of all documents necessary to implement settlement of the claim brought by Cyrus Khaleghi in the lawsuit Khaleghi v. City of Bellevue (King County Superior Court Cause No.17-2-31059-0 SEA).
 - (e) Resolution No. 9887 authorizing execution of an amendment to the Professional Services Agreement with Jackson & Nicholson, P.S., outside counsel for the City in the lawsuit Khaleghi v. City of Bellevue, KCSC Cause No: 17-2-31059-0, increasing the total contract amount from \$390,000 to an amount not to exceed \$440,000, plus all applicable taxes.
 - (f) Resolution No. 9888 authorizing and directing the City Manager to execute the First Amendment to the Interlocal Agreement for the Watershed Basins within Water Resource Inventory Area 8 (WRIA 8).
9. Public Hearing: None.
10. Study Session
- (a) Recommended Land Use Code Amendments (LUCAs) related to the City's Affordable Housing Strategy (AHS). The first LUCA is to amend Land Use Code (LUC) 20.20.120 Accessory Dwelling Units (ADUs) to allow an ADU to be built within a new single-family structure. The second LUCA is to establish provisions in LUC chapter 20.45A Platting and Subdivisions and chapter 20.45B Short Plats and Short Subdivisions for Unit Lot Subdivisions within Land Use Districts where multifamily development is currently allowed. File Nos. 20-105151-AD and 20-105150-AD.

City Manager Brad Miyake introduced discussion regarding proposed Land Use Code Amendments (LUCAs) related to accessory dwelling units (ADUs) and unit lot subdivisions. He noted that the Planning Commission discussed the proposed amendments, held a public hearing, and recommend adoption of the LUCAs.

Mike Brennan, Director of the Development Services Department (DSD), said the proposed LUCAs are consistent with the City's Affordable Housing Strategy. He said staff is seeking direction to return for Council adoption of the ordinances needed to implement the LUCAs.

Trisna Tanus, Consulting Attorney, recalled that the Affordable Housing Strategy adopted in 2017 identifies strategies and action items. Strategy B is to create a variety of housing choices, and Action B-2 updates the City's ADU standards to increase the housing supply. Ms. Tanus said one objective is to ensure that residents can stay in their communities as they age.

Ms. Tanus summarized the ADU regulations found in Land Use Code 20.20.120. She said the proposed LUCA related to ADUs eliminates the current requirement of a three-year waiting period before an ADU may be added to a new single-family residence. The City currently allows one attached ADU per primary residence, and the owner must live in one of the units. The

current code requires one parking space for the ADU. Transient or Airbnb rentals are prohibited when there is an ADU on the property.

Ms. Tanus said the proposed LUCA regulating ADUs removes the three-year waiting period for creating an ADU during new construction. She said there were five permits for new ADUs in 2020 and eight permits for new ADUs in 2019. She said 149 permits were issued for new single-family homes in 2020, and nearly one-quarter of those projects included elements to allow the addition of an ADU in the future. The LUCA would allow including an attached ADU in the initial construction of the home.

Nick Whipple, Senior Planner, described the proposed unit lot subdivision LUCA, which is consistent with the goal of creating a variety of housing choices. He said unit lot subdivisions have typically been used to produce townhomes. He acknowledged that the units produced might not be affordable in terms of housing goals. However, the development of housing expands the range of housing solutions for different income levels. Mr. Whipple said the LUCA is intended to: 1) minimize barriers to increasing the supply of housing, 2) promote a diversity of housing types, and 3) broaden homeownership opportunities.

Mr. Whipple said the development community, including the Master Builders Association of King and Snohomish Counties, has reported barriers related to the construction and mortgage financing of condominium projects. He said that condo projects require more costly insurance for developers, contractors, and subcontractors than other types of residential projects, which adds to the cost of housing. He said that financing barriers tend to discourage the development of condos in Bellevue. He said the LUCA will promote a diversity of housing types and increase the overall supply. The owners of the townhomes will own both their building and the land, in contrast to typical condo ownership applying only to the inside of the structures.

The unit lot subdivision LUCA amends LUC 20.45A, Platting and Subdivisions, and LUC 20.45B, Short Plats and Short Subdivisions, to allow fee-simple ownership. Unit lot subdivisions will be allowed in land use districts that allow multifamily housing (approximately 17 percent of the city). Mr. Whipple said the units lots are not separate building sites, and the design and layout will be established in the subdivision plan. A unit lot subdivision encourages infill development and increases the number of housing units in Bellevue. He said the LUCA does not change the allowed density applied to condominiums.

Mr. Whipple described the public engagement process including noticing, holding the public hearing, direct engagement with the development community and others, and expanded online information.

Radhika Moolgavkar, Planning Commission Chair, said the Planning Commission held a study session on the ADU LUCA on December 9, 2020, and the public hearing on January 13, 2021. The Commission recommends adoption of the LUCA without modification. Ms. Moolgavkar said the Commission asked the Council to consider additional amendments, based on public testimony and discussion, regarding the owner-occupancy requirement, off-street parking requirement, and the allowance for detached ADUs. The Planning Commission recommended, by a vote of 5-1, that the City Council adopt the ADU LUCA and remove the three-year wait

requirement for new construction. Ms. Moolgavkar said that many speakers during the public hearing expressed support for ADUs and for enabling adults to age in place. She noted her understanding that the City is working individually with neighborhoods to consider whether to allow detached ADUs.

Chair Moolgavkar said the Planning Commission held its public hearing regarding the unit lot subdivision LUCA on January 13. Many members of the public provided oral testimony in support of the proposed change. Following discussion, the commission recommended by a vote of 4-1 that the City Council adopt the unit lot subdivision LUCA without modification.

Mr. Brennan noted that detached ADUs will be studied and discussed during the neighborhood area planning process. Northeast Bellevue and Northwest Bellevue are currently involved in that process, and the next two neighborhoods are Newport and Crossroads. He noted staff's interest in studying the potential for removing the minimum parking requirement for ADUs within frequent transit service.

Mr. Brennan said the East Bellevue Community Council (EBCC) will hold a courtesy hearing regarding the LUCAs on February 2, as well as a final public hearing in March after the City Council takes action on the LUCAs. The EBCC will consider and take action on the City Council's ordinance in March.

Mr. Brennan requested Council direction to return with ordinances for final action at a future meeting.

Mayor Robinson thanked Chair Moolgavkar and the Planning Commission for their work.

Ms. Robinson said the proposed LUCA related to ADUs removes the three-year wait requirement on new construction for including an ADU. The unit lot subdivision LUCA provides an additional housing alternative and enhances opportunities for home ownership.

Councilmember Barksdale, liaison to the Planning Commission, thanked the Planning Commission for their work and for their thorough discussion of the LUCAs. He expressed support for the commission's recommendations to remove the three-year wait period for the development of an ADU and to allow the unit lot subdivision option. He said it would be interesting to think about whether there are community services and programs that might complement those housing types.

Councilmember Robertson thanked the Planning Commission for their work and expressed support for their recommendations. She expressed continued support for the Council's decision to address the issue of detached ADUs through the neighborhood area planning process.

Ms. Robertson said it is important to make sure that Bellevue's growth areas have the capacity to support affordable housing within transit services, including last mile micro transit. She encouraged increased density around light rail stations. She noted the need to complete the East Main Station Area plan and the Wilburton area plan, as well as the BelRed plan review. Ms.

Robertson said she looks forward to hearing feedback from the EBCC public hearing and discussion.

Councilmember Stokes thanked the Planning Commission for their work and expressed support for the two LUCAs. He concurred with continuing to address the issue of detached ADUs through the neighborhood planning process. He expressed a sense of urgency regarding the need to aggressively address homelessness and to provide affordable housing options.

Responding to Deputy Mayor Nieuwenhuis regarding the Planning Commission's 5-1 vote in favor of the ADU LUCA, Ms. Moolgavkar said that Commissioner deVadoss was concerned that it was not fair to the neighborhoods. Mayor Robinson noted that she spoke with Mr. deVadoss earlier in the day. She said he indicated that he was not opposed to the LUCA in general. However, he did not see it as an affordable housing strategy.

Responding to Mr. Nieuwenhuis, Ms. Tanus confirmed that removing the three-year waiting period for constructing an ADU attached to a single-family home could produce up to 35-40 housing units per year. Mr. Nieuwenhuis acknowledged Commissioner deVadoss' comment that the LUCA potentially increases housing supply but does not necessarily provide affordable housing units.

Councilmember Zahn thanked staff and the Planning Commission for their work. She expressed support for the proposed LUCAs as recommended by the commission. She said the ability to have an ADU will help individuals who want to be able to afford staying in their homes as they age. She expressed an interest in considering additional ideas suggested by the commission.

Councilmember Lee acknowledged the importance of providing a variety of housing types in the community. However, he agreed with Commissioner deVadoss that while the LUCAs increase the supply of housing, they do not necessarily produce affordable housing.

Responding to Mr. Lee, Mr. Whipple said that public outreach involved online information regarding the proposed LUCAs and their impacts. Mr. Whipple said the City heard from a number of individuals with active building permits who are interested in adding an ADU as part of their new home construction, if allowed. He said there were a number of comments as well about ADU issues that go beyond the scope of the specific LUCA proposal. Mr. Lee suggested communicating clearly to the public that the LUCAs increase the housing stock and the variety of housing types. However, there is no requirement regarding the affordability of the units.

Mayor Robinson said she hopes that housing prices will ultimately decrease as the supply of housing increases. She said her perspective on ADUs is that they provide the opportunity for Bellevue residents to age in place, whether in the primary residence or in the ADU. She noted that the unit lot subdivision LUCA also provides an option for staying in the community while downsizing as we get older.

Ms. Robinson expressed support for both LUCAs. She noted that as older adults downsize and move to different types of housing within Bellevue, the larger traditional homes become available for families. She looks forward to future discussions regarding detached ADUs.

Councilmember Barksdale expressed concern about the timeline for addressing detached ADUs with all neighborhoods through the Great Neighborhoods program. He wondered whether that planning process could be accelerated. Mayor Robinson concurred and said the Council would like to expedite neighborhood planning as well.

- Deputy Mayor Nieuwenhuis moved to direct staff to proceed with preparing ordinances on the recommended Land Use Code Amendments (LUCAs) for final action at a future meeting. Councilmember Stokes seconded the motion.
- The motion carried by a vote of 7-0.

(b) Discussion of House Bill 1590 Interest Statement

City Manager Miyake introduced discussion regarding the proposed interest statement to guide and implement the House Bill 1590 work plan. HB 1590 provided a sales tax for local governments to address housing needs and related behavioral health services.

Mac Cummins, Director of Community Development, introduced Stephanie Martinez, Homelessness Outreach Coordinator, and Liesl Olson, City Manager's Office (CMO) Management Fellow. He said staff was seeking Council direction to adopt the interest statement as part of the HB 1590 work plan.

Mr. Cummins said the proposed interest statement reflects a number of policies from existing documents including the Comprehensive Plan, Affordable Housing Strategy, and the Human Services Needs Update. He said the interest statement will provide the opportunity to approach potential regional partners, service providers, and the development community. Mr. Cummins said that revenues generated by the HB 1590 sales tax can be used only for specific purposes related to housing and behavioral health. He said the objective of the HB 1590 work plan will be to develop a funding recommendation for the use of the revenues.

Mr. Cummins said that Bellevue's HB 1590 revenues are estimated at approximately \$9 million annually. He noted that debt may be issued against half of those revenues. Mr. Cummins said that at least 60 percent of the monies collected must be spent on creating or constructing affordable housing or facilities that provide housing-related services, including mental and behavioral health services, for households earning 60 percent or less of the area median income (AMI) and falling into one of the targeted populations (i.e., mental and behavioral health disabilities, veterans, senior citizens, homeless or at risk of becoming homeless, families with children, and domestic violence survivors). No more than 40 percent of the revenues may be spent on the operation, delivery, or evaluation of mental and behavioral health treatment programs or housing-related services.

Liesl Olson, CMO Management Fellow, said that a cross-departmental staff team worked to identify policy documents and plans that might be relevant to the use of HB 1590 funds. She noted that Attachment B to the agenda memo consolidates the existing policies and documents

from a number of sources including the Comprehensive Plan, Human Services Needs Update, Affordable Housing Strategy, Economic Development Plan, and others.

Ms. Olson referenced the proposed interest statement provided as Attachment A in the meeting packet. She and staff highlighted the nine principles contained in the interest statement: 1) focus on closing the affordable housing gap, 2) increase housing types and opportunities, 3) adopt a citywide approach, 4) meet the spectrum of housing and service needs, 5) advance the continuum of human services, 6) enhance equitable and accessible housing and services, 7) strengthen and foster self-sufficiency to achieve potential, 8) enhance community collaboration, and 9) be an active and collaborative regional partner. Ms. Olson said there is a significant need for affordable housing for households earning 60-percent AMI or below.

Stephanie Martinez, Homelessness Outreach Coordinator, said that the Human Services Needs Update and other documents emphasize the increasing need for services and programs to serve a variety of households and our most vulnerable populations. She said a sustainable economy requires more housing choices for diverse income levels throughout Bellevue. She said principle 5 supports advancing the continuum of human services to be more preventative and proactive in addressing health issues and preventing homelessness. Principle 6 focuses on enhancing equity and accessibility to housing and services. Ms. Martinez noted that 40 percent of Bellevue's population identifies as foreign born and 50 percent of the population identifies as non-white race or ethnicity. She said Bellevue is committed to enhancing equity and access to the spectrum of housing and supportive services.

Ms. Martinez said that principle 7, strengthen and foster self-sufficiency to achieve potential, is a theme reflected in a number of City policies and documents (e.g., Affordable Housing Strategy, Human Services Needs Update, and Economic Development Plan). Principle 8 focuses on enhancing community collaboration, and principle 9 highlights the importance of being an active and collaborative regional partner.

Mr. Cummins said the next steps are to adopt the interest statement and to conduct stakeholder outreach. He suggested a study session discussion with the Council every four to six weeks to work toward developing a set of priorities for allocating the use of HB 1590 funds.

Mayor Robinson thanked staff for the presentation.

Councilmember Stokes thanked staff for all of their work on the HB 1590 tax to support housing and related services. He said the funding will help the City implement its Affordable Housing Strategy and other initiatives. He encouraged Bellevue's leadership in the region.

Councilmember Lee thanked staff for their work and the proposed interest statement. He noted Bellevue's diversity and commented on the need for housing. He asked how the funding will address age, culture, and ability. Ms. Martinez said that age and ability are taken into consideration in exploring the spectrum of housing needs and increasing housing types.

Councilmember Zahn expressed support for the interest statement, noting that it captures all of the elements the Council has been discussing. She said she appreciated the consolidated policies

document as well. She said she was surprised to read that half of Bellevue's jobs earn less than \$50,000 per year. She noted that 17 percent of Bellevue households earn less than \$50,000 per year. Ms. Zahn said Bellevue should be a community that supports residents at different income levels. She said the lack of affordable housing in employment centers exacerbates the region's mobility and transportation challenges. She said she appreciates that the funding will help keep families together and in housing.

Responding to Councilmember Zahn, Mr. Cummins said there is an allowance in HB 1590 for the creation of new affordable units in existing buildings. He said the state legislature continues to consider additional amendments. In further response to Ms. Zahn, Mr. Cummins said staff is looking into whether the City can subsidize units down to 60-percent AMI and below. Mr. Cummins noted that Councilmember Robertson had expressed a similar interest.

Councilmember Robertson thanked staff for the presentation. She noted that the interest statement does not reflect where the City wants to go or how the City wants to spend the tax revenues. She would like to see greater specificity, for example, prioritizing affordable housing in transit-oriented development (TOD) and near high-capacity transit services. She would like affordable housing to be dispersed within a development and throughout the community. She said she would like to prioritize affordable units for individuals already living or working in Bellevue and for Bellevue School District students and families who are experiencing homelessness.

Ms. Robertson expressed support for services that move people out of homelessness into self-sufficiency and stability. She wants the City to pursue early wins and to be nimble enough to respond to new opportunities.

Responding to Councilmember Robertson, Mr. Cummins said the next several study sessions will involve the process of identifying the highest priorities. As that work moves forward, staff will be able to provide feedback about the opportunities for early wins. Mr. Cummins said the work will ultimately lead to an implementation plan.

Councilmember Robertson said she supported the interest statement as written, with the understanding that prioritization and implementation will be addressed later in the process.

Councilmember Barksdale concurred with Ms. Robertson's interest in how the implementation plan will be developed. Mr. Barksdale asked whether any metrics have been identified to monitor progress toward goals.

Responding to Mr. Barksdale, Mr. Cummins said staff will provide periodic updates on public outreach. Mr. Cummins said staff will raise questions and issues previously suggested by Councilmembers with the community stakeholders. Councilmember Barksdale encouraged reaching out broadly across the community.

Deputy Mayor Nieuwenhuis thanked staff for the presentation. He said the timing of HB 1590 is fortunate because the pandemic has exaggerated the challenges related to housing and mental health services. He concurred with Councilmember Robertson's interest in identifying early wins

for implementation. He noted the urgent needs related to housing and mental and behavioral health services. He said he is proud of the Council's unanimous vote to impose the HB 1590 tax.

Mayor Robinson thanked everyone for the thoughtful discussion. She noted that more than half of the renters in Bellevue are considered cost-burdened, where they are spending more than 30 percent of their income on housing costs. She said that only 10 percent of the housing available in Bellevue is affordable to a family of four earning \$80,000 per year or less. She expressed support for the interest statement and noted that the principles will provide guidance for the next steps.

→ Deputy Mayor Nieuwenhuis moved to adopt the House Bill 1590 Interest Statement, and Councilmember Lee seconded the motion.

→ The motion carried by a vote of 7-0.

11. Land Use: None.

12. Other Ordinances, Resolutions, and Motions: None.

13. Unfinished Business: None.

14. New Business: None.

15. Executive Session: None.

16. Adjournment

At 8:08 p.m., Mayor Robinson declared the meeting adjourned.

Charmaine Arredondo, CMC
City Clerk

/kaw