

CITY COUNCIL REGULAR SESSION**Affordable Housing Strategy Implementation Update**

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DIRECTION NEEDED FROM COUNCIL**INFORMATION
ONLY**

No action is required, this is an informational briefing on the progress of the Affordable Housing Strategy including units achieved, effectiveness of programs, and implementation of actions. This progress report occurs twice per year.

RECOMMENDATION

N/A

BACKGROUND & ANALYSIS**Affordable Housing Strategy Implementation**

This is Council's fourth biannual progress report on the Affordable Housing Strategy since its adoption in June 2017. Going into the fourth year of implementation, the City has made significant progress 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.
- Since the mid-1990s, Bellevue has achieved approximately 50 affordable homes a year through funding and incentives. This number has increased substantially following adoption of the Strategy with a total of 1,312 affordable units added between 2017 and 2020 as reflected in the "Affordable Units achieved" table below.
- The availability of Microsoft financing to the King County Housing Authority (KCHA) facilitated the number of affordable units achieved in 2019-2020. For example, two KCHA acquisition properties in Bellevue (Kendall Ridge, Hampton Greens) preserved 566 low- and moderate-income homes.
- Pipeline affordable housing (estimated 741 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 211 affordable units using both the City's Multifamily Tax Exemption (MFTE) program and Downtown and BelRed land use incentive programs.
- Affordable units achieved to date (1,312) plus current pipeline (741) indicates that the 10-year

goal of 2,500 units can be achieved, assuming continued growth at the same level as the last few years. The projected ten-year estimate from the various actions is 2,785 units which exceeds the goal of 2,500 units.

Affordable Housing Units Achieved and Pipeline Projects

The following table itemizes the affordable housing units that have been added or are in the development pipeline since the adoption of the 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			
30 Bellevue, 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	
ADUs permitted 2020	2020	5			5
	2020 subtotal	729			
Units/beds since Affordable Housing Strategy		1,223	140	320	758
LIV, Hyde Square- BelRed FAR Incentive	Since 2015	89			89
Total Units/beds including BelRed FAR		1,312	140	320	847
Affordable Units Pipeline (unit # estimate)	Date	Units			
Pipeline incentive units estimate BR and DT	2020+	~152			~152
Pipeline MFTE units estimate	2021+	~59		~19	~40
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		~741	~122	~198	~371

Effectiveness of Programs

A comparison of the housing achieved (as shown above) to the expected yield in the City's Affordable Housing Strategy is found in Attachment A. For Actions that have been implemented to date, performance has been consistent with the expected yield for preservation of existing affordable housing, direct subsidy, and land use incentives in BelRed and Downtown. Staff are currently updating the MFTE program that was implemented in 2015 and modified in 2018 as it has not met its expected yield of 65 affordable units per year.

Implementation of Actions

Affordable Housing Strategies and Actions at a Glance (Attachment B) lists the five interrelated strategies and 21 actions of the Affordable Housing Strategy. Progress on actions that have been implemented or launched to date is as follows:

Status	Affordable Housing Strategy Actions
<i>Work continues</i>	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 A-5 Review and extension of utility rate relief and utility tax relief programs.
<i>Council initiated 2020</i>	Action C-1 Affordable Housing Incentive for faith-owned, surplus public and non-profit housing property.
<i>Work continues</i>	Action C-2 TOD at OMFE and 130th Station: Develop affordable housing on suitable surplus public lands in proximity to transit hubs.
<i>Council initiated 2020</i>	Action C-3 Update and extension of the Multifamily Tax Exemption program.
<i>Scheduled for adoption in February and April 2021</i>	Action B-2 Update accessory dwelling units standards: LUCA to amend ADU 3-year rule and off-street parking requirement.
✓	Action C-4 Eastgate and Downtown Livability LUCAs including incentive for affordable housing.
<i>Work continues on East Main; Wilburton to follow</i>	Action C-4 East Main and Wilburton LUCAs including affordable housing incentives.

<i>Scheduled for adoption in February and April 2021</i>	Action D-1 Revise codes to reduce costs and process time for building multifamily housing: LUCAs for zero lot line townhome regulations and multifamily parking requirements near transit.
✓	Action D-2 Amendments to state condominium statutes to increase condominium development.
✓	Action E-1 Increase funding for affordable housing. <ul style="list-style-type: none"> • \$412,000 per year general fund support for affordable housing, consistent with past budgets. • \$19 million CIP contingency funds for affordable housing through 2027. • \$625,000 estimated per year from Council authorization of HB 1406 local sales tax option for affordable housing. • \$9 million estimated per year from Council authorization of HB 1590 local sales tax option for affordable housing and mental and behavioral health services.
<i>Work continues</i>	Action E-2 Pursue funding partnerships with employers, financial institutions, foundations, and others.

Bellevue Housing Needs

Over 16,000 Bellevue households are cost-burdened or severely cost-burdened by their housing costs, meaning that they spend more than 30 percent of their income on housing. This distribution is outlined in Attachment C alongside the definitions of Area Median Income (AMI) for each household type. Attachment D lists some of the professions that often fall into each of these AMI brackets. The highest percentage of cost-burdened households falls within the 31-50 percent AMI bracket, while the 50-80 percent AMI bracket holds the next largest percentage of cost-burdened households. Many non-profit partnerships target the 31-50 percent AMI households, while City code incentives such as density bonuses target the 50-80 percent AMI households.

POLICY & FISCAL IMPACTS

Policy Impact

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

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

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

Fiscal Impact

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

OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. Effectiveness of Affordable Housing Programs
- B. Affordable Housing Strategies and Actions at a Glance
- C. Affordable Housing Need, Affordable Income and Rent
- D. Affordable Housing Need, AMI Levels by Profession

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Bellevue Affordable Housing Strategy, June 5, 2017