



# Bellevue Planning Commission

May 12, 2021

## PLANNING COMMISSION STUDY SESSION ITEM

### **SUBJECT**

Study Session on a proposed Land Use Code Amendment (LUCA) to establish a density bonus and additional modifications to other standards and requirements in the Land Use Code (LUC) for affordable housing developments on certain public, non-profit, or religious organization-owned properties. The LUCA is required for consistency with RCW 35A.63.300 and advances the City's Affordable Housing Strategy (AHS) Action C-1. File No. 20-102681-AD.

### **STAFF CONTACT(S)**

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### **POLICY ISSUES**

The proposed LUCA is required for consistency with RCW 35A.63.300 and advances the Affordable Housing Strategy (AHS). RCW 35A.63.300, adopted by the Washington State Legislature in 2019, requires the City to offer a density bonus for affordable housing development on property owned by religious organizations.

The requirements in RCW 35A.63.300 align with Action C-1 of the AHS, which seeks to “increase development potential on suitable land owned by public agencies, faith-based and non-profit housing entities for affordable housing.” In 2020, the City Council adopted the following Comprehensive Plan policies to guide implementation of Action C-1 through Ordinance No. 6562:

- **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.

### **Glossary definition:**

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.

### **DIRECTION NEEDED FROM THE PLANNING COMMISSION**

**ACTION**

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**DIRECTION**

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**INFORMATION ONLY**

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This is the second of two study sessions that staff will be presenting the components of the proposed LUCA. After this study session, the Planning Commission will be asked to direct staff to schedule and

prepare the LUCA for a public hearing at a future meeting. Following the public hearing, the Planning Commission will be asked to recommend approval of the proposed LUCA to the City Council.

	Topic Areas
<input checked="" type="checkbox"/>	<b><u>Study Session 1 (April 14): Eligibility, Bonus, and Affordable Housing Cleanup</u></b> <ul style="list-style-type: none"> <li>• Topic 1. Eligibility Criteria</li> <li>• Topic 2. New Density Bonus</li> <li>• Topic 3. Affordable Housing Cleanup</li> </ul>
<input checked="" type="checkbox"/>	<b><u>Study Session 2 (May 12): Dimensional Standard Modification and Applicable Procedures</u></b> <ul style="list-style-type: none"> <li>• Topic 2. New Density Bonus</li> <li>• Topic 4. Dimensional Standard Modification</li> <li>• Topic 5. Applicable Procedures and Attached Housing Units</li> </ul>
<input type="checkbox"/>	<b><u>Public Hearing (Future Meeting):</u></b> <ul style="list-style-type: none"> <li>• Required Public Hearing</li> <li>• Planning Commission Recommendation</li> </ul>

## **BACKGROUND/ANALYSIS**

### **State Legislation**

State House Bill 1377 (SHB 1377) established RCW 35A.63.300 to require 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. The density bonus under the proposed LUCA will satisfy these requirements.

### **2020 C-1 Comprehensive Plan Amendment**

The AHS established an “ambitious goal” of adding up to 2,500 affordable homes in Bellevue within 10 years of implementation. Action C-1 is one of 21 actions identified under the five AHS strategy areas. Action C-1 calls for “increasing development potential on suitable land owned by public, non-profit housing, and faith-based entities for affordable housing” and can make a significant contribution to achieving the AHS goal.

In 2020, the City adopted Ordinance No. 6562 to add several policies in the Comprehensive Plan Housing Element to support the provisions of RCW 35A.63.300 and AHS Action C-1. These policies, listed above, are intended to lead to implementation of a density bonus and modifications to other standards and requirements in the LUC for eligible properties, in order to increase affordable housing development.

### **Components of Proposed LUCA**

The proposed LUCA will repeal and replace LUC 20.20.128 and amend other provisions in chapters 20.20, 20.25A, 20.25D, 20.25P and 20.50 LUC to establish a density bonus and additional modifications to other standards and requirements for affordable housing developments on certain public, non-profit, or religious organization-owned properties. Attachment A is a strike-draft of the proposed LUCA.

### *Topic 2. New Density Bonus, Continued*

Staff introduced the proposed density bonus during the April 14 Study Session. As presented, affordable housing developments meeting ownership and location criteria would be eligible for a 50% density bonus above the maximum for the underlying Land Use District. Approximately 111 parcels were estimated to meet eligibility requirements in February 2021.

The LUC currently provides a density bonus of only 15% for affordable housing. The proposed LUCA presents an additional capacity of 35 %. This net change means a yield of around 1,400 additional units of affordable housing.

**Table 1. Estimated Qualifying Property and Bonus Units by Land Use District, 2021**

Zone	Maximum Housing Units			
	Existing Units	Base Zoning	With 15% Bonus	With 50% Bonus
<b>Single Family</b>				
R-1	2	12	15	22
R-1.8	7	18	21	31
R-2.5	5	50	58	77
R-3.5	7	88	102	134
R-4	5	40	45	61
R-5	21	417	478	631
R-7.5	0	26	30	39
<b>Multifamily</b>				
R-10	1	46	53	69
R-15	210	174	200	262
R-20	986	1,038	1,196	1,563
R-30	505	1,348	1,551	2,023
<b>Nonresidential</b>				
CB	1	19	22	29
NB	1	4	5	7
O	8	365	418	549
OLB	2	349	402	526
	1,761	3,994	4,596	6,023
<b>Increase over Base Zoning</b>			602	2,029
<b>Increase over Existing Units</b>			2,835	4,262

While this net change is significant, this number does not represent the total affordable housing units that can potentially be built with the proposed density bonus. A comparison of existing housing units, existing capacity at base zoning, and total capacity with either the 15% or 50% bonus applied is in **Table 1**. As shown, the 50% bonus includes total capacity of 6,023 housing units, which is an increase in

capacity of 2,029 units above the current zoned maximum, and 4,262 units above existing built housing units.

This analysis does not consider the likelihood that property will be developed or redeveloped for affordable housing. Additionally, not all eligible property owners that do redevelop will take advantage of the available density bonus. Eligible property owners may have other plans for their property and are not obligated to build affordable housing and take advantage of the density bonus.

To understand potential impacts to Bellevue's street system, Transportation Department staff estimated the number of vehicle trips associated with the net 35% increase above the current zoning and bonus. Staff determined that adding these vehicle trips would not degrade the expected operation of the City's street system. While certain individual developments may impact specific intersections and neighborhoods, those impacts are not yet known, but would be reviewed under existing code requirements during project review and required to be mitigated as part of the development. A summary of these findings is provided as Attachment B.

#### *Topic 4. Dimensional Standard Modification*

The proposed LUCA includes modified dimensional requirements to replace specific dimensional requirements from the underlying land use district for affordable housing development. These modified dimensional requirements are intended to provide sufficient additional flexibility to accommodate additional affordable housing units built through the density bonus. These dimensional requirements are drawn from the City's existing requirements for land use districts of a comparable density of each district with density bonuses applied.

Separate from these land use district-specific tables, the proposed LUCA also provides for modifications that are not specific to individual districts. These modifications include the ability to increase building height in multifamily districts by one story; increase the maximum compact parking; expand the use of tandem parking stalls; and reduce open space requirements within Planned Unit Developments.

The City's existing standards for transition areas, Part 20.25B LUC, will continue to apply to affordable housing development eligible for a bonus when located in transition areas. The Transition Area Design District provides a buffer between residential uses in a residential land use district and a land use district which permits development of higher intensity. There are limitations on building heights, setbacks, site design, landscaping, and other elements, and a development is required to obtain Design Review approval. There is also an opportunity for a building height bonus, except when a project is located in a transition area within an R-10 or R-15 district. Projects must provide one or more specific items to receive a building height bonus. The proposed LUCA would enable a project utilizing the provisions of LUC 20.20.128 to achieve the maximum height with bonuses in transition areas, but would not change any of the other requirements under Part 20.25B.

#### *Topic 5. Applicable Procedures and Attached Housing Units*

The proposed LUCA does not change the procedural requirements previously in place. An application to utilize the provisions of LUC 20.20.128 will be processed through the required the required land use review, or if a land use approval is not required, through the building permit review.

The current LUC 20.20.128 provides for duplexes and triplexes to be built on 15% of single-family lots within a subdivisions or short subdivision. Duplexes and triplexes are required to be of comparable scale to adjacent single-family homes and blend well within the surrounding neighborhood.

The City recently established a new section within its subdivision and short subdivision chapters for Unit Lot Subdivision, or attached multifamily housing units or townhouses that may be owned in fee-simple (Ordinance No. 6568). This proposed LUCA capitalizes on the recently adopted Unit Lot Subdivision provisions and includes allowance for attached multifamily housing—duplexes and triplexes—through the Unit Lot Subdivision process, within single family land use districts. The LUCA enables duplexes and triplexes within a larger subdivision or short subdivision to be owned-in-fee just like the surrounding single-family homes. To maintain appropriate scale and compatibility, no more than 50% of the total units may be attached multifamily units.

### Planning Commission Questions

At the April 14 Study Session, the Planning Question raised questions related to household income and the potential to increase the density bonus. A summary of these questions and staff's responses are provided below.

1. *What are the current household incomes associated with Area Median Income (AMI) levels, and how do these compare to typical wages for common occupations?*

Household income limits by percentage of AMI for 2020 are provided in **Table 2**. Average annual wages for occupations that each represent at least 1% of total employment in the Seattle-Tacoma-Bellevue MSA are provided in **Table 3**. This table also provides the 2020 AMI segment associated with that average income for households containing 1-3 people, without an additional earner. As shown, while the most common occupation in the region (Software Developers) provides high wages, many common occupations have average wages that fall below 80% AMI. These individuals are more likely to have difficulty finding affordable housing in Bellevue. The “livability” of a given wage will depend on many factors, including the total individuals and workers in a household.

**Table 2. Household Income Limits by Percentage of AMI, 2020**

Percentage of AMI	1 person	2 persons	3 persons	4 persons	5 persons	6 persons	7 persons
<b>30%</b>	\$23,793	\$27,192	\$30,591	\$33,990	\$36,709	\$39,428	\$42,148
<b>50%</b>	\$39,655	\$45,320	\$50,985	\$56,650	\$61,182	\$65,714	\$70,246
<b>80%</b>	\$63,448	\$72,512	\$81,576	\$90,640	\$97,891	\$105,142	\$112,394
<b>100%</b>	\$79,310	\$90,640	\$101,970	\$113,300	\$122,364	\$131,428	\$140,492

Source: ARCH, 2021

**Table 3. Average Annual Wages and Associated AMI Segments, Common Occupations, Seattle-Tacoma-Bellevue MSA, 2020**

Occupation	Employment	Average Wage	AMI Segment (Without Additional Income)		
			1 Person	2 People	3 People
Software Developers	71,944	\$ 136,966	>100% AMI	>100% AMI	>100% AMI
Retail Salespersons	59,683	\$ 39,518	30-50%	30-50%	30-50%
Fast Food and Counter Workers	50,203	\$ 32,117	30-50%	30-50%	30-50%
Laborers and Movers	42,967	\$ 39,061	30-50%	30-50%	30-50%
Office Clerks, General	38,652	\$ 45,303	50-80%	30-50%	30-50%
Protective Service Occupations	38,249	\$ 63,586	80-100%	50-80%	50-80%
Customer Service Representatives	37,407	\$ 45,692	50-80%	50-80%	30-50%
Cashiers	34,610	\$ 33,145	30-50%	30-50%	30-50%
Waiters and Waitresses	33,375	\$ 42,768	50-80%	30-50%	30-50%
Registered Nurses	33,181	\$ 92,676	>100% AMI	>100% AMI	80-100%
Home Health and Personal Care Aides	32,670	\$ 32,777	30-50%	30-50%	30-50%
Project Management Specialists	31,591	\$ 88,618	>100% AMI	80-100%	80-100%
General and Operations Managers	27,650	\$ 142,192	>100% AMI	>100% AMI	>100% AMI
Janitors and Cleaners	25,155	\$ 39,997	50-80%	30-50%	30-50%
Sales Reps./Wholesale/Manufacturing	22,677	\$ 82,223	>100% AMI	80-100%	80-100%
Accountants and Auditors	22,644	\$ 87,987	>100% AMI	80-100%	80-100%
Cooks, Restaurant	19,899	\$ 36,887	30-50%	30-50%	30-50%
Maintenance and Repair Workers	19,802	\$ 49,241	50-80%	50-80%	30-50%
Nursing Assistants	19,457	\$ 36,166	30-50%	30-50%	30-50%

Source: Washington State Employment Security Department, 2020

2. *How many units were built under the existing affordable housing density bonus?*

The previous affordable housing bonus was developed to serve a mandatory inclusionary affordable housing program designed for single family subdivisions. This bonus exempts one bonus market rate housing unit in exchange for each affordable housing unit provided, up to 15% above the underlying maximum zoning. During the period the inclusionary program was active, three subdivisions were built, with ten affordable housing units incorporated in these three subdivisions. When the mandatory program was repealed in 1997, there has been no affordable housing units built through the 15% density bonus.

3. *Can the density bonus be increased? Can we explore scenarios that provide a greater benefit in areas with access to transit and other objective factors?*

In addition to the Planning Commission's input, staff have received comments expressing strong support for a more substantial density bonus from affordable housing industry stakeholders. Stakeholders have emphasized the potential opportunity on faith-owned in single family districts, and meeting potential objective criteria to support more intensive development such as transit access and adjacency to higher intensity land use districts or current uses. While there are "higher opportunity" single family properties, they do not represent the majority of parcels currently eligible for a bonus under the proposed LUCA.

The Comprehensive Plan policies HO-33 and HO-34 directing this density bonus call for a by-right density bonus that would be available to any qualifying property outside Downtown, Eastgate TOD, or BelRed. With a by-right density bonus, the underlying land use designation is retained and the bonus represents an increased intensity that is still compatible with the underlying land use district and does not surpass the next, more intensive, district. As a result, a 50% density bonus is the maximum density bonus possible. A density bonus of more than 50% would effectively be a Comprehensive Plan Amendment (CPA) (changing the property's designation) and a Rezone (changing the property's land use district), and inconsistent with the Growth Management Act.

This proposed LUCA does not preclude future actions for a CPA and Rezone for “high opportunity” single family faith-owned properties. Notably, this proposed density bonus would still be available to eligible properties after a CPA and rezone.

### **Public Engagement**

Staff developed a public engagement plan with three modes of outreach to ensure the public, stakeholders, and interested parties have the opportunity to be informed and to provide comments.

1. Process IV Requirements. Process consistent with Chapter 20.35 LUC procedural requirements to provide opportunities for public comment, including:
  - Notice of Application of the proposed LUCA on March 4; and
  - Public hearing on the proposed LUCA anticipated in June.
2. Direct Engagement and Feedback. Dialogue with representatives of faith organizations, affordable housing providers, and neighborhoods.
3. Online Presence. Engaging Bellevue and city webpage to provide opportunities for the public to stay informed, including:
  - Staff contacts; and
  - Public information regarding LUCA progression.

Staff will continue to collect feedback from the public, stakeholders, and interested parties and summarize their comments for the Planning Commission throughout the LUCA process.

### **Anticipated Schedule**

The Planning Commission will be introduced to and asked to consider the proposed LUCA. The anticipated timeline for processing the LUCA is as follows:

- Planning Commission Study Sessions: April 14 and May 12
- Planning Commission Public Hearing and Recommendation: June 9 (tentative)
- City Council Study Session: to be scheduled
- EBCC Courtesy Hearing: to be scheduled
- City Council Action: to be scheduled
- EBCC Public Hearing and Approval/Disapproval: to be scheduled

**ATTACHMENT(S)**

- A. Strike-Draft of Proposed LUCA
- B. Transportation Analysis Memo