



Bellevue Planning Commission

June 23, 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. 21-102681-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 a Comprehensive Plan Amendment (CPA) through Ordinance No. 6562 adding these policies for the implementation of RCW 35A.63.300 and Action C-1:

- **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

DIRECTION

INFORMATION ONLY

This is the third study session on this LUCA. After this study session, the Planning Commission will be asked to direct staff to schedule and prepare the LUCA for a public hearing on September 9. 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"/>	<u>Study Session 1 (April 14): Eligibility, Bonus, and Affordable Housing Cleanup</u> <ul style="list-style-type: none"> • Topic 1. Eligibility Criteria • Topic 2. New Density Bonus • Topic 3. Affordable Housing Cleanup
<input checked="" type="checkbox"/>	<u>Study Session 2 (May 12): Dimensional Standard Modification and Applicable Procedures</u> <ul style="list-style-type: none"> • Topic 2. New Density Bonus • Topic 4. Dimensional Standard Modification • Topic 5. Applicable Procedures and Attached Housing Units
<input checked="" type="checkbox"/>	<u>Study Session 3 (June 23): Continued Discussion</u> <ul style="list-style-type: none"> • Additional information and responses to Planning Commission questions and requests
<input type="checkbox"/>	<u>Public Hearing (September 9):</u> <ul style="list-style-type: none"> • Required Public Hearing • Planning Commission Recommendation

BACKGROUND/ANALYSIS

The proposed LUCA is required for consistency with RCW 35A.63.300 and advances AHS Action C-1. Correspondingly, the City adopted the C-1 CPA in 2020 to add new policies for the implementation of this RCW and Action C-1. Information regarding RCW 35A.63.300 and the 2020 C-1 CPA was provided in the Agenda Memos and supporting materials for the April 14 and May 12 Study Sessions.

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.

Planning Commission Questions and Direction

At the May 12 Study Session, the Planning Commission raised multiple questions and provided direction regarding the proposed LUCA. A summary of these questions and directives, and staff’s responses are provided below.

1. What is the rationale for the 50% density bonus limit?

Policy HO-33 and Policy HO-34 call for a *by-right* (no additional permitting approval needed) density bonus for qualifying properties. The 50% density bonus is proposed because it is the highest increase possible without exceeding the density of the next highest land use district in most cases.

This is informed by the largest increment between Bellevue's residential land use districts zoned between R-2.5 and R-30. There are smaller increments between certain land use districts.

Additionally, the proposed 50% bonus achieves consistency with other existing and applicable policies and code provisions that limit by-right density bonus limits in Single Family Land Use Districts. Listed below are examples of various policies within the Comprehensive Plan and provisions in the LUC that can be challenging to reconcile for a higher by-right bonus.

HO-3. Maintain the character of established single family neighborhoods, through adoption and enforcement of appropriate regulations.

LUC 20.10.200. Single-Family Residential Districts (R-2.5, R-3.5, R-4, R-5, R-7.5). Single-Family Residential Districts provide for residential areas of low to moderate densities (2.5, 3.5, 4, 5 and 7.5 dwellings per acre), and permit compatible, related activities.

LUC 20.10.220. Multifamily Residential Districts (R-10, R-15, R-20, R-30). Multifamily Residential Districts provide areas for attached residential dwellings of low density (10 units per acre) and of moderate density (15, 20, and 30 dwellings per acre). The R-20 and R-30 Districts are intended to be convenient to centers of employment and have primary access to arterial streets. The R-10 and R-15 Districts are more restrictive and may be utilized as a buffer between Suburban Residential Districts and moderate density residential or commercial districts.

While there may not be a firm line where all development above a 50% density bonus is always out of character with the underlying Land Use District, a by-right density bonus is not driven by determining a bonus that can be compatible in some or most cases, but by determining a bonus that is compatible in any eligible case. A greater than 50% by-right density bonus may result in inconsistencies with the Comprehensive Plan and the LUC. The appropriate path for accommodating greater changes in density is through a Rezone.

2. *Are there other flexibilities in housing types that can included with this LUCA?*

In Single Family Land Use Districts, the proposed LUCA provides for allowing attached housing units of duplexes and triplexes. Currently, attached housing of any kind is only allowed through a Planned Unit Development (PUD) in Single Family Land Use Districts. There is justification in allowing duplexes and triplexes, primarily because they can be physically comparable to and compatible with single family homes. Allowing higher density multifamily development types, such as horizontal/stacked units or apartment buildings, on a by-right basis in Single Family Land Use Districts is difficult to rationalize within the context of the Comprehensive Plan and LUC.

In Land Use Districts where multifamily development is allowed, there is already substantive flexibility in the types of housing development allowed, including townhouses and apartment buildings. The 50% density bonus is proposed to be available for eligible qualifying properties.

3. *How can a greater density bonus (super bonus) be accommodated for properties particularly suited for higher intensity development, such as through additional review-based process?*

The scope for this LUCA is to develop a by-right density bonus that can be applied to any eligible property, today and in the future. As a result, the initial proposed draft LUCA intentionally avoids additional permitting review requirements.

The LUC does already allow site-specific review to diverge from code requirements in certain cases through several different review and approval mechanisms. The specific tools available are the Conditional Use Permit (CUP), Administrative Conditional Use Permit (ACUP), and Development Agreement (DA). Of these three, a CUP, Part 20.30B LUC, is best suited as the review and approval process for proposal for greater density bonus through additional permitting approval.

Per LUC 20.30B.120, a CUP is “a mechanism by which the City may require special conditions on development or on the use of land in order to ensure that designated uses or activities are compatible with other uses in the same land use district and in the vicinity of the subject property.” Thus, the CUP process can accommodate site-specific review to permit a super density bonus.

Under the decision criteria in LUC 20.30B.140, a CUP may be approved if the following criteria are met:

- A. The conditional use is consistent with the Comprehensive Plan; and
- B. The design is compatible with and responds to the existing or intended character, appearance, quality of development and physical characteristics of the subject property and immediate vicinity; and
- C. The conditional use will be served by adequate public facilities including streets, fire protection, and utilities; and
- D. The conditional use will not be materially detrimental to uses or property in the immediate vicinity of the subject property; and
- E. The conditional use complies with the applicable requirements of this Code.

Consistent with Planning Commission direction, additional criteria for properties to be able to request a super bonus are included, as follows:

- Proposed development is affordable housing eligible for the C-1 density bonus located in a single family land use district; and
- Eligible property is located on an arterial; and
- Eligible property is located within one-half mile of a transit stop with service at least four times per hour, including future light rail or bus rapid transit stops opening within two years; and
- Eligible property is located within 300 feet of a more intensive land use district.

A map of parcels currently meeting ownership and location criteria is provided as Attachment B. Staff cannot determine which parcels, if any, would meet the CUP decision criteria until a project

has been proposed and reviewed. The super bonus provides for additional density and dimensional standard modifications above those provided for the 50% bonus. In order to be able to meet the CUP decision criteria, a super bonus is proposed to not exceed the maximum limits allowed in the most intensive Land Use District in which multifamily dwellings are permitted located within 300 feet of the proposed development. A new section I has been added in the LUCA strike-draft for the Planning Commission's review in response to this Planning Commission question and direction.

There are considerations for the CUP provision. The CUP process is typically lengthy, and requires an experienced applicant team. The site-specific Comprehensive Plan Amendment process is still likely to be more favorable compared to the CUP approach.

4. *Can affordable housing incentives for Downtown, BelRed, and Eastgate be expanded through this LUCA?*

This LUCA was initiated by the City Council along with the C-1 CPA. As noted above, the adopted new C-1 CPA policies directed for implementing density bonus outside of Downtown, BelRed, and Eastgate. As such, adding applicability of density bonus to Downtown, BelRed, and Eastgate is out of the scope of this LUCA and is inconsistent with the adopted Comprehensive Plan policies.

5. *What certainty can be provided that future CPAs and Rezones will be processed and adopted to capture untapped potential on certain single family properties?*

The City Council directs the legislative work program for the City, including CPAs and Rezones. The City Council has recently reaffirmed the AHS as one of the City Council's priorities for 2021-2023. The AHS includes a comprehensive set of actions, and Action C-1 is only one of those actions. Thus, the proposed density bonus is a component of a long-term commitment to increasing affordable housing and housing supply in Bellevue.

While staff does not have a role in directing and cannot guarantee what work items are initiated and processed, staff is also committed to the objectives and actions in the AHS. Notably, under Bellevue City Code Chapter 3.64.070 and Chapter 20.35.410 LUC, the Planning Commission has the duty to act in an advisory capacity to the City Council and to make recommendations on land use ordinances and regulations to implement the Comprehensive Plan. In considering and making a recommendation on this proposed LUCA, the Planning Commission has the discretion to recommend to the City Council the proposed LUCA with or without modification. Additionally, the Planning Commission may include a summary of the comments and issues the Planning Commission discussed during the processing of the LUCA as part of the report to the City Council.

5. *What other tools is the City using to advance affordable housing?*

The City has implemented multiple actions since adopting the 2017 AHS, and will continue to advance this critical priority. Staff provides an update biannually to City Council on the status and progress of the actions in the AHS and also provides regular updates to other interested organizations such as the Bellevue Downtown Association and the Chamber of Commerce. A recent update to the City Council on the AHS occurred in March 2021. A copy of the presentation is provided in Attachment C. For ease of access, a summary of AHS-related data contained in the

agenda materials and related work items is provided below.

Since 2017, affordable housing production has increased from a historic average of 50-80 units per year to 729 units in 2020. Staff anticipates production to increase as additional strategies and AHS Actions are implemented, and those previously implemented to gain momentum. During the May Study Session, staff shared information on affordable housing units produced through land use incentives in Downtown and BelRed, which only represents a portion of affordable housing production. **Table 1** summarizes all affordable housing units that have been produced since the Affordable Housing Strategy was adopted, and **Table 2** summarizes known affordable housing units currently in the development pipeline.

Table 1. Bellevue Affordable Housing Production, 2017-2021

Affordable Units Added/Funded	Date	Units
KCHA Highland Village, preservation	2017 Q2	76
ADUs permitted 2017	2017	12
Park East, Downtown incentive	2017 Q4	1
	2017 subtotal	89
888 Bellevue Tower, MFTE (non-overlapping units)	2018 Q1	8
888 Bellevue Tower, Downtown incentive	2018 Q1	24
Cerasa, MFTE	2018 Q3	31
ADUs permitted 2018	2018	12
	2018 subtotal	75
30Bellevue, direct subsidy	2019 Q2	62
KCHA Kendall Ridge, preservation	2019 Q3	240
Brio, Downtown incentive	2019 Q4	20
ADUs permitted 2019	2019	8
	2019 subtotal	330
KCHA Hampton Greens, preservation	2020 Q1	326
Eastgate Men's Shelter (100 beds), direct subsidy	2020 Q2	100
Inland Polaris at Eastgate, direct subsidy	2020 Q2	298
ADUs permitted 2020	2020	5
	2020 subtotal	729
Units/beds since Affordable Housing Strategy		1,223
LIV Bellevue, Hyde Square - BelRed FAR Incentive	Since 2015	89
Total Units/Beds including BelRed FAR Incentive		1,312

Source: City of Bellevue, 2021

Table 2. Bellevue Affordable Housing Development Pipeline, March 2021

Affordable Units Pipeline (unit # estimate)	Date	Units
Pipeline incentive units estimate BelRed and Downtown	2020+	~152
Pipeline MFTE units estimate	2021+	~59
Eastgate single adult apartments	2022+	~80

OMF RFP: KC/\$10M TOD Bond, ARCH/\$4M, ST/land donation, Council Spur property donation	2021+	~200-300
Bellevue & ST partner at 130th for TOD with AH	2022+	~150
Pipeline Total		~741

Source: City of Bellevue, 2021

In addition, the following actions and legislative items that support the AHS have been completed or adopted since 2017:

- Increased funding for affordable housing:
 - \$412,000 per year, general fund support
 - \$19 million in CIP contingency funds for affordable housing through 2027
 - \$625,000 estimated per year from Council authorization of HB 1406
 - \$9 million estimated per year from Council authorization of HB 1590
- Downtown and Eastgate affordable housing incentives in the new Downtown Livability and Eastgate Codes
- Adopted CPA to add C-1 policies
- Removed three-year waiting period for ADUs
- Removed off-street parking requirement for ADUs located near transit
- Reduced minimum parking requirements for certain residential development located near frequent transit

The following actions are in progress, or included in the near term work plan:

- Updating the Multifamily Tax Exemption code
- East Main LUCA affordable housing incentives
- Developing program to utilize HB 1590 funds
- Wilburton
- BelRed Lookback

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. 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.

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 July.
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.

Anticipated Schedule

The anticipated timeline for processing the LUCA is as follows:

- *CPA City Council Initiation: July 2020*
- *CPA Outreach: August – October 2020*
- *CPA Planning Commission Study Sessions: September 2020*
- *CPA Planning Commission Public Hearing & Recommendation: October 2020*
- *CPA City Council Adoption: December 2020*
- Stakeholder Outreach: February – March 2021
- Planning Commission Study Sessions: April 14, May 12, and June 23
- Planning Commission Public Hearing and Recommendation: September 8 (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. Super Bonus Eligible Property Map
- C. March 2021 Affordable Housing Strategy Council Briefing