

CITY COUNCIL STUDY SESSION

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. File No. 21-102681-AD.

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DIRECTION NEEDED FROM COUNCIL**DIRECTION**

Staff will introduce the proposed LUCA to establish a density bonus and additional modifications to other standards and requirements in the LUC for affordable housing developments on certain public, non-profit, or religious organization-owned properties. Following discussion, staff is seeking Council direction to prepare the Ordinance for final action at a future meeting.

RECOMMENDATION

Direct staff to finalize the Ordinance for final action at a future meeting.

BACKGROUND & ANALYSIS**Background**

The proposed LUCA implements Comprehensive Plan Housing Policies HO-33 and HO-34, adopted in 2020. These policies advance the City's 2017 Affordable Housing Strategy (AHS), generally, and AHS Action C-1, specifically. Action C-1 calls for increasing development on suitable land owned by public agencies, faith-based and non-profit housing entities for affordable housing. The policies and LUCA represent the first set of implementation measures for Action C-1, with other complementary items planned in the future. The LUCA also responds to RCW 35A.63.300, which requires cities planning under the Growth Management Act (GMA) to provide an increased density bonus consistent with local needs for any affordable housing development on real property owned or controlled by a religious organization.

The proposed LUCA will amend chapters 20.10, 20.20, 20.25A, 20.25B, 20.25D, 20.25P, and 20.50 of the 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. A strike-draft of the proposed LUCA is provided as Attachment A.

Legislative History

On May 1, 2019, the Washington State Legislature passed SHB 1377. This state legislation added RCW 35A.63.300, which requires cities planning under the GMA to allow a density bonus for any affordable housing development on property owned or controlled by a religious organization. The affordable housing units must be affordable to households earning up to 80 percent Area Median

Income (AMI) and must be used exclusively for affordable housing for at least 50 years, even if the property is sold. The RCW establishes that the quantity of the bonus should be “consistent with local needs” but does not specify a minimum threshold or require local jurisdictions to rezone qualifying properties. The density bonus under the proposed LUCA intends to satisfy these requirements.

In 2020, the City adopted several policies in the Comprehensive Plan Housing Element to support the provisions of RCW 35A.63.300 and AHS Action C-1. These policies are intended to lead to implementation of a density bonus and modifications to other standards and requirements in the LUC to increase affordable housing development on eligible properties. The new policies are as follows:

- 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.

Planning Commission Process

This LUCA was introduced to the Planning Commission during its April 14 study session. The Planning Commission considered the LUCA at a second study session on May 12. During these initial study sessions, the Planning Commission expressed concerns that the proposed bonus was not large enough to make projects feasible in single family land use districts, and the Planning Commission requested adding an option to the LUCA in order to consider the specific locational characteristics of an eligible property in exchange for a larger density bonus.

In response to the Planning Commission, Development Services staff explained that this LUCA—providing for a by-right 50 percent density bonus—is only the first tool in the implementation of Action C-1. There are other future measures, such as a comprehensive City-initiated CPA and Rezone for certain qualifying properties, that could deliver more density and capacity to encourage affordable housing development on those qualifying properties. Regardless, and in an effort to further respond to the Planning Commission’s request, staff also developed a “Super Bonus” defining location-specific criteria that could grant eligible single-family properties the ability to apply for a Conditional Use Permit (CUP) to seek a larger density bonus. Staff explained to the Planning Commission that this CUP-based process was necessary to achieve a “Super Bonus” because a larger than 50 percent density bonus could not be granted on a by-right basis without conflicting with the Comprehensive Plan.

The Planning Commission reviewed the updated LUCA in a third study session on June 23. Following discussion, the Planning Commission directed staff to prepare the LUCA for public hearing consistent with the City’s Process IV land use process on September 22. A staff report describing the background, review process, and this LUCA’s compliance with the decision criteria was provided to the Planning Commission, made available for the public hearing, and is included as Attachment B.

After the public hearing and discussion, the Planning Commission decided not to recommend the LUCA to Council. The Planning Commission agreed with public comments and testimony presented during its review of the LUCA that assessed the density bonus as not being large enough. The Planning Commission also noted that the Super Bonus eligibility should be more flexible, the bonus should be

greater, and that the CUP process would present a significant barrier to affordable housing development. In the end, the Planning Commission found that the LUCA as drafted did not meet decision criteria A and C of LUC 20.30J.135, and its Resolution is included as Attachment C.

In response to the Planning Commission, stakeholder feedback, and comments received from the East Bellevue Community Council (EBCC) (see below), the Super Bonus has been removed from the proposed LUCA. Consistent with the Planning Commission's analysis and stakeholder feedback, a more comprehensive City-initiated CPA and Rezone for certain eligible properties would provide a better and more predictable pathway than the CUP-based Super Bonus that was previously incorporated into the proposed LUCA. The 50 percent by-right density bonus is still included in the proposed LUCA and remains one tool to implement Action C-1 and respond to RCW 35A.63.300. This density bonus is appropriate as a minimum for any eligible project, and the density bonus proposed by this LUCA would be complementary with other additional incentives to further increase development potential where necessary and appropriate. However, the proposed LUCA no longer includes the CUP-based Super Bonus process that was rejected by the Planning Commission.

EBCC Courtesy Hearing

The EBCC held a courtesy hearing after considering City staff's presentation on the proposed LUCA on September 8. The EBCC held this courtesy hearing ahead of the Planning Commission Public Hearing so that the EBCC would have the opportunity to review the proposed LUCA, hear public testimony, and provide input to the Planning Commission. EBCC members then appeared at the Planning Commission Public Hearing, provided public testimony, and submitted and read their meeting notes, which included summaries of public testimonies from the EBCC courtesy hearing.

The EBCC questioned why the LUCA would not be effective in Downtown, BelRed and Eastgate, and suggested that the EBCC jurisdictional area has already accommodated a greater share of affordable housing relative to the rest of the City. The EBCC encouraged affordable housing production in other neighborhoods such as Downtown, Eastgate and BelRed. The EBCC also expressed concerns about the "Super Bonus" as detrimental to neighborhoods and as potentially authorizing a density bonus that would exceed the minimum required by the state mandate.

Components of the Recommended LUCA

The proposed LUCA will amend chapters 20.10, 20.20, 20.25A, 20.25B, 20.25D, 20.25P, and 20.50 of the 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. For ease of discussion, the components of this LUCA are organized into five topics:

1. Eligibility Criteria
2. New Density Bonus
3. Dimensional Standard Modification
4. Applicable Procedures and Attached Housing Units
5. Affordable Housing Cleanup

Topic 1. Eligibility Criteria

Per the current City regulations in LUC 20.20.128, a density bonus is available for any market rate multifamily housing development that includes affordable housing units. Consistent with RCW

35A.63.300, the new section LUC 20.20.128 will add a second, larger density bonus for affordable housing located on property owned by religious organizations in single family, multifamily, or mixed-use residential zoning districts. Likewise, consistent with AHS Action C-1, the recommended density bonus will also be available for affordable housing on property owned by nonprofit organizations and certain public entities in multifamily or mixed-use residential zoning districts. To be eligible for this bonus, a development must consist entirely of permanent affordable housing units serving households up to 80 percent AMI.

There are several exceptions to eligibility. The bonus is not available in Downtown, BelRed, or Eastgate TOD zoning districts, as density bonuses (through floor area ratio (FAR) exemptions) for affordable housing are already available in these land use districts. Additionally, properties owned by the Bellevue Parks Department, Bellevue Community Development Department, or any public utility are not eligible for the density bonus.

Topic 2. New Density Bonus

Affordable housing developments meeting the criteria above will be eligible for a 50 percent density bonus above what is prescribed in the underlying Land Use District. While RCW 35A.63.300 requires cities to provide a density bonus for any affordable housing development on properties owned by a religious organization, the statute also provides that the quantity of the bonus be “consistent with local needs.” The proposed 50 percent bonus represents a balance between providing a substantial increase that is broadly applicable while still compatible with the Comprehensive Plan.

Around 111 parcels are estimated to be eligible for a density bonus under the proposed LUCA. As the LUC currently provides a density bonus of only 15 percent for affordable housing, the LUCA presents an additional capacity of 35 percent. This net change creates the possibility for the creation of about 1,400 additional units of affordable housing. A comparison of existing housing units, existing capacity at base zoning, and total capacity with either the 15 percent or 50 percent bonus applied is in **Table 1**. As shown, the 50 percent 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.

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

Land Use District	Existing Units	Maximum Housing Units		
		Base Zoning	With 15% Bonus	With 50% Bonus
Single Family				
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

Multifamily				
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
Nonresidential				
CB	1	19	22	29
NB	1	4	5	7
O	8	365	418	549
OLB	2	349	402	526
Total	1,761	3,994	4,596	6,023
Increase over Base Zoning			602	2,029
Increase over Existing Units			2,835	4,262

This analysis does not consider the likelihood that property will be developed or redeveloped for affordable housing. Staff anticipates that a minority of eligible property owners will take advantage of the density bonus, and not all of these developments will use all of the available bonus. Eligible property owners may have other plans for their property and are not obligated to take advantage of the density bonus or to include affordable housing in their projects. Further, only 24 of the 111 eligible parcels do not currently have existing housing units.

To understand potential impacts to Bellevue's street system, Transportation Department staff estimated the number of vehicle trips associated with the additional units identified in **Table 1**. Staff determined that adding these vehicle trips would not degrade the expected operation of the City's street system. Certain individual developments may impact specific intersections and neighborhoods in ways which cannot be captured in this analysis, but potential project-specific impacts would be reviewed and mitigated under existing code requirements during project review.

Topic 3. 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 flexibility to accommodate additional affordable housing units built through the proposed 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; reduce open space requirements within Planned Unit Developments; and enable a project utilizing the provisions of LUC 20.20.128 to achieve the maximum height with bonuses in transition areas.

Topic 4. 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 land use review, or if a land use approval is not required, through building permit review.

The current LUC 20.20.128 provides for duplexes and triplexes to be built on 15 percent 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 the subdivision and short subdivision chapters of the LUC 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 these 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.

Topic 5. Affordable Housing Cleanup

The proposed LUCA includes revisions to the definition of "Affordable Housing" and removes an unused definition of "Affordable Housing – Low Income." These revisions establish that, unless otherwise stated in the code, affordable housing units must serve households up to 80 percent Area Median Income (AMI) and must remain affordable for the life of the project. The proposed LUCA also removes references to affordability level and duration requirements elsewhere in the LUC. Variations on affordable housing provisions and requirements specific to certain Land Use Districts or incentive programs have been retained.

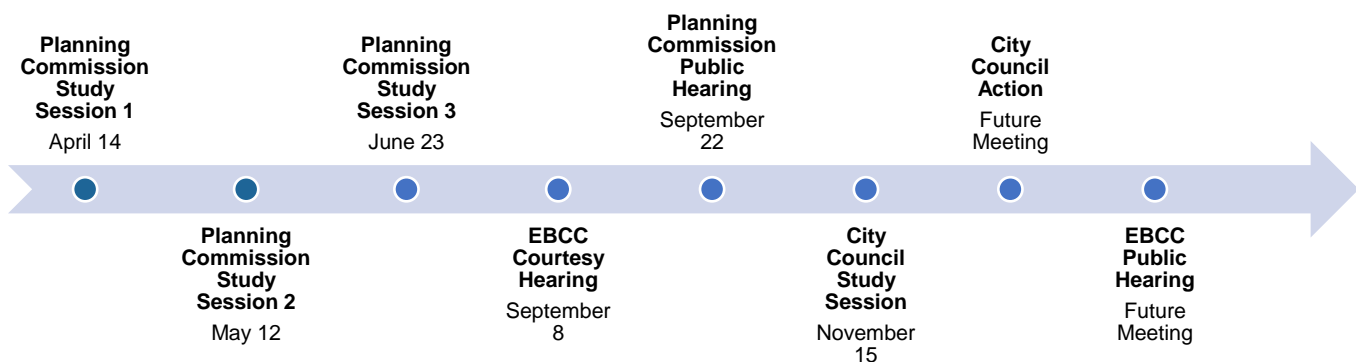
Public Engagement

For this recommended LUCA, staff has followed a public engagement plan with three modes of outreach to ensure the public, stakeholders, and interested parties had the opportunity to be informed and to provide comments.

- A. 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;
 - Notice of EBCC courtesy hearing on August 26 in the Weekly Permit Bulletin and August 30 in the Seattle Times;
 - Notice of Planning Commission public hearing and staff report on September 2;
 - EBCC courtesy hearing on September 8; and
 - Planning Commission public hearing on September 22
- B. Direct Engagement and Feedback. Dialogue with representatives of faith organizations, affordable housing providers, and neighborhoods.
- C. Online Presence. Engaging Bellevue and City webpage for the LUCA to provide opportunities for the public to stay informed, including:
 - Staff contacts; and
 - Public information messages regarding LUCA progression.

Review Process

The timeline identifies the LUCA review process. Council will consider the recommended LUCA during the November 15 Study Session, with final action at a future meeting.



POLICY & FISCAL IMPACTS

Policy Impact

The recommended LUCA will advance the AHS and ensure consistency with State statutes.

Fiscal Impact

There is no fiscal impact associated with implementing the proposed LUCA.

OPTIONS

1. Direct staff to bring back the Ordinance as drafted for final action at a future meeting.
2. Provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. Strike-Draft of Proposed LUCA
- B. Staff Report
- C. Planning Commission Resolution
- D. Proposed Draft Ordinance

AVAILABLE IN COUNCIL LIBRARY

N/A