

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

March 4, 2019
6:00 p.m.

Council Conference Room
Bellevue, Washington

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

ABSENT: None.

1. Executive Session

The meeting was called to order at 6:00 p.m., with Mayor Chelminiak presiding. There was no Executive Session

2. Study Session Items

(a) Affordable Housing Strategy Implementation Briefing

City Manager Brad Miyake introduced discussion regarding the implementation of the Affordable Housing Strategy.

Arun Jain, Assistant Director of Community Development, recalled the Council's request in November for an update on the status of the strategies and actions identified in the Affordable Housing Strategy.

Janet Lewine, Associate Planner, recalled that the Council adopted the Affordable Housing Strategy in June 2017 and approved the two-phase work program in August 2017. Since that time, the Council adopted zoning in the Eastgate area and in the downtown with a voluntary affordable housing incentive. In November 2018, the Council requested information regarding the number of affordable housing units that have been produced, the estimated timeline to implement the strategy and to achieve goals, the location of affordable units relative to light rail transit, and the number of units that might be achieved under voluntary versus mandatory land use incentives.

Bellevue achieved 226 affordable housing units in 2017 and 2018 through a number of tools. Ms. Lewine said the City provided direct funding toward the construction of the 30Bellevue project and the preservation of the Highland Village apartments. Twelve accessory dwelling units (ADUs) were permitted and built in 2017, and 12 ADUs were permitted in 2018. The multifamily tax exemption (MFTE) was utilized for two downtown projects, and two downtown projects used the recently adopted land use incentive. Ms. Lewine said that pipeline projects are anticipated to produce 35 affordable housing units in the downtown and in the BelRed area over the next year. Bellevue's Affordable Housing Strategy identified the production or preservation of 2,500 affordable units over the next 10 years.

Ms. Lewine highlighted the list of Phase 1 actions, progress to date, and the anticipated 10-year high yield. She noted that the Phase 2 actions require increased resources, additional lead time, further coordination with the City's partners, and/or state legislative actions. She said that 152 affordable homes within a half-mile radius of a light rail station have been produced since the housing strategy was adopted.

With regard to the impact of incentives, an analysis completed before the adoption of the strategic plan anticipated the production of 475 affordable units using voluntary incentives and 735 units under mandatory incentives. Ms. Lewine highlighted staff's recommendations regarding specific actions. One is to begin implementing incentives or requirements during the third quarter of 2019 to encourage micro-apartments around light rail stations. Staff also recommends continued implementation of the strategy to develop affordable housing on suitable surplus public lands in proximity to transit hubs.

Ms. Lewine said that more affordable homes were built in 2017 and 2018 than the prior 10-year average of 85 homes per year. The Phase 2 work program, with substantial work scheduled for 2019 and 2020, is on track to achieve the 10-year goal of 2,500 affordable housing units.

Important actions to come before the Council over the next year include: 1) whether to adopt additional density for lower-income housing on public land, faith-based properties, and nonprofit housing properties; and 2) land use incentives associated with zoning updates for the East Main Station area and the Wilburton area. Ms. Lewine said there will be opportunities for transit-oriented development (TOD) affordable housing on publicly owned land in the BelRed area (i.e., 130th Avenue NE and Sound Transit's Operations and Maintenance Facility East at 120th Avenue NE). She said the City can exceed its established affordable housing targets if its strategy is supplemented by corporate underwriting, especially around new light rail stations.

Councilmember Stokes expressed support for the progress to date. He noted that conditions have changed rapidly since the Affordable Housing Strategy was adopted. He said King County's housing plan reflects a goal of 44,000 affordable housing units over a five-year period. He requested information on Bellevue's share based on that target. Mr. Stokes said that Microsoft's involvement, TOD housing, and the use of public parcels provide future opportunities. He thanked staff for the update.

Councilmember Nieuwenhuis thanked Deputy Mayor Robinson for requesting the update. Responding to Mr. Nieuwenhuis, Ms. Lewine estimated that 300 affordable units could be achieved in the area around the 130th Avenue NE light rail station and perhaps a higher number at Sound Transit's OMFE on 120th Avenue NE. In further response, Ms. Lewine said that Microsoft has not yet said how it intends to release its housing funds.

Councilmember Robertson said she is pleased that the plan is producing affordable units as desired. Referring to King County's housing goal to create 44,000 affordable housing units, Ms. Robertson noted that Bellevue has six percent of the county's population, and the City's production target is approximately 6 percent of the County's target. However, she acknowledged that King County's target is a five-year goal versus the City's 10-year plan.

Ms. Robertson said it would be helpful to have quarterly updates regarding the Affordable Housing Strategy implementation, as well as an update following the state legislative session. She noted the potential for new legislation that will affect housing including the condo liability reform bill, the extension of the multifamily tax exemption (MFTE) from 12 years to 24 years, accessory dwelling units (ADUs), and funding mechanisms for affordable housing.

Ms. Robertson said she would like to see a study to determine whether the MFTE should be expanded citywide. She suggested working with other cities and Microsoft to conduct a survey and to jointly work to develop an Eastside strategy initiative to address homelessness.

With regard to King County's housing targets, Councilmember Robertson said there are parts of the county where affordable housing is generated at market rates. She said the City's goal is relatively bold because it is not feasible to develop affordable housing at market rates in Bellevue.

Councilmember Lee thanked Deputy Mayor Robinson for requesting the update. He said he is pleased to see that the actions identified in the Affordable Housing Strategy are working so well. He thanked staff for their work and suggested it will be appropriate to explore additional needs over time.

Councilmember Zahn thanked staff for the update. Responding to Ms. Zahn, Ms. Lewine noted efforts to complete affordable housing units on publicly owned properties before the implementation of light rail. In further response, Ms. Lewine said moderate income is defined as 60 percent to 80 percent of the area median income (AMI). Low-income households fall below 60 percent AMI. Ms. Lewine said certain units have long-term affordability agreements and the rental rates are updated annually based on the area's median income.

Deputy Mayor Robinson thanked staff for the update and provided some context. She said the meeting materials indicate that 987 residential units were built in downtown Bellevue during the fourth quarter of 2018, which includes 25 affordable housing units. She said the current development cycle provides continued opportunities for more affordable units, particularly associated with transit-oriented development.

Deputy Mayor Robinson noted the projection for 25,000 new jobs in Bellevue over the next three years. The current average salary for an individual in Bellevue is \$72,000 annually, and the average technology sector salary is \$100,000 or higher. A person needs to earn more than \$45,000 annually to comfortably afford more than \$1,500 in monthly rent. Ms. Robinson said that nine percent of the apartments in Bellevue currently rent for \$1,500 or less, and most of the remaining 91 percent rent for more than \$2,000 monthly. She expressed concern whether there will be a sufficient housing stock to accommodate new workers in TOD units. She wondered about the effect of housing costs on current residents and expressed concern that some of them may be forced to relocate from Bellevue. Ms. Robinson suggested it would be appropriate to review whether Bellevue's housing target should be adjusted.

Responding to Mayor Chelminiak, Ms. Lewine confirmed that Bellevue's affordable housing target is considered to be an anticipated outcome based on the mechanisms identified to date. In further response, Ms. Lewine said the direct funding from the City will concentrate on lower income units, while land use incentives are focused on workforce (80 percent AMI) housing. Mr. Chelminiak said King County's focus is on affordable units for household incomes falling between 50 percent and 60 percent AMI. Referring to data he obtained from King County, he said there are 53,900 cost-burdened households paying up to 30 percent of their income on rent. There are 13,100 severely cost-burdened households paying up to 50 percent of their income on rent.

Mr. Chelminiak suggested looking at whether the 2,500 affordable housing unit target is reasonable for Bellevue. He noted that Puget Sound Regional Council's Vision 2050 plan reflects 100 centers built around transit in the four-county region.

Councilmember Stokes said that six percent of King County's 44,000-unit target is 2,640 units over a five-year period. He noted that Bellevue's 10-year plan to create 2,500 affordable units falls below that target. He encouraged a more aggressive target to stay on top of the demand. He expressed support for housing opportunities related to light rail TOD and to other types of housing developments near buses and other transit services. He concurred with Councilmember Robertson's request for periodic updates on the implementation of the housing strategy.

Councilmember Zahn observed that the data referenced in the Affordable Housing Strategy is based on 2014 statistics. She said it would be helpful to have a handy reference sheet summarizing the data. She encouraged efforts to maintain the current stock of affordable housing, including strategies to allow senior adults to age in place. She said it is less expensive to keep residents in place than to build new housing. Ms. Zahn suggested talking with employers about housing needs for their employees. She said it is important to focus on who the policies are intended to serve. Mayor Chelminiak noted that the pending Challenge Seattle report will provide helpful data.

Councilmember Lee said the City should continue to monitor the implementation of strategies and to consider whether the plan should be more aggressive and/or incorporate additional tools.

Councilmember Robertson said the City has done an exceptional job of planning for growth and developing the Affordable Housing Strategy. She wants to ensure that all of the strategies work together. She reiterated her interest in reviewing whether the MFTE should be expanded to more areas in Bellevue. She suggested an inventory of TOD areas and employment centers that are outside of the growth corridors as opportunities for housing. She said the role of TOD in providing affordable units highlights the urgency to complete the East Main Station area and Wilburton area planning efforts. She does not want to miss opportunities for affordable housing.

Ms. Lewine said staff will provide options for expanding the MFTE for the Council's consideration as the update of the plan moves forward. She noted that some cities allow the usage of the MFTE in all of their land use districts.

Deputy Mayor Robinson noted two parts of the Affordable Housing Strategy: 1) land use incentives that target households at 80 percent AMI, and 2) the budget needed to achieve affordability for lower income households. She would like to reexamine the City's affordable housing goals and to consider expanding the City's concept of TOD and similar housing near transit. She concurred with Councilmember Zahn's suggestion to also focus on preserving existing affordable housing using the City's affordable housing budget, fees in lieu, and support from Microsoft.

Mr. Jain said staff has not looked specifically at the potential for affordable housing units in the vicinity of existing bus service. He said that item is not included in the current work plan and additional resources would be needed.

Mayor Chelminiak expressed support for Councilmember Robertson's suggestion to work with other cities and Microsoft to study homelessness on the Eastside. Mr. Chelminiak said he has discussed that concept with the mayors of Kirkland and Redmond and they are interested in that approach. He said a number of studies have been completed for Seattle. He said Microsoft has identified \$235 million for projects to provide housing at the 80 percent to 100 percent AMI level on the Eastside. He suggested that TOD around Sound Transit's maintenance facility in the BelRed area is a good candidate for that type of housing. The 130th Avenue station is targeted for 215 units for households earning below 80 percent AMI.

Responding to Deputy Mayor Robinson, City Manager Miyake said staff can take a look at the resources that would be needed to explore additional opportunities for affordable housing around existing bus service. Mayor Chelminiak suggested that perhaps outside consultants could help.

Councilmember Robertson clarified that she is suggesting a study of key areas around bus rapid transit and light rail stations, but not a complete inventory of potential opportunities around every bus stop in the community. She hopes that would be a more manageable scope of work.

Mayor Chelminiak suggested reviewing the City's transit Frequent Service Network to identify whether and where additional affordable housing might be feasible. Ms. Robertson concurred.

Councilmember Lee said it is important to maintain a focus on priorities that have already been identified.

Councilmember Zahn recalled that, when she served on the Transportation Commission, there was a desire to partner with the Planning Commission on certain issues. She suggested it might be appropriate to leverage the City's Boards and Commissions for further study and review.

Councilmember Nieuwenhuis said it would be beneficial to consider how to involve the community and neighborhood leaders in reviewing the Affordable Housing Strategy. Ms. Lewine concurred.

- (b) Amendments to BCC 6.02 and 6.08 addressing purpose-built poles and strand-mounted Small Wireless Facilities (SWF) located within City Right-of-Way

City Manager Brad Miyake noted that the code changes respond to the Federal Communications Commission's order in September 2018 limiting local control over the deployment of small wireless facilities (SWF). The Council addressed the issue during the January 7 Study Session and the January 22 Regular Session.

Mark Poch, Assistant Director of Transportation, said the FCC's September order accelerated the implementation of small wireless facilities (SWF) and limited local control. A City staff team and outside counsel worked together to develop a three-phase plan. In January 2019, the Council amended BCC 6.02 and added section 6.08 in the Telecommunications Code to address pole collocation provisions, application requirements, and design standards. The Council also approved the use of a Master License Agreement template to allow wireless carriers to use City-owned poles.

Mr. Poch said that tonight's presentation on Phase 2 describes amendments to BCC 6.02 and 6.08 to add language regarding purpose-built poles, strand-mounted SWFs, and the FCC deadline. Phase 3 will address: 1) SWFs on City-owned properties that are not part of the street rights-of-way (e.g., parks, utilities properties) and on private property, and 2) conformance amendments to the Comprehensive Plan and the Land Use Code.

Rick Logwood, Right-of-Way Manager, described the Phase 2 proposed code amendments. The amendment to BCC 6.02 defines purpose-built poles and strand-mounted SWFs. Amendments to BCC 6.08 establishes when purpose-built poles are allowed as well as the design standards for purpose-built poles and strand-mounted SWFs. Purpose-built poles are permitted only when collocation on a City-owned or utility-owned pole is not feasible. The pole height is restricted to 55 feet, including the antenna. All types of poles must be at least 20 feet from any other poles and must be aesthetically compatible with existing utility poles or the design district standards for City poles. The poles must also comply with transportation design standards.

The code amendments indicate that no more than two strand-mounted SWFs can be located between two poles. A SWF must be located within five feet of the poles unless prohibited by other safety standards. They can be no larger than 18 inches in diameter and three cubic feet in volume. They cannot be located on strands that cross the right-of-way.

Mr. Logwood described the lease and permit requirements. Purpose-built poles and strand-mounted SWFs are owned by the carrier and do not trigger a Master License Agreement. A ROW permit is required and the permit fee cover the City's review and inspection. Purpose-built poles are subject to an annual lease fee of \$270 per pole. However, if the FCC order is overturned, the City will charge a fair market rate for the annual lease of poles. Strand-mounted facilities are attached to carrier facilities and to Puget Sound Energy or carrier-owned poles. City lease fees could apply in certain applications. City staff worked with the wireless carriers (i.e., AT&T, Verizon, T-Mobile, and Crown Castle Fiber) to discuss the proposed amendments.

Mr. Logwood said staff will request Council approval of the code amendments on March 18, which will allow the City to meet the FCC's April 15 deadline. He noted that the implementation of SWF technology advances Bellevue's Smart City plan.

Councilmember Nieuwenhuis thanked staff for working with the wireless carriers and expressed support for moving forward. Responding to Mr. Nieuwenhuis, Mr. Logwood confirmed that purpose-built poles are allowed only when the applicant establishes substantial evidence that colocation on existing poles is not feasible. Mr. Logwood said one example in which colocation might not be possible would be if it required the removal of vegetation or had other environmental impacts. In further response, Mr. Logwood said the AT&T Master License Agreement has been signed and fully executed. Verizon previously submitted a permit application for 32 different sites.

Councilmember Zahn questioned the timing of Phase 3 to address SWFs on City-owned property other than the ROW and on private property, and to complete conformance amendments to the Comprehensive Plan and the Land Use Code. Mr. Poch said that work will be led by the Development Services Department (DSD), and a schedule has not yet been established. Ms. Zahn expressed support for the code language regarding vegetation and the tree canopy.

Councilmember Robertson said she is ready to move forward with Council action on March 18. She thanked staff for their work with the wireless carriers. She noted the provision that purpose-built poles can be no taller than 55 feet, including antenna, or 10 percent taller than an adjacent pole. She suggested clarifying whether the intent is to limit poles to the shorter of the two measurements, or whether it is to put a maximum limit of 55 feet under any circumstance.

Monica Buck, Assistant City Attorney, said the intent is to limit a pole's height to 10 percent taller than an adjacent pole within 600 feet. However, the maximum height permitted for any pole is 55 feet. Responding to Ms. Robertson, Mr. Poch said if it is necessary to install the equipment on street lights, the permit process would address compatibility.

Councilmember Lee thanked staff for working with the wireless carriers and expressed support for moving forward. Responding to Mr. Lee, Mr. Logwood said the City will collect the lease fees for equipment attachments to City-owned poles and facilities. Puget Sound Energy will have individual agreements with the carriers for locating the equipment on utility poles.

Responding to Councilmember Stokes, Mr. Logwood said if the undergrounding of equipment is necessary in certain areas, the City would employ the same measures it uses today for reviewing

the undergrounding of utilities. If the City has a capital investment project and there is an opportunity to underground data and telecommunications infrastructure, the City would review those opportunities.

Responding to Deputy Mayor Robinson, Mr. Logwood said the carriers will determine where to deploy their facilities. He said staff will provide updates as installations move forward.

Ms. Robinson said the code amendments are based on federal regulations, which differ from the City's original city code. Ms. Buck said the facilities were previously regulated under the Land Use Code, which provided more discretion to the City and a longer timeframe for processing the applications. The FCC order requires the processing of permits within 60 days for a colocation and 90 days for a new installation. The order also restricts the City from applying standards that materially inhibit the provision of wireless services. In the past, the onus was on the carriers to demonstrate that they had a significant gap in service coverage and that their installations were the least intrusive means to enhance service coverage.

Deputy Mayor Robinson noted that she supports the deployment of small cell technology. However, the coverage areas and speed of implementation are out of the City's control.

Mayor Chelminiak noted a Council consensus to take formal action on March 18. He asked staff to address the clarification requested by Councilmember Robertson regarding pole heights.

Mr. Chelminiak said the March 11 Extended Study Session has been cancelled.

3. Council Discussion of Upcoming Items: None.

At 7:39 p.m., Mayor Chelminiak declared recess to the Regular Session.

Kyle Stannert, CMC
City Clerk

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