

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

April 21, 2008
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Degginger, Deputy Mayor Balducci, and Councilmembers Bonincontri, Chelminiak, Davidson, Lee and Noble

ABSENT: None.

1. Executive Session

Deputy Mayor Balducci called the meeting to order at 6:02 p.m. and declared recess to Executive Session for approximately 25 minutes to discuss one item of pending litigation and one matter of labor negotiations.

The meeting resumed at 6:34 p.m. with Mayor Degginger presiding.

2. Study Session

(a) Status Report on Bel-Red Housing

City Manager Steve Sarkozy opened staff's presentation regarding planning for affordable, or work force, housing in the Bel-Red area and citywide.

Planning Director Dan Stroh explained that tonight's focus is on the Planning Commission's preliminary conclusions regarding housing implementation as part of the Bel-Red planning and redevelopment activities. He recalled previous Council discussions with A Regional Coalition for Housing (ARCH) staff about the need for affordable housing on the Eastside.

Mr. Stroh reviewed sample salaries for a number of job categories. He compared housing capacities by type of housing for Bellevue and regional jurisdictions. In Bellevue, more than 80 percent of residential capacity is in mixed use zones. Bellevue and East King County continue to see an increased demand for housing from local employment. Mr. Stroh reviewed the number of affordable housing units produced by community from 1993 to 2005.

Mr. Stroh recalled discussions in October that resulted in Council direction to proceed with a two-phased approach toward encouraging more development of affordable housing. The first phase focuses on redevelopment in the Bel-Red corridor, while maintaining a citywide focus. The second phase expands citywide strategies to facilitate the development of affordable housing.

The Planning Commission initially began reviewing the issue of affordable housing within the context of the Bel-Red planning effort. The Bel-Red plan anticipates potentially 5,000 new residential units in the area. The Bel-Red Steering Committee recommended approaching the development of work force and affordable housing strategies as part of the overall zoning and land use strategy to create new housing capacity. The Planning Commission received a number of background briefings on housing needs and issues and existing local programs, including a panel discussion with housing developers.

Mr. Stroh explained that the Planning Commission identified six key issues: 1) How the City might be able to stimulate the development of housing in the Bel-Red area, 2) Establishing housing targets, 3) Whether to encourage or actually mandate a certain percentage of affordable housing, 4) Role of commercial development, 5) Implementation tools for the overall housing strategy, and 6) Alternatives to on-site housing affordability.

The Planning Commission discussed preliminary targets for the development of low-income and moderate housing units as well as housing affordable to households earning up to 120 percent of median incomes. The Commission discussed options ranging from voluntary incentives to encourage the development of affordable housing, to mandatory requirements for creating affordable housing, perhaps in exchange for density or height incentives. The Commission tentatively supports an incentive system for residential development to strongly encourage affordable housing. However, the Commission is leaning toward voluntary incentives to create affordable housing for commercial development.

Mr. Stroh reviewed some of the implementation tools that could be used in the Bel-Red corridor affordable housing strategy. These include incentives related to parking requirements, non-traditional housing units, height/density bonuses, short-term property tax exemptions, permit fee waivers, employer-assisted housing programs, and a number of other tradeoffs associated with development. The last issue is whether development that contributes to affordable housing should be allowed the alternative of providing housing units at another site, as part of the incentive system.

The City will continue to solicit ongoing public input into the process. Business and property owner panels are scheduled for mid-May, and a public hearing is anticipated for late May. A portion of the draft Bel-Red Plan and Code package is now before the Planning Commission, and the Commission is refining the package to produce a draft package before the May public hearing.

Councilmember Davidson requested more detailed information about the cost of providing affordable housing. Mr. Stroh indicated that the Planning Commission raised this issue as well, which is related to the types of incentives to be offered and their value.

Dr. Davidson questioned whether affordable housing would be the same quality and structure as surrounding housing units, and whether this is feasible from a market perspective. Arthur Sullivan, ARCH Program Manager, said costs can be somewhat contained by reducing the size of affordable units and/or selecting different interior finishes.

Deputy Mayor Balducci commented on the challenge ahead to balance the City's goal of providing a public benefit through the availability of affordable housing with implementing appropriate incentives that will encourage this development. She noted that the Bel-Red corridor is the last area within the city available for the addition of housing. She encouraged further analysis and discussion regarding inclusionary housing as one development option. Ms. Balducci expressed an interest in hearing from organizations that provide low-income and affordable housing.

Councilmember Lee commented on the complexity of the housing issue. He is interested in hearing from developers and gaining a realistic picture of the market feasibility of creating affordable housing. A related policy issue is the appropriate role for the City. He is unsure whether the Bel-Red area should be considered separately from the rest of the community on the issue of affordable/work force housing. Mr. Lee is interested in learning about how other cities are addressing the issue.

Responding to Councilmember Chelminiak, Mr. Stroh described the Planning Commission's discussions regarding alternative housing target scenarios presented by staff.

Referring to material from staff's presentation, Mr. Chelminiak noted that Bellevue created approximately 44 percent of new low-income housing units in East King County from 1993 through 2005. Bellevue created approximately 47 percent of moderate income housing units during the same time period.

Councilmember Noble reported on his participation in a recent Pierce County forum on affordable housing. He noted the challenge of providing affordable housing in a cost-effective way. He feels low and moderate income housing should be created throughout the community instead of in one area, which in this case is the Bel-Red area. Responding to Mr. Noble, Mr. Stroh said Bel-Red housing development will be primarily multifamily configurations including apartments and condominiums.

Mr. Noble questioned whether accelerated permit processing has been considered as an incentive for the development of affordable housing. Mr. Stroh indicated that this is a policy issue for the Council should it wish to pursue it.

Councilmember Bonincontri encouraged a mix of rental and ownership units. She questioned the breakdown of the types of housing units added between 1993 and 2005. She feels there are a number of opportunities for creating innovative housing units through the redevelopment of existing buildings.

Mayor Degginger summarized Council's comments reflecting the complexity and challenge of the housing issue. He looks forward to hearing more information from the Planning Commission. He agrees with the concern expressed by some Councilmembers regarding the feasibility of achieving preliminary target levels of affordable housing.

Dr. Davidson suggested that the City Council hold a public hearing following the Planning Commission's public hearing and the Commission's finalization of its recommendations to the Council.

Ms. Balducci, Mr. Chelminiak, and Mr. Lee concurred with Dr. Davidson's suggestion.

(b) 2008 Annual Comprehensive Plan Amendment Proposals

Mr. Stroh reported that 2008 Comprehensive Plan Amendment proposals have been received but they have not yet been processed by staff and the Planning Commission. He noted that an unusually high number of proposals have been received this year. Threshold Review public hearings before the Planning Commission are scheduled for May 14 and June 11. Council will then be asked to take action to initiate the 2008 CPA work program.

Paul Inghram, Comprehensive Planning Manager, recalled the privately initiated Vander Hoek multifamily CPA application submitted in 2007, which was later withdrawn by the applicant. The CPA proposal pertains to a site on the edge of the Downtown Subarea. The applicant requests a change in the zoning designation from multifamily-high (MF-H) to downtown (DNTN), moving the site from the Southwest Bellevue Subarea into the Downtown Subarea.

Mr. Inghram briefly reviewed the remainder of the privately initiated applications: 1) Newport Professional Buildings, 2) Pazooki Rezone, 3) South Kirkland TOD (Transit-oriented development), 4) Sambica, 5) Oh site, 6) Lee site, 7) Wilburton Village Mixed Use Overlay District and 8) Wilburton Village Mixed Use Policy Amendments. An application from Newport Covenant Church was subsequently withdrawn.

The single City-initiated application would amend the Potential Annexation Area (PAA) and urban growth boundaries at the south edge of the city to include portions of the city-owned Coal Creek Park. It would establish a pre-annexation designation of P/SF-M (Public/Single Family-Medium) for these portions of the park. King County transferred the park to Bellevue in 2005.

Responding to Dr. Davidson, Mr. Stroh confirmed that the processing of CPA proposals is based on available staff resources to review and analyze the proposals. In the event that staff were

unable to process one or more applications, the citizen would be informed and it is likely the application would be withdrawn.

At 7:54 p.m., Mayor Degginger declared recess to the Regular Session.

Myrna L. Basich
City Clerk

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