

## CITY COUNCIL STUDY SESSION ITEM

### SUBJECT

Response to proposal for amending the affordable housing work program.

### STAFF CONTACT

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### POLICY ISSUES

This item responds to recent affordable housing comments to Council. Should the housing work program be modified? Second, should eventual demolition of the City-owned Bayvue Village Apartments lead to relocation assistance?

### DIRECTION NEEDED FROM COUNCIL

<input type="checkbox"/>	Action
<input checked="" type="checkbox"/>	Discussion
<input checked="" type="checkbox"/>	Information

### BACKGROUND/ANALYSIS

At the January 18 Council meeting Planning Commission Chair Hal Ferris, noting a recent discussion with the full Commission, requested that Council initiate certain work program items to increase the supply of affordable housing throughout the city.

Additional testimony from Chair Ferris and a representative of the Housing Development Consortium at the December 13 Council meeting focused on the City-owned Bayvue Village Apartments, which eventually will be demolished pursuant to development of Meydenbauer Bay Park. Testimony encouraged the City to provide relocation assistance for displaced tenants.

The Council requested a response to these proposals, including what already-planned work would need to be deleted or delayed in order to accommodate proposed new items.

### Housing Work Program Proposal

To recap, Chair Ferris requested that the following specific items be incorporated into the

City's affordable housing work program:

1. Increase densities across all multifamily and mixed use districts City-wide, by changing the density calculation from dwelling units per acre (du/acre) to floor area ratio (FAR)
2. Reduce parking requirements, particularly in transit-rich areas, to reduce the cost of new housing
3. Adopt the multifamily tax exemption (MFTE) program as permitted under state law, as a major new incentive for affordable housing.

### **Existing Housing Work Program**

Consideration of any new items is in the context of the housing work program already underway. This existing work program includes the following:

#### 1. Housing Trust Fund and ARCH Administration

The regional consortium ARCH is the City's primary vehicle for work on affordable housing. Ongoing work through ARCH includes review of projects funded by Bellevue's housing trust fund and federal Community Development Block Grants, as well as HUD and King County consortium funds. In addition, the City last year expanded its ARCH administrative role to serve as administrator for the centralized housing trust fund and for centralized contracting on behalf of the entire ARCH Eastside consortium.

#### 2. Land Use Code Amendment To Enable Detached Accessory Dwelling Units

Staff is moving forward with a proposed City-wide Code amendment that would enable development of detached ADUS ("mother in laws"), subject to certain conditions. While the City has allowed *attached* ADUs for a number of years, i.e. units attached to the primary residence, Bellevue does not currently permit *detached* units (in separate structures on the same lot as the primary residence). The Code change to allow detached units is supported by the Comprehensive Plan, and would promote widely dispersed affordable housing opportunities. The Planning Commission has had early briefings on this proposal; subsequent Commission work awaits completion of the Shoreline Master Program update.

#### 3. Multifamily Property Tax Exemption Program

Consideration of the multifamily property tax exemption, which is one of Mr. Ferris' proposed items, is already in staff's work program. State law enables cities to provide a multi-year property tax exemption for multifamily development; for projects meeting certain affordability requirements the exemption can last up to twelve years. City and ARCH staff have been working on a proposal for application of this tool in Bellevue, which will be forthcoming for Council consideration later this year. This is a matter of funding policy, and does not involve Planning Commission review.

#### 4. Bel-Red housing "catalyst" project through station area planning

The station area planning work program will include efforts to identify potential housing "catalyst" projects in the Bel-Red station areas. Early transit oriented development (TOD) housing projects would help spur the market for housing in these new neighborhoods, and include a share of affordable units. This work is in its early stages.

Two other items have been discussed as part of the housing work program, but are on hold pending further developments. The first is to develop an innovative housing ordinance that

allows flexibility for innovative site design and affordability. To ensure an ordinance that will both encourage a range of housing options and ensure compatibility with surrounding neighborhoods, staff believes that the best approach to developing this ordinance would involve a “demonstration” project on a publicly-owned site. Until an appropriate public demonstration site is identified, staff is not proposing to proceed with this work item. The second is an update of the Downtown amenity incentive system to promote housing affordability. This would be part of the broader Code update, the “Downtown Livability Initiative,” which is currently unfunded and deferred until completion of the Downtown Transportation Plan.

### **Response to Additional Items Recommended by Chair Ferris**

#### *1. Increase densities across all multifamily and mixed use districts City-wide, by changing density calculation from dwelling units per acre (du/acre) to floor area ratio (FAR)*

An FAR density approach allows more development flexibility because there is no limit on the number or mix of residential units that can be developed within the allowed floor area. The City currently calculates housing density by floor area ratio only in Downtown and Bel-Red.

Adopting the FAR approach, increasing densities in Bellevue’s multifamily and mixed use districts City-wide, would present a major policy issue that would significantly impact the work program for PCD and DSD. It would require substantial analysis of impacts and broad public engagement. Should the Council wish to initiate this item into the work program, staff recommends that it be considered as part of the next major Comprehensive Plan update, due to be adopted in 2014. Staff recommends that Council provide direction on this item as part of the scoping for the major Plan update, which will occur next year.

#### *2. Reduce parking requirements, particularly in transit-rich areas, to reduce the cost of new housing*

The existing Code allows reduced parking ratios in limited circumstances:

- Unspecified uses can seek a parking administrative reduction with a parking study;
- Any use in Bel-Red can seek a parking administrative reduction with a parking study;
- Affordable studio units in downtown can reduce parking to .25 spaces per unit; and
- Affordable studio and 1–bedroom units in Bel-Red can reduce parking to .25 spaces per unit. An affordable unit is defined as affordable to households earning 60% of area median income or less.

Reduced parking ratios could be expanded to include additional mixed use or multifamily areas served by high levels of transit service. Staff recommends this item be explicitly incorporated into the station area planning effort now getting underway. This is within the scope of items that can be managed within that existing work program.

### **Meydenbauer Relocation**

The City has been purchasing residential property in the Meydenbauer Bay area over the past several decades with the intent that these properties would become part of Meydenbauer Bay Park. Properties include multiple single family homes as well as the Bayvue Village apartments.

As envisioned in the adopted master plan, development of Meydenbauer Bay Park will occur in phases, over a number of years. There are no immediate plans to demolish single family homes or any of the buildings on the Bayvue Village property. In addition, because the Bayvue site includes five buildings, the Parks Department has significant flexibility to manage vacancies over time and to relocate tenants within the complex in order to allow maximum use of the apartments prior to redevelopment.

Current Bellevue City Code requires relocation assistance only where displacement is the result of code enforcement action (BCC 9.21). State law does allow local jurisdictions to require relocation assistance in a broader range of circumstances; however, BCC chapter 9.21 would need to be amended to fully implement that authority. Any consideration of relocation assistance must also ensure against spending public resources in a manner that violates state constitutional limitations, including the prohibition against a gift of public funds. Because any relocation would be years away, Council may choose to address the appropriateness of any assistance at a later time.

## **ALTERNATIVES**

1. Endorse a limited amendment to the work program as presented above. Regarding Mr. Ferris' proposal, the existing work program includes consideration of the multifamily tax exemption, and parking ratios would be examined as part of the station area planning effort. Direction on examining the City-wide approach to multifamily density would be deferred until scoping the major Comprehensive Plan update.
2. Provide alternative direction to staff.

## **RECOMMENDATION**

1. Endorse a limited amendment to the existing housing work program as presented above.