

CITY OF BELLEVUE
BELLEVUE PLANNING COMMISSION
STUDY SESSION MINUTES

December 6, 2007
7:15 p.m.

Bellevue City Hall
City Council Conference Room 1E-113

COMMISSIONERS PRESENT: Chair Robertson, Vice-Chair Bach, Commissioners Ferris, Mathews, Orrico, Sheffels

COMMISSIONERS ABSENT: Commissioner Lai

STAFF PRESENT: Paul Inghram, Janet Lewine, Department of Planning and Community Development; Arthur Sullivan, ARCH

GUEST SPEAKERS: None

RECORDING SECRETARY: Gerry Lindsay

1. CALL TO ORDER

The meeting was called to order at 7:19 p.m. by Chair Robertson who presided.

2. ROLL CALL

Upon the call of the roll, all Commissioners were present with the exception of Commissioner Lai who was excused.

3. APPROVAL OF AGENDA

The agenda was approved by consensus.

4. STAFF REPORTS – None

5. PUBLIC COMMENT

Mr. David Plummer, address not given, said ARCH is an association of 15 cities and King County. Of the 15 cities – Clyde Hill, Hunts Point, Medina, Mercer Island and Yarrow Point – probably have no affordable housing issues of any substance. Beaux Arts probably does not either. Three cities – Bothell, Kenmore and Woodinville – may or may not have such issues. The six remaining cities, including Bellevue and King County, may have some affordable housing issues. ARCH does not provide any specific data on the 15 cities with regard to housing affordability, so it is not clear which jurisdictions suffer from the problem and to what extent. The Commission was urged to get ARCH to quantify and localize the problem as it relates to Bellevue specifically. The other cities and King County should deal with their own parts of the problem. ARCH is recommending the use of RCW 84.14 as a short-term strategy to alleviate the asserted shortage of affordable housing. The provision of state law has significant implications for tax revenue streams of municipal and other governmental entities. Before adopting the recommendation, the Commission should obtain specific information regarding the probable impacts on the revenues of the city. Any deferred taxes under the state statute ultimately must be repaid, and the mechanism along with the impact on city revenues, the renters and owners of properties, should be clearly explained. ARCH should more clearly explain and provide specific

examples of the type of land use incentives and building regulations they propose to solve the alleged affordable housing problem. There should be no consideration whatsoever of any sales tax exemptions or waiver of developmental impact fees; such provisions are simply wealth transfer schemes that distort the market for affordable housing. The Bel-Red corridor is not the place to begin consideration of revising or updating the city Housing Element of the Comprehensive Plan and the related policies. The staff has urged the Human Services Commission to consider the policy issue in the context of the staff-proposed rezone scheme for the Bel-Red corridor, but there is no rational basis for such a preemptive consideration. Development in the area is not likely to occur for the next decade or two. There are more compelling reasons to first consider such policies related to affordable housing for the city as a whole and to obtain wide public participation in their development and implementation. The Bel-Red corridor cannot possibly serve as a focus or model for development of citywide policies. If the area is developed according to the staff's proposed scheme, it will be essentially a clone for the downtown area. There is no substantive difference between the staff's proposal for the Bel-Red corridor and downtown Bellevue, with the possible exception of the corridor's minor stream network, which is nothing more than an analog for the city's proposal to develop a park on Lake Washington. Affordable housing is an area of public policy that has far-ranging impacts on all Bellevue citizens. The Commission was urged to direct the City Manager to establish a more rational citywide approach to the development of affordable housing policies.

Mr. Doug Hoople, 10637 SE 22nd Street, spoke as chair of the Human Services Commission. He urged the Commission to consider the fact that the city is in need of affordable housing. Growth in the downtown area continues at an incredible rate. There are some affordable units in the downtown, but only a few. The current growth trend will not on its own accord yield affordable housing. Teachers, firemen, police officers and even city staff can rarely afford to live in Bellevue, let alone office and service industry workers. Every effort should be put into addressing the need for affordable housing so those who work in Bellevue can live in Bellevue.

Comprehensive Planning Manager Paul Inghram distributed to the Commissioners copies of written comments received from Pamela Toelle.

6. COMMUNICATIONS FROM CITY COUNCIL, COMMUNITY COUNCILS, BOARDS AND COMMISSIONS – None
7. REPORTS FROM COMMISSIONERS – None
8. STUDY SESSION
 - A. ARCH Housing 101

Chair Robertson said it was her understanding that there is to be a citywide focus for the affordable housing issue, not just the Bel-Red corridor. Associate Planner Janet Lewine said the direction received from the City Council in October was to initiate a citywide look at an affordable housing program in two phases, with the first phase focused on the Bel-Red corridor. It is clearly recognized that the Bel-Red corridor alone cannot shoulder the entire responsibility, but because the corridor is currently being studied, it makes sense to begin the process with that area. The kinds of strategies developed for the Bel-Red corridor, however, must also be considered on a citywide basis. The second phase of the affordable housing study will follow on the heels of the Bel-Red study.

Chair Robertson asked if the recommendations of the Human Services Commission relative to affordable housing will be made through the Planning Commission or directly to the City

Council. Ms. Lewine said they will be involved in the process but there is no anticipation that they will be making a formal recommendation.

Ms. Lewine said the Housing 101 presentation was made to the City Council in study session along with a discussion of the two-phased work program for affordable housing.

ARCH Program Manager Arthur Sullivan said everyone acknowledges that the provision of affordable housing is a complex issue. The best first step is to simply talk openly about the issues without having a specific strategy on the table. He said the ARCH-developed Housing 101 workbooks will be provided to every councilmember in east King County, every commissioner and every staff member who works on housing in east King County. ARCH also intends to provide training sessions twice annually for new councilmembers and commissioners. The workbook will be posted to web.

Mr. Sullivan said the main topics covered by the workbook include what is driving the need for housing; the state laws jurisdictions must work under; issues surrounding supply and demand; strategies communities have used; who provides and manages affordable housing; various public fund sources; and how the affordable housing issue impacts the community as a whole. The attached appendices include key information city by city.

ARCH is working to get a commitment from every city council to at least once each year conduct a study session at which ARCH can provide updated information. The approach is needed in order to keep cities up to speed and to keep the conversation flowing. It is hoped that all associated boards and commissions will be in the room for the annual council updates.

Mr. Sullivan noted that the chart on the third page of the workbook outlines the various affordability levels, including rent levels and ownership prices people can afford at different levels of income. He said the primary driver for housing is the overall workforce; if a community provides only a certain kind of housing, the residents will tend to be within a certain average income range. The fact is, however, that nearly one quarter of all households earn less than 50 percent of median income. Another 17 percent or so earn between 50 and 80 percent of median income. The need can easily be determined by taking the growth forecasts and applying those percentages.

The Commissioners were informed that the chart included on page A-5 of the workbook shows a range of job types and what those jobs pay. Mr. Sullivan pointed out that the incomes earned by many people with jobs critical to the health of the community are in the low- and moderate-income range.

Bellevue has a wide variety of types of households. Married with children for east King County as a whole and Bellevue specifically makes up about one quarter of all households. A larger percentage of households are married but have no children living at home. An equally large percentage are single-person households. Bellevue also has a very diverse population; east King County and Bellevue have a higher percentage of foreign-born residents than Seattle has. Bellevue is also to some extent an aging community; the proportion of seniors has been going up over the last three decades, and between 1990 and 2000 the largest percentage increase was in the category of seniors over the age of 75.

Answering a question asked by Commissioner Sheffels, Mr. Sullivan said one of the goals is specifically in the area of senior housing. ARCH recognizes that there is a unique need and has elected to fund developments specifically affordable to seniors. The last senior project ARCH was involved in was a preservation project for a Bellevue market rate assisted living facility

called Washington Court; the name has since been changed to Evergreen Court. The facility is the only place in east King County that has below market rate rents for assisted living units.

Noting from the charts that more than half of the Bellevue households are individuals living alone or married without children, Commissioner Ferris suggested that such a demographic would seem to argue for smaller units. However, the Land Use Code spells out all residential zoning in terms of residential units per acre. He asked if the city should be looking at densities that are different from what the current zoning regime allows. Mr. Sullivan said ARCH conducted a program called Home Choice Way some seven or more years ago that involved focus groups in the community. The information was pulled together and used to develop models in which the desires of the residents could be met in a format that feels like single family at the end of the day. Both Kirkland and Redmond are testing those concepts to see if they can make it work. Bellevue, Mercer Island and Sammamish have all adopted similar policies. The question is out there and certainly is worth looking at. The issue of accessory dwelling units will not be able to meet the overall need in and of itself but is one approach to take.

Commissioner Ferris said even the multifamily zones are limiting as they are currently structured. One option would be to establish FAR calculations and height limits for all multifamily projects and to move away from density limits. Mr. Sullivan said ARCH has encouraged cities to use FAR rather than density. Density limits are essentially prejudiced against the creation of smaller units. Bellevue already has an overlay program for senior housing in which units of 600 square feet or less count as only half a unit; the theory is that the residents of such units will generate less traffic and require less parking.

Commissioner Ferris commented that areas well served by transit are prime places for allowing smaller units. The idea is applicable to Bel-Red which is expected to be very well served by transit.

Mr. Sullivan called attention to Exhibits 7 and 8 on page A-10 and A-11 of the workbook. He allowed that while the charts are complicated, they attempt to compare the demand for housing being generated by the workforce with the supply of housing. He noted from the chart that in 1970 Bellevue was clearly a bedroom community when defined as having more housing available than the local workforce needs. Since 1970, the need for housing has risen steadily for all east King County communities, including Bellevue. Currently, Bellevue has a 2:1 ratio of demand to supply of housing. East King County as a whole is a net importer of workers and does not have a sufficient number of housing units. Most Eastside cities have been approaching their 20-year employment targets faster than their housing targets. The demand for homes relative to the supply has caused housing prices to rise substantially; in east King County, only about seven percent of the overall supply of rental units is affordable to households at 50 percent of median income. In addition, every community has residents with special needs that make it difficult for them to be able to live in unassisted housing.

Mr. Sullivan said to a large extent housing unaffordability contributes to homelessness. Once people become homeless, they find themselves facing an array of problems to be overcome. For King County generally, 17 percent of the homeless list the Eastside as their last address. The plan for east King County is to focus on preventing homelessness in the first place through a variety of means. A number of people in the community with jobs are finding themselves on the cusp of homelessness, and is a group that should be given some emphasis.

Commissioner Orrico allowed that some in the community will argue against providing housing for the homeless who have problems with substance abuse or other self-induced issues. She said it will be important to illustrate the need for housing for the full range of people in need,

including those who are just a paycheck away from being homeless and who otherwise look just like everyone else in the community.

Chair Robertson asked if there is any information about what percentage of homeless persons cannot be helped for reasons of severe mental illness, drug or alcohol abuse, or other problems. Mr. Sullivan said he does not have that kind of data but admitted that the question comes up often. Commissioner Orrico pointed out that as servicepersons return from the war will cause an upturn in mental health and abuse issues in the region, and that could ultimately make the homelessness issue even worse.

Turning to the section of the workbook focused on supply, Mr. Sullivan explained that all jurisdictions are subject to the dictates of the Countywide Planning Policies and the Growth Management Act. The Countywide Planning Policies establish targets to create affordable housing opportunities equal to 24 percent for low-income households, and 17 percent for moderate-income households. Preservation of units that might otherwise transition to market count, as do accessory dwelling units (ADU). ADUs count as affordable units regardless of the income bracket they serve.

Mr. Sullivan said in working with jurisdictions to determine demand he utilizes a grid showing incomes and a grid showing types of households. The housing demand for any community can be mapped with just those two grids overlaid with the housing supply. The more demand can be matched with supply in terms of numbers, cost and size, the more likely it is that the market will take care of the bulk of the need. The data comparing the total number of housing units being produced in Bellevue relative to the targets does not look too bad. From there it is necessary to break down the number of units being produced into their component types, and to break down the total attached housing units into how much is rental and how much is ownership.

Commissioner Ferris asked if the increased production of housing alone will serve to provide the number of affordable units needed by Bellevue. Mr. Sullivan referred the Commissioners to page 13 of the workbook and explained that Bellevue has the zoning capacity to meet all of its housing targets. However, a huge proportion of the residential capacity is in mixed use zones. If somehow the market could be flooded by constructing a large number of units in a very short amount of time, it could bring housing costs down. Housing costs would also be decreased should there be a large loss in the overall number of jobs. Neither of those scenarios is likely in Bellevue, primarily because the market will not let it happen; cities control the zoning, but the developers and bankers control the pace of production. Except for a few non-profit organizations, no one responsible for the creation of housing units has as their primary objective the creation of affordable housing. Housing in mixed use zones is a whole different ballgame. The construction costs are completely different and the competition with commercial interests is also different. The fact is, mixed use zones allow housing but do not require it, so the zoned housing capacity may or may not reflect reality in the end.

Mr. Sullivan called attention to the chart on page 16 of the workbook showing the housing targets for low- and moderate-income households for all of the cities in east King County based on the agreed-on policy approach. He noted that at the moderate-income level the picture is not all that bad. The picture, however, is qualified by the fact that the moderate-income numbers were created through direct assistance, land use incentives, ADUs, density bonuses, mandatory programs, and voluntary programs, and by the fact that very few of the units are ownership.

Commissioner Ferris asked how much of the original affordable unit inventory has been lost with the recent increases in housing and rental costs. Mr. Sullivan said that is difficult to calculate. Rents relative to income have tracked fairly closely over time. Some units have been lost to

conversions, primarily on the rental side, and ARCH intends to start tracking those figures. The fact is that cities that elect to persevere and use all tools available to them will prevail. When it comes to low-income housing, the only successful path is through the use of subsidies; land use incentives just do not take things far enough in that direction. There are now over 300 homes in east King County that have been created through land use incentives that are permanently affordable at between 80 percent and 100 percent of median income. About 200 more units are about to be added in Issaquah Highlands, and the inclusionary provisions of downtown Redmond will be bringing more units online.

Mr. Sullivan said multiple jurisdictions are able to fund projects in different towns by contributing dollars to ARCH. The goal is that over the long term affordable housing units will be created throughout east King County. By sharing resources, the region can have a positive impact. The power of the Housing Trust Fund is that it enables going after the best opportunities no matter where they are located.

Answering a question asked by Commissioner Ferris, Mr. Sullivan explained that the member cities contribute to the Housing Trust Fund according to a fair share calculation that admittedly has not been revised upward to account for inflation. Funding also flows to ARCH from the cities in the form of CDBG dollars. Cities can also donate land below market rates; Bellevue has done that a number of times. The waiving of fees is yet another way cities can contribute. ARCH has taken in \$22 million over the years, and the real estate brought on line is listed at over \$300 million. The developer agencies that have brought them online have often had to go to four or five or six funding sources in piecing together their financing in what amounts to a very delicate and complicated dance. In all, the amount from the trust fund has totaled under ten percent. An equal amount came from the state Housing Trust Fund. King County has contributed funding. Tax credits and tax exempt bonds is a major federal program operated through the IRS and administered by the state Housing Finance Commission. Private donations have also play a major role.

Mr. Sullivan said the accomplishments of ARCH have been significant, but there is still a long way to go. ARCH has developed a list of strategies but is not forcing them on its member cities. The strategies were developed by policy makers, city managers, commissioners from different cities, and non-profit and for-profit developers working together. The strategies are things ARCH believes cities should look at and consider when putting together their work programs related to housing.

Commissioner Ferris noted that Redmond is looking at requiring housing in portions of their mixed use zones in Overlake. He suggested the approach should be considered in Bellevue. Because mixed use can be housing or commercial, where developers elect to construct commercial uses the opportunity to bring about more housing simply goes away. In Seattle there is a requirement for developers to pay a fee per FAR foot when commercial is developed rather than housing, and those in-lieu funds are collected and used to construct low-income housing elsewhere in the city. Mr. Sullivan said the Seattle approach is called commercial linkage and is not an approach that been explicitly done in east King County.

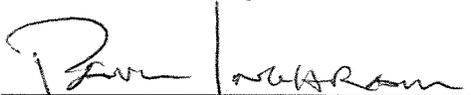
Mr. Sullivan reminded the Commissioners that ARCH is an interlocal agency serving as an extension of its membership. All actions taken by ARCH must first be approved by the membership. Everything that gets funded is determined by the respective city councils. The workbook and the information it contains is intended to help empower the member cities.

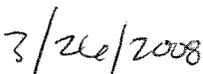
Commissioner Sheffels said she is involved with a non-profit in Seattle that puts up affordable and transitional housing. She noted that the agency is not in the business of operating affordable

housing and encounters the most problems with residents who have not previously lived in transitional housing. She asked if there are any social service agencies that work specifically in addressing those issues. Mr. Sullivan said every group that sets its mind on establishing affordable housing gets into those issues and have to figure out how to build solutions into their programs. The Housing Development Consortium has put together training programs to help educate agencies evolve quickly relative to providing support services to residents.

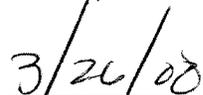
- 9. NEW BUSINESS – None
- 10. OLD BUSINESS – None
- 11. APPROVAL OF MINUTES – None
- 12. PUBLIC COMMENT – None
- 13. ADJOURNMENT

Chair Robertson adjourned the meeting at 9:13 p.m.


Staff to the Planning Commission


Date


Chair of the Planning Commission


Date