



MEMORANDUM

DATE: January 31, 2008

TO: Chair Robertson and Members of the Planning Commission

FROM: Janet Lewine, Associate Planner 452-4884
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SUBJECTS: (1) Housing Issues Report: Bel-Red Workforce / Affordable Housing
(2) Bel-Red Housing Expert Panel

I. Housing Issues Report: Bel-Red Workforce / Affordable Housing

On February 6 Planning Commission will continue their consideration of the housing section of the draft Bel-Red Subarea Plan. The housing presentation will include review and discussion of five key Bel-Red housing issues. Although this is not an exhaustive list of Bel-Red housing issues, it is expected that initial conclusion on these issues will need to be addressed by the Commission prior to recommendation. Please refer to the report included in the Commission packet for information on each of these issues:

Housing Issues Report: Bel-Red Workforce / Affordable Housing

1. Mandatory and voluntary, or voluntary only
2. Targets
3. Residential and commercial, or residential only
4. Alternatives to construction on-site
5. Other appropriate strategies

II. Bel-Red Housing Expert Panel

Also at the February 6 meeting, the Commission will have an opportunity to engage an expert panel of builders and Bel-Red stakeholders on the key issues, and consider the market realities of housing incentive programs from the builder's perspective.

These items will not require Commission action at this meeting.

III. Next Steps

Through February and March the Planning Commission will be engaged in Bel-Red draft policy and draft code discussions. Proposed Bel-Red workforce/affordable housing strategies will be examined in context of all infrastructure and amenities needed/desired, as well as market realities. The Planning Commission's recommendation on the Bel-Red housing policy and implementing code will ultimately be part of the full Bel-Red implementation package.

Attachments

1. Housing Issues Report: Bel-Red Workforce / Affordable Housing



MEMORANDUM

DATE: January 31, 2008

TO: Members of the Planning Commission

FROM: Janet Lewine, Associate Planner 452-4884
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SUBJECT: Bel-Red Workforce/Affordable Housing Issues

Late last year, the Planning Commission began consideration of potential strategies for promoting workforce/affordable housing in Bel-Red. This was an important element of the Bel-Red Steering Committee's recommendations for the area's future, and relevant policies are included in the draft Subarea Plan now under consideration by the commissions. The purpose of this Memo is to identify and focus the key policy questions the Commission will need to answer in the coming weeks, in order to refine these draft Subarea housing policies and develop effective implementation strategies for the Land Use Code and other implementing tools.

Initial direction on these matters will allow the staff and Commission to complete a public release draft of potential policy and Code amendments by late March, in time for the Commission's public hearing now slated for April.

Background

In September 2007 The Bel-Red Steering Committee transmitted to Council their preferred alternative for the Bel-Red Corridor Plan. The Steering Committee's housing vision called for the creation of 5,000 additional housing units in the Bel-Red Corridor, and for the area to "contain a variety of housing types to meet the needs of a diverse population of varied income levels."

In October 2007 Council provided direction for a two-phased workforce/affordable housing implementation approach, with Bel-Red being the focus of the first phase. The first phase will strive to implement the Bel-Red housing vision through an incentive zoning structure and a variety of other tools. While Bel-Red will be addressed in a citywide context, further citywide affordable housing strategies will be considered in Phase 2 of the work program.

Over the last three months, the Planning Commission has been engaged on implementation efforts for all sections of the Bel-Red Plan, including housing. The Planning Commission's current schedule is to provide initial conclusions on both the draft Subarea Plan and the implementing code amendments by March 2008, so that draft Plan and Code amendments will be available to the public roughly 30 days before a late April public hearing.

Housing background information presented to the Planning Commission to date includes review of:

- Bellevue's existing affordable housing policies and programs;
- Council direction on a two-phase workforce/affordable housing work program;
- ARCH affordable housing education ("Housing 101") and priority housing strategies;
- Other cities' regulatory incentive programs for affordable housing; and
- The draft Bel-Red Subarea Plan housing section and policies.

Key Bel-Red Workforce/Affordable Housing Issues

The Bel-Red Steering Committee explicitly included a discussion and set of principles (Attachment A) to promote workforce and affordable housing. Staff suggests that carrying the Committee principles forward into Plan and implementation will require the Commission to grapple with the following issues.

1. Targets?

Should the Subarea Plan establish numerical workforce and/or affordable housing targets as goals for Bel-Red to achieve, under the rubric that “what gets measured is what gets done?” If so, for what income levels should these targets be established—workforce, moderate income, low income? What target numbers should be set?

The draft Bel-Red Subarea Plan includes a potential policy that would establish targets for housing affordable to low and moderate income households (less than 80% median income); and targets for “workforce” housing (affordable to households earning up to 120% of median income). No specific numbers are identified in the draft Plan; if this policy is retained, then specific target numbers would need to be set for the public hearing draft.

Through ARCH and other efforts, the City of Bellevue supports many housing programs that help low and moderate income households. One of the hardest housing needs to address is housing that serves low and very low income households. Like other Eastside cities, Bellevue has fallen short in meeting Countywide Planning Policy (CPP) targets for low income units, which almost always require direct assistance, and available funding falls far short of housing need. Bellevue has made more progress in meeting CPP targets for moderate income units (affordable to households earning between 51 and 80% of median income). However, even moderate income housing targets have become more difficult to reach in recent years as a result of both market factors and an incentive program that has been underutilized.

And as housing prices have risen, a new housing need has emerged as more “workforce” or middle-income wage earners have found themselves increasingly priced out of the housing market. Job growth in Bellevue is expected to increase this demand for workforce housing. Bellevue’s stock of affordable and workforce housing has been further diminished by housing demolitions, redevelopment of older properties, rising housing costs and rents and condominium conversions. Providing an adequate supply of moderate and workforce housing helps families, workers, and employers in our community. Expanding Bellevue’s housing programs to address a growing need for workforce housing is consistent with Bellevue’s Comprehensive Plan Housing Goal: “To aggressively pursue opportunities to preserve and develop housing throughout the City and the Eastside to meet the needs of all economic segments of the community.”

Should the Bel-Red Subarea Plan establish specific housing targets at various income levels, the intent would be to achieve the targets through a variety of tools. Development contributions, if enacted in the form of mandatory and/or incentive land use provisions, would be among a number of potential tools. The question of what tools should be used is discussed elsewhere in this Memo.

Establishing the specific target numbers appropriate for Bel-Red will be challenging. Staff’s thought is that this may be an iterative process that starts with an initial number or range, and then tests how that potential target may impact financial feasibility, production and affordability, eventually arriving at a more refined target number to recommend.

2. Mandatory + voluntary, or voluntary only?

Should the City establish a mandatory requirement for a portion of new housing to be affordable (perhaps off-set by density or height incentives), or should new development's contribution to affordable housing be accomplished solely through voluntary incentives?

Incentive zoning allows additional height or floor area ratio (FAR) linked to discretionary comprehensive plan amendments and rezones. Many local jurisdictions offer development or financial incentives for affordable housing. Some of these programs are voluntary, some mandatory, and some layer a voluntary incentive above the mandatory. Bellevue has experience with both mandatory and voluntary. Between 1991 and 1996 Bellevue had an inclusionary affordable housing program that required all new multifamily development (greater than 10 units) to make 10% of the units affordable to households earning 80% or less of median income. In 1996 the mandatory provisions were rescinded, and this program was replaced by the City's current voluntary incentives for affordable housing.

In Bel-Red, an incentive zoning structure is assumed to be a major building block for the implementation strategy, consistent with the Steering Committee's recommendations. The approach being considered is that a base FAR would be permitted outright, with higher FAR or height achieved only through participation in an amenity incentive system. In addition to affordable housing, a number of other amenities are under consideration, including stream restoration, "green" infrastructure, parks and open space, and others. Careful analysis is needed to prioritize the proposed amenities that might be part of the land use incentive system. The incentive system will also need to be calibrated and considered in light of the development requirements, development fees and taxes properties will be required to bear. If the overall cost of development under the incentive system is not market feasible, then no development will occur, and none of the desired public benefits will be gained.

An issue is that cities offering only voluntary incentives, including Bellevue, have had few affordable units created under these programs. According to an Urban Land Institute (ULI) publication, *Inclusionary Zoning for Affordable Housing*, inclusionary zoning practices across the country have had mixed results. In general, mandatory programs have been more effective at creating new affordable units than voluntary programs. Successful voluntary programs require considerable incentives and often a public subsidy for the affordable units.

Fairness, community support, and support from builders are all important in establishing a successful affordable housing program. The 1996 ordinance that rescinded Bellevue's previous mandatory program stated "...the City Council has determined that the requirements of Section 20.20.128 (Affordable Housing) have placed unacceptable burdens on builders of housing who would have to meet the requirements of this section;" (Ord. No. 4855-C).

One consideration in Bel-Red is that the Subarea Plan and zoning changes envisioned in the Bel-Red Subarea are intended to create the potential for 5,000 new housing units, with a very significant increase in the value of land. Attachment B to this report "Affordable Housing Regulatory Incentives: 'Four-Tier' Approaches" provides descriptions, city examples and results of voluntary, voluntary with rezone, mandatory with rezone, and mandatory programs. These "tiers" are intended to frame different approaches cities have taken to mandatory and voluntary programs, in some cases making strong distinctions for mandatory programs in situations like Bel-Red, where an "upzone" is underway.

3. Role of Commercial Development?

If development contributions, either mandatory or wholly voluntary, play a role in a Bel-Red housing strategy, do commercial developments have the requirement or opportunity to participate; or will the housing "linkage" be made only to residential developments?

Residential developments in many parts of the country are linked with mandatory or voluntary affordable housing requirements and/or incentives. Commercial development linkages to affordable housing requirements and/or incentives are less common. In Seattle, for example, affordable housing incentives in downtown commercial buildings were added only in 2006.

California and other states refer to housing requirements on commercial development as a commercial linkage fee. California cities must do a "nexus" study for a commercial linkage fee, documenting the relationship between commercial development and the increased need for affordable housing. These studies tend to justify commercial linkage fees given the high cost of housing relative to incomes of specific employee cross sections.

Washington State does not authorize impact fees for affordable housing, so fees of this type are not utilized. At this time, staff would need to do further legal research to identify whether and in what manner commercial properties may be required or incentivized to participate in affordable housing production.

4. Alternatives to construction on-site?

The majority of housing created through mandatory and/or voluntary developer contributions to affordable housing is built along with, and indistinguishable from, market rate units. This creates socially and economically integrated communities affordable to a wider range of families.

Some programs offer developers one or more alternatives to constructing affordable units within the market-rate project. Most common is paying fees in-lieu of construction. However, some jurisdictions allow the option of payment only where the developer can prove that construction of affordable units is infeasible. In many programs, developers are permitted to construct affordable units off-site or partner with a non-profit who builds the units. Less commonly, land dedications are allowable.

A study of California's 30 year experience with inclusionary housing programs¹ recommends jurisdictions allow for flexibility. Allowing affordable housing units to be provided off-site, or by payment to an affordable housing fund, contributes to this flexibility. Allowing units off-site can also provide an opportunity for market rate housing developers to partner with non-profits, which puts resources into projects where they can be used most effectively to leverage other funds and provide greater affordability. Allowing fee in-lieu can also potentially put resources into more effective projects that provide greater affordability.

But there are important considerations to be weighed. For Bel-Red, allowing off-site units or payment of a fee in-lieu might not result in achieving the vision that the subarea will contain a variety of housing types to meet the needs of a diverse population of varied income levels. Without affordable housing within newer development areas it will also be harder to achieve the City's affordable housing goal of developing and preserving affordable housing opportunities throughout the City and the Eastside.

Some of these issues can be addressed by establishing parameters on alternative compliance. Fee in-lieu could be targeted to a Bel-Red affordable housing fund. Similarly, units not provided within the project could be required to be provided within the subarea.

¹ Affordable by Choice Trends in California Inclusionary Housing Programs: 30 Years of Innovation. California Coalition for Rural Housing, 2007.

5. Tools

What are the most effective and appropriate implementation tools to utilize in a Bel-Red affordable housing strategy?

Jeffrey Lubell, executive director of the Center for Housing Policy, warns that incentive zoning is no magic bullet². In most cases local governments will want to adopt and integrate multiple strategies and tools to effectively increase the availability of housing for working families. "If there is any one thing you really need to do, it is to develop a comprehensive strategy."

In the spring of 2007 ARCH held three workshops where Council members, ARCH executive board members, commission members, senior planning staff, and invited stakeholders came together to look at existing conditions and identify potential housing strategies that could augment and expand upon existing affordable housing efforts. Six priority strategies were identified at these workshops. Of these, strategies that may be appropriate for Bel-Red include: Financial tools including the short-term MF property tax exemption for affordable housing; Employer assisted housing program; and Housing emphasis zones or other strategies to ensure that housing is developed in mixed use areas.

Short term property tax exemption RCW 84.14 (Policy HO-33)

Description: The state authorizes a short-term exemption of property taxes on the residential improvement value of multifamily housing in mixed-use areas. Cities that choose to adopt this program are allowed a broad range of flexibility to specify program requirements and identify eligible mixed use areas. New legislation is more explicit about linking affordability to the exemption, and allows partial exemptions. The State allows a 12 year property tax exemption on improvement value of multifamily residential when 20% of rental units provide a mix of units at 100% and 150% median income (150% for condos). The State minimum requirements can be exceeded in programs adopted by individual cities. For example, Seattle's proposed program would offer the 12 year property tax exemption when 30% of rental units are affordable at 100% of median income (120% for condos).

A short term tax exemption program could provide significant economic incentive, especially when partnered with development incentives such as increased height. The fiscal impact of a short term property tax program requires additional analysis, given that property tax increases are one income stream that will be needed to fund Bel-Red infrastructure. Land value is not exempted, so the impact is not so much of losing existing tax revenue, but rather a deferral of new revenue from improvement values. An analysis done by other communities indicate that properties receiving an exemption still generate other forms of public revenues (permit fees, construction sales tax, sales tax from new residents, etc).

This strategy may be more challenging in areas like Bel-Red that have significant infrastructure needs as well as housing needs. Consideration of this program in Bel-Red will need to take into account the comprehensive strategy for funding a wide range of needed infrastructure and amenities in the area.

Employer assisted housing program

Description: Employer-assisted housing programs aid workers to purchase or rent affordable housing. Programs include financial counseling, down-payment assistance, loans that lower monthly mortgage payments, rent subsidies and contributions to housing production. To date, employer-assisted housing programs have proven most successful for large institutional employers, such as universities and hospitals, that locate in high cost urban areas.

The most common form of assistance is mortgage or down payment assistance. ARCH House Key Plus currently offers \$30,000 down payment assistance loans. This program could potentially be

² Housing Affordability. ICMA, October 2007.

expanded or a similar program offered with employer contributions. To help incentivize employers to use this type of program, housing planners and advocates support proposed State legislation that encourages employers to provide a rental or ownership housing benefit to their employees by reducing their B & O tax for a portion of that benefit, up to a certain amount.

The Urban Land Institute (ULI) whitepaper “Bridging the Affordability Gap: Expanding Housing Options for Seattle’s Working Families” explores the role of employer-assisted housing (EAH) as one affordability tool, and provides recommendations tailored to this region. These recommendations include:

- Educate employers about costs and benefits of EAH programs.
- Develop natural alliances to promote EAH programs.
- Design cost-effective EAH programs with access to businesses of all sizes.
- Target Programs effectively.
- Forge EAH administration partnerships, such as for counseling and administration on behalf of the employer.

Bellevue has contributed \$150,000 from its housing fund to the ARCH House Key Plus downpayment assistance program. Depending on willingness of employers, this program could be expanded or other programs developed to include employer contributions to help fill an increasing “housing gap” between what moderate and median income employees can afford, and the cost of a Bellevue starter home or condominium. Also, the city could look for opportunities to partner with employers in the Bel-Red corridor in developing affordable / workforce housing.

Housing emphasis zones in mixed use areas

Description: Many communities target housing growth in mixed use areas like Bel-Red. Over 50% of overall housing capacity, and over 80% of all multifamily housing capacity among cities in East King County is within mixed use zones. In mixed use zones there can be uncertainty about what uses will ultimately develop, and whether housing can “compete” financially with other allowed commercial uses. This strategy could involve one or more components, such as:

- Monitoring of development in mixed use zones to assess if development patterns are achieving community goals, including housing production;
- More explicit regulatory strategies to achieve housing in mixed use zones such as allowing higher densities for developments that include housing; or requiring development in designated ‘housing emphasis zones’ to include a certain proportion of housing units.
- Bellevue could also potentially focus its use of Housing Trust Fund contributions in a mixed use area like Bel-Red.

Bel-Red Housing Work Program

Staff is hoping that the Commission will be able to draw some initial conclusions about the questions covered in this Memo sometime in February, with an opportunity for Council feedback and additional Commission refinement in March. Toward this end, staff has developed the draft housing work program below, which includes past meetings. The focus here is on the housing component of Bel-Red, up to development of draft recommendations for the public hearing now slated for late April.

Phase 1 - Background (past meetings)

Oct. 15, 2007 Council Study Session, direction on Two Phase Workforce / Affordable Housing Work Program, with first phase focus on Bel-Red Subarea.

Oct. 24, 2007 Planning Commission update on Council direction, Two Phase Workforce / Affordable Housing Work Program.

- Dec. 6, 2007 ARCH presentation on Housing Strategy Program and Housing 101
- Jan. 9, 2008 Comparison of affordable housing incentive programs, distribution of draft Bel-Red Subarea Plan.

Phase 2 – Development and Community Outreach

- Jan. 31, 2008 Public Open House on draft Bel-Red Subarea Plan; public input on housing policies and strategy
- Feb. 6, 2008 Bel-Red Housing Expert Panel discussion
- Feb.13, 2008 Housing Workshop: engage on key housing issues; *develop initial thoughts and direction.*
- March 3, 2008 Council check-in on Bel-Red housing. Present status of work, and Commission's initial thoughts on policy direction, key housing issues
- March 12, 2008 Additional work to refine housing direction. Planning Commission direction on draft subarea plan and LUCAs, for incorporation into the public hearing draft documents.
- March 30, 2008 Public release of Planning Commission public hearing drafts on subarea plan and LUCAs. (30 days prior to April hearing date)

Next Steps

Tonight Planning Commission will review and discuss the five key housing issues presented in this report. The Commission will also have an opportunity to engage an expert panel of builders and Bel-Red stakeholders on these key issues, and consider the market realities of housing programs from the builders' perspectives.

As noted above, this is intended to be key input for an in-depth workshop next week, where the Commission will be asked to provide some preliminary thoughts and direction. Tonight's memo and expert panel are intended to help frame this further work.

Attachments:

- A. Bel-Red Steering Committee's Recommended Principles for Workforce/Affordable Housing (excerpt from Committee's Sept. 2007 report)
- B. Affordable Housing Regulatory Incentives: 'Four-Tier' Approaches

ATTACHMENT A

Bel-Red Principles on Workforce/Affordable Housing

The preferred alternative envisions the creation of 5,000 additional housing units in the Bel-Red Corridor. Bellevue has not created this much new housing potential in decades. The committee recognized the importance of this, and also the importance of developing a thoughtful strategy for incorporating a wide range of housing types in this new supply. This issue of housing diversity was also important to many members of the public. The committee recognized the complexity of the issue, but felt the need to provide some perspective on how to realize its vision of creating a variety of housing types available to a wide range of households. Accordingly, the Steering Committee developed some preliminary principles on housing that are included as part of its recommendation. These principles are as follows:

- **Vision.** One element of the Bel-Red Steering Committee's vision for Bel-Red is that the area "will contain a variety of housing types to meet the needs of a diverse population of varied income levels." While Bel-Red will likely include some high end housing and a predominance of market rate prices, a deliberate strategy will be required to deliver on this vision of diversity in housing form and pricing.
- **Integration with larger City.** As Bellevue continues to experience the escalating housing prices of a very dynamic housing market, maintaining some housing options for low and moderate income workers and households on fixed incomes is a growing challenge for the City as a whole. The City also faces challenges in meeting the housing needs for a growing segment of our labor force who face can not afford the rising costs of housing in the Bellevue area. While no one area of the city will solve Bellevue's affordable housing challenges, Bel-Red provides an opportunity to contribute to City-wide solutions. Housing affordability approaches here should be integrated with the City's wider approach to the challenge of affordable housing.
- **Timing.** Bel-Red represents an extraordinary opportunity to develop new capacity for housing in Bellevue, with the potential of 5,000 housing units occurring in an area that today accommodates virtually no housing. The time to consider workforce/affordable housing strategies is up-front, as part of the zoning and land use strategy to create this new housing capacity.
- **Multi-pronged strategy.** Providing a range of housing choices requires a multi-faceted approach. Bel-Red implementation should consider a wide range of options for encouraging affordable housing, including incentives, tax policy, and regulatory measures.

Affordable Housing Regulatory Incentives “Four-Tier” Approaches

1st Tier: Voluntary Incentives

No area zoning change. Development or financial incentives are offered for providing some units as affordable. This approach is offered in multifamily districts in Bellevue and several other East King County cities. However, relatively few units have been produced.

Bellevue’s Voluntary Incentive Program

Overview: Adopted in 1996 after Bellevue’s mandatory affordable housing program was rescinded. Provides one bonus market rate unit for each affordable unit provided, up to 15% above the zoning district’s maximum density. Projects including affordable units can also earn increased lot coverage, and less parking and open space requirements. Bellevue defines affordable units as affordable at 80% of area median income and requires that affordable units remain affordable for the life of the project.

Results: Since 1996, few Bellevue projects have elected to include affordable units in exchange for density incentives. The Milano Apartments built in 2000 include 5 affordable units under Bellevue’s voluntary incentive program.



Milano Apartments
Project includes 5 apartment units affordable at 80% of area median income.

2nd Tier: Voluntary Following Rezone

For a residential development to build to the maximum height or development potential created by a rezone, a percentage of the development’s housing units must be affordable to established income levels. This approach has been adopted in Kirkland’s Totem Lake Center, downtown Mercer Island, and some parts of Kenmore’s downtown.

Kirkland’s Totem Lake Center Program

Overview: The Totem Lake Center rezone and voluntary regulations for affordable housing were enacted late 2006. Depending on subzone, height increases of 15’ to 50’ provided if 10% of units are affordable (affordable at 60% median income for rental units, 80% for ownership).

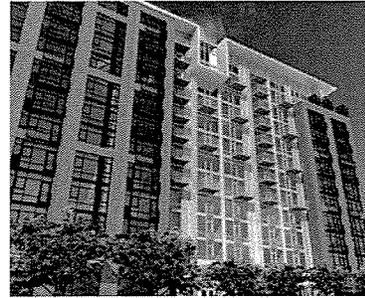
Results: This rezone with incentives for affordable housing was recently adopted. A proposed project for 165 apartment units including 16 affordable units, and 15,895 sq. ft. of commercial is now in permit review.



Totem Lake Apartments
Proposed development is for 165 apartment units including 16 affordable units, and 15,895 sq. ft. of commercial. Site on Slater Ave. is currently a parking lot.

Downtown Seattle Program

Overview: A DT rezone and incentive zoning program for residential buildings was adopted in 2006. In the DT Mixed Commercial Zone, the following rules apply (similar programs exist in other DT zones): developers may build to 290'. Between 85' and 290', developers are able to acquire additional square footage by participating in a bonus program. They can also build higher than 290' (up to 400' maximum) by participating in a bonus program. For this bonus, developers must first commit to LEED Silver certification. Developers can then either build affordable housing on site or contribute to an affordable housing fund at a certain cost per square foot. Seattle also has a downtown incentive zoning program for commercial buildings, where bonus square footage is achieved by 1st meeting LEED Silver certification, and then through providing payment for affordable housing or childcare, and then through other bonus options such as open space and public amenities.



New Belltown Condominiums
New Belltown residential can achieve additional height through incentive bonus programs that include affordable housing.

3rd Tier: Mandatory Following Rezone

A percentage of new housing units developed are required to be affordable, whether or not the project takes advantage of additional development potential resulting from an area rezone. This approach has been adopted in Redmond downtown, and in some parts of Kenmore's downtown. Several King County master planned developments (MPDs) adopted this approach, including Redmond Ridge, Talus and Issaquah Highlands. The proposed Sammamish Town Center Plan has a mandatory component, layered with voluntary.

Redmond's Downtown Program

Overview: Downtown Redmond's rezone and mandatory regulations for affordable housing were enacted in 1993. All new multifamily development greater than 10 units are required to provide 10% affordable units. Affordable is defined as serving households with incomes at or below 80% median income. However, if affordable units serving lower-income households are provided (affordable at or below 50% median income), each lower-income unit counts as two affordable units. Development also receives a density bonus of one bonus market rate unit for each affordable unit provided, up to 15% above zoning density (up to 20% for lower-income units).

Results: Over 100 affordable Downtown units have been developed in since 1993, with an expectation of another 100 units in the next two years



Frazer Court Condominiums
59 condominium units over ground floor commercial in DT Redmond. Built in 2001. Six units are affordable to households earning 80% or less of area median income.

4th Tier: Mandatory

A percentage of new housing units developed are required to be affordable. No zoning change or added development potential is provided. Many California cities have adopted a mandatory approach, and Bellevue had this approach in the mid-1990's.

Bellevue's mid-1990's Program

Overview: Bellevue's mandatory regulations for affordable housing were in effect from 1991 - 1996. All new multifamily development greater than 10 units was required to provide 10% affordable units. Following a less restrictive "phase in", affordable was defined as serving households with incomes at 80% of median income or less. However, if affordable units serving low income households were provided (affordable at 50% median income), each low-income unit counted as two affordable units. Development also received a density bonus of one bonus market rate unit for each affordable unit provided, up to 15% above zoning density.

Results: Over 100 affordable ownership units and nearly 100 affordable rental units, with other projects providing fee-in-lieu to the City's housing Trust fund.



The McKee Condominiums
100 condominium units in Old Bellevue, built in 1994. Ten units are affordable to households earning 80% or less of area median income.

Program Type	City	Enacted	Results
1st Tier Voluntary	Bellevue	since 1996	One project to date, 5 affordable units
	Kirkland	since 2004	No affordable units to date.
	Woodinville	since 1999	~ 55 affordable units, most in the Greenbrier project.
2nd Tier Voluntary w/ Rezone	Mercer Island	since 2007	No affordable units to date
	Totem Lake	late 2006	One proposed project to date, 16 affordable units
	Seattle DT	since 2006	Results to date N/A; for a residential project built to maximum allowed in DMC zone, expect 15 affordable units or \$2 million to housing fund.
3rd Tier Mandatory w/ Rezone	Redmond	since 1993	Over 100 affordable DT unit built, expecting to double that number in the next 2 years.
	Denver	since 2002	3,395 affordable units built since 2002. Affordable units required for ownership, voluntary for rental.
	Kenmore DT	since 2003	Proposal includes 100 affordable units. Rezone from 48 to 72 du/acre; 25% affordable units required.
4th Tier Mandatory	Bellevue	1991-1996	Over 100 affordable ownership units and nearly 100 affordable rental units, with other projects providing fee-in-lieu to the City's housing Trust fund.
	San Francisco	since 1992	550 affordable units (2006), with additional 2,000 in pipeline
	Boston	since 1986	568 on-site affordable units through residential program; and commercial linkage fee program has generated \$81.5 million and more than 6,000 affordable units since 1986.