



City of Bellevue Affordable Housing Strategy

June 5, 2017



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Dear Mayor Stokes and City Councilmembers:

Why is it important for the city to take bold action now?

The Puget Sound region's booming economy, together with Bellevue's strong neighborhoods and nationally acclaimed school district means that Bellevue is a very desirable place to live. While the need for affordable housing continues to grow, the availability is falling behind the demand.

What does bold action look like?

This Strategy, when implemented, could create about 3,000 affordable homes in Bellevue over the next ten years. These actions will set the city on the path toward increased housing affordability, reversing current trends and ensuring our city's health and vitality into the future.

As members of the Technical Advisory Group (TAG) for Bellevue's Affordable Housing Strategy, we would like to commend you for making affordable housing a priority for the city. We would also like to express our appreciation to be able to contribute to this important effort. The TAG agrees that this strategy presents the opportunity for the city to respond boldly to the affordable housing crisis. Bold action now will ensure our community's health and vitality into the future.

The TAG has met as a full group and in sub-groups multiple times for nearly a year in order to fulfill our charge of providing expertise and guidance on the development of this Strategy. We have provided input to and reviewed the results of analyses for the full range of actions. Likewise, we have discussed the pros and cons of these actions and brought the individual expertise and perspectives that we offer to the City Council as you deliberate how best to achieve the Strategy.

As a technical group, we were not charged with reaching consensus or making a recommendation on the individual actions; however the TAG is recommending that the council move ahead with all of the strategies. There was unanimity of the group about the need for affordable housing and the importance of taking bold and collaborative actions above and beyond current city programs and funding levels. The City Council's guiding principles were very clear and the principle about "establishing ambitious goals" set the tone for our work. At the beginning of the process we established two ambitious goals for the next 10 years:

- 1) create or preserve an additional 2,500 homes affordable to people earning less than 50% of area median income (\$45,150 for a family of four); and
- 2) create or preserve another 2,000 homes affordable to people earning between 50% and 80% of area median income (\$72,240 for a family of four).

These were set as benchmarks against which to measure the actions that were being considered. Although the proposed actions do not quite reach the first goal, they do make substantial progress toward serving this important need.

One of the benefits of having a group of people with expertise in different aspects of the affordable housing issue was the valuable exchange of knowledge and ideas. Even with our differences, however, there was consensus on the following messages the TAG offers to the City Council for your consideration:

- There is no single answer or action to this challenge. The five strategies are interrelated and all of them are important and require an increased level of effort sustained over time for the strategy to succeed – the TAG encourages the Council to be bold in its actions;
- “Nibbling around the edges” with simple, easy actions will not have a significant impact on housing affordability. This will require bold actions by the City Council to do more than is being done today;
- The strategy must be dynamic, integrating existing and new actions, measuring results, dedicating resources, and adapting it over time as needs and tools change; and
- It is vital that the community understand this is a crisis affecting everyone - residents, employees, businesses, seniors, families - and the actions require support and involvement by everyone. This will require a sustained effort by the city to educate and involve the community in achieving the goals of the strategy.

We hope that the City Council and the community will agree that the development of this Affordable Housing Strategy was a worthwhile effort and an important step. This Strategy should be viewed as the beginning of a concerted and sustained effort by Bellevue. The next step is up to the City Council to carry out the Strategy at the necessary level of effort and funding. The TAG believes it is necessary to unlock city resources to fund this effort. We encourage the City Council, as stewards of the public trust in Bellevue, to implement all of the strategies in order bring bold leadership and actions that will make a difference for current and future residents of Bellevue!

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Introduction

Affordable housing is a critical need for Bellevue. Housing prices, which dropped during the recession, are now at or above pre-recession levels. In early 2017, the median single family home sale price in Bellevue was over \$1 million. Similarly, apartment rents have been climbing steadily, with average apartment rents in west Bellevue and Downtown at over \$2,000 monthly. Over one third of Bellevue renters are paying more than 30% of their income for housing costs and one in six are paying more than 50% of their income.

The high cost of housing has many ramifications for Bellevue. An increasing share of young families face decreased housing stability, which has a demonstrated relationship to decreased academic performance in children. Many senior households are having a hard time staying in the community that has been their home for decades. Workers who cannot afford to live near their jobs must face longer commutes, adding to regional and local congestion. Stakeholder input to Bellevue's Economic Development Plan identified lack of workforce housing as a primary challenge for Bellevue businesses.

Bellevue has been taking action for many years to address affordable housing. At the regional level, the city has been an active participant in A Regional Coalition for Housing (ARCH), working in collaboration with other neighboring jurisdictions to preserve and increase the supply of affordable housing. At the local level, the city has adopted a multifamily tax exemption to promote private sector development of affordable housing, and developed code incentives to promote affordable housing at transit-oriented nodes, among other actions. See Chapter 3 for a summary of all of the city's current affordable housing programs. All of these current tools together produce approximately 40 affordable homes per year; current efforts are not keeping pace with the increasing need. Additional tools and resources are necessary to create more affordable housing.

Bellevue's Affordable Housing Strategy (AHS) builds from and supplements these efforts with additional effective tools. The primary purpose of the AHS is to improve affordable housing opportunities throughout the City consistent with City Council Priorities, Comprehensive Plan guidance, and Economic Development Plan Strategies. **Specifically, the Affordable Housing Strategy is intended to substantially increase the City's existing affordable housing stock over the next ten years.**

In order to achieve this objective, the Council-approved actions identified in the AHS will be implemented over the next three years. Progress of the AHS will be monitored and actions adjusted periodically based on performance measures, new information and established review timelines.

What is affordable housing?

Housing is defined as affordable if its occupants pay no more than 30 percent of their income for rent and utilities or for mortgage, taxes, and insurance. For purposes of this study we are using the King County definitions for affordability and income levels.

What is ARCH?

ARCH is a partnership of the County and 15 East King County cities, including Bellevue, who have joined together to preserve and increase the supply of housing for low- and moderate income households.

This report describes the basis and background for the AHS and its implementation. Specifically, the report:

1. Describes Bellevue's housing need by income and specific demographic groups;
2. Identifies and builds on efforts already underway, including work with ARCH and other affordable housing providers, and assesses existing programs, tools, funding resources and funding levels;
3. Reviews effective tools/best practices being used elsewhere;
4. Analyzes the efficacy, potential productivity, and policy implications of a range of possible actions; and
5. Integrates the above into a comprehensive strategy with clarity about objectives the City is working to achieve, tools to be utilized, a timeframe for implementation, and metrics to gauge performance.

City Council initiated the AHS work program in December 2015. The following goal statement embodies the Council's intent and desired outcome for the project.

The cost of renting or owning housing has been increasing at a faster rate than income for many households in the region, especially in Bellevue. As a result, housing is not affordable to a significant portion of the population. It is critically important to provide a safe, healthy and affordable place to live for people of all income levels in order to sustain Bellevue's livability and economic vitality. The intention of this Strategy is a healthy housing market that:

- *Provides affordability across a range of incomes mirroring our workforce*
- *Provides a variety of affordable housing choices that meet the needs of our community including:*
 - » *Young persons in college or just entering the job market*
 - » *First time home buyers or new employees who are ready to purchase a home*
 - » *Our aging population, especially those on fixed/limited income, who wish to remain in the community*
 - » *Families with children that need rental and ownership options in opportunity areas*
- *Preserves the integrity of single family areas while allowing housing that can accommodate a wider spectrum of needs and also fosters ongoing investments by individual homeowners.*

Chapter 1.

Affordable Housing Strategy

The strategies and actions included in this chapter represents the city staff recommendation based on technical analysis conducted by the project team, review and guidance from the TAG, and comments provided by interested members of the public. Please see Chapter 4 for a description of how the AHS was developed.

Development of the AHS began with a comprehensive list of over 60 different programs and actions compiled from multiple sources. The list was reviewed by city and ARCH staff, with input from the TAG, to identify a concise set of actions to evaluate for potential to preserve or create affordable housing in Bellevue. The City Council amended and affirmed the list before beginning the evaluation. The initial comprehensive list was maintained throughout the process for future consideration (Appendix 2).

During the evaluation process several of the actions were consolidated or evolved to clarify the intent or better meet the objectives of the project. The purpose of the evaluation was to determine, to the extent possible, the efficacy of each action in terms of the following measures over the next 10 years:

- an estimate of affordable units produced or preserved;
- income level and identified need that could be served by those units;
- anticipated time frame for units to be available and for what length of time;
- rough order-of-magnitude cost to the city; and
- whether costs would be borne by public or private sector or both.

The information generated through the evaluation was shared with the TAG and their input shaped the development of the five strategies and supporting actions listed on the following page and described in this chapter. The strategies are designed to address different aspects of the affordable housing issue and intended to remain relatively constant over the next 10 years. The actions are intended to be much more dynamic with actions added as new tools are developed or removed if the performance is not achieving expectations. The implementation and performance sections of this report describe how the actions are to be carried out and tracked for productivity.

The balance of this section is devoted to a brief description of strategies and supporting actions, including examples of how implementation has occurred in other locations. In addition, as part of their evaluation, the TAG identified six bold actions with the greatest potential to create a relatively large number of new affordable units over the short term. A key to the graphics used in this chapter is provided on the following page.

Affordable Housing Strategies and Actions at a Glance

STRATEGY A: Help People Stay in Affordable Housing



- A-1. Partner with non-profit organizations and housing agencies to fund the purchase of existing, affordable multi-family housing to preserve it for the long term.
- A-2. Advocate for state legislation to extend property tax exemptions to existing multi-family properties that agree to set aside some apartments as affordable.
- A-3. Promote programs that provide social and physical support to help seniors and disabled people remain in their homes.
- A-4. Increase funding and expand eligibility for the city's home repair and weatherization programs.
- A-5. Promote energy efficiency in design and construction of affordable units to reduce costs for residents.
- A-6. Promote existing utility rate relief, utility tax relief, and property tax relief programs for income-eligible residents.

STRATEGY B: Create a Variety of Housing Choices

- B-1. Encourage micro-apartments around light rail stations through actions such as reduced parking requirements.
- B-2. Update accessory dwelling unit standards and allow detached units in self-selected neighborhoods.
- B-3. Promote design in affordable units that ensures accessibility for all ages and abilities (e.g. "universal design").
- B-4. Consider changes to the down payment assistance program for low-income and first-time homebuyers.

STRATEGY C: Create More Affordable Housing



- C-1. Increase development potential on suitable land owned by public agencies, faith-based and non-profit housing entities for affordable housing.
- C-2. Develop affordable housing on suitable surplus public lands in proximity to transit hubs.
- C-3. Update existing tax exemption programs for affordable housing to increase participation by developers of new housing.
- C-4. Inclusionary zoning: increase zoning as incentive to provide affordable units in new development.
- C-5. Reduce costs of building affordable housing (e.g. code amendments, lower fees, reduced parking, city-funded street improvements).

STRATEGY D: Unlock Housing Supply by Making it Easier to Build

- D-1. Revise codes to reduce costs and process time for building multi-family housing.
- D-2. Advocate for amendments to state condominium statutes to rekindle interest in condominium development.
- D-3. Change the city's approach to density calculation in multi-family zones to allow more flexibility in unit size and type.

STRATEGY E: Prioritize State, County, and Local Funding for Affordable Housing



- E-1. Tap additional local sources to dedicate more funding to affordable housing (e.g. reallocation of general fund and/or REET, increase of property tax and/or business & occupation tax, bonds)
- E-2. Pursue funding partnerships with employers, financial institutions, foundations, and others.
- E-3. Advocate for legislative actions that expand state and local funding tools.

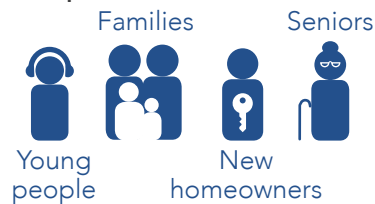
Legend for Infographics

How many units? →



Approximately how many affordable units would this strategy create over 10 years? In the graphic to the left, each house icon represents 100 affordable units. Dark blue shows the low-end estimate, and turquoise shows the high-end estimate. To avoid double-counting, the total estimate for the strategy may not include all actions. Actions requiring increased city funds are accounted for in Strategy E, Action E-1.

People served →



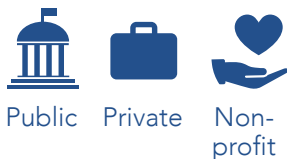
Would this strategy serve young people, families, new homeowners, and seniors? These are the four target populations identified by Bellevue City Council.

Public investment →



Relative to the other strategies, how much would it cost to implement this strategy in a significant way? This metric allows comparisons about which strategies will require the largest commitments of public resources. Scale: \$ to \$\$\$

Who provides? →



Who—public, private, or non-profit—will build and control the affordable units created by this strategy? For example, will the units be in subsidized public housing, or will they be within market-rate developments?



Bold Action. The TAG identified bold actions as those with the greatest potential to create a relatively large number of new affordable units within 10 years.

(Icon created by Laurene Smith, Noun Project)



Indicates an action that requires city funding as described in Action E-1

Does the Affordable Housing Strategy address homelessness?

The growing number of unsheltered individuals and families is a crisis facing many cities, including Bellevue. Over the past several years, the number of homeless has steadily increased on the Eastside. In 2015-16, over 1,200 men, women and children received temporary shelter and other services. The “one night count” of unsheltered homeless on the Eastside increased from 134 in 2015 to 245 in 2016. The six school districts that serve eastside communities report that 1,318 students are homeless. 220 of these homeless students attend Bellevue School District schools (2014-2015 school year).

Factors that lead to homelessness include poverty, social inequities, illness, domestic violence, mental illness and addiction, among others. Bellevue is committed to a thoughtful and holistic response to helping the homeless in our community. Some of the actions that the city is taking include:

- Participating in King County’s All Home initiative
- Hosting a temporary low-barrier winter shelter for men experiencing homelessness since 2008 and working with Congregations For the Homeless to find a permanent site for this facility
- Coordinating with surrounding cities on an Eastside response to homelessness
- Supporting faith organizations and nonprofits that provide shelter and other services
- Working to address root causes of homelessness through support for service agencies through the Human Services fund
- Seeking to increase the inventory of very low and low income housing available in Bellevue through this Affordable Housing Strategy

As one part of the city’s larger effort to address homelessness, the Affordable Housing Strategy includes actions, such as increasing the supply of very-low and low income housing, that serve families and individuals at risk of becoming homeless or working to transition out of homelessness. An example of this type of housing is Andrews Glen in Factoria, which serves veterans and others in need of very low-income housing.

Strategy A. Help People Stay in Affordable Housing

Preserve affordable housing stock and support programs that stabilize housing expenses for residents.

What is this strategy about?

People experience a loss in their affordable housing for a variety of reasons, such as redevelopment or rent increases beyond their ability to pay. Comparable affordable housing may not be available in Bellevue. Lower-income and fixed-income people, especially seniors, who have owned their homes for a long time but can no longer afford to live there because of increased costs (e.g. maintenance, taxes, utilities) may be unable to find an affordable alternative that allows them to remain in their communities. Strategy A addresses these issues with a suite of actions that would preserve existing affordable housing and help to stabilize housing costs.

Why is this strategy important?

Bellevue's thriving economy, strong job growth, and nationally acclaimed school district mean that for many people, this is a beautiful and desirable place to live and work. For others, it may mean that they are unable to stay in their homes. Facing higher rents and housing costs, residents can be priced out of neighborhoods they have lived in for decades. Some owners can sell their homes for a profit, but for others, the decision to leave is involuntary. Actions that preserve existing affordable housing and help those who want to stay in their homes are an important part of the city's affordable housing strategy.



A teacher can afford \$1,200 monthly rent



A police officer can afford \$2,000 monthly rent or a \$290,200 home

Strategy A actions help those at 50/60% - 80% AMI, such as a teacher, and those at 80% - 100% AMI, such as a police officer.

How many units?



People served



Public investment



\$660K - \$1.3M
over 10 years

Who provides?





Boulder, Colorado's preservation strategy includes purchasing existing affordable units to preserve them in perpetuity. For example, the city recently allocated \$8.25 million in Affordable Housing Funds to contribute towards the purchase and rehabilitation of 203 existing apartment units in Southeast Boulder. City contributions totaled \$40,640 per unit, a relative bargain compared to the average per-unit subsidy over the past three years of \$82,000 for new construction projects.

Strategy A: Actions

A-1. Partner with non-profit organizations and housing agencies to fund the purchase of existing, affordable multi-family housing to preserve it for the long term.

Rents continue to increase for apartments throughout Bellevue. Older, more affordable apartments are being torn down and replaced with new apartments that are too expensive for the people who used to live there. One way to preserve these more affordable apartments is for the city to provide funds to non-profit entities and housing agencies to purchase this housing and preserve its affordability now and into the future. This action would help to prevent the loss of existing, affordable housing stock that may be under pressure to redevelop; retain existing, affordable housing stock for the long term; and, possibly upgrade substandard housing.

Estimated new affordable units: 250-500 at up to 50/60% AMI and 250-500 at 50/60% - 80% AMI

Action A-1: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none"> • Prevents loss of some existing affordable units • Helps prevent displacement of existing residents • Preserves affordability long term 	<ul style="list-style-type: none"> • Requires additional city funding above current levels

A-2. Advocate for state legislation to extend property tax exemptions to existing multi-family properties that agree to set aside some apartments as affordable.

Bellevue has a program to provide a property tax exemption for 12 years for new multi-family projects that provide 20% of their apartments to people with moderate income (e.g. a family of 4 earning less than 80% of annual median income, estimated at \$72,240 in 2016). If state law allowed a similar exemption for existing multi-family development, more apartments could be made affordable for a period of time.

Estimated new affordable units: 55 - 110 at up to 50/60% AMI

Action A-2: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none"> • Could encourage investment in older multifamily housing • Additional tool for improving building conditions and preserving existing affordability for a time 	<ul style="list-style-type: none"> • 15 year requirement for preserving affordability may be disincentive to owners • Preserves affordability only for 15 years

A-3. Promote programs that provide social and physical support to help seniors and disabled people remain in their homes.

An example of this type of program is the virtual village, a social support network that works within existing neighborhood(s) to provide services to the elderly or others in need of help in order to remain in their homes. These or other similar programs can help to reduce isolation, increase independence, and enhance social connections.

Action A-3: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none"> • Does not necessarily require city funding – could be in the form of program support / technical assistance • May reduce potential for displacement from existing residence to a less affordable unit • Funding for Human Services support programs (e.g. transportation, weatherization) that help people remain in their homes 	<ul style="list-style-type: none"> • Does not preserve or create an affordable unit

Virtual Villages

RICK CLOUD, 68, knew that he wanted to stay in his home in Austin, Tex., as he aged. But Mr. Cloud, who is divorced, was not sure how he could do that without relying on his two daughters.

Then he ran across the idea of virtual retirement villages, whose members pay a yearly fee to gain access to resources and social connections that help them age in place. Sold on the concept, Mr. Cloud joined with some friends to start Capital City Village four years ago.

“Our virtual village can connect me with people my own age so I can do more things,” said Mr. Cloud, a retired technology consultant. “I worry about being single and getting older.”

Now, Mr. Cloud has all the support he needs. He can tap into Capital City Village’s network of more than 100 service companies referred by members. Dozens of volunteers will walk his dog or do yard work. When he wants to meet people, Mr. Cloud can attend house concerts in a member’s home, go to happy hour at the local Mexican restaurant or hear a champion storyteller give a talk. He has also made over 40 village friends.

Excerpted from the New York Times, November 28, 2014, “Retirees Turn to Virtual Villages for Mutual Support”

The King County Housing Authority is a partner with Bellevue's home repair and weatherization program, providing loans for home repairs and upgrades to help lower income single family homeowners.

To promote energy efficiency in design and construction of affordable housing, cities offer programs and incentives. For example, **Chicago** offers rebates of up to \$25,000 and an expedited permitting process for affordable housing developments that meet the Chicago Green Homes Certification. **Salt Lake City** launched a Housing Innovation Lab and Public Home Innovation Contest with the unveiling of the Emery Passive House, a moderate-income family home with one-sixth of the anticipated energy cost of traditionally-built houses.

A-4. Increase funding and expand eligibility for the city’s home repair and weatherization programs.

Some long-time homeowners, including seniors on fixed incomes, people with disabilities and people working in low-wage jobs, may be struggling to afford home maintenance. Lower income people who are unable to pay their bills are more likely to lose their homes and potentially experience homelessness. These actions would increase city funding for these programs and help more people use them.

Action A-4: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none">• Improves living condition of residents• Repair/investment benefits neighborhood• Program is scalable in city's budget decisions• Helps preserve existing housing• Increases affordability for residents	<ul style="list-style-type: none">• Residents must income qualify, but program does not preserve or create an affordable unit• Certain increase in funding level will require additional staff to administer program

A-5. Promote cost-effective energy efficiency in affordable units to reduce costs for residents.

Improving the energy efficiency of housing can reduce the cost burden on building owners and renters. For example, homes in Denmark have a master switch to power down all non-essential lights and appliances. The federal government’s Partnership for Home Energy Efficiency (PHEE) – a collaboration between the EPA, DOE, and HUD – estimates that households can save between 20-30% on energy costs by improving energy efficiency. Energy efficient design can increase home value, reduce reliance on utility subsidy programs, and even reduce the likelihood of evictions resulting from utility shutoffs (U.S. Environmental Protection Agency, 2011). A program providing grants, rebates or other incentives could help to support cost-effective energy efficiency and reduced cost burden for property owners and renters.

Action A-5: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none">• Energy efficient units will have lower utility costs for residents than less efficient units• Supports existing Evergreen Sustainable Development Standards for affordable housing with state funding	<ul style="list-style-type: none">• Requirements for energy efficiency are already in code for new units• Does not preserve or create an affordable unit

A-6. Promote existing utility rate relief, utility tax relief, and property tax relief programs for income-eligible residents.

The city currently offers up to 75% off utility costs and utility tax rebates for persons who meet specific residency and income guidelines. These programs each serve about 1,200 persons annually and currently have adequate funding to serve all those that apply. The King County Assessor manages two tax relief programs for senior citizens and the disabled and estimates that only one in 100 of those eligible are currently enrolled. This action seeks to expand participation in these programs through increased outreach and information.

Action A-6: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none">• Programs exist, city programs are scalable• Assists current owners• Increases affordability for residents• May prevent some people from experiencing homelessness	<ul style="list-style-type: none">• Impacts city budget• Does not preserve or create an affordable unit

Strategy B.

Create a Variety of Housing Choices

How many units?



People served



Public investment



No direct costs

Who provides?



Offer more types of housing, including lower priced options in neighborhoods within walking distance of jobs, transit, shopping, and services.

What is this strategy about?

Because Bellevue's population is increasingly diverse, a range of housing choices is needed to meet our city's changing needs. The provision of a diverse range of dwelling styles and densities ensures the housing needs of residents at different stages in life and increasingly diverse household types (such as multigenerational families, lower income households, older adults, and those with disabilities, among others) can be met.

Diversity in housing sizes and types, cost, accessibility, geographic location, and cultural options can provide for diverse individual housing needs at all stages of life, help to ensure new residents are welcomed, and to ensure that long-term residents can stay in Bellevue.

Why is this strategy important?

Affordable housing is not one-size-fits-all. Housing options should be thought of as a menu—with a variety of options that appeal to people at different income levels and life stages, from young adults to working families to seniors. Actions proposed as part of Strategy B, in conjunction with the other strategies, seek to increase housing options in Bellevue and serve the diverse needs of people who want to live in the community.



A teacher can afford \$1,200 monthly rent



A police officer can afford \$2,000 monthly rent or a \$290,200 home

Strategy B actions help those at 50/60% - 80% AMI, such as a teacher, and those at 80% - 100% AMI, such as a police officer.

Strategy B: Actions

B-1. Encourage micro-apartments around light rail stations through actions such as reduced parking requirements.

Micro apartments are typically 200-300 square feet including a living/bedroom area, bathroom, and kitchenette. These apartments appeal to young, single adults getting their first job or just moving to the area. Residents often don't own a car so they want to live within walking distance of shopping, restaurants and activities and frequent regional transit in order to get to their jobs and other activities. For this reason, required parking is usually less than for apartments located where a car is needed. This action would encourage micro-apartment development in multifamily zones around light rail stations through actions such as reduced parking requirements.

Estimated new affordable units: 100 - 200 at 50/60% - 80% AMI

Action B-1: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none"> • Reduces development costs • Housing type serving a target demographic, i.e. young persons in college or just entering the job market • Could add an incentive for affordability tied to reduced parking 	<ul style="list-style-type: none"> • Public concerns about not having enough parking – spill-over into other neighborhoods • Market rate rents, no requirement for affordability

Based on a recent review of ADU production in East King County cities, ADUs are produced at a slower rate in Bellevue compared to neighboring cities and below the average of all East King County cities. Between 1994 and 2014, Bellevue permitted 3.9 ADUs per 1,000 single-family housing units, compared with 31.5 in Mercer Island, 6.7 in Kirkland, and 6.6 in Issaquah. The average across all East King County cities was 5.7 ADUs per 1,000 dwelling units.

B-2. Update accessory dwelling unit standards and allow detached units in self-selected neighborhoods.

Accessory dwelling units (ADUs) currently are allowed only if they are part of the main house. Other cities also allow ADUs as a separate structure (“detached”). ADUs provide a flexible and affordable housing choice in single-family neighborhoods and provide an option for seniors and others to “down-size” or to be able to afford their homes and remain in the neighborhood. This action would modify some existing regulations to make ADUs more feasible to build. It would also allow for detached ADUs when approved as part of a neighborhood plan.

Estimated new affordable units: 100 - 400 at 50/60% - 80% AMI

Action B-2: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none">• Option for seniors (target demographic) who want to remain in their homes – i.e. supplemental income, down-sizing, live-in assistant• Option for people with special needs who want to remain in their homes – i.e. supplemental income, live-in assistant• Increases overall housing supply, which may help affordability• Increases housing choice• Could help preserve existing neighborhood scale and form (i.e. alternative to building mega-houses)	<ul style="list-style-type: none">• Incorporating sufficient provisions to address public concerns about requirements for parking, setbacks, additional people in the neighborhood• No guarantee that ADUs will be affordable

B-3. Promote design in affordable units that ensures accessibility for all ages and abilities (e.g. “universal design”).

The term “universal design” refers to a home environment that anybody can use, whether they are old or young, with or without disabilities. People without disabilities can age in place, staying in their homes well into their older years if their homes are already designed for their needs. As more Americans choose to “age in place,” the demand for universal design homes and products is likely to increase. This action would provide additional information and resources to promote universal design.

Action B-3: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none"> • Housing design serving target demographics, i.e. seniors, some special needs • May reduce potential for displacement from existing residence to a less affordable unit 	<ul style="list-style-type: none"> • Could add costs to construction • Does not preserve or create an affordable unit

B-4. Consider changes to the down payment assistance program for low-income and first time homebuyers.

Since 2005, the ARCH East King County Down Payment Assistance Loan Program has provided qualified borrowers down payment and closing cost assistance through a revolving loan fund. This program works in combination with the Washington State Housing Finance Commission Home Advantage first mortgage loan program. Since 2005, nine Bellevue homebuyers have received this assistance. Changes to the program, such as working with the State Housing Finance Commission to change qualifying program limits or finding partners to establish a local fund for down payment assistance, could increase the ability of Bellevue residents to participate in this program.

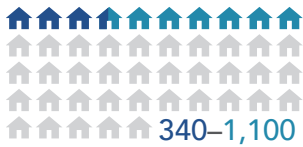
Action B-4: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none"> • Opportunity to partner with employers to meet funding gap • Encourages home ownership • Program changes/increased funding could serve 20 – 50 additional homebuyers • Mortgage is the best form of “rent control” 	<ul style="list-style-type: none"> • Existing program purchase price limits make use in Bellevue virtually impossible • Does not preserve or create an affordable unit

Strategy C. Create More Affordable Housing

Increase the amount of housing affordable to people at lower and moderate income levels.

How many units?



People served



Public investment



\$4.2M - \$12M
over 12 years

Who provides?



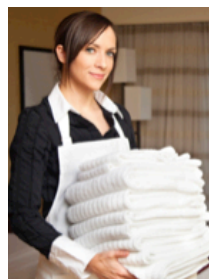
What is this strategy about?

Bellevue needs more affordable housing for individuals and for families – large and small, young and old. As a local government, two important ways in which the city can influence affordable housing production are through its regulations and through prioritizing use of public lands for affordable housing. This strategy focuses on the city's regulatory authority to support development of affordable housing and on opportunities to use public lands for housing development.

Creating more affordable housing will ensure that young families looking for their home community, the elderly who hope to stay rooted in their neighborhood, and those who work in any profession – whether a tech worker or a teacher – will have an opportunity to find an affordable home in Bellevue.

Why is this strategy important?

Many people who would like to live in Bellevue because of family, education, employment or other reasons cannot afford to live here. Bellevue has a shortage of housing that is affordable for people earning less than \$25 per hour or about \$50,000 per year (e.g. dental assistants, hotel workers, baristas). More than 75% of Bellevue households in this income group spend more than 30% of their income on housing-related expenses. This may mean difficult choices must be made between housing and other essentials, such as food, transportation or medical care. Strategy C seeks to increase the amount of affordable housing in the city so people who wish to live here will have a chance to make this community their home.



A hotel worker
can afford \$540
monthly rent



A dental assistant
can afford \$1,000
monthly rent



A teacher can
afford \$1,200
monthly rent

*Strategy C actions
help those at less than
30% AMI, such as a
hotel worker, those
at 30% - 50/60%
AMI, such as a dental
assistant, and those
50/60% - 80% AMI,
such as a teacher.*

Strategy C: Actions

C-1. Increase development potential on suitable land owned by public agencies, faith-based and non-profit housing entities for affordable housing.

This action would promote affordable housing on surplus or underutilized properties that are owned by public agencies or faith-based organizations. Public agencies, such as government, transit agencies and special districts, often own property that is no longer useful for its original purpose, or is ideally situated for shared public and private uses. Faith-based organizations are often located in residential areas on large parcels that could accommodate housing. Where the location is suitable for affordable housing, this action would increase the zoning on properties already owned by public agencies, non-profits and faith-based organizations. By changing zoning designations to increase development potential, this action would provide the opportunity to build more affordable housing at a lower cost.

Estimated new affordable units: 125 - 565 at up to 50/60% AMI and 60 - 460 at 50/60% - 80% AMI

Action C-1: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none"> • Action focused on larger sites located in or adjacent to multi-family residential or commercial areas • Increasing density tied to provision of affordable housing could reduce land costs; could eliminate land costs on non-profit sites • Most effective if done as a single action for comp plan amendments and rezones 	<ul style="list-style-type: none"> • Limited number of public properties • Many similar sites not considered due to location in or adjacent to single family neighborhoods



The 12th Avenue Arts building in **Seattle** was developed on a city-owned surface parking lot used by the Seattle Police Department. Developed by Capitol Hill Housing, the new building includes underground parking for the police department, 88 affordable housing units, two theaters, commercial space, and office space for local nonprofits. The \$47 million project combined Low Income Housing Tax Credits, New Markets Tax Credits, and a HUD 108 loan, among many other sources (Capitol Hill Housing).



C-2. Develop affordable housing on suitable surplus public lands in proximity to transit hubs.

In areas around new or existing transit hubs, there may be available public land that is no longer needed for the transit facility and could be used for development of affordable housing. This action would focus on opportunities to work in partnership with Sound Transit and King County Metro to develop affordable housing on public lands near transit hubs.

Estimated new affordable units: 135 - 220 at up to 50/60% and 65 - 130 at up to 50/60% - 80% AMI

Action C-2: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none"> • Leverages agreements with Sound Transit on their properties around 120th and 130th stations • Could reduce land costs for affordable housing 	<ul style="list-style-type: none"> • Limited opportunities beyond two BelRed sites at this time



C-3. Update existing tax exemption programs for affordable housing to increase participation by developers of new housing.

In June 2015, the City of Bellevue adopted a Multifamily Tax Exemption (MFTE) program that can be used in BelRed, Downtown, Eastgate, Crossroads Village, and Wilburton. In exchange for a 12-year property tax exemption on the residential improvement, participating developers are required to set aside 20% of units as affordable to low and moderate income households.

To date, Bellevue's MFTE program has not produced any units of affordable housing. This action would review and recalibrate Bellevue's MFTE to make participation more financially feasible for developers, while also maximizing public benefit. As a voluntary, incentive-based program, MFTE is only effective at creating affordable units if developers choose to participate.

Estimated new affordable units: 360 - 650 at 50/60% - 80% AMI

Action C-3: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none"> • Adjustments may encourage more use of Multifamily Tax Exemption (MFTE) • Other taxing entities leverage city costs (MFTE ~ 8:1) 	<ul style="list-style-type: none"> • Affordability only lasts for 12 years • Foregoes some future tax revenues

C-4. Inclusionary zoning: Increase density as incentive to provide affordable units in new development.

Inclusionary zoning provides affordable housing for moderate income residents in exchange for additional residential development capacity (i.e. an increase in what the zoning currently allows; generally density, height, floor area ratio or some other benefit). Such a program can be either voluntary or mandatory. In areas where significant increases in zoning capacity are being considered (e.g. East Main station area, Wilburton commercial area), a voluntary program modeled after the BelRed incentive system, described below, could ideally approach the levels of productivity of a mandatory program. Conversely, in areas where zoning capacity incentives may not be compelling enough to be used voluntarily, a mandatory program is likely to produce significantly more affordable housing. Bellevue has employed both types of inclusionary zoning in the past.

Initial Council feedback indicated a strong preference for a voluntary program. Under this approach the incentives will be tailored to each of the city's growth areas based on the vision, planned growth, market factors and the economics of development to optimize the effectiveness and productivity of the program. In addition, the multi-family tax exemption (MFTE) program will be updated (Action C-3) to work in conjunction with zoning incentives to produce additional affordability. Other actions and partnerships will be explored (Action E-2) to help deepen affordability.

Estimated new affordable units: 475 at 50/60% - 80% AMI

Action C-4: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
Mandatory Inclusionary Zoning	
<ul style="list-style-type: none"> • Produces affordable units in proportion to development of market housing • Greater dispersion of affordable units within new apartment development and residential growth areas 	<ul style="list-style-type: none"> • Requires changes to development regulations, which could limit where this would be applied • Some view the need for affordable housing as a broader social issue that should not be borne by private housing developers • If requirement is too onerous it would discourage development
Voluntary Inclusionary Zoning	
<ul style="list-style-type: none"> • Bonuses may encourage more development • Can be targeted for specific areas and goals • Bellevue has greater potential with upzones to create incentives 	<ul style="list-style-type: none"> • Voluntary incentive may not be used so may not generate affordable housing with each development • If incentives are not properly calibrated then affordable units would not be produced



Eastside Inclusionary Housing Programs

City	Mandatory	Voluntary
Bellevue		✓
Issaquah	✓	✓
Kenmore		✓
Kirkland	✓	✓
Mercer Island		✓
Newcastle	✓	✓
Redmond	✓	
Sammamish	✓	✓

Note: These programs are not citywide, but limited to specific areas or districts.

C-5. Reduce costs of building affordable housing (e.g. code amendments, lower fees, reduced parking, city-funded street improvements).

This action would consider and implement, as appropriate, revisions to the permitting process and relevant codes in order to reduce construction costs and allow for more cost-efficient building practices. It would also consider the feasibility of city-funding for street improvements necessary to serve new affordable housing. Potential changes would maintain important, basic standards for public health and safety while seeking to reduce time and cost of construction. Reduced costs would have the potential to produce more units or deepen the level of affordability.

Action C-5: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none">• Helps reduce funding gap	<ul style="list-style-type: none">• Does not close funding gap, additional public funding still needed• City takes on more capital costs for infrastructure improvements

Strategy D. Unlock Housing Supply By Making It Easier to Build

Increase the total amount of housing to better meet market demand and relieve pressure on overall cost of housing.

What is this strategy about?

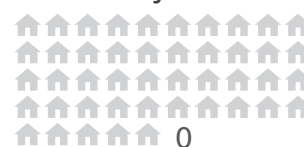
As long as Bellevue remains an attractive place to live and work, there will continue to be growth in demand for housing. To the extent that demand is high and supply is not able to keep up, housing prices will continue to rise and affordability will decrease. This strategy focuses on actions to help increase the total amount of housing available in Bellevue and, in so doing, relieve pressure on the overall cost of housing.

Why is this strategy important?

Building and land use requirements can make it more costly to build housing of all types. Making specific changes to these requirements can reduce the cost of building housing, which in turn promotes more housing supply and long-term affordability.

While building new market-rate housing may not immediately create affordable units, it is an important component of the overall strategy. When housing is scarce, residents with higher incomes bid up the price of housing, leading to decreased affordability. Adding new units helps reduce this upward pressure on rents. In addition, these units may become more affordable over time.

How many units?



People served



Public investment



No direct costs

Who provides?



Strategy D actions help those at 80% - 100% AMI, such as a police officer.

A police officer can afford \$2,000 monthly rent or a \$290,200 home

The City of Loveland, Colorado examined their zoning code to determine which requirements added unnecessary costs to developers. They found that certain landscaping requirements and fire department recommendations (i.e. having sprinkler systems in single family homes) added costs that made housing significantly more expensive to develop. Developers identified the codes that significantly increased their costs, and the city determined which could be changed or eliminated.

Strategy D: Actions

D-1. Revise codes to reduce costs and process time for building multi-family housing.

Building codes and land use regulations are adopted to protect public health and safety and create quality development that is consistent with the community’s values. Regulations can also add time and additional expense to the development of housing. This action would identify potential changes to city code that would reduce the cost of building while maintaining important, basic standards for public health, safety, and character. Examples include changes to regulations to support new building technology, such as prefabricated or modular buildings, minimum parking reductions in certain instances, and changes to maximize economical wood frame construction.

Action D-1: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none">• Provides cost and time savings for market housing development	<ul style="list-style-type: none">• May reduce the cost of housing development, but does not preserve or create affordable units unless tied to a bonus incentive system• May require trade-offs with other identified city goals (e.g. landscaping, first floor retail, parking ratios, stormwater facilities)

D-2. Advocate for amendments to state condominium statutes to rekindle interest in condominium development.

Condominiums can provide home-ownership opportunities for first-time buyers, people with moderate income, and seniors and empty-nesters wanting to down-size. Developers in Washington are reluctant to build condominiums at this time due to the construction warranty provisions in state law and the potential for costly lawsuits from buyers of the condominiums. When the legislature addresses the issues with current law, there is likely to be a significant increase in new condominium development that would increase the overall housing supply and provide additional housing choices.

Action D-2: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none">• Condominiums provide entry level and more affordable options for homeownership• Would allow for a broader range of affordability not currently available in the market	<ul style="list-style-type: none">• May increase housing choice, but does not preserve or create affordable units

D-3. Change the city's approach to density calculation in multi-family zones to allow more flexibility in unit size and type.

In most of the city's multi-family zones the amount of housing is regulated by density (number of dwelling units per acre). This can result in larger and/or fewer apartments because of the limitation on the number that can be built on a site. For multi-family buildings in the Downtown and BelRed areas, the number of allowed units is limited only by the maximum amount of building size allowed on a site. This approach focuses on the building size rather than the number of units and provides more flexibility for a mix of smaller and larger apartments responding to market demand. Compared to the traditional approach for density calculation, this approach could result in more apartments on a site. This proposed action would use the Downtown and BelRed approach for density calculation in more of the city's multi-family zones.

Action D-3: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none">• Change from dwelling units per acre to site ratio may result in smaller or more diverse apartment size	<ul style="list-style-type: none">• Smaller unit sizes may result in more intense land use• Does not preserve or create affordable units

Strategy E.

Prioritize State, County, and Local Funding for Affordable Housing

Expand the types and amounts of funding available to support affordable housing.

How many units?



People served



Public investment



\$65M - \$110M
over 7-10 years

Who provides?



What is this strategy about?

Strategy E seeks to establish a higher, sustained level of funding in order to fully implement Bellevue's affordable housing strategy. Market-based incentives like those included in some Strategy C actions can create housing affordable for people earning about 80% of area median income. However, even with density incentives, it is not financially feasible for the market to provide housing affordable to people with incomes at the 60% level and lower. Below 60% requires some amount of public subsidy, which can take different forms. The actions in Strategy E are intended to address more of the affordable housing need for people at the lower income levels. Federal, state and local funding has not kept pace with the cost of providing affordable housing and additional funding sources are critical in order to meet the growing need. The discussion below briefly describes cost and funding outcomes under four different funding scenarios in order to help estimate the cost of implementing the AHS. Appendix 6 contains additional information about cost estimates and future scenario assumptions.

Since 1999, Bellevue's average contribution to affordable housing through A Regional Coalition for Housing (ARCH) has been almost \$2 million per biennium, or \$1 million annually (primarily \$412,000 general fund contribution and loan repayments from previous projects) as described in Table 1, Scenario 1 below. Funds from Bellevue and other ARCH member cities are leveraged with federal, state and county funding to build affordable housing projects in Bellevue and other Eastside cities. Assuming current funding levels continue, with continued leveraging of multiple other public fund sources, the City of Bellevue will invest about \$10 million in current dollars to create about 400 homes affordable primarily to people earning up to 60% of AMI during the 10-year period covered by this AHS. Beginning with the 2017-2018 budget, City Council established an affordable housing contingency fund which provides an additional \$500,000 annually from 2017 through 2023, or \$3.5 million overall in the CIP. This additional level of funding, coupled with other major public funding, would produce an estimated 140 more housing units if extended over the full 10-year period (Scenario 2 below).

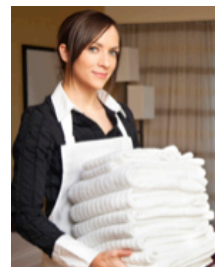
The continuation of Bellevue's historic funding levels, as described above, does not leverage the maximum amount of outside resources or achieve the ambitious productivity goals established by the TAG. Two scenarios for higher levels of city funding were developed to evaluate costs and potential productivity closer to the TAG goals. Scenario 3 would maximize leverage of outside funding sources by increasing Bellevue's affordable housing contribution to about \$9 million per biennium (\$4.5 million annually or \$3 million over the current level of investment). This would produce an average of 100 units annually, or about 1,000 new or preserved homes over 10 years, an increase of 460 units over Scenario 2. Scenario 4 increases city funding to a total of about \$32.75 million per biennium (about \$16.375 million annually) to produce 155 housing units per year affordable mostly to people earning less than 50/60% of area median income. Scenario 4 represents an increase of almost \$15 million per year over the current level and a total added investment of \$149 million over 10 years compared to Scenario 2. The City's contribution ranges between \$25,000 and \$45,000 per unit with leveraged outside funds (Scenarios 1-3) and jumps to about \$225,000 to \$250,000 per unit when other sources have been exhausted. Scenario 4 reflects the higher per unit cost being paid by Bellevue for the additional units per year that do not have any other leveraged funds to cover a significant portion of the cost, like those units created in Scenarios 1, 2 and 3. Table 1 (on the following page) summarizes the number of units and costs associated with each scenario.

Why is this strategy important?

The cost of housing is rising faster than incomes, especially for lower income households, and the amount of affordable housing produced for lower income households is not meeting the need. Because it is not financially feasible for the private market public funding is needed to create housing affordable to people earning less than 60% of area median income. Although the ambitious goals of the TAG cannot be achieved with the tools available, the actions in Strategy E will help to create housing for people with low incomes which have the greatest challenge finding housing they can afford in Bellevue. Strategy E and supporting actions explore options for additional state and local sources and funding partnerships with employers, financial institutions, foundations, and others.

To meet the city's goal of measurably increasing affordable housing stock over the next ten years, AHS actions will need to be implemented in a comprehensive manner. For example, increasing development capacity for affordable housing on selected sites (Action C-1), will not create new affordable units without additional funding.

Strategy E actions help those at less than 30% AMI, such as a hotel worker, those at 30% - 50/60% AMI, such as a dental assistant, and those 50/60% - 80% AMI, such as a teacher.



A hotel worker can afford \$540 monthly rent



A dental assistant can afford \$1,000 monthly rent



A teacher can afford \$1,200 monthly rent

Table 1. Affordable Housing Strategy Estimated Cost and Funding Scenarios

	Scenario 1 Historic Funding Level 400 units/10 years		Scenario 2 Current Funding Level Historic + \$0.5 M CIP for 10 years 540 units/10 years		Scenario 3 Maximize leverage of outside funds 1,000 units/10 years		Scenario 4 Scenario 3 plus 1,550 units/10 years	
	Biennial Cost ^{1,2,3}	10-Year Cost ^{1,2,3}	Biennial Cost ^{1,2}	10-Year Cost ^{1,2}	Biennial Cost ^{1,2}	10-Year Cost ^{1,2}	Biennial Cost ^{1,2,4}	10-Year Cost ^{1,2,4}
City Funds	\$2 M	\$10 M	\$3 M	\$15 M	\$9 M	\$45 M	\$32.75 M	\$163.75 M
Leveraged Funds	\$16 M	\$80 M	\$21.3 M	\$106.5 M	\$36 M	\$180 M	\$36 M	\$180 M
Total Cost	\$18 M	\$90 M	\$24.3 M	\$121.5 M	\$45 M	\$225 M	\$68.75 M	\$343.75 M

1. All figures are in current dollars and do not factor in inflation. 2. Assumes affordable units primarily serving households at up to 60% AMI and an average estimate of leveraged funding availability based on city and ARCH history of affordable housing investment. On a per project basis, leveraged funding capacity is expected to decrease as the number of created units increases (see Appendix 6). 3. Since the inception of ARCH, Bellevue's annual contribution to affordable housing has averaged between \$900,000 and \$1,000,000. Of that amount, the City budget has typically included \$412,000 (\$312,000, General Fund; \$100,000, General Sales Tax Revenue) from the operating fund. The remainder is not within the city's control and the amount fluctuates annually depending on funds collected from loan repayments, CDBG funds, and payments for fee-in-lieu of providing affordable housing. 4. Assumes 1,450 units serving households at up to 60% AMI and local city funding at an average of \$225,000/unit; and 100 units serving households at up to 80% AMI and city funding at an average of \$175,000/unit. **Source:** City of Bellevue, ARCH. (Appendix 6)

Strategy E: Actions



E-1. Tap additional local sources to dedicate more funding to affordable housing (e.g. reallocation of general fund and/or REET, increase of property tax and/or business & occupation tax, bonds)

In initial feedback, the Council has indicated an interest in setting a funding target in the range delineated by Scenarios 2 (\$1.5M/year) and 3 (\$4.5M/year) in Table 1, for added funding of up to \$3M annually. This action does not obligate the City to an increase in funding; however, it does provide for a phased approach that allows Council to consider when and whether to increase the City's contribution to affordable housing. The recommendation retains current city policy and funding levels (approximately \$1.5M annually) at this time with the option of increasing the amount over time to reflect the growing need and to maximize leverage of outside sources. Actions involving funding of specific programs would be considered during regular budget discussions in the context of city revenues and priorities at that time.

The timing and consideration could be based on progress of implementation, the broader context of overall city priorities, and availability of additional funding from King County affordable housing sources (e.g. Veterans and Human Services Levy renewal in 2017, possible county sales tax increase or affordable housing levy in 2018).

There are generally three ways to fund city projects and programs:

1. **Reduce or prioritize expenditures in the operating or CIP budgets -** Expenditure budgets are set through Council action generally through the biennial budget process with some revisions through the mid-biennial update;
2. **Utilize reserves -** Use of reserves is a onetime option for funding onetime costs; or
3. **Increase revenues -** Many sources or combinations of sources can be considered by the Council to increase revenues, implemented either through voted measures or council direction. Two options for potential revenue sources as related to affordable housing are discussed below. Any option for increasing resources would require further discussion by Council and public outreach.

The following funding tools illustrate some options for increasing Bellevue's investment in affordable housing. State law allows cities, with voter approval, to collect an additional regular property tax levy of up to \$0.50 per \$1,000 of assessed value to finance affordable housing for low-income households. Table 2 (on the following page) illustrates additional funding levels within the range delineated by Scenarios 2 and 3 in Table 1. For example, a \$0.0405 voted levy rate would raise \$2M per year in additional funds and cost \$28 per year on a \$687,000 home in Bellevue (2017 median value per King County Assessor). To raise an additional \$3M per year would require a levy rate of \$0.0608 and cost \$42 per year on a median value home in Bellevue.

Another potential option for increasing revenues for affordable housing is an increase in the business and occupation tax (B&O). To fund an additional \$2M per year, the B&O tax would increase by 0.0083%. This would impact a business with \$1M of annual gross receipts by about \$83 per year. The additional \$3M funding level would require an increase to the B&O tax rate of 0.0042% (for a total increase of 0.0125%). This would impact a business with \$1M of annual gross receipts by about \$125 per year.

Three cities in Washington (**Seattle**, **Bellingham**, and **Vancouver**) use housing levies as a reliable and flexible source of funding for affordable housing.

Seattle housing levies, passed in 1986, 1995, 2002, 2009 and 2016, have created over 12,500 affordable apartments, provided emergency rental assistance to 6,500 households, and assisted 800 families to purchase their first homes (City of Seattle, 2016). The 2016 levy will generate \$290 million over 7 years with the goal of producing and preserving 2,150 affordable apartments.

Bellingham's levy, passed in 2012, imposes a 36-cent tax on every thousand dollars of assessed property value and is projected to generate \$21 million over seven years.

Vancouver passed a housing levy in November 2016, taxing property owners 36 cents per \$1,000 of assessed value. The levy is expected to raise \$6 million per year and will last for seven years.

Table 2. Funding Approaches

Components (per year)	Current Funding Existing Policy	\$2M Increase Over Current Funding	\$3M Increase Over Current Funding
Historic Funding*	approx. \$1M	approx. \$1M	approx. \$1M
Added to 17-18 Adopted Budget/ 17-23 Adopted CIP Plan	\$0.5M	\$0.5M	\$0.5M
Additional Funding	N/A	\$2M	\$3M
Total City Funding Per Year	\$1.5M	\$3.5M	\$4.5M
Total City Funding per Biennium	\$3M	\$7M	\$9M
Total City Funding - Full 10 Year Strategy	\$15M	\$35M	\$45M

* Fluctuates based on repayment of loans funded through ARCH

E-1 provides funding to support other actions, including actions A-1, C-1 and C-2. As described under these actions, the estimated new affordable units is:

A-1: 250 - 500 at up to 50/60% AMI and 250 - 500 at 50/60% - 80% AMI

C-1: 125 - 565 at up to 50/60% AMI and 60 - 460 at 50/60% - 80% AMI

C-2: 135 - 220 at up to 50/60% AMI and 65 - 130 at 50/60% - 80% AMI

Action E-1: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none"> • Produces more affordable housing than city could fund alone • Donated land helps to address these costs • Generates more city funding which Council can use to target specific needs 	<ul style="list-style-type: none"> • Limited amount of funds that can be leveraged • There are no additional sources of funds to leverage and reduce city's contribution beyond about 1,000 units • Opposition to increased taxes

E-2. Pursue funding partnerships with employers, financial institutions, foundations, and others.

This action seeks opportunities to build on relationships with existing partners and to form new, innovative relationships with non-traditional partners in the creation of workforce and other affordable housing. This approach has worked successfully in other high-cost areas such as Silicon Valley. The objective of this action is to explore ways employers, foundations or other organizations can support affordable housing targeted to a specific income-qualified group (e.g. company employees) and/or contribute in financial or other ways to the overall affordable housing needs of the Bellevue community.

This action will also explore additional opportunities to partner with the King County Housing Authority, one of the City's long-term partners. For example, the Housing Authority has proposed linking the City's zoning incentives for the creation of housing affordable at 80% AMI with the use of Section 8 vouchers administered by the Housing Authority. The coupling of these two programs could drive rents to deeper affordability levels than could be achieved by market incentives alone. This is an intriguing concept of bridging market incentives with direct public subsidies. The details of such a partnership would need to be developed through the implementation work plan. This could be tied to action C-4 as well.

Action E-2: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none"> • Opportunity to tap additional techniques and funding sources for producing affordable housing • May be able to better target specific needs related to sectors of greatest job growth 	<ul style="list-style-type: none"> • Few affordable housing program models with public and employer or other private partners

E-3. Advocate for legislative actions that expand state and local funding tools.

This action would advocate for legislative action in two different ways: (1) legislation to increase the housing dollars from the state, such as increased funding for the State Housing Trust Fund, and (2) legislation that grants cities additional tools to produce more affordable housing, such as a tax on the sale of real estate or tax exemptions for existing affordable housing.

Action E-3: Policy trade-offs and other considerations identified by the TAG

Advantages	Disadvantages
<ul style="list-style-type: none"> • A variety of tools gives city flexibility in how to increase revenues and can provide greater stability in funding over time 	<ul style="list-style-type: none"> • Opposition to generating additional funding authority

Bellwether Housing launched an impact investing initiative in **Seattle** to raise low-cost debt for affordable housing.

The program's first offering in 2015 raised \$1.8 million from 22 investors to rehabilitate the Parker Apartments in Seattle's Queen Anne neighborhood.

The building's 50 units provide access to a high-opportunity neighborhood to households earning 30-60% AMI.

Two **Seattle** employers – the University of Washington and Seattle Children's Hospital – partnered with Security Properties to develop a 184-unit housing complex in the University District. UW provided the site, Children's provided a portion of the development capital, and Security Properties built and managed the project. The project has an agreement to rent to UW and Children's employees, though occupancy by employees has been limited.

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Implementation

With its first articulated Affordable Housing Strategy in place, the city has established a framework for aligning efforts across the city, coordinating with partners, and measuring progress.

Every three to five years, the city will prepare a report that evaluates the AHS progress toward the performance objectives and affordable housing production goals. This report will identify areas of focus for the coming three to five years. Short-term action items will be selected and pursued as current year priorities. These priorities will be communicated to stakeholders, including partners who will work together with the city to advance its strategy.

To support an effective implementation program, this section includes:

- A comprehensive listing of specific tasks, responsibilities for leading and supporting the tasks, resource requirements, and partnership opportunities (Table 3). This table will also support the city's budgeting and implementation processes, and provide a mechanism for assessing progress and maintaining accountability.
- A timeline for implementation of the specific actions identified in this report (Figure 1).
- Examples of how selected actions could be implemented using case studies that incorporate existing organizations, resources and conditions specific to Bellevue.

Table 3. Implementation

Action	Next Steps	Timeline	Depts ¹
Strategy A: Help People Stay in Affordable Housing			
A-1 Partner with non-profit organizations and housing agencies to fund the purchase of existing, affordable multi-family housing to preserve it for the long term.	<ul style="list-style-type: none"> • Coordinate with KCHA and other affordable housing providers on data needs • Partners identify potential projects to purchase & approach current owners 	2017-2018	FIN PCD DSD PCS ARCH
\$ Requires additional city funding, see Action E-1	<ul style="list-style-type: none"> • Partners request funding assistance for purchase 		
A-2 Advocate for state legislation to extend property tax exemptions to existing multi-family properties that agree to set aside some apartments as affordable.	<ul style="list-style-type: none"> • Coordinate with interest groups to develop a workable proposal • Include position in legislative agenda for Council's consideration • Council endorses position • Work with other advocates to pass legislation 	2018-2019	CMO PCD FIN ARCH
A-3 Promote programs that provide social and physical support to help seniors and disabled people remain in their homes.	<ul style="list-style-type: none"> • Convene stakeholder working group to identify how city can assist • Human Services Commission and Bellevue Network on Aging input on program options • Integrate into department work programs through 2019 - 2020 budget 	2019	PCD PCS
A-4 Increase funding and expand eligibility for the city's home repair and weatherization programs.	<ul style="list-style-type: none"> • Submit budget proposal to expand program • Human Services Commission reviews proposal 	2018-2019	PCS FIN
\$ Requires additional city funding, see Action E-1	<ul style="list-style-type: none"> • Council adopts 2019-2020 budget 		
A-5 Promote energy efficiency in design and construction of affordable units to reduce costs for residents.	<ul style="list-style-type: none"> • Identify similar programs that could be a model for Bellevue • Convene stakeholder working group to develop a program tailored to Bellevue 	2018-2019	DSD PCD UTIL
\$ Requires additional city funding, see Action E-1	<ul style="list-style-type: none"> • Submit 2019-2020 budget proposal to fund program • Council adopts 2019 - 2020 budget 		

1. ARCH = A Regional Coalition for Housing; CAO = City Attorney's Office; CMO = City Manager's Office; CSD = Civic Services Department; DSD = Development Services Dept.; FIN = Finance Dept.; PCD = Planning & Community Development Dept.; PCS = Parks & Community Services Dept.; TR = Transportation Dept.; UTIL = Utilities Dept.

Action	Next Steps	Timeline	Depts ¹	
Strategy A: Help People Stay in Affordable Housing (continued)				
A-6	Promote existing utility rate relief, utility tax relief, and property tax relief programs for income-eligible residents.	<ul style="list-style-type: none">• Work with city utilities, PSE & King County to develop message & promotional campaign• Work with utility providers to implement early warning intervention before residents lose services or housing• Identify additional funding, if any, needed for City's programs• Submit 2019 - 2020 budget proposal, if needed	2018-2019	CMO FIN UTIL
Strategy B: Create a Variety of Housing Choices				
B-1	Encourage micro-apartments around light rail stations through actions such as reduced parking requirements.	<ul style="list-style-type: none">• Convene stakeholder working group to identify code changes, including appropriately sized parking• Work with communities to evaluate and address impacts as needed• Draft code changes• Planning Commission & Council review & action	2018-2019	DSD
B-2	Update accessory dwelling unit standards and allow detached units in self-selected neighborhoods.	<ul style="list-style-type: none">• Convene stakeholder working group to identify concerns & ways to address• Draft code changes• Planning Commission & Council review & action• Review and implement through neighborhood planning program when supported by neighborhoods	2019-2020+	DSD PCD CAO
B-3	Promote design in affordable units that ensures accessibility for all ages and abilities (e.g. "universal design").	<ul style="list-style-type: none">• Identify current standards & potential changes• Convene stakeholder working group to recommend building code changes (for example, Bellevue Network on Aging)• Draft building code changes• Council action	2018-2019	DSD CAO
B-4	Consider changes to the down payment assistance program for low-income and first time homebuyers.	<ul style="list-style-type: none">• Consider review by ARCH Citizens Advisory Board• Research similar programs, including separate from current state program• Propose changes &/or new program, including additional partners• Amend existing and/or implement new program	2018-2019	PCD ARCH

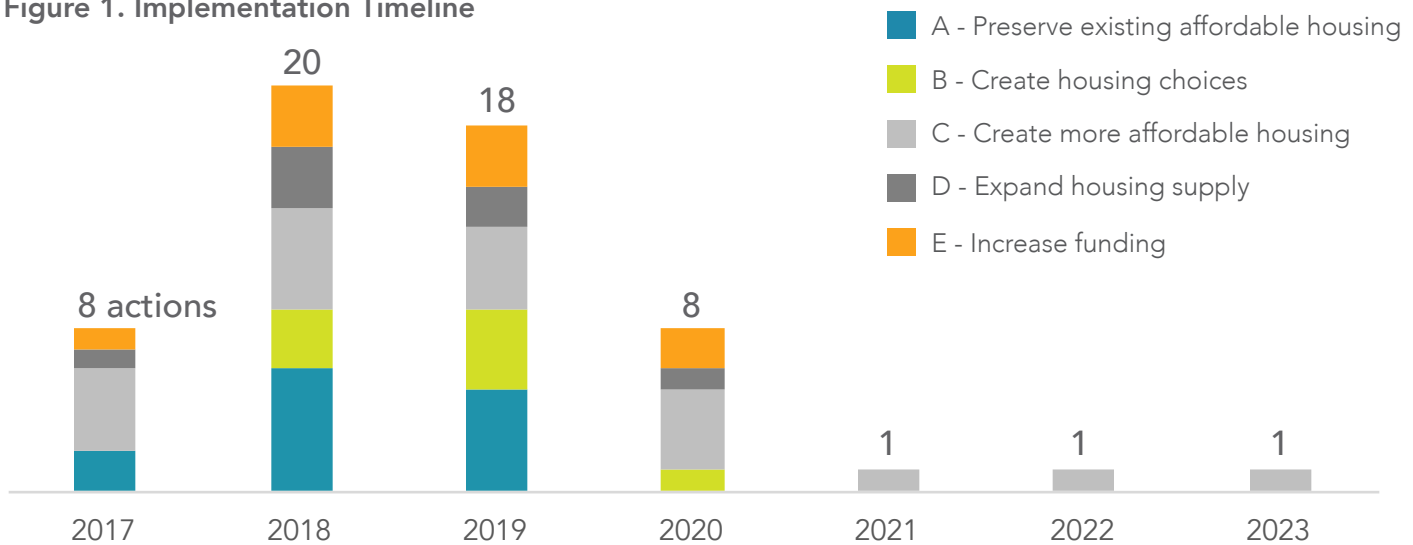
Action	Next Steps	Timeline	Depts ¹
Strategy C: Create More Affordable Housing			
C-1	<p>Increase development potential on suitable land owned by public agencies, faith-based and non-profit housing entities for affordable housing.</p> <p>\$ Requires additional city funding, see Action E-1</p>	<ul style="list-style-type: none"> • Refine screening criteria to identify potential properties (e.g. adjacent land uses) • Contact faith-based property owners to gauge interest in affordable housing with or without change in zoning • Contact non-profit housing providers about properties with potential for redevelopment with or without change in zoning • Compile list of interested properties, including surplus public properties (non-park assets) • Conduct public outreach program • Process comprehensive plan amendments & rezones (in groups or individually) 	<p>2017-2020</p> <p>PCD CAO ARCH</p>
C-2	<p>Develop affordable housing on suitable surplus public lands in proximity to transit hubs.</p> <p>\$ Requires additional city funding, see Action E-1</p>	<ul style="list-style-type: none"> • Continue working with Sound Transit on ensuring transit-oriented development at BelRed stations includes affordable housing (including the OMFE and 130th sites) • Coordinate with city departments and other public and quasi-public entities to identify surplus land with potential for affordable housing 	<p>2017-2023</p> <p>CMO CSD CAO PCD TR UTIL</p>
C-3	<p>Update existing tax exemption programs for affordable housing to increase participation by developers of new housing.</p>	<ul style="list-style-type: none"> • Review existing program relative to other cities • Convene stakeholder working group to review possible changes • Draft amendments • Council review & action • Develop program to inform and promote MFTE to developers 	<p>2017-2018</p> <p>PCD ARCH FIN CAO</p>
C-4	<p>Inclusionary zoning: Increase zoning as an incentive to provide affordable units in new development.</p>	<ul style="list-style-type: none"> • Compile report of research & direction to date from CACs, Council, ULI, etc. • Work with KCHA to explore ways to integrate Section 8 vouchers into incentives to deepen affordability • Draft code amendments • Planning Commission & Council review & action • Develop a program to inform and promote incentives to developers 	<p>2017-2020</p> <p>PCD DSD CAO</p>
C-5	<p>Reduce costs of building affordable housing (e.g. code amendments, lower fees, reduced parking, city-funded street improvements).</p> <p>\$ Requires additional city funding, see Action E-1</p>	<ul style="list-style-type: none"> • Identify current standards & potential changes • Convene stakeholder working group to recommend code changes • Draft code changes • Planning Commission & Council review & action • Develop a program to inform and promote changes to developers 	<p>2018-2020</p> <p>DSD PCD CAO</p>

Action	Next Steps	Timeline	Depts ¹
Strategy D: Unlock Housing Supply by Making it Easier to Build			
D-1	Revise code to reduce costs and process time for building multi-family housing. <ul style="list-style-type: none">• Identify current standards & potential changes• Convene stakeholder working group to recommend code changes• Draft code changes• Identify a demonstration project to evaluate and refine code changes• Planning Commission & Council review & action	2018-2019	DSD PCD CAO
D-2	Advocate for amendments to state condominium statutes to rekindle interest in condominium development. <ul style="list-style-type: none">• Coordinate with interest groups to develop a workable proposal• Include position in legislative agenda for Council's consideration• Council endorses position• Work with other advocates to pass legislation	2018-2020	CMO CAO PCD DSD
D-3	Change the city's approach to density calculation in multi-family zones to allow more flexibility in unit size and type. <ul style="list-style-type: none">• Identify zones for amendment, analyze potential effects• Draft code amendments• Planning Commission & Council review & action	2017-2018	DSD PCD CAO
Strategy E: Prioritize State, County, and Local Funding for Affordable Housing			
E-1	Tap additional local sources to dedicate more funding to affordable housing (e.g. reallocation of general fund and/or REET, increase of property tax and/or business & occupation tax, bonds). <ul style="list-style-type: none">• Council direction on level of productivity desired• Develop funding program to achieve productivity level• Council review & action• Voter approval (as needed)	2017-2019	FIN CMO CAO PCD ARCH
E-2	Pursue funding partnerships with employers, financial institutions, foundations, and others. <ul style="list-style-type: none">• Convene stakeholder working group to define need & partnership opportunities• Work with KCHA to explore ways to employ Section 8 vouchers to deepen affordability• Identify next steps & roles• Maintain regular communication & coordination of implementation	2018-2020	CMO PCD PCS ARCH
E-3	Advocate for legislative actions that expand state and local funding tools. <ul style="list-style-type: none">• Coordinate with interest groups to develop a workable proposal• Include position in legislative agenda for Council's consideration• Council endorses position• Work with other advocates to pass legislation	2018-2020+	CMO FIN CAO ARCH PCD

Implementation Timeline

As described previously, the AHS is intended to substantially increase the city's existing affordable housing stock over the next ten years. In order to achieve this objective, the AHS emphasizes implementation over the next three years. Figure 1 illustrates the anticipated timeframe for implementation of the recommended actions.

Figure 1. Implementation Timeline



The King County Housing Authority provides rental housing and rental assistance to more than 18,000 King County households including families, the elderly, and people with disabilities. The KCHA actively acquires properties and builds new housing. Most KCHA properties in Bellevue are existing apartments acquired by KCHA to preserve their affordability.

Implementation Examples

Strategy A

Action A-1. Partner with non-profit organizations and housing agencies to fund the purchase of existing, affordable multi-family housing to preserve it over the long term.

Example: The King County Housing Authority (KCHA) is a regional leader in preserving affordable housing through acquisition and rehabilitation of older multi-family buildings. KCHA's 1,837 units in Bellevue (15 multifamily properties and 8 single family homes) include rent levels for both moderate and low-income renters. This includes 509 low-income, federally subsidized units. KCHA administered Section 8 Housing Choice vouchers serve an additional 830 Bellevue households. Through tenant and project based voucher programs in Bellevue, KCHA provides rent supplements of over \$6 million a year.

In Bellevue, the KCHA has identified several developments that may be at risk for redevelopment to higher cost housing. With the city as a funding partner, the KCHA would work with willing sellers to acquire properties and rehabilitate them for preservation as long-term affordable housing. Through a partnership with KCHA and non-profit organizations an estimated 500 – 1,000 affordable apartments could be preserved.

Likely candidate developments are older buildings located in areas where rents are lower relative to other parts of Bellevue. Following acquisition and depending on specific needs, the KCHA would improve utility systems, modernize buildings, enhance energy efficiency and accessibility, improve grounds, and provide for supportive community services.

As a recent example, the city, KCHA, King County and the state partnered to fund the purchase and preservation of 76 affordable apartments at Highland Village. In this specific case, the property was under contract for purchase by a developer for redevelopment to higher priced townhomes, which resulted in a more challenging negotiation process. As noted by Stephen Norman, KCHA Executive Director, “For a private business to change its plans in response to community concerns and forgo substantial future financial gain is extraordinary.” Implementation of Action A-1 would seek to identify and acquire property in advance of private developer interest and action.

Next Steps: As an initial step, the city should bring together the KCHA and non-profit housing organizations to share information and identify potential high priority sites for acquisition. Based on the identified site inventory, additional research should be conducted to assess seller interest, need for site improvements, and estimated costs. Using this information, highest priority sites and key next steps could be identified.

Strategy B

Action B-2. Update accessory dwelling unit standards and allow detached units in self-selected neighborhoods.

Example: Many of the cities immediately around Bellevue allow detached accessory dwelling units (ADUs), including Mercer Island, Kirkland, Issaquah, and Newcastle. Similarly, these and other cities provide for greater flexibility in the minimum allowed size of these units. In general, ADUs have been developed in Bellevue at a slower rate compared to these cities and to the Eastside as a whole. Increased flexibility in ADU standards are intended to reduce barriers and increase the production of ADUs in self-selected neighborhoods.



Photo courtesy of ARCH

To implement this action, the city would adopt the following land use code amendments:

- 1) Allow detached ADUs on single family lots, subject to zoning standards and where consistent with neighborhood plans. This amendment would activate in neighborhoods that indicate, through their neighborhood plan, support for detached ADUs. Neighborhood consideration of this option could be through a variety of public engagement opportunities, including the upcoming neighborhood area planning process.
- 2) Reduce the minimum allowed ADU size from 300 square feet to 220 square feet to allow for reduced costs and increased affordability.

Next steps: The city should prepare proposed code language for inclusion of the updated ADU standards in the Land Use Code. Through the neighborhood area planning or other structured process for communication with all neighborhoods, the city should provide information about detached ADUs, answer questions and help neighborhoods determine their preferred direction.

Strategy C

Action C-1. Increase development potential on suitable land owned by public agencies, faith-based and non-profit housing entities for affordable housing.

Example: Downtown Action to Save Housing (DASH) has owned and managed the Glendale Apartments since 1995 (built in 1968) and preserved the affordability at 60% or less of AMI. The complex consists of 82 affordable apartments and one common area unit on approximately 3.7 acres at the northeast corner of NE 8th Street and NE 10th Place. The current density is at the maximum allowed under the existing R20 zoning. The site is well-served by existing and future transit being located on the Rapid Ride "B" line and within a 10 minute walk of the future Wilburton light rail station.

The apartments are going to require substantial capital investment in the next few years to update and prolong their usable life. Before deciding how to proceed with funding for that investment, DASH approached the city about increasing the density on the site through a rezone that would yield about 300 total apartments, or nearly four times the current number. There is already outstanding debt on the site (the loan from Bellevue through ARCH of approximately \$255,000 was repaid in 2006). According to DASH, rezoning the site would allow them to increase the debt load based on their ability to leverage the increased value of the land and the greater cash flow from many more apartments. There is also the question of how the previous funding should be considered in the amortization of the existing apartments that will be demolished and replaced by new apartments with new debt.

Next Steps: In order to proceed the city should initiate a comprehensive plan amendment and rezone of the property in coordination with DASH. Concurrently, DASH can proceed with preliminary site planning and funding

inquiries, including working with their existing debt holders, to put together the necessary funding package. This project could also be used to test a project management approach during the permitting phase to facilitate the process.

Strategy D

Action D-1. Revise codes to reduce costs and process time for building multi-family housing.

Example: One way to reduce costs and process time is to allow for innovative building materials and techniques. An example of innovative building techniques is illustrated by the 47+7 development in Seattle's University District (see right). This technique integrates use of prefabricated component parts -- such as prefabricated structural steel and other building components -- with conventional construction of other elements -- such as utilities, structured parking and foundations. This approach is intended to develop high-quality and high-performance residential housing projects in about half the time and to reduce water and energy use by 50 percent and construction costs by 10 percent for comparable buildings.



Photo courtesy of CollinsWoerman

This or other innovative building types, such as modular construction, shipping container architecture, or use of cross-laminated timber, could help reduce costs for multi-family construction. In some cases, changes or exceptions to the Bellevue Building Code may be needed to allow this type of construction. In other cases, amendments to the Washington Building Code and International Building Code may be needed.

Next Steps: The city has had initial meetings with representatives of industries working with alternative building materials to gain a better understanding of each type and how it relates to building code requirements. Additional work is needed to ensure the city's building code and development regulations can allow these materials while maintaining the intent of the code and meeting life-safety standards. As part of this assessment, the city may also need to consider whether and how to seek amendments to the state and international building codes in order to facilitate more innovative building measures.

Strategy E

Action E-2. Pursue funding partnerships with employers, financial institutions, foundations and others.

Example: Founded in 1978 and currently comprised of over 400 member firms, the Silicon Valley Leadership Group (SVLG) is a well-established and successful model for a public private partnership. The group is based on the premise that local businesses should be actively engaged with government to address tough challenges, such as transportation, housing, land use, education and the environment. With respect to housing, the SVLG has engaged in advocacy and education to generate political will for affordable housing at the local, regional and state levels. Through the Silicon Valley Leadership Group Foundation, the Housing Trust of Silicon Valley has raised \$76 million from public and private sectors to leverage \$1.88 billion for affordable housing.

Next Steps: The city should convene a housing summit with interested local community and business leaders to facilitate a discussion of housing need, potential actions and interest in forming ongoing partnerships.

Chapter 2.

Housing Need in Bellevue

Bellevue, like other cities in the region, is facing a critical need for more affordable housing. Many of the reasons for this are outside of the city's control. The Puget Sound region is a desirable place to live and Bellevue in particular is often ranked as one of the most livable cities in the country. Bellevue and the region are also benefiting from a strong economy and increasing job growth. These market forces work together to increase demand for housing which in turn increases the cost. It is also worth noting that reductions in state and federal funding of housing programs over the past several years have resulted in fewer new units being created for low and very low income households.

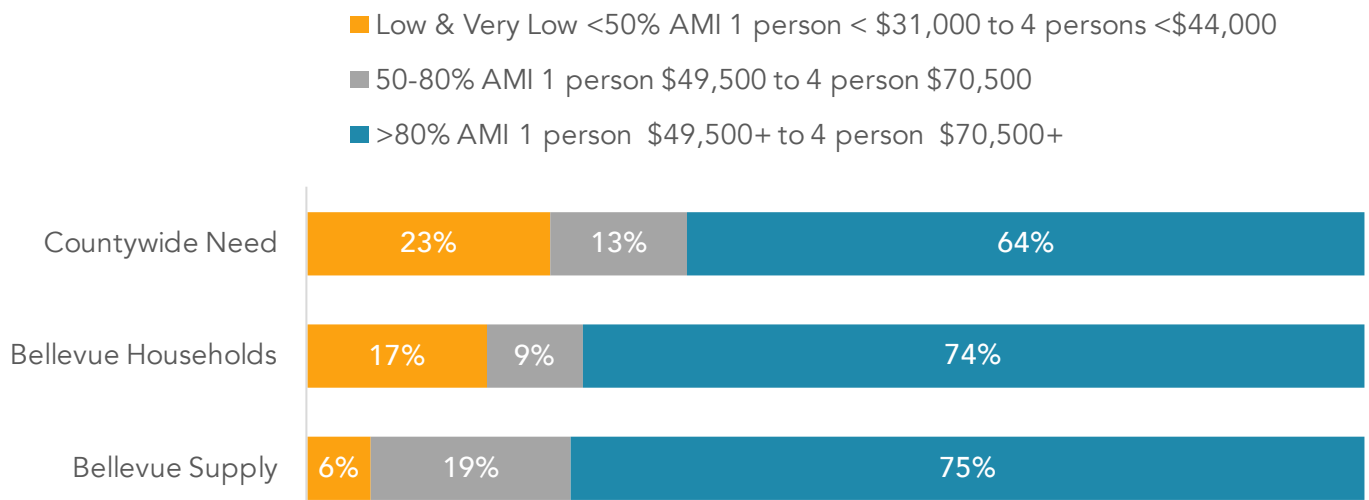
Housing Need

The City of Bellevue Housing Needs Assessment (Appendix 3) describes the status of housing affordability in the city and the trends that are exacerbating the problem. The following key findings from the report highlight this critical need:

- About half (49%) of Bellevue's work force earns less than \$50,000 year and cannot afford average rental rates in Bellevue.
- Sixteen percent of all renters and almost one third (31%) of all Bellevue households spend more than 30% of their income on housing.

Figure 2. Affordable Housing Need

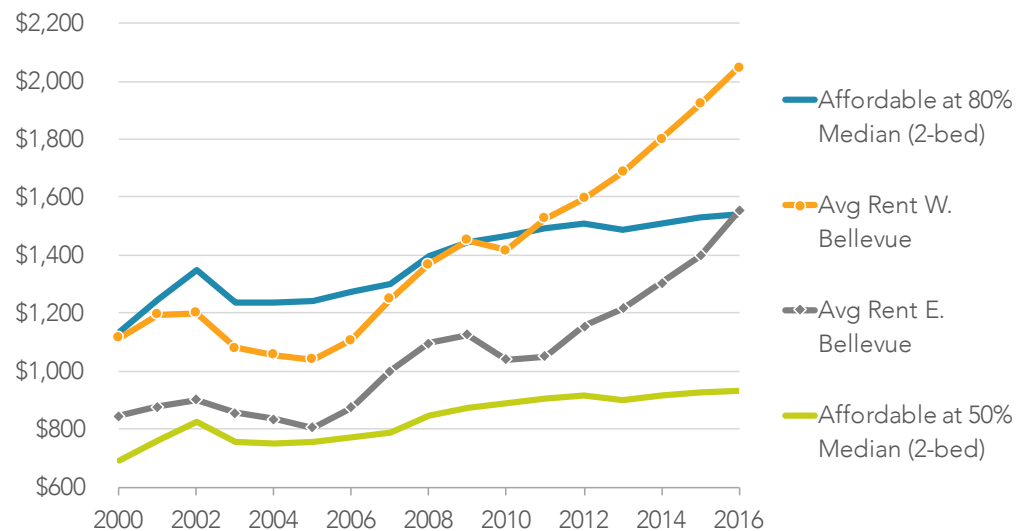
Source: CHAS data based on data from the U.S. Census Bureau, 2008-2012 ACS; King County Median Income for 2014



2. HOUSING NEED IN BELLEVUE

Figure 3. Affordable and Actual Average Rents

Source: ARCH: HUD King County Median income 2016; Dupre and Scott Apartment Advisors, 2016



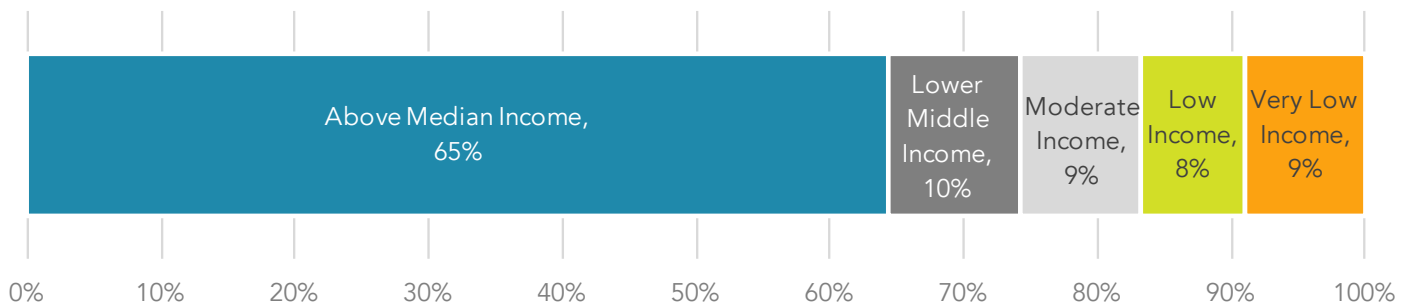
- Almost one third of senior renters spend more than 50% of their income on housing.
- Over 9,100 Bellevue households (17%), or about 22,000 people, have low and very low incomes (i.e. household incomes less than 50% of area median income). There are only 3,095 units (6% of Bellevue's housing supply) affordable to people in these households.
- Rents are continuing to climb and now average over \$2,000 in parts of Bellevue, a historically high level relative to median income. Affordable rents for low and very low income households would be between about \$450 and \$1,000.
- The February 2017 median sales price for a single family home in Bellevue was \$1.04 million, an increase of 33% in one year.
- High home prices in Bellevue are making it difficult to keep ownership costs at 30% of income. Median sales price for a single family home in Bellevue in January 2016 was \$777,500. This would require an annual household income of over \$160,000 to be affordable.
- Production of subsidized affordable housing units has slowed. The annual rate of creating affordable units has been significantly less in the last decade than previous years.

Household Income

The median family income for King County was \$90,300 in 2016 for a four person household. Using incomes categories based on this area median income (AMI), 65% of Bellevue households earn more than the County area median income.

Figure 4. The majority of Bellevue households have incomes above county median income

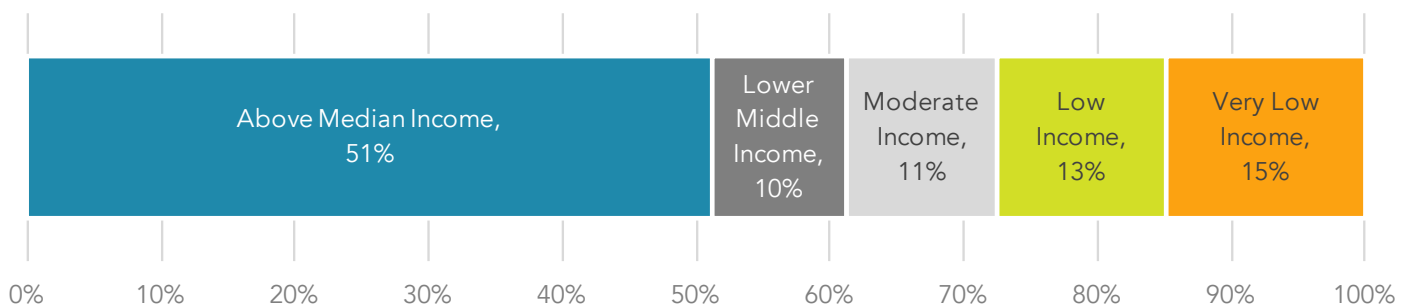
Source: U.S. Census Bureau, 2008-2012 American Community Survey customized for the Department of Housing and Urban Development's Comprehensive Housing Affordability Strategy (CHAS).



The picture changes if only the 12,326 households with at least one person 62 years or older are included. There are higher shares of both very low and low income households reflecting the fact that many senior households are no longer working and living off of fixed retirement income.

Figure 5. 49% of senior households are at or below 50% of county AMI

Source: U.S. Census Bureau, 2008-2012 American Community Survey customized for the Department of Housing and Urban Development's Comprehensive Housing Affordability Strategy (CHAS).



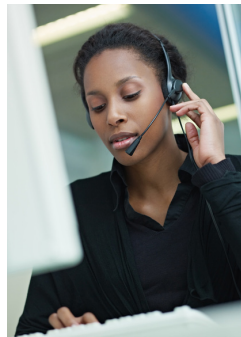
2. HOUSING NEED IN BELLEVUE

It should also be noted that a high proportion of Bellevue's workers earn less than the median income. The examples below illustrate the types of employment and related housing affordability for some of the employment categories that earn less than AMI.

Local workers who make about \$20.00 per hour*

Workers earning about \$20.00 hour or \$42,000 annually can afford monthly rents of only about \$1,000. A single person earning \$42,000 is earning 60% of area median income, a family of four earning \$42,000 is earning 45% of area median income.

*Source: WA Employment Security Dept. Workforce Explorer: King County, 2015



Customer Service Representative
\$18.68 / hour



Bookkeeper
\$21.21 / hour



Medical Assistant
\$18.65 / hour

Local workers who make less than \$15.00 per hour*

Workers earning less than \$15.00 hour or \$31,000 annually can afford monthly rents of less than \$800. A single person earning \$31,000 is earning 50% of area median income.

*Source: WA Employment Security Dept. Workforce Explorer: King County, 2015



Barista
\$11.09 / hour



Grocery Clerk
\$13.95 / hour



Cook
\$13.37 / hour

New Bellevue Residents

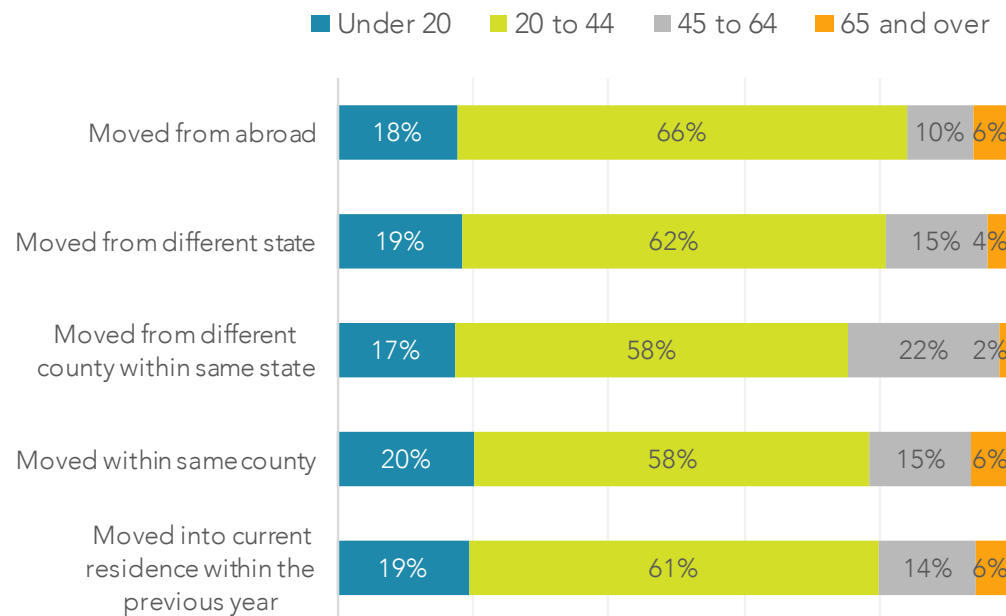
Who is moving to Bellevue?

People who moved to Bellevue are:

- Younger – the median age of those who moved within the past year was 30.2 compared to 38.5 for the population as a whole.
- More often people of color – About 61 percent of those who moved here within the past year were people of color versus 41 percent of those who lived in the same house a year ago.
- Well educated -- About 72 percent of those who moved here within the past year have a bachelor's degree or higher versus about 61 percent who were in the same house a year ago.
- More well off – People who moved here within the past year have a median individual income of about \$50,644 compared to \$46,369 for those who were in the same house a year ago.
- More likely to rent than own – About 77 percent of those who moved here within the past year are renters compared to about 32 percent of those who lived in the same house a year ago.

Figure 6. Age distribution: Bellevue residents who have moved in the past year

Source: U.S. Census Bureau, 2011-2015 American Community Survey

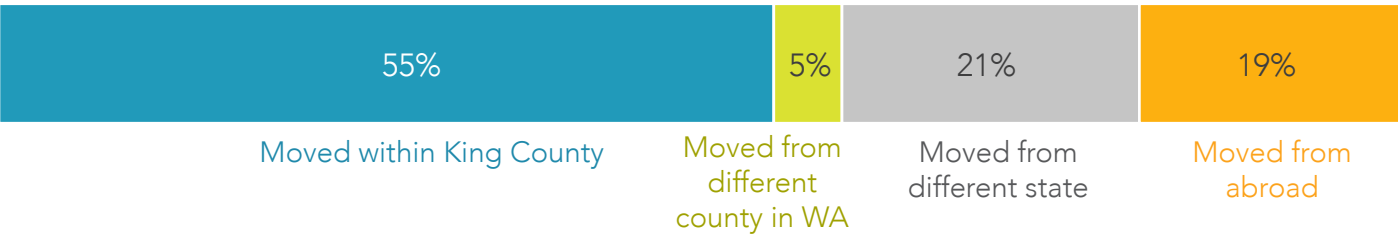


Where are people moving from?

For those moving into their current residence within the past year, 55 percent were moving from within the same county (could also be from within Bellevue), five percent moved from a different county within Washington State, 21 percent moved from a different state and 19 percent moved from abroad.

Figure 7. Prior residence: Bellevue residents who have moved in the past year

Source: U.S. Census Bureau, 2011-2015 American Community Survey



Employment and the Economy

The lack of affordable housing also impacts the local economy. Respondents to the Bellevue Survey of Businesses (2015) consistently rated Bellevue low on affordable housing options for employees. This was true across all areas of the city and all employment sectors. Businesses identified lack of workforce housing as a primary challenge for Bellevue. Forty-one percent (41%) of all respondents state that they have had difficulty finding trained and qualified staff over the previous 12 months. Retail and tourism indicated having the most difficult time. Half of retail businesses and 60 percent of tourism businesses reported having difficulty finding trained and qualified staff.

Chapter 3.

Existing Programs

Although Bellevue does not directly develop housing, it can influence the amount and affordability of housing in many ways. For example, the city can:

- Provide direct financial assistance to housing agencies and non-profits to develop and preserve affordable housing;
- Provide indirect assistance to housing developers, e.g. tax incentives and credit enhancements;
- Adopt regulations and incentives that leverage market development of housing, e.g. increase density, increase flexibility of housing type, or lower development costs;
- Provide assistance to those that need affordable housing, e.g. rental subsidies, home repair, down payment assistance.
- Provide additional public revenues that support affordable housing.

The City of Bellevue currently has a variety of programs to help residents find and maintain an affordable place to live. Table 4 below provides a brief summary of existing city programs, income levels served and housing units produced or households served. For each program, income levels served are listed.

Table 4. Existing Housing Programs in Bellevue

Programs	Income level served	Units provided / households served
Direct and Indirect Support		
General Fund Contributions To The Housing Trust Fund Through participation in the ARCH Housing Trust Fund, Bellevue assists non-profit affordable housing providers and the King County Housing Authority to construct new affordable housing and acquire and preserve existing affordable housing.	Very low to moderate	Since 1993, new construction or preservation of 3,200 units in East King County, including 1,085 units in Bellevue
Surplus Land Donation Bellevue has donated, sold or leased land for four housing projects that include affordable units: Hopelink Place, Habitat Eastmont, Brandenwood Apartments, and Park Highlands at Wilburton Apartments.	Very low to moderate	122 units <i>(Habitat Eastmont 1 unit, Park Highlands 41 units, Hopelink Place 20 units, Brandenwood Apartments 60 units)</i>

3. EXISTING PROGRAMS

Programs	Income level served	Units provided / households served
Direct and Indirect Support (continued)		
Multifamily Housing Property Tax Exemption The Multifamily Housing Property Tax Exemption program (MFTE) is a voluntary program that provides a 12-year exemption from property taxes on the housing portion of new apartment development in exchange for setting aside 20% of units for income-eligible households.	Low to moderate	Since 2015, 0 units
Transportation Impact Fee Exemption Bellevue exempts transportation impact fees for new low and moderate income housing that agree that the units will remain affordable for the life of the project.	Low to moderate	Since the 1990s, 104 units
City Regulations and Incentives		
Affordable Housing Density Bonus For multifamily development, Bellevue allows one bonus market-rate unit for each affordable unit provided, up to 15% above maximum density for the applicable zone. For single family development, attached affordable housing duplexes are permitted on single-family lots.	Moderate	Since 1996, 19 units
BelRed Incentive For Affordable Housing Development regulations for BelRed establish base and maximum density levels. Maximum density must be earned by providing amenities, including affordable housing, either on site or by paying a fee-in-lieu to the city's housing fund. Affordable housing must be provided before other amenities.	Moderate	Since 2009, 89 units and over \$900,000 in fees
Attached Accessory Dwelling Units An attached Accessory Dwelling Unit (ADU) is an independent residence within an existing single-family home on the same property.	No affordability restrictions	Since 1993, 155 ADUs registered with the City
Incentive for Small Units for Seniors If less than 600 square feet, senior citizen dwellings, congregate care senior housing and assisted living units are calculated as 0.5 units for the purposes of meeting density requirements. Although not tied to affordability, this incentive contributes to increased affordability by helping to increase the inventory and availability of small units for seniors.	No affordability restrictions	Since 1993, 60 units
Reduced Parking Requirement for Small Affordable Units Lower parking requirements can reduce overall construction costs and provide an incentive for the developer to rent or sell the unit at an affordable rate. The City of Bellevue has reduced parking requirements for affordable units in the Downtown and Bel-Red neighborhoods.	Low	In Downtown, 64 units since 1996; in BelRed, 0 units since 2009

Programs	Income level served	Units provided / households served
Assistance to Residents		
Down Payment Assistance Loan Program The ARCH East King County Down Payment Assistance loan program provides down payment loans for borrowers purchasing a home or condominium in an ARCH member city.	Moderate	Since 2005, 65 ARCH households served, including nine in Bellevue
Home Repair Program The Bellevue Home Repair loan programs and Emergency and Weatherization grant programs provide single family home owners with zero-interest loans and grants for health- and safety-related repairs.	Varies, very low to moderate	About 30 households served per year
Utility Rate and Tax Assistance The city offers qualified residents relief on their utility costs and taxes for water, wastewater and drainage.	Very low to low	About 1,200 households served per year by each program
Foreclosure Counseling/Foreclosure Fairness Program The Foreclosure Fairness Program provides homeowner foreclosure assistance by offering free housing counseling, civil legal aid, and foreclosure mediation. The Bellevue Mediation Program administers the program.	No affordability restrictions	When launched in 2011, about 40 households annually; currently about four households annually.
Support for Service Agencies through Human Services Fund Bellevue serves human service needs through planning, facilitating and funding programs to meet citizen needs. On a citywide basis, Bellevue supports a network of services that cover a broad spectrum of needs, including food security, homeless/housing support services; mental health; health; substance abuse; child care; employment training; domestic violence; emergency financial assistance; transportation; and other needs.	Very low to moderate	Not applicable

3. EXISTING PROGRAMS

Programs	Income level served	Units provided / households served
Support for Additional Housing Resources		
ARCH Coordinating Public Resources ARCH assists member jurisdictions in developing housing policies, strategies, programs, and development regulations; coordinates the cities' financial support to groups creating affordable housing; and assists people looking for affordable rental and ownership housing.	Very low to moderate	As described for individual programs in this table
Partnership with Sound Transit on Affordable Housing in BelRed Sound Transit and the City of Bellevue are partnering to provide for compact, mixed use and walkable centers at the Sound Transit Operations and Maintenance Facility and the 130th Station Area in the BelRed neighborhood. Transit-oriented development (TOD) at both of these locations will include affordable housing.	To be developed	To be developed
Land Banking for Equitable TOD The Regional Equitable Development Initiative (REDI) TOD Fund supports acquisition of land and buildings within walking distance of high capacity transit for development and preservation of affordable housing. As of 2015, \$18 million was pledged to REDI, including \$250,000 from City of Bellevue.	Low and moderate	To be developed

Impact of Existing Programs

Table 5 provides an overview of the number of new or preserved affordable housing units created in Bellevue between 1993 and 2012. During this period, an annual average of about 50 new or preserved units for households earning less than 50% AMI and about 105 new or preserved units for households earning between 50% and 80% AMI were created. It is noteworthy that, on an annual basis, significantly more units were created during the 1993 – 2002 time period compared to the 2003 – 2012 time period. Between 2003 and 2012, the annual average for new or preserved units for households earning less than 50% AMI was only about 20; and for households earning between 50% and 80% AMI was only about 50. The difference between these two time periods reflects the fact that funding for affordable housing has not kept pace with increasing rental and construction costs.

Table 5. New Affordable Housing Created or Preserved in Bellevue, 1993 - 2012

Note: Incentives include approved permits for accessory dwelling units, density bonuses, etc.

Source: ARCH and City of Bellevue

Period	Low Income (less than 50% Area Median Income)					Moderate Income (50% – 80% Area Median Income)				
	Direct Assistance	Regulatory Incentives	Market	Subtotal	Annual Average	Direct Assistance	Regulatory Incentives	Market	Subtotal	Annual Average
1993-2002	754	0	8	762	76	506	369	686	1,561	156
2003-2012	185	0	0	185	19	38	44	453	535	53
Total 1993-2012	939	0	8	947	47	543	413	1,139	2,095	105

Effective Practices in Other Jurisdictions

Cities across the country seek effective tools to build affordable housing. They introduce incentives and regulations, deploy funds, donate public land, and build partnerships with private and nonprofit entities. While each community is different, conversations about the tradeoffs within affordable housing strategies are the same: How do you increase density without overcrowding or changing a neighborhood's character? Should developers be required or incentivized to build affordable units? How do you reduce building costs but maintain quality? While there is no shortage of effort, there is a shortage of results: no city claims to have solved the puzzle of affordable housing development, and limited research examines the relative effectiveness of strategies and tools.

3. EXISTING PROGRAMS

The vast majority of strategies employed by communities across the country are either currently used by Bellevue, or are under consideration for Bellevue's AHS. Numerous cities, for example, have introduced inclusionary zoning to mandate specified percentages of affordable units in new development or payment of fees. Calibration depends on the area's objectives: Arlington County, Virginia, determined they could leverage fees to increase the number and longevity of affordable units; while in Boulder, Colorado, program incentives are calibrated to encourage developers to produce affordable units within new developments rather than pay fees. Other cities offer tax exemptions or density bonuses to incentivize affordable units in new developments.

Many cities have revised regulations to allow alternative forms of housing, such as accessory dwelling units (ADUs) or micro apartments. Portland, Oregon, for example, waives system development charges for ADUs. New York City held a design competition for development of micro apartments and developed the winning design on city-owned land. Other cities, such as Seattle and Portland, are considering changes to zoning rules to allow additional density, in the form of multi-family housing or duplexes and triplexes in specific neighborhoods. In addition to regulation changes, cities can reduce development costs through reduced parking requirements, streamlined permit approval processes, or introduction of less expensive building materials.

Velocity is a 58-unit affordable housing apartment complex developed at the South Kirkland Park and Ride, on land owned by King County. Offering studios and 1-3 bedroom units affordable up to 60% AML, energy-efficient design, community space and other amenities, Velocity is an example of an affordable transit-oriented development on public land. Imagine Housing developed the affordable housing, and private developer Polygon developed market-rate units in a separate building above a shared parking garage.

As the affordable housing crisis grows, creative solutions emerge. In King County, for example, a 58-unit housing complex, Velocity, was developed at the South Kirkland Park and Ride on county-owned land. More recently, cities have expanded funding through partnerships with local employers and private investors. For example, Seattle's Bellwether Housing launched an impact investing initiative to raise low-cost debt for affordable housing. The program's first offering in 2015 raised \$1.8 million from 22 investors, who in turn receive a modest return on their investment. In Silicon Valley, large employers such as Facebook and Google have begun contributing to affordable housing. In Washington State, three cities (Seattle, Bellingham, and Vancouver) raised funds using property tax levies. Other cities (including Portland, Oakland, and Nashville) introduced taxes on short-term rentals.

No one-size-fits-all solution exists. Each tool lends itself to production of housing at different levels of affordability, so communities need a robust set of solutions to meet citizens' varied housing needs. Finally, a tool's effectiveness may change over time. It is therefore critical that leaders continuously evaluate and adapt their affordable housing strategies.

For additional information about effective practices elsewhere, please see Appendix 4.

Chapter 4.

Developing the Strategy

Development of the Affordable Housing Strategy was informed by City Council guidance, adopted Comprehensive Plan policies, public input, and the Technical Advisory Group.

Council Guiding Principles

The City Council initiated the Affordable Housing Strategy planning process in December 2015. Guiding principles provided by the Council established overall project direction and priorities for the planning process, as listed on the following page.

Comprehensive Plan

Additional project guidance is provided by the city's Comprehensive Plan, which establishes a framework from which to identify specific programmatic actions for affordable housing. Policy guidance is primarily focused in the Housing Element, but is also found in the Economic Development Element (see following page).

These policies are foundational to the AHS, as are the broad goals of the Comprehensive Plan Housing Element and the Foundational Strategies from the city's Economic Development Plan:²

Comprehensive Plan Housing Element

- Preserve neighborhood quality
- Expand the overall housing supply
- Maintain and increase affordable housing
- Attend to special housing needs of individuals
- Prevent discrimination in housing
- Promote walkable, sustainable neighborhoods.

Economic Development Plan

- Encourage a variety of housing choices within the city
- Continue to make Bellevue a great place to live and visit

Together, these provide a policy foundation for the implementation, monitoring and adjustments of the AHS over the next ten years.

2. City of Bellevue Economic Development Plan (July 7, 2014) identified Foundational Strategies as essential for a well-functioning community and high quality of life for Bellevue residents and businesses.

City Council Guiding Principles

The Affordable Housing Strategy is a focused effort and action plan to develop an effective strategy and performance that will advance affordable housing opportunities throughout the city. The following Principles provide further direction to guide this work.

1. **Recognize that the City has a sizeable affordable housing problem** and we are committed to addressing our local challenges and become a regional leader in the affordable housing effort.
2. **Identify needs.** Identify Bellevue's affordable housing needs in terms of specific target populations based on available data, such as the Needs Assessment.
3. **Focus on Action.** This effort will build from the strong policy base already in place in the Comprehensive Plan, and be action-oriented, advancing additional tools and strategies that will produce effective results.
4. **Establish ambitious goals.** While the affordable housing challenge is daunting, this effort will establish ambitious goals to address local need.
5. **Build upon ongoing and recent tools the City has developed while strengthening partnerships with relevant organizations.** This work will build upon the solid foundation established by the City's long-running participation with ARCH and include partnerships with other established organizations (and funding sources) dedicated to affordable housing, including recent developments such as the MFTE, BelRed TOD and changes in the BelRed FAR incentives, among others.
6. **Draw upon knowledgeable resources.** This process shall draw upon the knowledge base of experts that have a solid understanding of the tools that will have the greatest impact.
7. **Consider a full suite of tools.** In order to make a significant change the city will consider a full range of action strategies and possible partnerships to achieve our affordable housing goals.
8. **Tailor affordable housing approaches to different areas of the City.** Needs will be addressed at a neighborhood level through the subarea planning process, as opposed to a "one size fits-all" approach.
9. **Leverage resources.** Maximize impact of direct assistance by leveraging other public and private resources and/or combining with incentive programs.
10. **Monitor results and adjust as needed.** Establish performance measures that will monitor quantity, types and affordability of housing achieved and the effectiveness of new strategies to address our needs so that future course corrections may be taken as needed.
11. **Ensure robust public outreach and engagement.** Outreach and communication tools assure a transparent process that will allow all members of the community to engage and shape the recommended strategies.

Affordable Housing in the Comprehensive Plan

Housing Element

HO-21. Address the entire spectrum of housing needs, including the need for housing affordable to very low, low, and moderate income households, through the city's affordable housing programs.

HO-22. Work cooperatively with King County, A Regional Coalition for Housing (ARCH), and other Eastside jurisdictions to assess the need for, and to create, affordable housing.

HO-23. Encourage the development of affordable housing through incentives and other tools consistent with state-enabling legislation.

HO-24. Develop and implement an effective strategy to ensure affordable housing opportunities are available in Downtown and throughout the city at a range of affordability levels. Monitor quantity, types, and affordability of housing achieved for potential unintended consequences and to determine if the need is being met.

HO-25. Provide funding to support housing need, especially for low and very low income households. Assess housing fund guidelines on a regular basis to ensure they are consistent with changing community needs and priorities.

HO-26. Provide incentives and work in partnership with not-for-profit and for-profit developers and agencies to build permanent low- and moderate-income housing.

HO-27. Encourage preservation, maintenance and improvements to existing affordable housing.

HO-28. Explore all available federal, state, and local programs and private options for financing affordable housing.

HO-29. Explore financial incentives to encourage affordable housing, such as partial exemptions from city permit fees, the state property tax exemption program and other state enabled programs.

HO-30. Ensure that all affordable housing created in the city with public funds or by regulation remains affordable for the longest possible term.

HO-31. Participate in relocation assistance to low-income households whose housing may be displaced by condemnation or city-initiated code enforcement.

HO-32. Evaluate surplus city land for use for affordable housing.

Economic Development Element

ED-16. Encourage development of a range of housing opportunities to accommodate Bellevue's growing workforce

Technical Advisory Group

An overarching objective of the AHS is to provide a safe, healthy and affordable place to live for people of all income levels in order to sustain Bellevue's livability and economic vitality. To assist in the development of this AHS, the Mayor appointed a Technical Advisory Group (TAG) and charged them to:

- Refine a list of potential actions designed to increase the amount and type of affordable housing available in Bellevue;
- Provide guidance on developing an evaluation tool that will assess the effectiveness of these actions; and
- Offer insights about how these actions could be effectively implemented in Bellevue.

As established by the City Council, the TAG's primary focus was on a technical analysis of the feasibility and efficacy of the potential actions; the TAG was not asked to provide a policy recommendation on a preferred approach. In keeping with their role as technical experts, TAG members were appointed based on their specific background and technical understanding of housing, financing, development and affordable housing issues.

Between May 2016 and April 2017, the TAG met over ten times. Their meeting time focused on the following:

- Existing City of Bellevue housing affordability programs and effective practices in other jurisdictions nationally (see appendices 1 and 4).
- Public input and comments received through the public engagement process described on page 64.
- Review, refinement, and prioritization of potential actions. As established by the charge from the City Council, the majority of the TAG time was focused here and included an in-depth technical analysis of potential actions.
- Identification of bold actions that have the greatest potential to produce more affordable housing.
- Guidance for potential evaluation criteria to be used to consider the efficacy of actions.
- Policy trade-offs and other issues for City Council consideration.
- Guidance on a final report for transmittal to City Council.

Technical Analysis

To support the TAG's work, city staff and the consultant team analyzed the range of actions for each strategy, including legal considerations, coordination with existing programs, administrative ease, fiscal considerations, public/stakeholder support, and consistency with Council guiding principles. In order to develop the estimates of unit production, affordability level, and public cost for each action, the project team used one or more of the following approaches:

- Analysis of historic trends in Bellevue and other East King County cities.
- Capacity analysis based on 2012 Buildable Lands Inventory
- GIS analysis of parcel suitability
- Pro forma analysis of the impact of affordability requirements and density bonuses on financial feasibility of different development prototypes
- Results of effective practices research
- Consultation with ARCH, King County Housing Authority, and non-profit and for-profit housing developers.

Throughout the process, the project team worked closely with the TAG to verify assumptions and refine the analysis results.

Public Engagement

Incorporating robust public engagement is an important project priority and identified as a Council Guiding Principle. To fulfill that principle and to provide a wide range of ways to participate in the process, public outreach included community meetings, small group meetings, online surveys and open houses, and outreach to citizens through newsletters, a project website and social media. Activities are summarized below; materials and supporting documents from these events are on the project website at: <http://www.bellevuewa.gov/affordable-housing.htm>



Community Meetings

Community Education Forum. On June 23, 2016, the city hosted an education forum that included a panel of local experts discussing the need for affordable housing in Bellevue, and the challenges facing the city and local developers to meet that need. Attendees were also invited to share their experiences with affordable housing, meet with local human services providers and comment on potential affordable housing strategies and actions. Sixty-two participants signed in at this meeting.

Public Workshop. On March 21, 2017, community members were invited to discuss and provide feedback on the Draft AHS. Fifty-four participants signed in at this meeting.

Council and Advisory Group Meetings

City Council. Staff provided Council briefings and received guidance on a regular basis, typically every two to three months. All meetings were open to the public.

Advisory Groups. Staff provided briefings at public meetings of the Human Services Commission and Bellevue Network on Aging to provide project information and invite feedback.

Web-based Outreach

Website. The project website, <http://www.bellevuewa.gov/affordable-housing.htm>, invites sign-ups for email updates about project progress, announces workshops and community meetings, provides meeting materials for Council, Commission, and Technical Advisory Group (TAG), and provides background information and project reports. The website also hosted an online survey and open house, described below. Almost 300 people signed up to receive project updates.

Online Affordable Housing Open House and Survey. An online survey launched in June 2016 received more than 800 responses during a two-month period. A companion paper survey, which was translated into Russian,

Spanish and traditional Chinese, was conducted simultaneously and received more than 80 responses. The findings from both the paper and online surveys were combined for a total of over 900 responses.

Online Affordable Housing Open House and Survey.

An online open house was launched on March 17, 2017 and ran through April 4, 2017. The primary purpose of the online open house was to share information and ask for feedback about the draft strategies and actions.

Social media. Public engagement information was posted to the project website, Twitter, Facebook and NextDoor. Twitter and Facebook posts were also translated into Russian, Chinese and Spanish.

Small Group Outreach

Listening Posts. In June 2016, two informal listening sessions were conducted, held at Crossroads Mall Mini City Hall and Factoria Mall. The purpose of these sessions was to discuss the AHS purpose and timeline, answer questions, address concerns, discuss experiences and receive responses to the Affordable Housing Survey.

Stakeholder workshops. Two rounds of stakeholder meetings were conducted. The first round consisted of three meetings in June and July 2016, with neighborhood leaders and representatives from the Bellevue Network on Aging. The purpose of these stakeholder meetings was to discuss questions, concerns and views on affordable housing, as well as to gather feedback on potential actions under consideration.

The second round of stakeholder meetings included three meetings in February, March, and April 2017 with non-profit developers, for profit developers, employers, affordable housing advocates, faith-based organizations, and residents of affordable housing. The purpose of these meetings was to receive feedback on draft AHS actions.

Other events. City staff also presented information about the AHS to the Bellevue Downtown Association and the 2016 Bellevue Essentials class.

City Publications

City Publications. Articles providing project updates and meeting announcements were published in It's Your City and Neighborhood News over the course of the project.

Key Themes

The next several pages describe the major themes, concerns and other ideas that were raised during the public engagement process. Comments have been organized according to applicable action.



Strategy A: Help People Stay in Affordable Housing

Preserve existing affordable housing stock and support programs that stabilize housing expenses for residents.

Overall Impression	Specific Concerns	Additional Notes
A-1: Partner with non-profit organizations and housing agencies to fund the purchase of existing, affordable multi-family housing to preserve it for the long term.		
Most people expressed confidence that the non-profits know how to build efficiently and provide services to keep people stably-housed. They were eager for the city to partner with these organizations, as preservation is recognized as a priority.	Some noted that they support such partnerships but not increasing funding directed toward preservation of multi-family housing. Many wanted to know how effective these sorts of partnerships have been historically and in other municipalities before committing to a position.	Several people noted that robust partnerships between the city and non-profits should define "community building" as more than just the number of housing units built, and consider wraparound services, transit, schools, jobs, etc.
A-2: Advocate for state legislation to extend property tax exemptions to existing multi-family properties that agree to set aside some apartments as affordable.		
Most people were eager to implement a property tax exemption that incentivized development of multi-family properties, and they saw this as a realistic affordability solution.	Some worried about reduced overall tax base. Others noted multifamily units should pay "their fair share" of taxes. Some suggested a 100% exemption was too much incentive.	Some suggested that a partial exemption would likely be enough to motivate developers to set aside affordable units.
A-3: Promote programs that provide social and physical support to help seniors and disabled people remain in their homes.		
Social and physical support programs were very favorably received by most people, and they tended to see the city as an important player in identifying ways to increase affordability of services, transit, etc.	A handful of people didn't see social services as the mandate of city government.	Many respondents found the concept of virtual villages intriguing, suggested researching national models, and seemed generally supportive of the city providing grants and technical support.
A-4: Increase funding and expand eligibility for the city's home repair and weatherization programs.		
Expanding the block grant for home repair and weatherization programs was very well received.	Some noted that weatherization programs would be nice but wouldn't have a significant impact on affordability.	Some mentioned that having home repair and weatherization programs regardless of income would be useful for the City to pursue.
A-5: Promote energy efficiency in design and construction of affordable units to reduce utility costs for residents.		
Opinions were mixed about promoting energy efficiency in design and construction. While many people thought well-designed, energy efficiency units seemed logical, others thought the connection to affordability was tenuous.	Many suggested the impact of energy efficiency isn't big enough to address affordability. Others were concerned energy efficient design would increase the cost of construction, negating any affordability benefits.	While some thought this was a distraction from the discussion of affordability, others thought these sorts of solutions should be mandated citywide for all new design and construction.
A-6: Promote existing utility rate relief, utility tax relief, and property tax relief programs for income-eligible residents.		
Promoting utility rate, utility tax, and property tax relief were some strategies that ranked favorably among nearly all participants.	A very few mentioned that relief programs for income-eligible residents were not appropriate, since most Bellevue residents pay their "fair share of taxes."	Some suggested existing utility and property tax relief programs were insufficient and should go much further to prevent displacement of income-eligible residents.

Strategy B: Create a Variety of Housing Choices

Offer more types of housing, including lower priced options in neighborhoods within walking distance of jobs, transit, shopping and services.

Overall Impression	Specific Concerns	Additional Notes
B-1: Encourage micro-apartments around light rail stations through actions such as reduced parking requirements.		
<i>Opinion about micro apartments was generally favorable, though many respondents remained deeply anxious about reducing parking requirements.</i>	<i>Many people expressed frustration about already-taxed on-street parking options and insufficient parking enforcement.</i>	<i>For broad buy-in, micro apartments with reduced parking requirements would need to be truly proximal to transit and/or all services (grocery stores, restaurants, jobs, etc.).</i>
B-2: Update accessory dwelling unit standards and allow detached units in self-selected neighborhoods.		
<i>There was ample discussion of attached and detached ADUs. People were generally supportive of changing land use regulations to allow these types of smaller (more affordable) units. However, this was not broadly seen as a solution to the city's affordability challenges.</i>	<i>Some cautioned that the city has not made the infrastructure investments to accommodate additional units. Others worried enforcement would be spotty and complaint-based. Many suggested that ADUs would have to be well-regulated to preserve the character of neighborhoods and insisted on defined limits on how many units were allowed per lot.</i>	<i>While many suggested that ADUs – attached or detached – would not move the needle significantly on addressing the city's affordability challenges, some recognized how this could be a strategy to help seniors age in place by diversifying their income streams.</i>
B-3: Promote design in affordable units that ensures accessibility for all ages and abilities (e.g. "universal design").		
<i>People were generally positive about universal design and saw the value of accessibility for all ages and abilities.</i>	<i>Some were concerned that promoting universal design would increase costs of construction, negating any affordability gains. Others expressed frustration about government overreach if such design was mandated.</i>	<i>Many people noted the role of design in promoting accessibility for all types of families, including creating affordable units that would be livable for children, seniors, extended families, pets, etc.</i>
B-4: Consider changes to the down payment assistance to low-income and first time homebuyers.		
<i>Most people were generally not receptive to the city government providing down payment assistance to low-income and first time homebuyers, though some were enthused about such a program.</i>	<i>Most did not think down payment assistance was an appropriate use of tax dollars. Some noted that similar programs exist at federal level and non-profits, and suggested local government shouldn't do this.</i>	<i>This was identified as a promising solution for non-profits and foundations to pursue, particularly as pooling resources and innovative collaborations could net greater impact. The city was generally suggested as a convener, not as a funder.</i>

Strategy C: Create More Affordable Housing

Increase the amount of housing affordable to people at lower and moderate income levels.

Overall Impression	Specific Concerns	Additional Notes
C-1: Increase development potential on suitable land owned by public agencies, faith-based and non-profit housing entities for affordable housing.		
<i>Opinion about this action was mixed, primarily based on method of outreach. This action was very favorably received in focus groups and at the public workshop. However, during the online open house, significantly more people had an unfavorable impression of this action.</i>	<i>Some suggested increasing development potential should not include zoning changes in single family neighborhoods, as maintaining the character of these areas was paramount. Others suggested the city should not give advantages to faith-based organizations.</i>	<i>Some rejected a citywide initiative to allow zoning changes to suitable land owned by these entities; some suggested this would be the only way overcome entrenched resistance in single family neighborhoods.</i>
C-2: Develop affordable housing on suitable public land in proximity to transit hubs.		
<i>Most liked the idea of identifying parcels of public land to develop affordable housing, particularly if they are convenient to transit and services. Others thought that parcels should be used to develop affordable housing, regardless of proximity to transit hubs.</i>	<i>Some noted that quality of life has degraded as Bellevue has grown and thought this land could be used for better purposes (like parks, trails, open space).</i>	<i>A few people were concerned about how planners would define "suitable public land" and wanted this to be restricted to land that could not reasonably be used for other purposes.</i>
C-3: Update existing tax exemption programs for affordable housing to increase participation by developers of new housing.		
<i>Many people supported the idea of a multi-family tax exemption, though there was interest in more specifics about what this would entail.</i>	<i>Several people thought a tax exemption was unnecessary to increase affordable housing and thought it would have profound impacts on the tax base.</i>	<i>Many people suggested carefully considering what has worked in other municipalities before updating Bellevue's existing tax exemption programs.</i>
C-4: Inclusionary zoning: increase zoning in exchange for providing affordable units in new development.		
<i>Reaction to this action was mixed. While some supported density bonuses to encourage affordable units in multi-family developments and others supported mandates to require a set percentage of units be affordable, still others opposed incentives, mandates, or both.</i>	<i>Some noted incentives aren't sufficient at current levels and they need to be higher to compete with market forces. Others said developers should not be hemmed in by requirements; otherwise, development across the city will dampen.</i>	<i>Several people noted that any requirement should apply across the city so as to distribute affordable housing equitably throughout Bellevue.</i>
C-5: Reduce costs of building affordable housing (e.g. code amendments, lower fees, reduced parking, city funded street improvements).		
<i>Many expressed support of changes to city codes to reduce costs for housing construction, though some were reluctant to support this approach saying that codes were enacted to protect the public health and safety.</i>	<i>Several people were concerned that relaxing code requirements would expose people to substandard work and materials. Others noted that this would allow developers to build places that looked like "housing for the poor" and degraded the surrounding area.</i>	<i>Some were interested in creative solutions and construction innovations that would drive down costs, including locally-produced biomass.</i>

Strategy D: Unlock Housing Supply by Making it Easier to Build

Increase the total amount of housing to better meet market demand and relieve pressure on overall cost of housing.

Overall Impression	Specific Concerns	Additional Notes
D-1: Revise code to reduce costs and process time for building multi-family housing.		
<i>Depending on the situation, most people saw the benefits of code revisions that would reduce costs and process time.</i>	<i>Many people expressed anxiety about reduced parking requirements. Some worried that changing current zoning laws would adversely impact Bellevue's growth. Others noted reduced costs would have to be subsidized in some other way, likely by taxpayers.</i>	<i>With this action specifically, many expressed frustration that reducing costs for developers with no consideration of how much they are profiting off their developments was unfair to other taxpayers in Bellevue, who are being asked to shoulder more.</i>
D-2: Advocate for amendments to state condominium statutes to rekindle interest in condominium development.		
<i>Some people were eager to rekindle condominium development, but others expressed deep reservations.</i>	<i>While some argued that people are using state condominium statutes to extract improvements to properties that don't need them, others were concerned condo owners need recourse if they were put at risk due to faulty construction.</i>	<i>Many suggested looking at other municipalities with a longer history of condominium development and ensuring whatever statute exists has tough consumer protections without dampening development interest.</i>
D-3: Change the city's approach to density calculation in multi-family zones to allow more flexibility in unit size and type.		
<i>People were broadly supportive of revisiting the city's density calculation to grow inventory and increasing the variety of housing units, though only in multi-family zones.</i>	<i>Some people suggested that recalculating density in multi-family zones would lead to a slippery slope where single family zones would be next.</i>	<i>Many people also mentioned rezoning office parks that are currently very underutilized.</i>

Strategy E: Prioritize State, County, and Local Funding for Affordable Housing

Expand the types and amount of funding available to support affordable housing.

Overall Impression	Specific Concerns	Additional Notes
E-1: Tap additional King County and other local tax sources (e.g. reallocation of general fund and/or REET, increase in property tax and/or business & occupation tax, bonds).		
<i>When asked about increasing city taxes, such as the property tax or the business and occupation tax, to fund the production and preservation of affordable housing, people expressed a range of support and opposition. Some noted there is no way to address affordability in Bellevue without increasing taxes, noting that increasing property tax is the fairest way to distribute the financial burden. Others stated that property taxes were already too high, and with other tax increases Bellevue residents are being asked to shoulder, this is becoming onerous.</i>	<i>Many people noted that property owners with fixed incomes (e.g. seniors) would be deeply impacted by increased property taxes, and this would exacerbate affordability challenges for low-income residents. Some also noted that landlords pass on property tax increases to their renters. Others mentioned that businesses pay property taxes, so increasing B&O taxes seemed unfair. Others noted that businesses could write-off taxes, putting them in a better position to absorb such increases. Some respondents demanded increased accountability and transparency before considering increases in taxes.</i>	<i>Others sources of revenue suggested included: raising taxes on high-rise buildings that do not offer any affordable units; taxing vacant properties; increasing sales tax; asking for federal support to house veterans affordably; using some utility tax that currently goes into the general fund; taxing tobacco, alcohol, and marijuana; pursuing an Eastside housing levy (for ARCH cities); considering a luxury unit tax on very expensive housing units; a real estate transaction excise tax; levying fines on substandard housing and code violations; etc.</i>
E-2: Pursue funding partnerships with employers, financial institutions, foundations, and others.		
<i>Many found the idea of public-private partnerships intriguing and were eager to understand the appetite among employers, financial institutions, and foundations to collaborate with the city.</i>	<i>Some noted that employers, financial institutions, and foundations are free to subsidize housing, since they are private. However, partnerships where the city provides public funds to subsidize housing were unpalatable.</i>	<i>Several people were eager to figure out ways to ensure businesses, as beneficiaries of a booming workforce, share the financial burden of solving the affordability crisis.</i>
E-3: Advocate for legislative actions that expand state and local funding tools.		
<i>Most people mentioned that the affordability crisis is regional and expanded state and local funding options would help Bellevue pay for solutions.</i>	<i>Some did not think the city should not be in the position of "advocating" for anything.</i>	<i>Many noted that taxation in Washington State is regressive and making it less so would open up funding tools. They specifically mentioned advocating for a state income tax.</i>

Chapter 5.

Performance Monitoring

“One of the great mistakes is to judge policies and programs by their intentions rather than their results.” - Milton Friedman

In order to ensure that the AHS is judged by its results, the city will monitor and evaluate outcomes on a regular basis. Monitoring provides an early warning system if goals are not being met. It also can alert the city to early successes so that resources can be focused on actions that are the most effective. The AHS monitoring program has two components – implementation monitoring and performance monitoring, described below.

Implementation monitoring will track which of the AHS actions are being implemented and the extent to which city partners – including other public agencies and private sector entities – are participating.

Performance monitoring will show whether AHS actions are achieving the desired results. Performance indicators for each strategy are listed on the following page.

Findings of both implementation and performance monitoring will be provided every three to five years in a report that describes progress toward implementation, obstacles and opportunities experienced, and recommendations for next steps.

Table 6. Performance Monitoring

Strategy	Performance Indicator
Strategy A Help people stay in affordable housing	<ul style="list-style-type: none"> • Total number of affordable housing units • Number of existing affordable apartments preserved • Number of households served by home repair, weatherization, utility rate and tax relief and property tax relief
Strategy B Create a variety of housing choices	<ul style="list-style-type: none"> • Number of micro-apartments permitted and accessory dwelling units permitted • Number of Bellevue participants in the ARCH East King County Down Payment Assistance Program
Strategy C Create more affordable housing	<ul style="list-style-type: none"> • Number of new affordable housing units permitted • Number of affordable apartments created through MFTE
Strategy D Unlock housing supply by making it easier to build	<ul style="list-style-type: none"> • Number of total new housing units permitted • Number of new multifamily housing units permitted
Strategy E Prioritize state, county, and local funding for affordable housing	<ul style="list-style-type: none"> • Bellevue housing dollars leveraged by state, county and other affordable housing funders • Total investment by the City of Bellevue • Total investment by private entities for affordable housing in Bellevue

Acronyms

ADU	Accessory Dwelling Unit
AHS	Affordable Housing Strategy
AMI	Area Median Income
ARCH	A Regional Coalition for Housing
B&O	Business and Occupation
CDBG	Community Development Block Grant
CIP	Capitol Investment Program
DASH	Downtown Action to Save Housing
DOE	US Department of Energy
EPA	US Environmental Protection Agency
FAR	Floor Area Ratio
HUD	US Department of Housing and Urban Development
KCHA	King County Housing Authority
MFTE	Multifamily Tax Exemption
PHEE	Partnership for Home Energy Efficiency
PSE	Puget Sound Energy
REDI	Regional Equitable Development Initiative
REET	Real Estate Excise Tax
SVLG	Silicon Valley Leadership Group
TAG	Technical Advisory Group
TOD	Transit Oriented Development

Glossary

A Regional Coalition for Housing (ARCH). ARCH is a partnership of the County and 15 East King County cities, including Bellevue, who have joined together to preserve and increase the supply of housing for low- and moderate income households on the Eastside.

Accessory dwelling unit. Accessory dwelling units (ADU), which are sometimes called “mother-in-law units,” are extra living units created on the property of a single-family home. An ADU has a kitchen, bathroom and sleeping facilities. Subject to local regulations, ADUs may be located either inside, attached to, or detached from the primary home.

Affordable housing. The U.S. Department of Housing & Urban Development (HUD) defines housing as affordable if its occupants pay no more than 30 percent of their income for rent and utilities or for mortgage, taxes, and insurance.

Area median income. Income published by HUD for states, counties and urban areas that is adjusted for household size. The 2016 area median family income for a one-person household was \$63,200 and for a four-person household was \$90,300.

Condominium. A condominium is real property (in this case, a housing unit, land, and other elements), the housing unit of which is owned separately and the rest of which is owned in common by the owners of the individual units.

Cost-burdened. Households that pay more than 30 percent of their income for housing. Households that pay more than 50% of their income on housing are considered severely cost burdened.

Faith-based organization. An organization that is rooted in a particular religious faith and carries out programs and services consistent with the tenets that faith.

Floor area ratio. The relationship between the total amount of floor area that is permitted for a building and the total area of the lot on which the building stands. For example, if a site is 10,000 square feet in area, a floor area ratio (FAR) of 2.0 would allow a building area of 20,000 square feet.

Household. All the people living in one housing unit whether or not related as a family.

Housing Trust Fund. The ARCH Housing Trust Fund was created by ARCH member cities in 1993 to directly assist the development and preservation of affordable housing in East King County. The trust fund is capitalized by both local general funds and locally controlled, federal Community Development Block Grant funds.

Inclusionary zoning. Inclusionary zoning is a regulatory tool that incentivizes or mandates affordable housing in exchange for additional residential development capacity, generally height, floor area ratio or other benefits to the development. Under an incentive approach, additional development capacity is provided only if the developer elects to provide a certain amount of affordable housing. Under the mandatory approach, the developer is required to provide affordable housing in exchange for changes to regulations or other benefits already applied to the development.

Income categories

Very low income under 30% of AMI

Low income 30-50% of AMI

Moderate income 50-80% of AMI

Lower middle income 80%-100% of AMI (also referred to as workforce)

Above median income above 100% of AMI

Micro-apartment. Typically a small studio apartment, usually between 200 - 300 square feet, with its own functioning kitchen and bathroom.

Multifamily Tax Exemption. A state law (RCW 84.14) that allows cities to exempt multifamily housing from property taxes in urban centers with insufficient residential opportunities. In this program, the city defines a residential target area or areas within an urban center; approved project sites are exempt from ad valorem property taxation on the residential improvement value for a period of eight or 12 years. The 12-year exemption requires a minimum level of affordable housing to be included in the development. The eight-year exemption leaves the public benefit requirement to the jurisdiction's discretion and carries no affordable housing requirement.

Transit Oriented Development. A compact, walkable, pedestrian-oriented, mixed-use community centered on a high capacity transit station.

Universal design. The design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design. (National Association of Home Builders)

Virtual village. An organization, usually staffed by a combination of volunteers and paid staff, that provides services to paying subscribers, typically the elderly or the disabled, in order to allow them to remain in their homes.