

CITY OF BELLEVUE
HUMAN SERVICES COMMISSION
MINUTES

February 18, 2010
6:30 p.m.

Bellevue City Hall
City Council Conference Room 1E-113

COMMISSIONERS PRESENT: Chairperson Huenefeld Gese, Commissioners Beighle, Hoople, Stout, Yantis

COMMISSIONERS ABSENT: Commissioners Bruels, Plaskon

STAFF PRESENT: Emily Leslie, Alex O'Reilly, Cynthia Sessoms, Department of Parks and Community Services; Janet Lewine, Department of Planning and Community Development

GUEST SPEAKERS: Arthur Sullivan, A Regional Coalition for Housing (ARCH)

RECORDING SECRETARY: Gerry Lindsay

1. CALL TO ORDER

The meeting was called to order at 6:31 p.m. by Chair Huenefeld Gese who presided.

2. ROLL CALL

Upon the call of the roll, all Commissioners were present with the exception of Commissioner Yantis, who arrived at 6:48 p.m., and Commissioners Bruels and Plaskon, both of whom were excused.

3. APPROVAL OF MINUTES

A. January 21, 2010

Motion to approve the minutes as submitted was made by Commissioner Beighle. Second was by Commissioner Hoople and the motion carried unanimously.

4. PETITIONS AND COMMUNICATIONS

Ms. Alice Lange, a member of the Youth Link Board, informed the Commission that the annual Gumbo Night event was scheduled for Wednesday, February 24, from 5:00 p.m. to 7:00 at the home of Sherry Grindeland. She noted that the event will celebrate the 20th anniversary of Youth Link. The Commissioners were invited to

attend. She said the annual Community Leadership Awards will be handed out on May and the Commissioners will be invited to attend that event as well.

Mr. Cuba Jeffries, also a member of the Youth Link Board, invited the Commissioners to attend the Youth Involvement Conference on Friday, March 5 at the South Bellevue Community Center. He said the conference is intended to involve youth from all over the area in creating a youth agenda for implementation over the next two years. He said public officials have been invited to share lunch with the kids and talk about youth priorities.

5. STAFF AND COMMISSION REPORTS

Commissioner Beighle reported that she attended the Eastside Heritage Foundation fundraiser and had a great time.

Human Services Manager Emily Leslie provided the Commissioners with copies of the funding strategies agreed to by the Commission on February 2. She said the materials for the March 8 and March 10 funders workshops would be made public on February 19.

Ms. Leslie reported that planning for the North, East and South funders workshop has been going very well. She said Grant Coordinator Joseph Adriano has been working with the eCityGov alliance folks on the technical aspects of the online application.

Human Services Planner Alex O'Reilly provided the Commissioners with updated versions of the Bellevue Community Profile. She said the update included the 2006-2008 American Communities Survey data.

Ms. O'Reilly also reported that the Bellevue Network on Aging is always paying attention to opportunities to comment on different issues of interest to older adults in the community. On February 8 two Network members appeared before the City Council to voice concerns about access for older adults relative to some of the Sound Transit options.

Ms. O'Reilly provided the Commissioners with copies of the Transportation 2040 project draft, which is a transportation and forecasting document produced by the Puget Sound Regional Council. She said she is serving as part of the King County Mobility Coalition which advises the PSRC regarding mobility issues facing persons with disabilities, older adults, low-income persons, and youth. She said the public comment period on the document runs through March 11.

Ms. Leslie made available to the Commissioners copies of communications received from citizens.

6. DISCUSSION

A. Briefing on Affordable Housing

ARCH Director Arthur Sullivan explained that there are different ways of thinking about how to answer the question of how well the city is doing relative to affordable housing. First is understanding in general the affordability of housing in the community; second is marking progress against the specific goals and policies established by the Growth Management Act and the Countywide Planning Policies; and third is marking progress relative to the goals established by the city.

Mr. Sullivan explained that the area median income stands at about \$84,000 for a family of four. Low-income households are defined as those making 50 percent or less of median. In east King County, the proportion of the rental housing stock that is affordable to low-income households is significantly lower than in north and south King County and Seattle. The picture has been in place for some time and has seen no significant shifts one way or another.

Trends in rents for the most part track changes in median income. Between 2000 and 2009 the area median income rose almost 30 percent, and rents increased by the same percentage. Home prices have fallen over the last year or so, but they had risen significantly in the five to six years leading up to the current economic crisis. When the data is updated to include first quarter 2010, there likely will be additional declines noted in housing prices. Even so, home prices have increased significantly faster than incomes.

There is very little in the Growth Management Act related to affordable housing that translates directly into action by local jurisdictions. Cities are required to conduct a needs assessment, but beyond that they are only directed to identify sufficient land for a range of different types of housing. Every county is required by the Countywide Planning Policies to adopt certain targets relative to affordable housing. Those requirements drive much of the work ARCH does in the region.

The conclusion has been reached that in east King County it will not be possible to achieve affordable housing at the low- or moderate-income levels through single family homes, so a supply of multifamily housing is an essential step toward meeting the affordable housing goals.

Commissioner Stout asked if manufactured homes are allowed on lots in Bellevue. Mr. Sullivan said the codes of all cities must allow manufactured homes, but given current land values it is very unlikely someone would choose to go in that direction.

Mr. Sullivan said every county has an explicit goal for the production of housing of all types, a goal for affordable housing proportional to their growth targets, and a goal relative to employment and jobs. In terms of overall production, Bellevue is doing well, and the cities in King County as a whole are exceeding their 20-year growth

numbers. All of the jurisdictions are in the process of adopting new growth targets, a process that is required to occur every seven years. Bellevue is looking at a new target number that would require a significant increase in the annual production of housing, though the new number is still less than the actual rate of production over the past five years.

Mr. Sullivan said about half of the new multifamily units constructed on the Eastside over the past decade were ownership units. As economics change, during short windows of time the new units can be almost all ownership or almost all rentals. About two and a half years ago the focus shifted to rental units as rents began to rise.

Capacity has become a concern of primary importance to jurisdictions looking to the future. The current long-term targets cover the period of time between 2001-2022; the new targets under discussion will be for the years 2007-2031. Redmond has determined that it has just enough capacity under its current zoning to meet its current housing target. Bellevue has 150 percent capacity, or more than enough to meet its current housing target. The capacity of the ARCH cities as a whole is also at 150 percent. However, single family is a very small percentage of the total capacity. A larger proportion of the capacity is in multifamily zones, but the largest percentage is in mixed use zones, primarily the downtown. In Bellevue specifically, 80 percent of the capacity is in multifamily zones, but in the ARCH cities collectively 60 percent of the capacity is in mixed use zones.

The data make it clear that concerted effort will need to be put into making neighborhoods vibrant over the long term, especially in multifamily and mixed use zones. Planners use the housing portion of mixed use zones to estimate their housing capacity, and the commercial portion of those same zones to estimate their capacity for employment growth. As the market changes over time, it is likely that one side of the equation or the other will get the most attention, which in turn could upset the projected capacity for housing and employment. Having a balance between jobs and housing is and will continue to be critical. The individual jurisdictions are watching the balance closely, but if watching is not enough it may be necessary to be more explicit in deciding what can be constructed where.

Mr. Sullivan said the Overlake area of Redmond is a good case in point. The zoning for the area allows for both commercial uses and the construction of multifamily housing units. The area includes the Microsoft campus, the Nintendo campus, and the area where Sears is located. Economists claim it is very unlikely housing will ever be constructed in there, but Redmond's long-term plan for Overlake shows a housing capacity of 1000 units. With an understanding of the need, Redmond developed the housing emphasis zone along the 152nd Avenue NE corridor from Bel-Red Road to where the new bridge is being constructed. Different rules for development capacity were applied to the housing emphasis zone. For most of the Overlake area, commercial buildings are allowed a floor-area ratio of 3.0, but in the housing emphasis zone, mixed use buildings can achieve an FAR of 3.0, but commercial-only buildings are allowed an FAR of only 0.7. The zoning for the area

also does not permit big box retail developments. The actions were taken specifically to encourage the development housing units along the 152nd Avenue NE corridor.

ARCH is working with area jurisdictions and encouraging them to monitor new development very closely and to take specific actions if commercial uses are poised to preclude housing uses.

Turning to the issue of affordable housing, Mr. Sullivan said moderate-income is defined as 50 to 80 percent of area median income. He said arguments can be made that the targets for that area are being met, largely through the provision of small rental units, studios and one-bedroom units. Only about a third of the low-income goal is being met. Bellevue is at about 50 percent of its low-income goal and has exceeded its goal relative to moderate-income units, as determined on an annualized basis going back to 1993. Cumulatively, all of the jurisdictions in east King County are at about a third of their annual low-income goals, and are very close to meeting the annual moderate-income goals. Less than a quarter of the moderate-income units have come about through direct assistance. Less than a third have come about through regulatory incentives. The market has produced the balance of the units.

Because the private sector provides most of the affordable units, incentives are becoming more and more important as a tool. ARCH has surveyed every new multifamily housing development that has come online in east King County since 1995. The organization knows the unit mix, if they are condominiums or rental units, and the price point for each. That is why ARCH can say with authority that most of the affordable units are studio and one-bedroom apartments, even though those units do not match the profile of the households that actually need affordable housing. So while the housing targets are being met, the units being produced are not necessarily meeting the actual community housing needs.

Mr. Sullivan focused next on the kind of strategies cities can use. He said the first option is direct support, which includes funding the Housing Trust Fund, land donations and fee waivers. The second option is to leverage local dollars by seeking out direct support from other public and private entities. The third option involves land use incentives such as density bonuses, rezones, accessory dwelling units, and regulations to increase housing diversity. The latter are not necessarily aimed at achieving affordable housing, except that the first step toward affordability is to have a range of housing that mirrors the demographic diversity of each community.

With regard to direct support, Mr. Sullivan said the focus has been on raising between \$1 million and \$2 million per year for the Housing Trust Fund. Every jurisdiction has a goal based on a formula that takes into consideration growth and employment targets. Contributions to the Housing Trust Fund are not mandated. Bellevue has historically done well in meeting its contribution goals using both General Fund and CDBG dollars. Redmond waived \$1.5 million in fees for the Village at Overlake, spread out over a number of years, and Issaquah made a contribution of \$4 million for the Family Village through fee waivers and land

donation. Other jurisdictions have made land donations and have waived fees. Bellevue waives fees for affordable housing projects.

The goal of the Housing Trust Fund is to bring online a range of housing types across east King County. ARCH has done a remarkably good job of delivering on that goal. The needs have been growing, but the relative proportions of each category – senior housing, family housing, special needs housing, homeless housing – have been growing at similar rates.

Senior Planner Janet Lewine informed the Commission that in late 2007 staff went to the City Council with a work program that focused primarily on issues already adopted in the current Comprehensive Plan. The exercise was focused on prioritizing the items, and the result was a two-phase approach.

The first phase was entirely centered on getting tools in place for the redevelopment of the Bel-Red corridor; the corridor builds to its market capacity, it will contain ten percent of the city's housing units. The two primary tools are FAR incentive zoning, which affords developers the zoning lift only if they participate in developing affordable housing units, and the multifamily property tax exemption, a state program available to cities. The proposal for the Bel-Red corridor is to implement a 12-year property tax exemption on the property tax paid on the improvement value of residential development in the corridor. The two tools can be used in tandem. For a project with 50 units of housing over a floor of retail, the FAR incentive zoning would require between five and ten percent of the units as affordable housing. Participation in the multifamily property tax exemption would require up to 20 percent of the units to be affordable. The property tax exemption would apply to all 50 units, not just the affordable ones, but would not apply to the commercial area or the land.

The first phase also includes a reassessment of the priorities for the Housing Trust Fund. Before the update accomplished in March 2008, Bellevue's funds, even though they were pooled with the other ARCH cities, were always steered toward projects that were not for new construction of family or senior units; the direction of the Council was to prioritize homeless and special needs projects, and family and senior housing unit preservation projects. The problem has been that all of the city's capacity is in mixed use areas where there is no housing to be preserved. Many of the projects Bellevue has been funding since the update are mixed income projects that include homeless and very low-income units along with market-rate units.

Ms. Lewine said the city has adopted the FAR incentive zoning and the Housing Trust Fund reassessment, but it is still looking at the multifamily tax exemption program. Other tools are also under review.

Commissioner Stout asked how the FAR incentive zoning program is expected to play out with the development community. Ms. Lewine admitted that similar programs in other jurisdictions have not met with overwhelming success. The hope

for the Bel-Red corridor is that by layering the FAR incentive zoning with the multifamily property tax exemption there will be a great appeal.

Ms. Lewine said the Bel-Red approach allows developers to make payments in lieu of including affordable housing units. Any funds collected through that means flow to the Housing Trust Fund but must be used to develop housing in the Bel-Red corridor.

The Bel-Red subarea policies require 50 percent of all new housing units to be affordable. The policies also call for monitoring to assure having between ten and 20 percent of the units affordable to households at 50 percent of median income, and ten to 20 percent of the units affordable to households at up to 80 percent of median income, and ten to 20 percent of the units affordable to households at up to 120 percent of median income. There is no one strategy that will get the city there; multiple strategies and public/private partnerships will be required.

Ms. Lewine informed the Commission that the second phase of the housing work program will focus on broader city strategies. The voluntary incentives for constructing affordable housing have not been widely used. The incentives are targeted primarily at the multifamily districts, and tools are needed that address mixed use areas. There is currently no work program to update the incentive system for the downtown, so that door needs to be opened again. There may be some way to make the multifamily tax exemption program work in the downtown as well. There will be a focus on updating the city's accessory dwelling unit policies which currently are quite restrictive.

Bellevue is considering initiating an innovative housing ordinance focused on ways to increase housing choices through the provision of new kinds of housing. Kirkland had a similar demonstration project which opened the door quite widely, but what was proposed most often were small detached single family units; the units were not ultimately categorized as affordable. The current flat market might hold back developers from stepping up, so it may morph into a demonstration project in which the city is involved. The desired outcome will be tweaks to the code to allow more housing choice and possibly more sustainability.

Ms. Lewine said the idea of a catalyst project is part of the second phase. When the downtown was rezoned 20 years ago, developers were reluctant to be the first out of the gate with pioneering projects. Similar circumstances are facing the Bel-Red corridor, so the city is looking at breaking the ice with a catalyst project. The Council has expressed an interest in at least tying up some land using housing money that could be used later on for a housing project.

Mr. Sullivan said ARCH is exploring ways to create a conversation involving a wide cross section of interests focused on making a strategic investment. An extensive needs assessment will also be done toward the middle of the year as part of the Comprehensive Plan update.

7. OLD BUSINESS – None
8. NEW BUSINESS – None
9. PETITIONS AND COMMUNICATIONS – None
10. ADJOURNMENT

Chair Huenefeld Gese adjourned the meeting at 8:20 p.m.

Secretary of the Human Services Commission

Date

Chairperson of the Human Services Commission

Date