



City of Bellevue Affordable Housing Strategy

Appendices

April 2017

Appendices

contained in this document

1. Bellevue Affordable Housing Strategy Existing Program Summary (1/17)
2. Council Approved Potential Actions List (9/16)
3. Housing Needs Assessment (3/16)
4. Effective Practices (3/17)
5. Public Engagement Summary (4/17)
6. Technical Advisory Group Discussion Draft of Actions (4/16)

Appendix 1

Bellevue Affordable Housing Strategy Existing Program Summary

BELLEVUE AFFORDABLE HOUSING STRATEGY

EXISTING PROGRAMS SUMMARY

This report provides:

- A baseline of what the city is doing currently to increase affordable housing
- General information on existing affordable housing programs
- Review of the effectiveness of existing affordable housing programs

Affordable Housing Programs

Local government does not create or own housing, but in many ways can influence the amount and affordability of housing. Affordable housing programs as discussed in this report are actions by local government to influence the amount and affordability of housing. Affordable housing programs can include:

- Direct assistance to housing agencies and non-profits to develop and preserve affordable housing;
- Indirect assistance to housing developers e.g. tax incentives and credit enhancements;
- Regulations and incentives that leverage market development of housing e.g. increase density, increase flexibility of housing type, or lower development costs;
- Assistance to those that need affordable housing e.g. rental subsidies, home repair, down payment assistance.
- Support for additional public revenues that support affordable housing.

I. BELLEVUE'S AFFORDABLE HOUSING EFFORTS

The City of Bellevue currently has a variety of programs to help residents find and maintain an affordable place to live. This report presents the programs in four categories:

- A. Direct & Indirect Support
- B. City Regulations and Incentives
- C. Assistance to Low-Income Residents
- D. Support for Additional Housing Resources

The **Existing Programs Summary** table (next page) lists the affordable housing programs that are reviewed in this report. For each program, income requirements are listed.

What isn't included?

Homelessness programs are not addressed specifically, although housing that is affordable to low and very low income renters serves families and individuals who are coming out of homelessness or are at risk of becoming homeless. The City addresses homeless through Human Services programs and in partnership with other Eastside cities, King County, and non-profit organizations.

How many Bellevue affordable housing units are created under existing programs?

Table 1 shows Bellevue affordable housing units achieved between 1993 and 2012 with an annual average of about 50 new or preserved units at less than 50% AMI and about 105 new or preserved units between 50% and 80% AMI. Note that a significantly lower number of units have been achieved annually since 2002: only about 20 new or preserved units at less than 50% AMI and only about 50 new or preserved units between 50% and 80% AMI. Table 2 provides a high level breakdown of units

produced by Target Population. Appendix A provides a more detailed list of housing in Bellevue that is affordable through public subsidy or other programs going back to 1992. Table 1

New Affordable Housing Built in Bellevue, 1993-2012

Period	Low Income (<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
1993-2012	939	0	8	947	47	543	413	1,139	2,095	105

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

Source: ARCH and City of Bellevue

Table 2

Affordable Units produced by Target Population

Target Population	Units
Families and Individuals	2,197
Seniors	381
Homeless/Transitional/Special Needs	133
Ownership	199
Total	2,910

Source: ARCH and City of Bellevue Affordable Housing Inventory.

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A. Direct and Indirect Support

1. General Fund Contributions to Housing Trust Fund

a) Support for New Construction Affordable Housing

b) Acquire and Preserve Existing Affordable Housing

The ARCH Housing Trust Fund is funded by local jurisdictions to create and preserve affordable housing to serve individuals, families, seniors, the homeless, and persons with special needs.

Through ARCH, Bellevue assists non-profit affordable housing providers and the King County Housing Authority to develop new construction affordable housing and acquire and preserve existing affordable housing.

Existing affordable housing is a diminishing community asset, and preservation of this resource provides additional value for public dollars by improving older buildings and investing in neighborhoods.

Bellevue's contribution to the ARCH Housing Trust Fund includes \$412,000 general fund monies plus funds from other sources including loan repayments, developer fees, and interest. Between 1999 and 2015 Bellevue's annual average contribution to affordable housing through the ARCH Housing Trust Fund was \$963,936. Between 2011 and 2015 annual average contribution was \$1,165,414.

Where: Citywide

When program started: 1993

Program information/ Code reference: Bellevue's direct assistance for affordable housing is through the ARCH housing trust fund <http://www.archhousing.org/developers/housing-trust-fund.html>

Number of units produced: Since 1993, 3,200 housing units in East King County have received direct support for new construction or preservation through the ARCH Eastside Housing Trust Fund. Of those, 1,085 units are in Bellevue including 500 new construction and over 575 preservation.

Since 1993 the city has annually supported about 33 units of affordable housing, with about 15 of those units from new construction.

Income-level served:

- Low income: less than 50% of King County area median income
- Moderate income: between 50% and 80% of King County area median income

2. Surplus Land Donations

The city's direct assistance to affordable housing includes loans and grants through the ARCH housing trust fund, fee waivers, and land that is donated or leased for affordable housing. Bellevue has donated or leased land for four affordable housing projects: Hopelink Place, Habitat Eastmont, Brandenwood Apartments, and Park Highlands at Wilburton Apartments. Hopelink Place and Brandenwood are described below.

1. Hopelink Place for families coming out of homelessness

Description: Hopelink Place's 1.5 acre site was a surplus Utilities Department pump property.

Hopelink Place opened in 2000 providing twenty units of transitional housing and services for homeless families with dependent children. In 2016 Hopelink Place changed from a 2-year transitional housing model to permanent housing. Families entering the program must be at or below 30% of area median income and pay rents of 30% of their household income, as it had been in the transitional model. But residents now have stepped rent increases, and no longer face relocation after 2 years. All families receive assistance to help increase their self-sufficiency.

Where: 10116 SE 6th Street, Southwest Bellevue

When funded: 1997 Hopelink received public and private funding in addition to Bellevue's land donation.

Number of units produced: 20

Income-level served: Very low income- up to 30% of area median income when families enter program. All families receive support to improve their financial situations.

2. Brandenwood Senior Apartments

Description: The 3.14 acre site is a Bellevue Parks Department property, adjacent to the North Bellevue Community Center which includes the Bellevue Senior Center. The property is leased by the development partnership that includes Shelter Resources. Brandenwood also received federal tax credit financing.

Where: 14520 NE 40th Street, Bridle Trails neighborhood area, Bellevue

When funded: 1993

Number of units produced: 60

Income-level served: Low income seniors with incomes up to 60% area median income

3. Multifamily Housing Property Tax Exemption

In June of 2015 the Bellevue City Council adopted a Multifamily Housing Property Tax Exemption program (MFTE). The MFTE is a voluntary affordable housing incentive for new apartment development. It provides a 12-year exemption from property taxes on the housing portion of qualifying projects, in exchange for setting aside 20% of units for income-eligible households.

Location: The MFTE can be used in designated mixed-use residential areas in Bel-Red, Downtown, Eastgate, Crossroads, and Wilburton.

Eligibility: Projects must meet the following requirements:

- New construction, multifamily rental housing of at least four dwelling units.
- At least 50% of new space is intended for permanent residential occupancy.

- At least 15% of dwelling units have two or more bedrooms.
- The unit mix, configuration, quality, and finishes of the affordable units are consistent with all dwelling units in the project.
- The project does not result in loss of existing subsidized affordable housing.
- The project is completed within three years or within an extension period approved by the director.

Bellevue City Code reference: [Chapter 4.52](#)

Number of units produced: None to date.

Income-level served: Affordability requirements differ by residential target area, as shown in the table below.

Residential Target Area	Affordability
Downtown Eastgate Crossroads Village Wilburton Commercial	• Ten percent of dwelling units in the project affordable to household incomes 60% or less of King County median income, adjusted for household size. • Another ten percent of units affordable to household incomes 70% or less of median income. • Any unit of 300 square feet or less affordable to household incomes 45% or less of median income.
Bel-Red	• Ten percent of dwelling units in the project affordable to household incomes 50% or less of King County median income, adjusted for household size. • Another ten percent of units affordable to household incomes 70% or less of median income. • Any unit 300 square feet or less affordable to household incomes 45% or less of median income.

4. Transportation Impact Fee Exemption

Description

Bellevue exempts transportation impact fees for new low and moderate income housing. There must be a signed agreement that the units will remain affordable for the life of the project. Bellevue has provided an exemption on these projects:

2004: [Kensington Square](#), 14727 NE 8th Street (6 affordable units)

2008: [Andrews Glen](#), 4228 Factoria Blvd. (41 affordable units)

2013: [LIHI Bellevue Apartments](#), 204 111th Street (57 affordable units)

Where: Citywide

When program started: 1990s

Bellevue City Code reference: 22.16.070

Number of units impacted: 104

Income-level served: Low income housing consistent with RCW [82.02.060](#).

B. City Regulations and Incentives

1. Affordable Housing Density Bonus

a. Current program

In 1996 Bellevue adopted a housing density bonus for affordable housing that can be used citywide. In multifamily development the program provides one bonus market-rate residential unit for each affordable unit provided, up to 15% above the zoning district's maximum density. Projects with affordable units can also earn increased lot coverage and reduced parking and open space requirements, as additional incentives. In new subdivision projects, attached affordable housing duplexes are permitted on single-family lots.

Where: The program is available citywide.

When program started: 1996

Bellevue City Code reference: [20.20.128](#)

Number of units produced: Since 1996, the City's voluntary affordable housing incentive has been used in 2 multifamily projects. Milano Apartments built in 2000 included 5 affordable units; and the SOMA Towers built in 2015 included 14 affordable units.

Income-level served: Units must be affordable to residents earning less than 80% of area median income, and units must be affordable for the life of the project.

b. Inclusionary Zoning Program (1991-1996)

Bellevue had an Inclusionary Housing Program in place from July 1991 to February 1996. The program required that all new multifamily development with more than 10 units include 10% of units affordable at 80% Area Median Income. The bonus was also available to new single family subdivision development greater than 10 lots. A bonus of one market rate unit was permitted for each affordable unit provided, up to 15% above the maximum allowed zoning density. In zoning districts where density is calculated as floor area ratio (FAR), density bonus would be calculated as an equivalent FAR bonus.

Where: Citywide

When program started: 1991 [Ord. 4269](#)

Number of units produced:

- 32 rental units
- 88 condominium units

Income-level served: Low and moderate income households earning up to 80% of area median income.

2. Bel-Red FAR Incentive for Affordable Housing

Development regulations for Bel-Red establish base and maximum density levels (expressed through "floor area ratio" or FAR). Maximum density must be earned by providing amenities, either included in the project or paid as a fee-in-lieu. Amenities include affordable housing, as well as parks, public art, and other public amenities. The affordable housing bonus is a "first tier" amenity and must be provided before other amenities. The affordable housing bonus is as follows:

- **Rental:** For every square foot of affordable rental housing provided at 80% of AMI, 4.6 square feet of bonus building area is allowed.

- Owner: For each square foot of ownership housing affordable at 100% AMI, 7.2 square feet of bonus building area is allowed.

Where: Bel-Red

When program started: 2009

Bellevue City Code reference: [20.25D.090](#)

Number of apartment units produced (some projects still in development):

#	Name of Project / Developer	Address	Total			Affordability Level Market	FAR AH
			Units	60%	80%		fee paid
1	LIV / GRE	2170 Bel-Red Rd	450		54	396	
2	Sparc / Security Properties	Spring District Phase 1	309			309	\$516,625
3	-- / Security Properties	Spring District Phase 2	279			279	TBD
4	Hyde Square / Carmel Partners	13601 NE Bel-Red Rd	618		35	578	
5	RJ Development Senior Housing	2120 116th Ave NE	161			161	TBD
	Total		1,817		89	1,562	

Amount of fees generated: \$516,625. (Spring District/Security Properties Phase I)

Income-level served: Low and moderate income households earning up to 80% of area median income.

3. Attached Accessory Dwelling Units

An Accessory Dwelling Unit (ADU) is an independent residence within an existing single-family home on the same property. ADUs can provide affordable housing opportunities as well as help homeowners with limited incomes stay in their homes by providing additional income. ADUs are subject to guidelines to protect the character of the single family neighborhood.

The Bellevue Comprehensive Plan includes guidance on ADUs, through Housing Policy 15:

Allow attached accessory dwelling units in single family districts subject to specific development, design, location, and owner occupancy standards. Allow detached accessory dwelling units where expressly allowed by neighborhood subarea plans.

Where: Citywide

When program started: 1993 (Ordinance 4498, 2/24/93)

Bellevue City Code reference: 20.20.120

Number of units produced: 155 registered ADUs between 7/1993 and 10/2016

Income-level served: There are no affordability restrictions on accessory dwelling units, although rented units generally serve low and moderate income households earning up to 80% of area median income.

4. Smaller senior units counted as .5 unit for density calculation (20.20.010)

Description: Bellevue calculates density for each small, senior unit as 0.5, allowing senior housing additional density. Although not tied to affordability, the additional density can result in greater affordability.

Brandenwood Senior Apartments utilized this code incentive that counts smaller senior units as half a unit for purposes of density calculation. The project achieved additional density but was designed to be compatible in scale with other housing in the neighborhood.

Where: Citywide where density is calculated as dwelling units per acre.

When program started: 1993

Bellevue City Code reference: 20.20.010 (22) Density for senior citizen dwelling, congregate care senior housing, and assisted living is calculated as follows: units less than 600 square feet count as one-half unit and units 600 square feet or greater count as one unit.

Income-level served: There are no affordability restrictions to achieve this density incentive.

5. Reduced Parking Requirement for Smaller, Affordable Units

a. Downtown

In Bellevue's Downtown Land Use districts, the parking requirement for affordable studio apartments is 0.25 stalls per unit. An agreement to rent or sell the unit to persons earning at or below 60 percent of Area Median Income is required. This compares to a minimum parking requirement of one stall per unit in DNTN-R, DNTN-MU, DNTN-OB, and DNTN-OLB districts and zero stalls per unit in DNTN-O-1 and DNTN-O-2 districts.

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. Some studies have found that requiring one parking space per unit of affordable housing increases costs by 12.5 percent.¹

Where: Downtown Land Use Districts

When program started: 1996

Bellevue City Code reference: 20.25A.050, note 5

Number of affordable units produced: Two downtown apartment projects have used the parking reduction, total affordable studio units 64; total overall affordable units 175

Pacific Inn 118 affordable studio units/24 at 60% AMI to utilize parking reduction

LIHI 57 affordable units at or below 60% AMI; 47 studios to utilize parking reduction

Income-level served: Low income households earning up to 60% of area median income

b. Bel-Red

In Bel-Red Land Use Districts, the minimum parking requirement for affordable studio and one-bedroom apartments is 0.25 stalls per unit. An agreement to rent or sell the unit to persons earning at or below 60 percent of area median income is required. This compares to a minimum parking requirement for other residential development in Bel-Red of 0.75 stall per unit in six zones and 1.0 stalls per unit in seven zones.

Where: Bel-Red Land Use Districts

When program started: 2009

¹ Litman, Todd. Victoria Transport Policy Institute. "Parking Requirement Impacts on Housing Affordability." August 24, 2016. Retrieved October 26, 2016. Available at: <http://www.vtpi.org/park-hou.pdf>.

Bellevue City Code reference: 20.25D.120

Number of affordable units produced: 0 to date

Income-level served: Low income households earning up to 60% of area median income

C. Assistance to Residents

Preservation programs include assistance primarily to low-income homeowners with repairs, utilities, and foreclosure, and support for service agencies. Preservation programs also include programs/funding to acquire/preserve housing, or incentives to owners to maintain affordability.

1. Downpayment Assistance Loan Program

The ARCH East King County Downpayment Assistance Loan Program is for qualified borrowers purchasing a home or condominium within an ARCH member city. Program must be combined with the Washington State Housing Finance Commission Home Advantage first mortgage loan program. It provides up to \$30,000 in downpayment assistance at 4% simple interest. There are no monthly payments with the balance due when the borrower sells the property or other qualifying event.

Where: East King County ARCH cities

When program started: 2005

Program information/Code Reference: Administered by the Washington State Housing Finance Commission www.wshfc.org/buyers/arch.htm

Number of persons served: 65 East King County households, 9 in Bellevue

Income-level served: Moderate income households earning up to 80% of area median income

2. Home Repair Program

The Bellevue Home Repair Program provides low- to moderate-income Bellevue single family homeowners with zero-interest home loans and grants for health- and safety-related repairs, including faulty plumbing, unsafe electrical wiring, poor heating, roof repairs, rotting gutters or porches/decks, and earthquake retrofitting. This program is made possible by funds allocated to Bellevue through the federal Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) program.

Bellevue's Home Repair Program offers financial assistance to homeowners who meet low-income guidelines including deferred payment repair loans, leveraged loans, emergency grants, and weatherization grants.

Where: Citywide

Bellevue City Code reference/other information:
www.cityofbellevue.org/homerepair_assistance_eligibility.htm

Number of people served: Home repair- 30 per year.

Emergency and Weatherization Grant/Loan- Very-low income households earning up to 30% area median income

Deferred Loan- Low income households earning up to 50% of area median income

Leveraged Loans (50/50 matching)- Low and moderate income households earning up to 80% of area median income

Utility Rate and Tax Assistance

Utility Costs: The city offers low-income seniors (62 and older) and low-income permanently disabled persons relief on their utility costs for water, wastewater and drainage. Rate Relief offers up to 75 percent off utility costs for persons who meet specific residency and income guidelines.

Utility Taxes: Bellevue's Tax Relief Program offers a year-end rebate check of the utility occupation taxes paid to the city. This program is open to persons living in the service area of Bellevue Utilities that contribute to the payment of city utility services and meet low-income guidelines.

([City of Bellevue Utility Relief](#))

Where: Citywide

When program started: Utility rate started in 1980; Utility tax in 1975

Bellevue City Code reference:

- Utility rate relief: BCC 24.10
- Utility tax relief: BCC 4.10.055

Number of people served: annual average for 2011-2015:

Utility rate: 1,218

Utility Tax: 1,227

Income-level served:

- Utility rate: Up to 42.5 percent of AMI for 75% billing reduction or reimbursement; Up to 50 percent of AMI for 40% billing reduction or reimbursement.
- Utility tax: Up to 50 percent of Area Median Income

4. Foreclosure Counseling/ Foreclosure Fairness Program

Description: The Foreclosure Fairness Program provides homeowner foreclosure assistance by offering free housing counseling, civil legal aid, and foreclosure mediation. The program, created by the 2011 Washington State [Foreclosure Fairness Act](#), helps homeowners and lenders explore possible alternatives to loss of home to foreclosure and reach a resolution whenever possible. [The Act](#) requires lenders to notify homeowners, prior to initiating foreclosure, of the availability of foreclosure counseling and the potential for mediation, and to participate in mediation with homeowners who have been referred to the [Mediation Program](#). The program is funded by fees paid by the financial institutions issuing notices of default on owner-occupied residential real property in Washington State. The Bellevue Neighborhood Mediation program administers the Foreclosure Counseling/Foreclosure Fairness Program.

Where: Citywide

When program started: 2011

Program Code reference/information: 61.24 Revised Code of Washington (RCW),
<http://www.commerce.wa.gov/building-infrastructure/housing/foreclosure-fairness/>

Number of households served: The program served about 40 clients a year when it was launched in 2011. Most had lost employment during the housing/financial downturn. The program now serves about 4 clients a year.

Income-level served: no income limit

5. Support for service agencies through Human Services fund

Description: Bellevue's role in human services in three-fold:

- Planner: assess and anticipate needs and develop appropriate policy and program responses.
- Facilitator: convene and engage others in community problem-solving to develop and improve services.
- Funder: disburse federal Community Development Block Grant and Bellevue's own Human Services Fund (about \$3 million General Fund dollars annually) to support 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.

Where: Citywide

Program Information: www.bellevuewa.gov/human_services.htm

Number of units produced: N/A

Income-level served: Very low (up to 30% area median income), low (up to 60% area median income) and moderate (up to 80% area median income) households.

D. Support for Additional Housing Resources

1. ARCH coordinating public resources to attract greater private and not-for-profit investment into affordable housing

Bellevue's efforts to increase affordable housing are primarily through ARCH, a consortium of 15 Eastside cities and King County that works together to increase affordable housing to serve individuals, families, seniors, the homeless, and persons with special needs.

Through the ARCH consortium Bellevue is more effective and able to accomplish more than the City could do on its own. A strength of ARCH is the ability to recognize and coordinate opportunities to partner with other local governments, regional organizations, businesses, and other organizations to attract greater private and not-for-profit investment into affordable housing. The two following project examples, Velocity at South Kirkland Park & Ride and Issaquah Family Village exemplify this strength:

Velocity at South Kirkland Park & Ride: King County, state and federal agencies, the cities of Kirkland and Bellevue, and non-profit and private-sector developers collaborated to redevelop a surface park-and-ride lot into multi-jurisdictional, multi-modal, mixed-income, and mixed-use community. The location along State Route 520 is central to Eastside and Seattle job centers. The final project consists of:

- A new three-story 530 stall King County Metro parking garage
- Renovation of the existing surface parking lot including bike storage and EV charging stations
- Enhanced transit access with a new bus loading area
- 182 new market-rate housing units and 61 affordable housing units.

Funding required a complicated arrangement between the cities and county, the Federal Transit Administration, Washington DOT, state and federal housing sources, and private financing. King County owns the park-and-ride garage and transit improvements. The County transferred ownership of other parcels to project partners Imagine Housing and Polygon Northwest.

Where: South Kirkland Park & Ride

When program started: Project completion in 2015 (10 year planning process)

Bellevue reference: The new Metro parking garage is located in Bellevue

Number of units produced: Velocity: 61 affordable apartments, Polygon 182 market apartments

Income-level served: low- (50% AMI) and moderate-income (70% AMI) households

Issaquah Family Village: This project is a partnership of YWCA, Port Blakely Communities, the city of Issaquah, King County, the King County Housing Authority, and the cities of ARCH. It integrates affordable housing, services, child care, community meeting space and direct access to the nearby Issaquah Highlands Park and Ride. Every unit is environmentally-friendly, which lowers utility costs and protects the health of residents. Financial support included a private land donation, King County and ARCH funding, 4% and 9% tax credits, and other state funding.

Where: 930 NE High St, Issaquah.

When program started: Project completion in 2011 (15 year planning process)

Number of units produced: 146 units of permanent, affordable housing for individuals and families that earn 60% AMI or less.

Bellevue support: The city provided approximately \$490,000 through ARCH.

Number of units produced: Phase I was 87 affordable units, Phase 2 was 47 affordable units (total 134)

2. Partnership with Sound Transit on Affordable Housing in Bel-Red

Description: A Memorandum of Understanding (MOU) between Sound Transit and the City of Bellevue (Amended and Restated Umbrella Memorandum of Understanding May 2015) provided for development of transit oriented development (TOD) on properties acquired by Sound Transit at two sites in BelRed: the Operations and Maintenance Facility East (OMFE) and at the 130th Station Area. Bellevue Council also approved BelRed TOD Planning Principles in January 2016, and an Implementation Agreement related to the MOU in August 2016.

OMFE: TOD at the OMFE will forward the BelRed vision for a compact, mixed use and walkable center focused on office with retail, education and housing, including affordable housing. The MOU established the general location and project components of the Phase I and Phase II TOD parcels, based on a design process with BelRed stakeholders, Sound Transit, and City of Bellevue (October 2014).

The August 2016 Implementation Agreement establishes that TOD on the Phase I Parcels should support an aggregate amount of development of 1.2 million gross square feet; and that a suitable mix of uses includes office with retail, education and housing, including affordable and market rate housing, with a goal of achieving at least 50,000 s.f. of retail or other uses that activate the ground plane, and not less than 20% gross square feet for housing.

130th Under section 22.3 of the MOU, the City and Sound Transit agreed to negotiate a property conveyance and construction agreement for the transfer of three parcels adjacent to the 130th light rail station for transit oriented development (TOD). These parcels were proposed by Sound Transit for a surface park and ride lot. Instead the City has the opportunity to develop active TOD adjacent to the station that is consistent with the BelRed vision. It is the objective of both the City and Sound Transit to establish a mixed use, urban TOD project including a mix of market and affordable housing at the 130th Ave NE Station, to support Sound Transit's ridership, and to establish an appropriate urban development form consistent with the City's vision for Bel-Red.

Development of the site will include 300 parking spaces and bike facilities to be delivered to Sound Transit before the start of light rail service in 2023.

Where: On properties acquired by Sound Transit at two sites in BelRed: the Operations and Maintenance Facility East (OMFE) and at the 130th Station Area

When program started: Sound Transit committed to TOD at the OMFE as mitigation for selection of the OMFE site in BelRed. The City and Sound Transit established the goal of TOD with housing, including affordable housing at the OMFE and 130th sites in the May 2015 MOU.

Bellevue reference: MOU and other agreements with Sound Transit www.bellevuewa.gov/east-link-mou.htm

Number of units produced: TBD

Income-level served: TBD

3. Land Banking for Equitable Transit Oriented Development (REDI Fund)

The Regional Equitable Development Initiative (REDI) TOD Fund is a financing tool designed to promote equitable development within transit communities. It was developed by the Growing Transit Communities Partnership, a regional coalition of businesses, developers, local governments, transit agencies, and nonprofit organizations. The REDI Fund supports acquisition of land and buildings within walking distance of high capacity transit, for development and preservation of affordable housing. ([Puget Sound Regional Council](#))

As of 2015, \$18 million was pledged to REDI, including \$250,000 from City of Bellevue (Resolution 8888) enabling the purchase of land and buildings for construction or preservation of 200 units of workforce and mixed-income housing over five years. The REDI Fund will be administered by the non-profit Enterprise Community Partners. ([King County press release](#))

Where: Regional TOD sites

When program started: 2015

Program Information: <http://www.psrc.org/growth/tod/redi/>

Number of units produced: The REDI Fund enables property control; it does not fund construction or other development costs. It is expected to support thousands of units regionally within eight years.

Income-level served: Low and moderating income households earning up to 80% of area median income.

II. A REGIONAL COALITION FOR HOUSING (ARCH)

Role and Relationship

A Regional Coalition for Housing (ARCH), is a consortium of 15 Eastside cities and King County that works together to increase affordable housing to serve individuals, families, seniors, the homeless, and persons with special needs. The City of Bellevue was an ARCH founding member (1993) and provides key ARCH administration. ARCH is not an outside agency or partner to its members, but rather the cities' own vehicle to assist members individually and collectively to increase affordable housing.

In addition to increasing affordable housing, ARCH assists member jurisdictions with planning housing through developing and administering local housing programs and implementing best practices. ARCH member cities have funded over 3,200 moderate, low- and very-low-income units on the Eastside since 1993.

ARCH assists members in the following:

- Direct assistance for below-market rate housing
- Development of housing policies and regulations
- Implementation and administration of housing programs
- Engaging the broader community on local housing issues
- Administering the ARCH Housing Trust Fund (HTF), which provides loans and grants to projects in partner jurisdictions that include below-market rate housing

ARCH assists the City of Bellevue with most of Bellevue's affordable housing efforts. Activities include policy development and administration of loans and grants from Bellevue's housing fund. The City, as a member of the partnership, commits funds to ARCH through a voluntary City Council budget decision. Target contribution goals are set by the partnership based on city size and housing need. Bellevue's funding goal is between \$395,000 and \$605,000. The City's contribution to the ARCH Housing Trust Fund includes \$412,000 general fund monies plus funds from loan repayments, developer fees, interest, and other sources. Bellevue's annual average contribution since 2011 is over \$1 million dollars.

III. PARTNER AGENCIES/ORGANIZATIONS

King County Housing Authority

Role and Relationship

King County Housing Authority (KCHA) is an independent municipal corporation that provides rental housing and rental assistance to more than 18,000 King County households including families, the elderly, and people with disabilities.

KCHA actively acquires properties and builds new housing. Most KCHA properties in Bellevue are existing apartments acquired by KCHA to preserve their affordability. In 2016 KCHA added Highland Village Apartment community, preserving 76 low-income apartments otherwise threatened by redevelopment, and preventing the displacement of existing residents including many children in the Bellevue School District.

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. See Table Appendix A.

KCHA administered Section 8 Housing Choice vouchers serve an additional 830 Bellevue households (440 tenant based in private market, 326 tenant based in KCHA, 66 project based non-profit housing). Through tenant and project based voucher programs in Bellevue, KCHA provides rent supplements of over 6 million dollars a year.

KCHA is a partner with Bellevue's home repair and weatherization program that provides loans for home repairs and upgrades to help lower income single family homeowners (private market).

Operating costs at KCHA are covered by rents charged to tenants and from federal funding. Acquisition and development costs for KCHA properties are covered by federal, state, and local money, low income housing tax credits, and through partnerships with local nonprofit and for-profit developers.

Non-Profits

Imagine Housing

Role and Relationship

Imagine Housing owns and operates affordable residential communities in East King County, including 82 affordable units in Bellevue. Imagine Housing supports its residents in increasing household stability. The organization's team works with residents to help them obtain education, retain employment, and become financially stable.

Programs and Projects Administered

See Appendix A.

DASH

Role and Relationship

Downtown Action to Save Housing (DASH) is a non-profit located in King County that assists in creating and preserving affordable housing for a range of income levels. Since 1991, DASH has created more than 1,000 housing units including 272 in Bellevue that support working families and individuals on the Eastside, along with seniors and special needs individuals. DASH has five properties in Bellevue, two of which are for senior populations. See Appendix A.

Hopelink

Role and Relationship

Hopelink is an organization serving low-income families and individuals in north and east King County. Their goals include helping individuals and families find stability and self-sufficiency. Assistance provided by the organization includes education, emergency financial assistance, employment services, financial education, food assistance, transportation, and housing. Hopelink Place, listed below, is Hopelink's one property in Bellevue. It serves households at or below 30% of the median income and all residents are enrolled in the organization's self-sufficiency program. (Hopelink, 2016) (ARCH, 2016)

Additional Non Profit Providers

Other non-profit providers of affordable housing in Bellevue are shown on Appendix A.

Role and Relationship

- **Habitat for Humanity –King County:** Habitat of East King County is part of Habitat for Humanity Seattle-King County. Habitat is a community based low-income developer that builds, renovates, and repairs homes using affordable volunteer labor. The organization's activities include new construction, exterior home repair, and connecting home owners to resources.
- **Parkview Services:** Parkview Services provides services to developmentally disabled populations. The organization operates in the Puget Sound region and has one single family home and four condos in Bellevue.
- **Catholic Community Services (CCS)/Catholic Housing Services (CHS):** CCS of Western Washington is the largest private local provider of poor and vulnerable persons assistance. The program has more than 170 programs which provide adoption services, pregnancy support, emergency assistance,

family support, food programs, elder care, counseling, mental health support, youth services, immigration assistance, transitional housing, affordable housing, and shelters, among others.

- **Low Income Housing Institute (LIHI):** LIHI is a Seattle-based organization that owns and operates housing in the Puget Sound region that prioritizes homeless and formerly homeless populations. LIHI has a goal of supporting its clients so they can find stable housing and increase their own self-sufficiency. About 20 percent of LIHI's housing is for low-income households earning less than 30 percent of the AMI. August Wilson Place is LIHI's one property in Bellevue.

Private Providers

Affordable units are also included in private development, usually in exchange for additional density. Long term rental price and income restrictions for these units are monitored by ARCH.

Individual projects are listed on Appendix A.

BELLEVUE AFFORDABLE HOUSING INVENTORY

1. Bellevue / ARCH Funded Housing

Year funded	A. Families & Individuals Housing		# Afford. units/beds	Site Address
1993	Andrews Heights Apartments	St. Andrews Housing /Imagine Housing	24	4053 129th Place SE
1993	Garden Grove Apartments	DASH	18	1027 140th Ave SE
1993	Habitat Overlake Townhomes	Habitat for Humanity East King County	10	15751 Northup Way (others)
1994	Glendale Apartments	DASH	82	12640 NE 10th Place
1995	Wildwood Court Apartments	DASH Subsidized	36	434 102nd Ave SE
1996	Pacific Inn Apartments	Pacific Inn Association	118	225 112th Ave. NE
1996	YWCA Family Apartments	YWCA	12	12121 SE 60 th St.
1999	Somerset Gardents	KCHA Other Rental*	198	14700 NE 29th Place
2001	Eastwood Square Apartments	Park Villa LLC Subsidized	48	14521 NE 35th St.
2003	Chalet Apartments	Imagine Housing (13) + Subsidized (5)*	18	2627 148th Ave. SE
2004	HouseKey + ARCH Downpayment Assistance	ARCH, WSHFC, KC, HUD	6	Scattered sites (6 in Bellevue)
2008	Andrew's Glen/St. Margaret's	St. Andrews Housing /Imagine Housing	41	4228 Factoria Blvd.
2012	Downtown Bellevue Apartments	LIHI	57	204 111th St.
2016	Highland Village	KCHA Other Rental*	76	14526 NE 7th Pl

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B. Senior Housing

1992	Brandenwood Apartments	City surplus land	60	14520 NE 40th Street
1993	Cambridge Court Senior Housing	Resurrection Housing	20	15220 Main St.
1994	Vasa Creek Woods Apartments	Shelter Resources/LIHTC	50	15403 SE Newport Way
1996	Ashwood Court Apartments	DASH/Shelter Resources	50	11018 NE 11th St.
2000	Evergreen Court (Assisted Living)	DASH/Shelter Resources	64	900 124th Ave. NE
2014	Bellevue Manor Apartments	KCHA Subsidized*	66	143 Bellevue Way SE

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C. Homeless/Transitional Housing/Special Needs Housing

1993	Provail Eastside Community Living	Provail, formerly UCP	4	12517 SE 63rd St.
1994	Congregations for the Homeless/Sophia Way	Eastside Interfaith Social Concerns Council	38	Rotating Shelters
1995	Residence East DD Group home	Residence East	8	14804 NE 12th. St.
1996	AIDS Housing Woodside East	Building Changes transferred to KCHA	3	Woodside 16240 NE 14th St.
1996	Hopelink Place	City surplus land/Hopelink	20	10132 SE 6th St.
1997	Harrington House	Archdiocesan Housing Authority	8	15980 NE 8th St.
1998	Community Homes DD Group Home	Community Homes, Inc	5	16827 NE 9th Place
1999	Parkview Apple Orchards Condo	Parkview Services	1	14150 SE 17th Pl., B-7
1999	Parkview Bellevue Highlands Condo	Parkview Services	1	14480 NE 31st St., J-204
1999	Parkview Bellevue Highlands Condo	Parkview Services	1	14760 NE 32nd St., B-102
1999	Parkview Midlakes Condo	Parkview Services	1	12219 Bel Red Rd., D-201
2002	Friends of Youth / Youth Haven	Friends of Youth	6	Confidential Shelter
2002	Parkview DD Homes VI	Parkview Services	6	213 155th Ave. SE
2004	Kensington Square	Housing at the Crossroads	6	14727 NE 8th St.
2011	Sophia's Place	Sophia Way	21	3032 Bellevue Way NE
2016	Men's Emergency Shelter (Temporary)	Congregations for the Homeless	100	Lincoln Center 515 116th Ave NE

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2. Other Funded Housing

Year
Permitted

A. Families & Individuals Housing

1997	Eastside Terrace Apartments	KCHA Subsidized*	50	704 147th Place NE
1981	College Place Apartments	KCHA Subsidized*	51	1249 145th Place SE
1991	Newporter Apartments	KCHA Moderate (100) + Subsidized (20)*	120	5900 119th Ave SE
1991	Habitat Eastmont	Habitat, City surplus land	1	16411 SE 45th Way
1992	Hidden Village Apartments	KCHA Subsidized*	78	14508 SE 24th St.
1992	KCHA single family homes	KCHA Subsidized*	1	1333 164th Place NE
1992	KCHA single family homes	KCHA Subsidized*	1	2822 107th Ave. NE
1992	KCHA single family homes	KCHA Subsidized*	1	928 164th Ave. SE
1992	KCHA single family homes	KCHA Subsidized*	1	15611 SE 11th St.
1992	Newport Apartments	KCHA Subsidized*	23	12646 SE 42nd Street
1992	Spiritwood Manor Apartments	KCHA Subsidized*	128	1424 148th Avenue SE
1992	Timberwood Apartments	KCHA Moderate (220) + Subsidized (20)*	20	3809 148th Ave. NE
1993	KCHA single family homes	KCHA Subsidized*	1	3857 136th Ave. SE
1993	KCHA single family homes	KCHA Subsidized*	1	14505 SE 14th St.
1993	KCHA single family homes	KCHA Subsidized*	1	15403 SE Newport Way
1993	KCHA single family homes	KCHA Subsidized*	1	3818 140th Ave. SE
1993	Woodside East Apartments	KCHA Moderate (224) + Subsidized (20)*	20	16240 NE 14th St.
1994	Cascadian Apartments	KCHA Other Rental*	198	15517 NE 12 th St.
2002	The Landmark Apartments	KCHA Moderate (164) + Subsidized (27)*	27	16330 NE 11th St.
2005	Bellepark East	KCHA Moderate*		16203 NE 13th Place
2005	Summerfield Apartments	YWCA	52	14710 NE 1 st Place

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B. Senior Housing

1983	Elbert House	Archdiocesan Hsg. Authority HUD assisted	50	16000 NE 8th Street
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C. Homeless/Transitional/Special Needs Housing

1982	Champion House DD	Archdiocesan Housing Auth./HUD assisted	8	1800 145th Place SE
1998	Halcyon Group Home DD	Archdiocesan Housing Auth./HUD assisted	8	1200 134th Avenue NE
2003	Courage House	Privately managed assisted housing	4	1134 Bellevue Way SE
2004	East Shore House	Privately managed assisted housing	1	3103 125th Ave. SE

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3. Bellevue Development Incentives for Affordability

A. Ownership Housing

1992	Sunset Ridge	ARCH price-restricted ownership	6	2969 142nd Place SE (other)
1993	Brookshire	ARCH price-restricted ownership	5	1600 118th Ave SE (other)
1993	Silver Glen	12 units Bellevue inclusionary, 111 units cooperative by-laws	12	1750 152nd Ave NE (other)
1993	Springtree Lane	ARCH price-restricted ownership	2	16225 Northup Way
1994	Kelsey Lane	ARCH price-restricted ownership	6	12559 NE 8th St. (other)
1994	The McKee	ARCH price-restricted ownership	10	10042 Main Street
1994	Vuermont Sourth	ARCH price-restricted ownership	4	16722 SE 48th Place (other)
1995	Heritage Place	ARCH price-restricted ownership	2	342 102nd Avenue SE
1995	Lakemont Ridge	ARCH price-restricted ownership	25	6619 SE Cougar Mtn Way
1999	Saddleback	ARCH price-restricted ownership	2	SE 54th Place (other)
2001	Satomi	ARCH price-restricted ownership	9	Lakemont Blvd. SE
2003	Fairwind at Lakemont	ARCH price-restricted ownership	4	163rd Place SE

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3. Bellevue Development Incentives for Affordability (Continued)**B. Rental Housing**

1990	Milano Apartments (Wilburton Heights)	Khorram Properties	5	12224 NE 8th Street
1992	Carlyle Court Townhouses	Hanson Partnership	1	1615 Bellevue Way
1992	Park Highlands at Wilburton Apts	City surplus land/Bre Property (Intercorp)	82	304 118th Avenue SE
1994	Heritage Park (Archstone) Apartments	Asn Redmond Park LLC	24	14505 NE 35th Street
1995	Bellevue Heights Apartments	Tsai Family LLC	4	13902 NE 8th St
2006	989 Elements Apartments	Ashwood Commons LLC	3	989 112 Ave NE
2015	Soma	Su Development	14	288 106th Ave NE
2015	LIV	Goodman Real Estate (GRE)	54	2170 Bel-Red Rd
2016	Hyde Square	Carmel Partners	35	13601 NE Bel-Red Rd

222**Affordable Units: 2,439**

*KCHA properties in Bellevue include these rental programs: Subsidized (in most cases low income residents pay no more than 30 percent of their household's monthly income for rent and utilities); Other Rental (low income residents either pay a percentage of their income toward rent each month or a flat rent amount) and Moderate Income that serves residents who can pay rent priced closer to market rate. Properties are privately managed without mandated affordability beyond KCHA state statutory requirement for at least 50% of units to be at 80% AMI (Timberwood, Bellepark East, Woodside East, Landmark, Newporter).

Apr-17

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Appendix 2

Council Approved Potential Actions List

POTENTIAL ACTION LIST – FURTHER EVALUATION	NOTES & NEXT STEPS
Category 1: Preservation – An important component of an overall strategy is preservation of existing affordable housing stock. Review includes evaluating expansion of existing programs as well as new opportunities for preserve existing affordable housing.	
C.3. Provide loans for upgrading and weatherization in exchange for covenants to preserve affordable units. D.9. Expand Bellevue’s Major Home Repair Program to assist low-income residents with maintaining their homes.	<u>Loans for repair and upgrades</u> : Evaluate the need and level of funding for the current program and its effectiveness at preserving affordable housing, and how repair loans could be used more to preserve affordable rental units.
C.6. Pursue opportunities to acquire and preserve existing multifamily housing, and upgrade substandard housing – identify most strategic opportunities for existing properties (location, condition, bank owned). C.7.b. Inventory existing affordable non-income & rent restricted housing.	Evaluation will identify existing market rate housing that could potentially be preserved as affordable.
C.9. Provide subsidies/tax exemptions to smaller apartment owners (4 unit or less) to maintain affordability.	Evaluation will explore number of units this may include and whether it is an effective practice for preserving existing affordable housing stock. May be evaluated with E2 (Category 4), support revisions to MFTE state enabling legislation. **IN ADDITION TO DETERMINING IF THERE IS A SIGNIFICANT AMOUNT OF THIS HOUSING TYPE, WE SHOULD ALSO DETERMINE IF THIS HOUSING TYPE NEEDS SUPPORT TO RETAIN AFFORDABILITY, AND MAKE SURE THAT SUPPORT DOESN’T RESULT IN BURDENSOME REGULATION.
**ADDITIONAL COUNCIL COMMENTS: NONE	
Category 2: Direct & Indirect Public Support – Public support of affordable housing can take many forms. This group will look at the effectiveness of various public tools to leverage the production of affordable housing by private and public housing providers.	
*A.6. Allow flexible reuse of larger sites (e.g. former school sites, church properties) through a special process to enable denser more diverse forms of housing. *B.4. Make surplus or underutilized public land available at reduced or no cost for affordable housing developments. C.7.a. Inventory existing income & rent restricted housing to determine where infill or redevelopment could increase capacity.	<u>Site and capacity evaluation</u> : Inventory different types of sites to inform evaluation of potential for additional capacity by housing type and level of affordability. **HOW WOULD REUSE OF LARGER SITES WORK? WOULD A DIFFERENT PROCESS THAN WHAT IS USED NOW RESULT IN SPOT ZONING, LESS PUBLIC INPUT? WHAT ARE THE MECHANICS OF HOW THE PROCESS WOULD WORK? WHAT WOULD BE THE IMPLICATIONS FOR THE SURROUNDING NEIGHBORHOODS? IN ADDITION TO SURPLUS PROPERTY, LOOK AT PUBLIC PROPERTIES IN USE AND LOOK FOR OPPORTUNITIES TO CO-LOCATE HOUSING.

POTENTIAL ACTION LIST – FURTHER EVALUATION	NOTES & NEXT STEPS
A.9.a. Encourage affordable housing project partnerships between private and not for profit developers.	Added by TAG 7/25. Could be applied to different groups of actions. There will be additional discussion with the TAG to identify these potential partnerships as the strategy is developed. **COUNCIL ADDED BACK
*B.1. Review/recalibrate multi-family tax exemption (MFTE) for affordable housing requirements and expand program in additional multi-family and transit-oriented development areas.	MFTE review: Review current qualification requirements for Bellevue's MFTE, including unit size and mix that encourages larger units for families e.g. 15% of units being 2 or more bedroom. Analysis will look at Bellevue's housing demand and needs assessment and effective practices in other cities' MFTE programs.
*B.2. Utilize non-cash subsidies, such as credit enhancements and city bonding. B.6. Implement a revolving loan fund for acquisition of land. B.7. Create a revolving housing fund to support 4% tax credit projects. *B.8. Submit an Affordable Housing Property Tax Levy to voters.	Direct funding: The first 3 (B.2., B.6., B.7.) will evaluate effective practices by existing programs (e.g. REDI Fund). Evaluation of levy (B.8.) will include information on what amounts could be generated by different levy rates and how those funds have been effectively applied elsewhere. **ADD TOOL TO EXPAND ACCESS TO LOW-INTEREST LOANS FOR NON-PROFITS (E.G. CITY GUARANTEE OF LOANS)
B.5. Invest in infrastructure (e.g. streetscapes, parks, stormwater improvements) that supports affordable housing development.	Public infrastructure investments: Evaluate what types and levels of public investments are effective at leveraging production of affordable units.
D.10. Down Payment Assistance - Evaluate and as needed update existing program (effectiveness, design features and, funding levels).	Home ownership assistance: One of the few actions directed at home ownership. City contributions to ARCH currently used with state housing finance commission first and second mortgage program. Evaluation will include current funding and utilization, and explore how to leverage employer assistance to broaden program and increase effectiveness.
D.4. Partner with employers including BSD to provide affordable housing for their employees.	Develop new actions or leverage existing actions by partnering with employers e.g. down payment assistance program.
D.5. Partner with other agencies to provide affordable housing in conjunction with transit-oriented development at light rail and other transit centers. Provide for housing in mixed-use neighborhoods with transit access.	Develop new actions or activate existing actions like REDI fund to leverage TOD efforts by other agencies. **If ST3 is approved by voters there is a requirement for ST to make 80% of suitable surplus land available for affordable housing. This should be called out as its own action, and evaluated for how many affordable units it would bring to Bellevue. Include clarity

POTENTIAL ACTION LIST – FURTHER EVALUATION	NOTES & NEXT STEPS
	about legislative meaning and uses, may also help for clarity as we develop 130th station.
**ADDITIONAL COUNCIL COMMENTS (some apply to more than one category): • How well do these actions integrate into the City's existing programs through ARCH? • It would be good to have defined performance metrics including evaluation tool for consistency with state law. • We need to assess if our housing strategy is meeting current needs. Our process to evaluate if our housing strategy is working should include updating our housing needs assessment every 4 years. • What are the needs and targets by different types of units and income groups (e.g. family, senior, special needs)? • Evaluate actions for legality/constraints/city authority, particularly those that deal with lending of credit, or requirements on property owners. • Tie actions to specific Bellevue needs. • Identify what is new versus what is already being done by Bellevue. What is an expansion of an existing city program? • What other models have we looked at (e.g. Hong Kong, Montgomery County, MD)? • In addition to reviewing the effectiveness of the action, we also want to look at the downsides/impacts of implementation.	
Category 3: City Regulations & Incentives – Increase capacity in certain zones to leverage market production of housing, including affordable units, primarily to households with incomes at greater than 60% AMI. Includes other potential changes to zoning regulations and/or processes intended to create greater flexibility of housing types as well as lower development costs.	
*A.1. Require some amount of affordable housing with certain types or sizes of multi-family development. *A.2 Review/recalibrate code incentives for affordable units in exchange for density increase.	<u>Density incentives:</u> Conduct a pro forma analysis that will consider potential for market and affordable units with mandatory or voluntary density incentives. **EVALUATE INCLUSIONARY ACTIONS IN TERMS OF ECONOMIC AFFECTS ON INDIVIDUAL DEVELOPMENT AS WELL AS ON IMPACT TO OVERALL RATE OF HOUSING PRODUCTION.
A.4. Zoning and building code provisions to accommodate single-room occupancy units or mini-suites (e.g. micro units) housing in multi-family zones. A.5. Allow additional flexibility along with design guidelines and development standards for small-scale housing types (e.g. cottages, duplexes, accessory dwelling units, shared housing) in single family areas for consideration in neighborhood plans. A.8. Ensure that zoning provides appropriate opportunities for seniors and special needs housing.	<u>Housing type flexibility:</u> Analysis will include research on effective practices elsewhere, including how these types of units are regulated, potential productivity of affordable units, and which single family or multifamily zones could provide flexibility. One objective for greater flexibility in housing type in residential zones is to help seniors and people with special needs remain in their homes or neighborhoods. In terms of mixed use zones, certain Downtown and BelRed zones already effectively allow micro-units but without consideration of relative parking ratios.

POTENTIAL ACTION LIST – FURTHER EVALUATION	NOTES & NEXT STEPS
A.9. Maintain a family-friendly housing focus when implementing other housing actions (e.g. promote family-sized units in MFTE Program). Direct support for affordable housing and other housing actions considers family-friendly units and services. MFTE review covered by B.1. above. A.19. Increase zoning height, density and FAR in multifamily zone districts; change density calculation from units per acre to floor-area-ratio (FAR).	**CAN CITY LIMIT NUMBER OF OCCUPANTS/DEFINITION OF FAMILY TO PREVENT OVERCROWDING IN MICRO-UNITS? (APPLIES TO A.4. AND A.19.) **A.8. SHOULD ALSO INCLUDE STUDENTS AND NEW PROFESSIONALS. **COUNCIL ADDED BACK A.9.
*A.10. Revise regulations and permitting requirements to reduce costs and timing. A.11. Provide expedited permitting for projects with affordable housing. A.13. Amend building codes to allow prefabricated and new building technologies (e.g. cross laminated timber) that can reduce construction costs. *A.14. Modify land use and building codes to maximize economical wood frame construction (e.g. increase building height using Type 5 wood frame construction). A.15. Review off-street parking policies (e.g. right-size parking, special studies, parking benefit district). Reduce or eliminate minimum parking when well-served by transit. A.18. Implement building and fire codes that reduce construction costs; update development regulations to match.	<u>Regulatory impediments:</u> Several items in this sub-group may be part of sensitivity analysis for items A.1. and A.2. above to determine which have the most impact on development costs and feasibility. Evaluation will also include effective practices of other cities. **EXPEDITED PERMITTING FOR AFFORDABLE HOUSING SHOULD CONSIDER EQUITY ISSUES FOR PROJECTS “JUMPING THE QUEUE.” SHOULD HAVE EXPEDITED REVIEW FOR ALL PERMITS. **PARKING REDUCTION REVIEW SHOULD CONSIDER USER EXPERIENCE AND IMPLICATIONS FOR NEIGHBORS **NOT SURE CITY CAN ADOPT BUILDING AND FIRE CODES AT A LESSER STANDARD – THIS NEEDS LEGAL REVIEW.
A.16. Promote use of Universal Design to increase accessibility for all ages and abilities.	Although UD may allow seniors and others to remain in their homes which can be more affordable for that household, it does not add affordable units. Could be addressed as part of code update. **COUNCIL ADDED BACK. COULD BE IMPLEMENTED THROUGH FUNDING RATHER THAN CODE.
A.17. Encourage energy efficiency and other measures of sustainability in new and preserved housing to reduce costs for residents.	Provides affordability for household but does not add new affordable units. Could be addressed as part of code update. **COUNCIL ADDED BACK. COULD BE IMPLEMENTED THROUGH FUNDING RATHER THAN CODE. (E.G. “MASTER SWITCH”)
*B.3. Encourage use of multiple incentives with goal of creating more units or increasing affordability.	Does not involve analysis, but will be considered as overall strategy is developed.

POTENTIAL ACTION LIST – FURTHER EVALUATION	NOTES & NEXT STEPS
	**COUNCIL ADDED BACK
**ADDITIONAL COUNCIL COMMENTS (some apply to more than one category): • What are the economic implications of regulations overall, including any new regulations that would be part of the strategy? • Want to understand the economic impact of these tools -- how can we increase affordable housing units without increasing the cost of overall housing? • Want the review to address Bellevue's unique demographics, economic changes. Can the tools be sensitive to changes in the community so they are deployed when needed? • Action needed to help people downsize and free up family-size housing stock. • Action needed to produce new housing types, especially projects like Silver Glen. • Housing strategy should consider housing need for younger workers and students, result of expansion of Bellevue College and GIX.	
Category 4: Pursuing Legislative Changes – The items in this category require changes to state legislation to expand the types of actions that Bellevue could consider as part of an overall affordable housing strategy.	
C.5. Limit conversion of rental housing to condominiums.	Market changes or legislation to revise Condominium Act warranty provisions could increase condo conversions at a loss to existing affordable rental housing. Potential tools (limits, fees) may require state legislation. However, condominium conversion is not currently an issue.
*E.1. Explore options for dedicated local revenue sources that provide direct monetary assistance for affordable housing. Examples include: <i>E.1.a. Establish a Growth Fund funded by sources resulting from new growth (e.g. sales tax)</i> <i>E.1.b. Real Estate Excise Tax for Affordable Housing</i> <i>E.1.c. Transfer tax charged on capital gain ('anti-flipping')</i> <i>E.1.d. Property tax generated by sold public sites.</i> <i>E.1.e. Enact Local Option Sales Tax HB2263</i> <i>E.1.f. Hotel Tax on Short-Term Rentals</i> <i>E.1.g. Local Voluntary Employers Fund</i> *E.2. Support revisions to state law to expand the multi-family tax exemption – MFTE (e.g. duration, preservation of existing housing). E.4. Support expansion of the State Housing Trust Fund and federal housing programs.	Evaluation will include exploring effective practices and existing research to determine whether these are actions that would be effective in an overall strategy. Will coordinate with ongoing ARCH review of potential new revenue sources. Although these are not actions currently available, the evaluation would help to inform Council discussion of these items for the city's legislative agenda.

POTENTIAL ACTION LIST – FURTHER EVALUATION	NOTES & NEXT STEPS
<i>*E.6. Evaluate and consider efforts to remove barriers to condo development such as revisions to state Condominium Act warranty provisions.</i>	
**ADDITIONAL COUNCIL COMMENTS: - Review of legislative actions should be at a higher level than other categories; Council will take these up later with the legislative agenda. - Exempt affordable housing at 30% AMI from construction sales tax and B&O tax.	
Category 5: Do Not Evaluate – These actions will be held in reserve for future consideration including layering with other actions. Category 5 includes actions that: (#1) the city is not able to pursue; (#2) at this point do not appear to have as much potential as the other, priority actions for producing affordable units, however the city could consider these in the future and evaluate at that time; (#3) the city is already doing this action at a level that could be reviewed, however evaluation is not necessary at this time.	
*A.3. Adopt linkage fees for commercial development (either for all or increased commercial capacity).	Based on preliminary analysis by City Attorney's office, there is currently not a clear statutory path to enacting these fees. (#1) **COUNCIL DISCUSSED AND DECIDED NOT TO ADD THIS ACTION BACK INTO LIST FOR EVALUATION.
A.7. Provide a flexible development process for environmentally constrained property that accommodates alternative building types, e.g. clustering.	Requires analysis of individual parcels with multiple factors for consideration (#2)
A.12. Provide staffing contingencies to manage peak permit demand.	Already being done per DSD (#3)
C.1. Implement a rental inspection program.	Does not add new affordable units but could be considered as part of a preservation strategy (#2)
C.2. Promote property maintenance and improvements for energy efficiency in existing affordable housing.	Does not add new affordable units but could be considered as part of a preservation strategy (#2)
C.4. Allow transfer of development rights (TDR) where existing older, more affordable housing could transfer unused development capacity to preserve this housing from redevelopment.	Could be used as a preservation strategy; however, evaluation would require much more legal and economic research in terms of sending and receiving zones (#2)
C.8. Develop a strategy to help preserve housing affordability where public investments indirectly contribute to rising residential costs.	REDI fund and other actions currently target land banking and affordable housing preservation in transitioning areas, particularly near transit (#3)
D.1. Explore ways to increase usage of HUD vouchers, including working with KCHA to target section 8 certificates.	City already working with KCHA, could increase these efforts to make it easier for voucher holders to find and retain eligible housing. Does not require analysis (#3)

POTENTIAL ACTION LIST – FURTHER EVALUATION	NOTES & NEXT STEPS
D.2. Support housing options and services that enable seniors to stay in their homes or neighborhoods.	Apply this lens to other actions to identify which could help address this need (#2)
D.3. Periodically review and revise regulations to assure they meet state and federal fair housing requirements.	Being done as requirement of HUD CDBG funding (#3)
D.6. Provide relocation assistance consistent with State RCW 59.18.440 (Tenant Relocation Assistance).	Limited Relocation Assistance in Code Chapter 9.21, the City could review potential for expanding (#3)
D.7. Increase local rental/operating subsidies to serve the lowest income population.	Some support for rental and operating subsidies through City's Human Services fund (#3) **WHAT ARE WE DOING CURRENTLY TO HELP WITH RENT/OPERATING SUBSIDIES TO SERVE LOWEST INCOME POPULATION? ARE THERE TOOLS TO ADDRESS HIGH RENT COSTS? {HUMAN SERVICES STAFF TO FOLLOW-UP WITH CM SLATTER ON CURRENT PROGRAMS AND FUNDING LEVELS}
D.8. Increase funding for tenant counseling and landlord education so they can work together to ensure sustainability (#3) a. Provide assistance to tenants with language barriers, mental illness or other challenges (#2) b. Explore solutions to housing for people exiting incarceration (#2) c. Provide 'Community Service Officers' (civilian intermediaries to resolve conflicts among landlords, tenants) (#3)	Human Services provides Tenant and landlord education as part of efforts to increase fair housing practices, and. Neighborhood Mediation provides resources for (c), resolving landlord/tenant conflicts. (#3)
D.11. Develop financing products that comply with faith-based requirements.	Potential follow-up action or policy; increases fair housing access. (#2)
D.13. Consider ways to support ownership models such as land trusts, 'sweat equity', limited equity condominium / coops. E.3. Encourage self-help and volunteer programs that create or preserve affordable housing.	City supports through ARCH Housing Trust Fund e.g. Habitat, Silver Glen (#3)
D.14. Provide resources to homeowners facing foreclosure such as financial support to homeowner counseling program; funding for higher risk home repair loans; and helping homeowners with temporary financial hardships.	City offers foreclosure mediation program (#3); could evaluate level of funding for direct assistance program (#2)
D.15. Provide resources to tenants facing eviction because of a temporary financial hardship.	City supports some tenant assistance funding through Human Services (#3)

POTENTIAL ACTION LIST – FURTHER EVALUATION	NOTES & NEXT STEPS
D.16. Support organizations that offer services and facilities to those who have special housing needs including capacity building and technical assistance.	City provides funding through ARCH and Human Services to organizations that serve persons with special housing needs (#3)
D.17. Support funding applications by local groups seeking other public/private funders.	City provides funding through ARCH and Human Services to local organizations that are seeking other funding (#3)
D.18. Explore ways to support efforts by affordable housing providers to develop investment funds from socially-minded private investors.	City supports local organizations that are reaching out to these types of funders (#3)
D.19. Cooperate with regional efforts to do an ongoing analysis of the regional housing market.	City works regionally through ARCH, PSRC, and others (#3)
D.20. Work with housing advocates, neighborhood planning groups, property owners etc. to address negative perceptions related to homeless housing, and other housing for special needs.	City partners with housing non-profits to provide community outreach, particularly for homeless housing or housing for persons with special needs (#3)
D.21. Explore and evaluate formation of a housing authority in Bellevue.	Potential follow-up (#2)
D.12. Support coordinated, culturally appropriate homebuyer education (including financial literacy) and require for all homebuyer assistance programs. D.22. Support programs that increase access to homeownership - Financial literacy and first time homebuyer classes - Expand low interest loan programs such as Veterans and FHA	Existing ARCH down payment assistance program includes access to homebuyer education and counseling and partnership with WSHFC mortgage products (#3)
D.23. Support mortgage programs that allow homebuyers that live near their work or transit to qualify for higher mortgage amount	Potential follow-up (#2)
D.24. Support education and training programs that provide a means for low income residents to increase their incomes.	City's economic development program includes coordination with Bellevue College and fostering start-up businesses (#3)
E.5. Support state legislation or enact local provisions to address tenant protections, such as: - E.5.a. Eliminate Source of Income discrimination (e.g. spousal support) - E.5.b. Require longer period for notice to vacate (currently 20 days) when multiple tenants are being displaced	Could be considered as part of City Council's legislative agenda (#1, #2)

POTENTIAL ACTION LIST – FURTHER EVALUATION	NOTES & NEXT STEPS
E.5.c. Require Notice of Rent Increase E.5.d. Enact a Just Cause Eviction Ordinance E.5.e. Allow for local portability of Tenant Screening Reports to reduce expense of multiple applications for tenants E.5.f. Amount of, or process for rent increases of existing residents.	
1. Continue membership in ARCH or similar programs to assist in the provision of affordable housing on the Eastside. 2. Provide adequate capacity to accommodate 20-year housing target. 3. Support preservation of existing affordable stock. (See Category 3 for Actions) 4. Create and update a database of publicly and privately owned underutilized and/or derelict properties that could be used for affordable housing. 5. Develop robust community outreach concurrent with development of strategies to increase public awareness of need for affordable housing, in order to increase acceptance of affordable housing. Include listening to the community, telling the stories of the people who are affected, considering how traffic issues affect perceptions of denser housing, and being respectful of the neighborhoods.	Included in initial list of possible actions but are considered policy statements or actions that are already in place (#3) Community outreach concurrent with development of strategies is included in the Affordable Housing Strategy work program. (#3)
**ADDITIONAL COUNCIL COMMENTS: NONE	

Appendix 3
Housing Needs Assessment



City of Bellevue

HOUSING NEEDS ASSESSMENT

March 15, 2016

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Introduction

The **Housing Needs Assessment update** is the Initial step of the **Affordable Housing Strategy** to develop clarity on Bellevue's current situation with respect to housing demand, supply, and cost. Research for the City's Comprehensive Plan Update, including broad community engagement, identified affordable housing as a critical need for Bellevue. In December 2015, the City launched the Affordable Housing Strategy to implement the City's policies and objectives to increase the supply of affordable housing.

Key Findings

It is increasingly difficult for people living and working in Bellevue to find housing in Bellevue that is affordable. The *Housing Needs Assessment* describes the current status of housing affordability in the City and the trends that are exacerbating the problem. The following key findings from the report highlight the critical need for affordable housing in Bellevue:

- 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 in Bellevue affordable to people in these households.
- Production of subsidized affordable housing units has slowed. The annual rate of creating affordable units has been significantly less in the last decade than it was in the 1990s.
- Sixteen percent of all renters and almost one third (31%) of all Bellevue households spend more than 30% of their income on housing (i.e. cost burdened).
- Almost one third of senior renters spend more than 50% of their income on housing (i.e. severely cost burdened).
- Rents are continuing to climb and now average \$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.
- High home prices in Bellevue are making it hard 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.

As the list of key findings above illustrates, the challenge of housing affordability has many facets. An increasing share of young households and senior households are having a hard time staying in the community that has been their home. Many people who work in Bellevue in lower wage jobs (e.g. food prep workers, bank tellers, retail salespersons) cannot afford to live near their work and these types of jobs comprise nearly half (45%) of Bellevue's employment. For people working at minimum wage jobs, finding an affordable place to live in Bellevue is an even greater challenge. The people that work in Bellevue and commute from areas with less costly housing choices (though not necessarily affordable) typically spend a higher percentage of their household budget on transportation, endure increasingly long commutes and add to regional and local congestion.

The impacts of the problem also extend to business according to Bellevue's *2015 Survey of Businesses*. Respondents to the survey across all geographies and employment sectors consistently rated Bellevue low on affordable housing options for employees. 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/or

qualified staff over the past 12 months. Retail and tourism indicate having the most difficult time. Half of retail businesses and 60 percent of tourism businesses report having difficulty finding trained and qualified staffing.

Problem Statement

The Housing Needs Assessment seeks to consider what the housing data tells us about affordable housing in Bellevue, and about members of the community who are most impacted.

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. This project will identify what it will take to have a healthy housing market that:

- *Provides affordability across a range of incomes mirroring our population and 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 considering, through the neighborhood planning process, housing that can accommodate a wider spectrum of needs and foster ongoing investments by individual homeowners.*

Methodology

During the 2015 Comprehensive Plan update City staff, including A Regional Coalition for Housing (ARCH), presented a thorough study of housing data and housing-related demographics covering Bellevue, other Eastside cities, and King County (2013 East King County Housing Analysis). Important findings of the East King County Housing Analysis and Bellevue Needs Supplement are included in Appendix B. The 2016 City of Bellevue Housing Needs Assessment is intended to look more closely at the community's present and future housing needs by answering questions that came out of the Housing Analysis findings, and delving deeper into available data.

Research for the City's Comprehensive Plan Update, including broad community engagement, identified affordable housing as a critical need for Bellevue. Community engagement after plan adoption in August 2015 continued to press the City on this issue. Examples include:

- **2015 Resident Needs Assessment Survey** (included in the 2015-2016 Human Services Needs Update)
Lack of affordable housing was identified by more respondents than any other problem area. It has been consistently the highest community concern in the City's biennial Human Services Needs survey.
- **2015 Bellevue Survey of Businesses Report**
Compared to other cities, Bellevue was ranked lowest on affordable housing for employees. Ten percent of businesses say cost of living is the biggest issue facing Bellevue. More information on the 2015 Business Survey Report can be found in the section "Bellevue's Workforce".

For the Housing Needs Assessment the City conducted a review and analysis of available quantitative data on the current housing conditions in Bellevue. This document relies primarily on quantitative data and serves as a discussion resource to help build a common understanding of current conditions within the City, as well as to identify gaps that could be targeted through the Affordable Housing Strategy.

This report draws on publically available data from the following sources:

U.S. Census Bureau

- Decennial Census
- American Community Survey (5-year estimates)

Federal Agencies

- U.S. Department of Housing and Urban Development, including the Comprehensive Housing Affordability Strategy (CHAS) data

Other

- Dupre + Scott Apartment Advisors
- Zillow.com
- 2015 Bellevue Survey of Business Final Report 1/25/2016
- 2015 Bellevue Resident Needs Assessment Final Report (Appendix A 2015-2016 Human Services Needs Update)

Key Definitions

Affordable: The U.S. Department of Housing and Urban Development (HUD) deems housing to be affordable if a household spends no more than 30% of their income on housing costs (rent plus basic utilities or gross monthly owner costs).

Area Median Income: Income published by HUD for states, counties and urban areas that is adjusted for household size. The figure used in much of the analysis in this report is the 2014 area median family income of \$88,200 for a four person household. AMI, for Area Median Income, is the acronym used throughout to refer to this figure.

Cost burdened: Households are cost burdened if they pay more than 30% of their income towards housing costs.

Severely cost burdened: Households paying more than 50% of household income on housing costs are considered severely cost burdened.

Household: All the people living in one housing unit. They could be family members or not.

Income Categories (see Figure 1)

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 (this income band is sometimes referred to as workforce)

Above median income above 100% of AMI

Housing Affordability Guidelines for King County (2014)

	Studio (1 Person)	1-Bedroom (2 People)	2-Bedroom (3 People)	3-Bedroom (4 People)
POVERTY				
Average poverty thresholds for 2014 by size of family*				
Household Income	\$11,670	\$15,730	\$19,790	\$23,850
Pct of County Median Income	19%	22%	25%	27%
VERY LOW INCOME: 30% of Median Income				
Household Income	\$18,522	\$21,168	\$23,814	\$26,460
Max. Affordable Rent**	\$424	\$470	\$516	\$563
LOW INCOME: 50% of Median Income				
Household Income	\$30,870	\$35,280	\$39,690	\$44,100
Max. Affordable Rent**	\$732	\$823	\$913	\$1,004
Max. Affordable Purchase***	\$98,900	\$113,000	\$127,100	\$141,200
MODERATE INCOME: 80% of Median Income				
Household Income	\$49,392	\$56,448	\$63,504	\$70,560
Max. Affordable Rent**	\$1,195	\$1,352	\$1,509	\$1,665
Max. Affordable Purchase***	\$175,600	\$200,700	\$225,800	\$250,800
MEDIAN INCOME				
Household Income	\$61,740	\$70,560	\$79,380	\$88,200
Max. Affordable Rent**	\$1,504	\$1,705	\$1,906	\$2,106
Max. Affordable Purchase***	\$226,700	\$259,100	\$291,500	\$323,900

* Source: U.S. Health and Human Services, 2013 Poverty Guidelines.

King County Median Family Income: \$88,200

Source: U.S. Housing and Urban Development Income Limits

**Rents are net of deducting for a utility allowance.

***Price estimates assume:

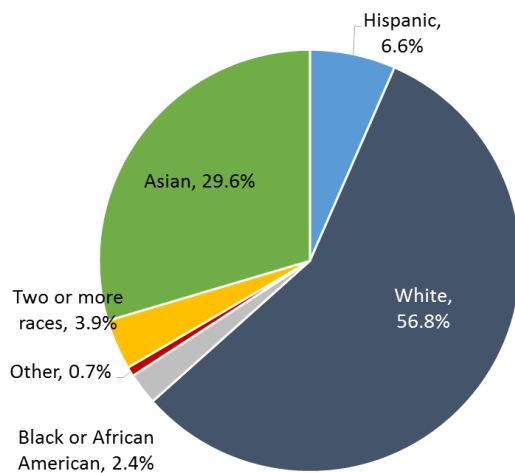
- 10% Downpayment
- 30-yr fixed mortgage at 4.5%
- Property taxes at 1%
- Mortgage insurance, homeowner dues/insurance \$175- \$250

Community Characteristics

A broad overview of Bellevue's population provides a basic understanding of who the City serves and what the scale of need may be. Bellevue's population was estimated at 134,400 in 2014, living in 55,644 households. Employment is estimated at around 136,000 jobs.

Bellevue is a dynamic and changing community that like other areas in King County has added many new residents since the last recession. More than 40% of the population identifies as something other than White, and almost one third of the population is Asian.

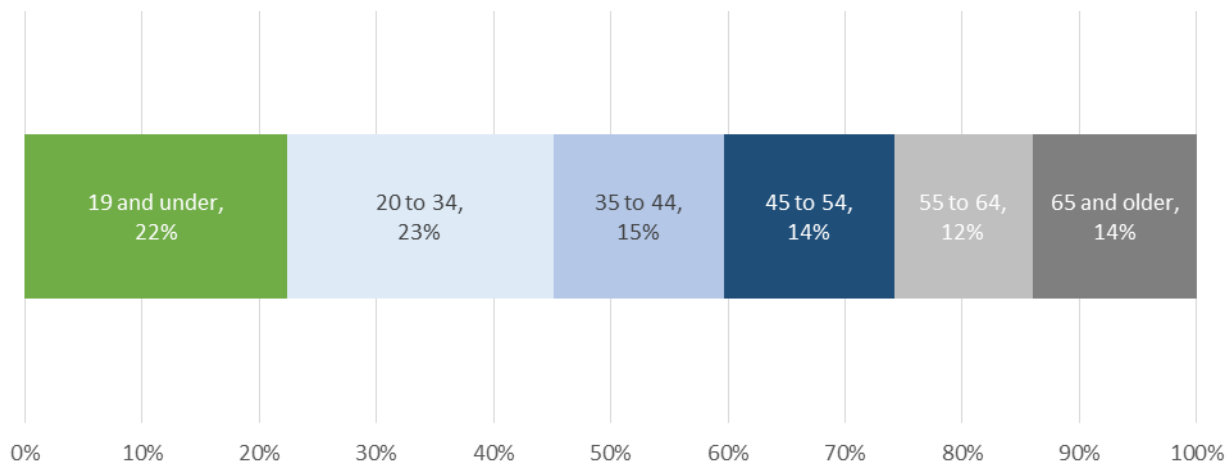
Figure 2: Bellevue is an increasingly diverse city



Source: U.S. Census Bureau, 2010-2014 American Community Survey (ACS).

One quarter (26%) of Bellevue residents are 55 or older, while almost half (45%) of the population is under 35.

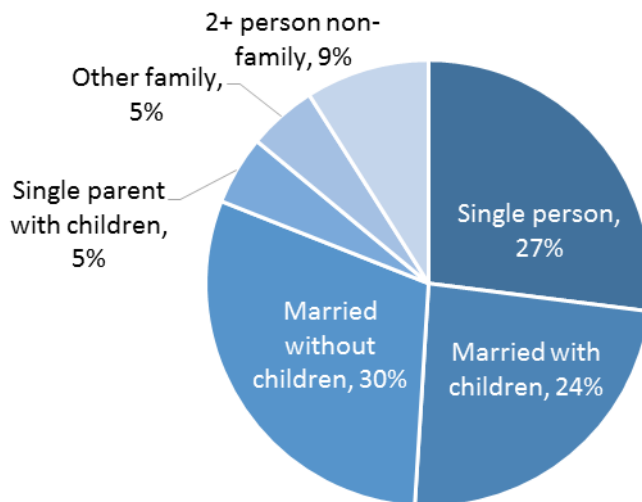
Figure 3: 26% of Bellevue residents are 55 or older



Source: U.S. Census Bureau, 2010-2014 ACS.

The most common household types are married couples without children (30%), single person households (27%), and married couples with children (24%).

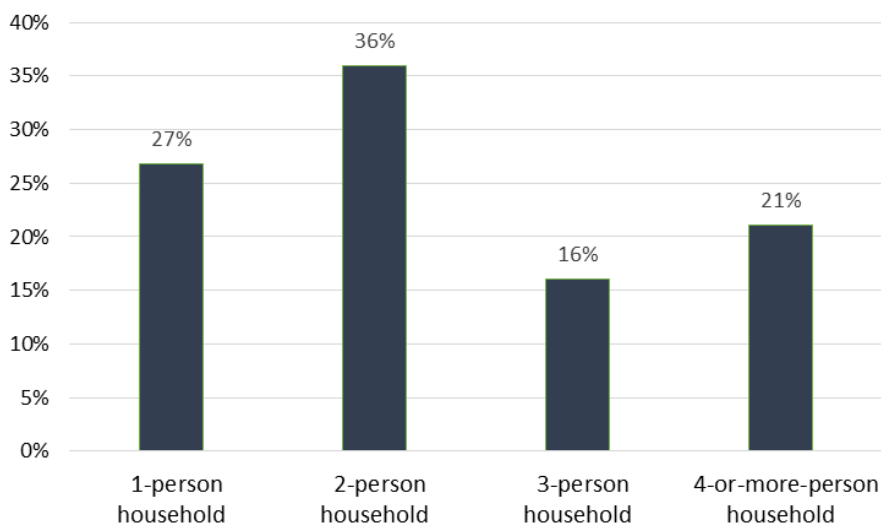
Figure 4: There are a diversity of household types



Source: U.S. Census Bureau, 2011-2013 ACS.

Bellevue's average household size is 2.4 persons, with 63% of households made up of only one or two people.

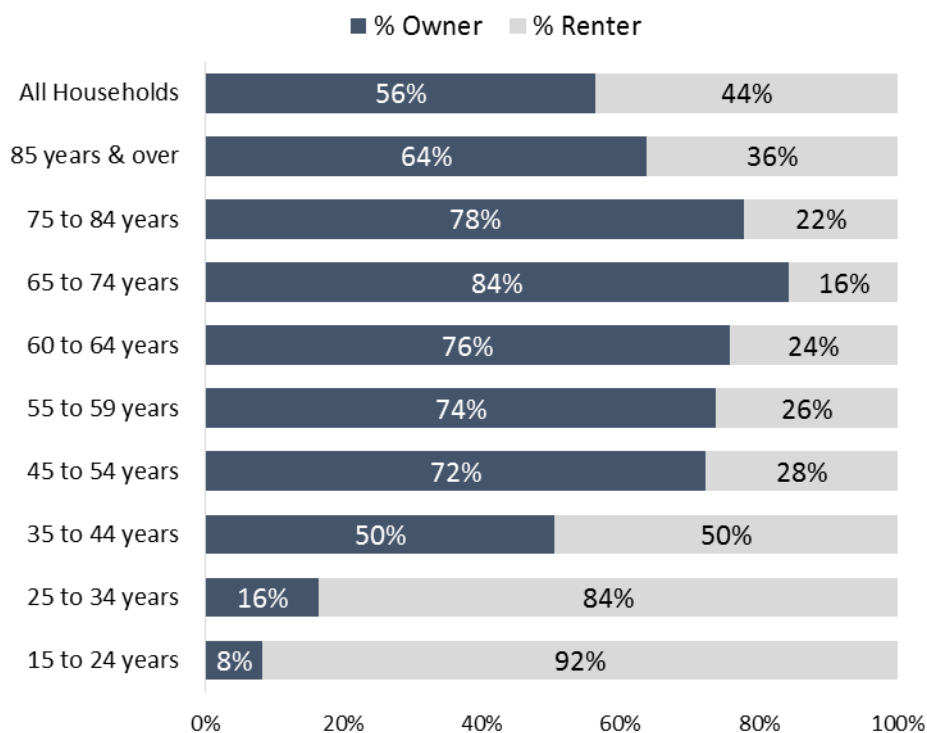
Figure 5: Most households have 1 or 2 people



Source: U.S. Census Bureau, 2010-2014 ACS.

Over half of Bellevue households own their homes (Figure). The share of households that own their homes increases by age category up to 74 years where it peaks and then starts to decline again.

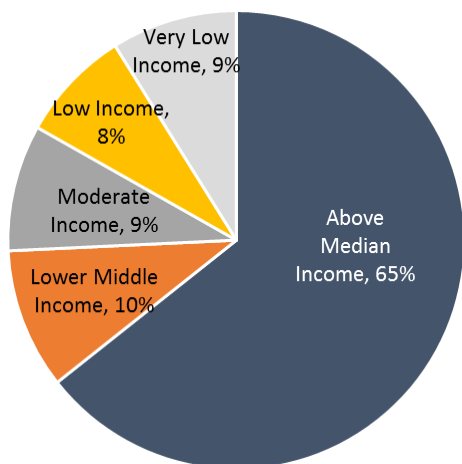
Figure 6: Households aged 65 to 74 years old have the highest homeownership rate



Source: U.S. Census Bureau, 2010-2014 ACS.

As noted in the definitions on page 5, the median family income for King County was \$88,200 in 2014 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.

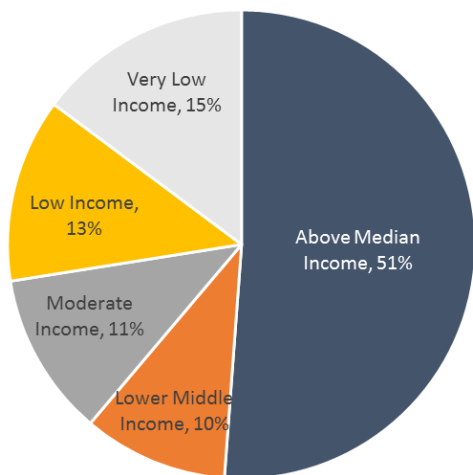
Figure 7: The majority of Bellevue Households have incomes above County AMI



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).

The picture looks slightly different 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. Twenty eight percent of senior households are at 50% or below of county AMI, compared to 17% of Bellevue households overall.

Figure 8: 28% of senior households are at 50% or below of county AMI

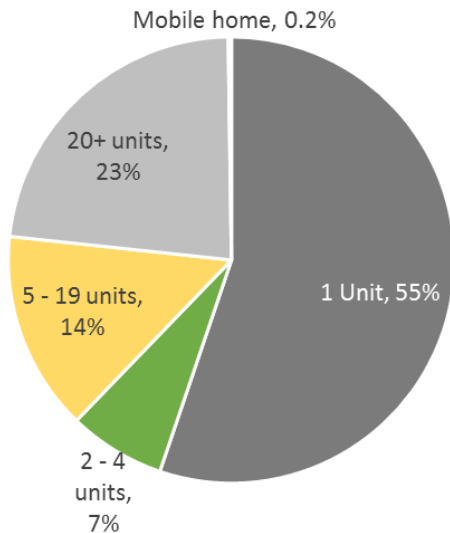


Source: U.S. Census Bureau, 2008-2012 American Community Survey customized for the Department of Housing and Urban Development's Comprehensive Housing Affordability Strategy (CHAS).

Overview of Housing Stock

There are an estimated 53,231 occupied housing units and 4,139 vacant units in Bellevue. Of the occupied units, just over half (56.4%) are owner occupied and 43.6% are renter occupied. The majority of units (55%) are single-family units while 40% of the housing stock has 5 or more units. Of this 40%, over half (23%) are buildings with 20 or more units. Larger multi-family projects (20 or more units) are a newer housing type in Bellevue with many more units planned for the Bel Red Corridor and Downtown.

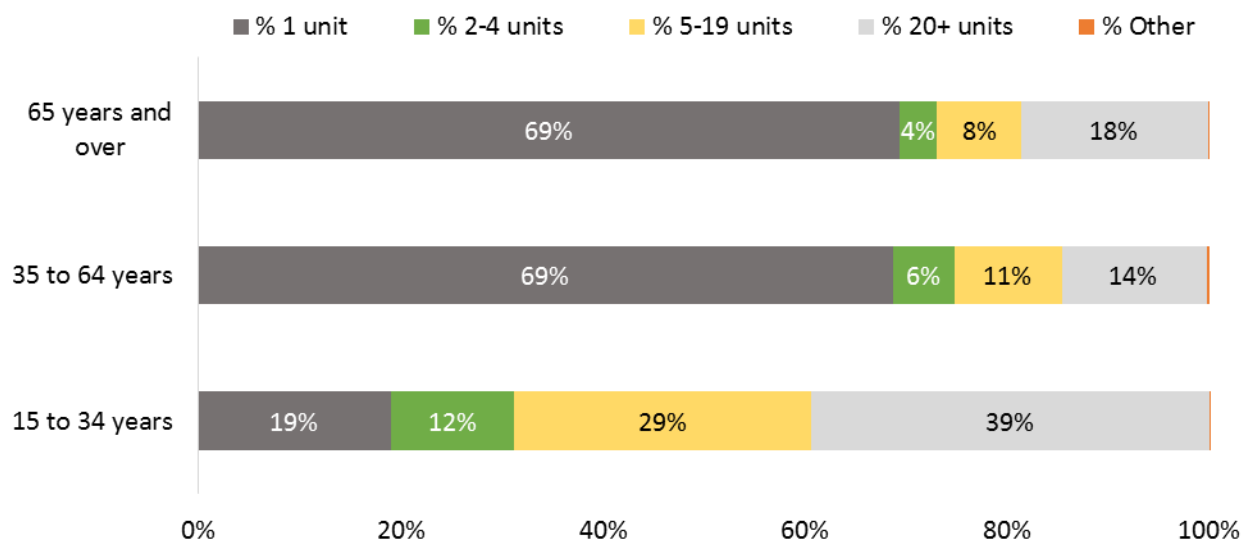
Figure 9: Just over half of all housing units are single-family units (1 Unit)



Source: U.S. Census Bureau, 2010-2014 ACS.

Households that live in multi-family units tend to be younger. Only 19% of those under 35 live in a single family home compared to 69% for those 35 and older.

Figure 10: Greater shares of people under 35 live in multi-family housing



Source: U.S. Census Bureau, 2010-2014 ACS.

The size of housing units (as measured by number of bedrooms) is similar to that of King County. Studios make up 3% of the stock, one and two bedroom units account for 43%, and 54% of units have three or more bedrooms.

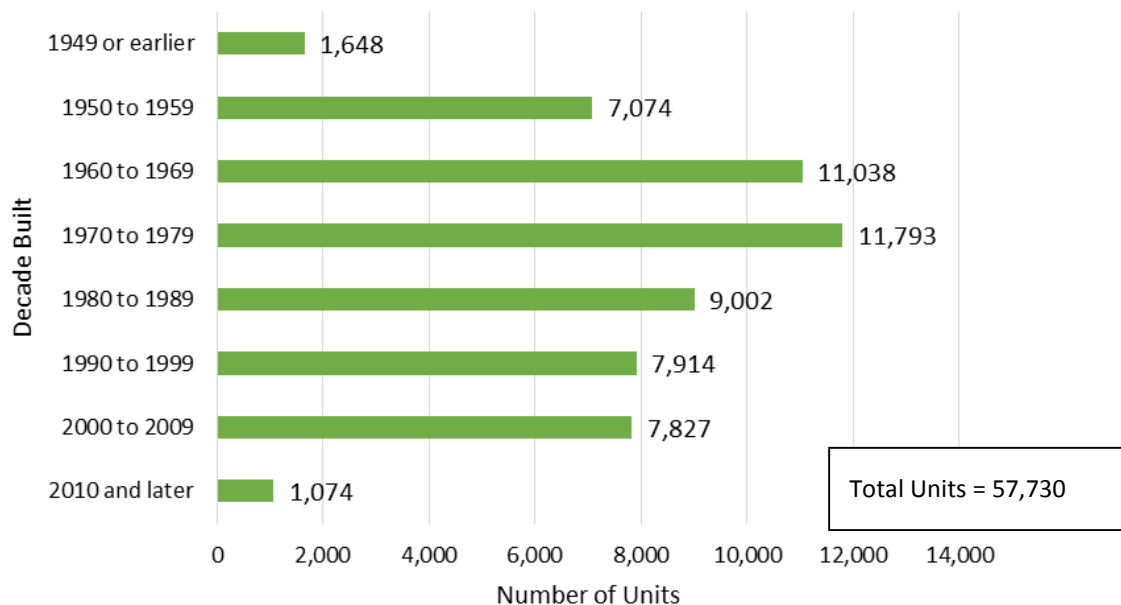
Figure 1: More than half of housing units have three or more bedrooms

Bedrooms	Bellevue	King County
Studio	3%	4%
1	17%	17%
2	26%	26%
3	24%	29%
4	22%	18%
5 or more	8%	6%

Source: U.S. Census Bureau, 2010-2014 ACS.

Age of housing can be a factor in the quality of housing and also how much housing costs to maintain. Older homes typically have less efficient furnaces, insulation, windows, and appliances which lead to higher operating costs compared to newer housing construction. Figure presents the number of units by decade built for the City of Bellevue. Very few units were built before the 1950s.

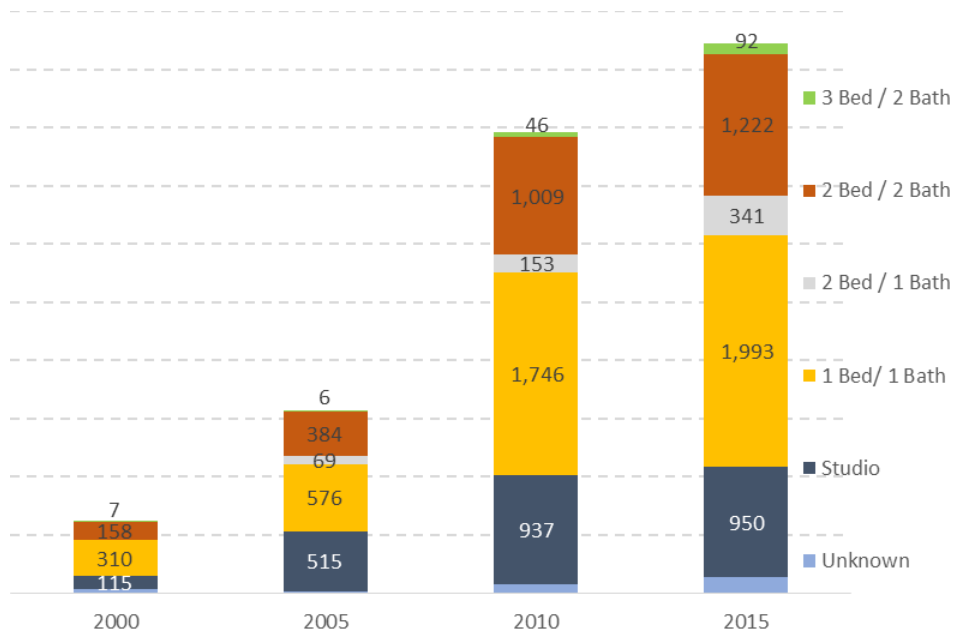
Figure 2: Over half of the housing stock was built between 1960 and 1989



Source: U.S. Census Bureau, 2010-2014 ACS.

Figure illustrates the addition of new units in Downtown Bellevue. Studios and one bedroom units make up the bulk of the Downtown housing stock (62%), with two bedrooms making up 33%, and three bedrooms making up only 2%. In 2000, Downtown had 617 multi-family housing units compared to 4,729 in 2015.

Figure 3: Just over 4,000 units have been built in Downtown Bellevue over the last 15 years



Note: Unit counts are for Downtown Bellevue only.
Source: Dupre + Scott Apartment Advisors, 2015.

Affordability

17% of Bellevue households are low income.

Median family income for King County was \$88,200 in 2014 for a four person household. Using income categories based on area median income (AMI), about 9% of households (or 9,010 households) are considered very low income, earning \$26,460 or less and another 8% are low income earning less than 50% of AMI. For context, the annual salary for someone who earns \$15/hour is \$31,200 and at the current Washington State minimum wage of \$9.47/hour the annual salary is \$19,697.

Figure 4: 4,820 households are very low income and earn less than \$26,460

	Income Range		Households	
	Minimum	Maximum	#	%
Very low income (Under 30% AMI)	\$ -	\$ 26,460	4,820	9.1%
Low income (30-50% AMI)	\$ 26,460	\$ 44,100	4,190	7.9%
Moderate income (50-80% AMI)	\$ 44,100	\$ 70,560	4,554	8.6%
Lower middle income (80-100% AMI)	\$ 70,560	\$ 88,200	5,109	9.6%
Above median income (>100% AMI)	\$ 88,200		34,353	64.8%

Note: Percentages are calculated off King County median family income for 2014.

Source: 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).

Looking at household income data by owners and renters for the city and the county, Bellevue owners are similar to owners in the county overall. Eleven percent (11%) of owners in Bellevue and King County have incomes at 50% or below of AMI. Fewer Bellevue renters are *very low income* (14%) than for the county (23%) and the share of renters *above moderate income* (80% or greater of AMI) is higher for Bellevue than the county (Figure). While the shares are lower overall than for the county, the 9,010 households in Bellevue earning up to \$44,100 are undoubtedly struggling to meet basic needs given the high costs of housing.

Figure 5: Bellevue households have higher incomes than for King County Overall

		Bellevue		King County	
Owner occupied	Very low income	1,475	5%	24,770	5%
	Low income	1,830	6%	29,910	6%
	Moderate Income	2,079	7%	45,855	10%
	Above moderate income	24,953	82%	368,485	79%
	Total Owner Households	30,337	100%	469,020	100%
Renter occupied	Very low income	3,345	14%	75,200	23%
	Low income	2,360	10%	50,665	15%
	Moderate Income	2,475	11%	57,000	17%
	Above moderate income	14,509	62%	144,690	44%
	Total Renter Households	23,435	100%	327,555	100%

Note: Above moderate income are all households at 80% or higher of AMI.

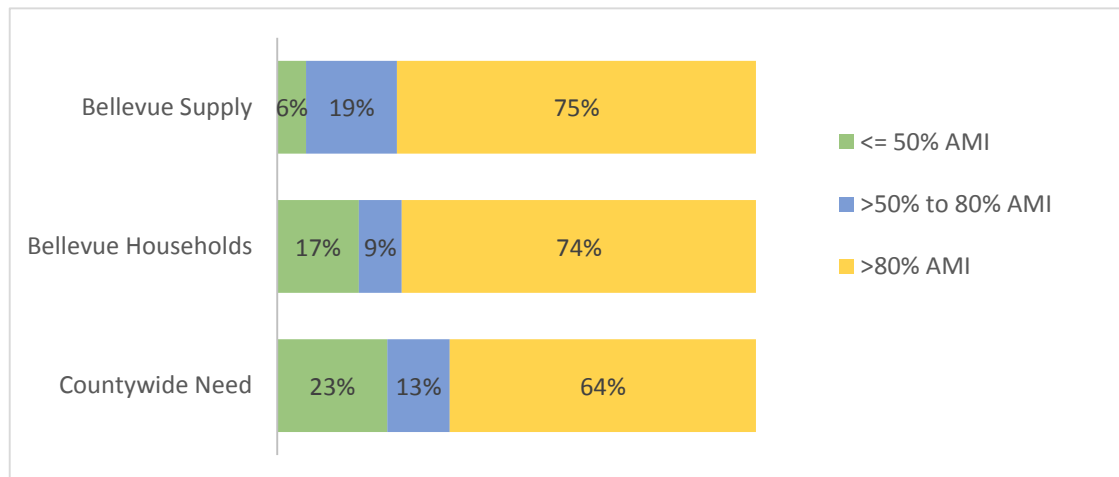
Source: CHAS data based on data from the U.S. Census Bureau, 2008-2012 ACS.

There is a gap between affordable housing supply and need.

Bellevue's housing strategy works to provide housing opportunities that will meet the needs of all economic segments of the community. The countywide need for housing that is affordable to households with moderate, low, and very low incomes is shown in Figure .

Only 25% of Bellevue's housing stock is affordable to households with moderate incomes (earning up to \$70,560) and only 6% is affordable to low and very low income households. This means that for the 9,010 low and very low income households there are only 3,095 affordable units (6% of just over 52,000 housing units).

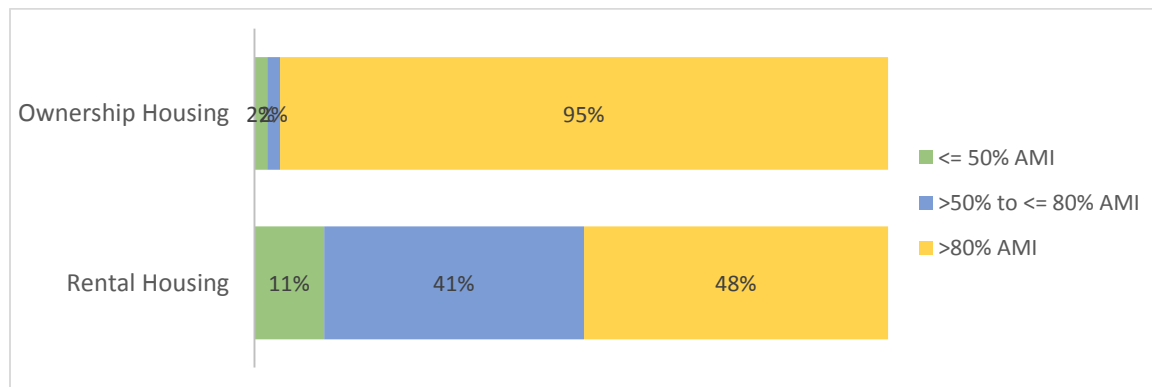
Figure 6: Only 6% of Bellevue's housing supply is affordable to low and very low income households



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

Looking at Bellevue's supply by rental and owner housing shows that 52% of rental units are affordable to low income households with 11% affordable to very low income households. By contrast, 95% of the ownership supply requires a household income of 80% or more of AMI (\$70,560 or more) to be affordable at 30% of income (e.g not cost burdened). Sales prices and rents are discussed later in the report. It is important to note that where rents are affordable due to the age, condition, or location of the unit and not because of an explicit subsidy or income restriction, there may be households living in these units with incomes above 50% of AMI. This is sometimes called down-renting or renting a unit that is cheaper than a household could reasonably afford.

Figure 7: The rental stock has a greater share of affordable units



Source: CHAS data based on data from the U.S. Census Bureau, 2008-2012 ACS.

Production of subsidized affordable housing units has slowed.

Between 1993 and 2012, Bellevue exceeded the target for adding moderate income housing (see Figure). However, Bellevue is lagging in the creation of low income housing, as are many other Eastside cities. The annual rate of creating affordable units has been significantly less in the last decade than it was in the 1990s.

Figure 8: New affordable housing built in Bellevue, 1993-2012

Period	Low Income (<50% AMI)					Moderate Income (50 to 80% AMI)				
	Direct Assistance	Regulatory Incentives*	Market	Subtotal	%Afford Goal	Direct Assistance	Regulatory Incentives*	Market	Subtotal	%Afford Goal
1992-2002	754	0	8	762	73%	506	369	686	1,561	211%
2003-2012	185	0	0	185	17%	38	44	453	535	69%
1993-2012	939	0	8	947	44%	543	413	1,139	2,095	138%

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

Source ARCH and City of Bellevue.

Note: Includes affordable units that were market developed with units at or below 80% AMI when initially released, with no affordability restrictions. Figure 19 includes affordable units with affordability restrictions as shown in Appendix A.

Appendix A provides a detailed list of housing in Bellevue that is affordable through public subsidy or other programs going back to 1992. Figure 19 shows the mix of this affordable housing by target population. Affordable Housing developers include King County Housing Authority, Imagine Housing (previously St. Andrew's Housing Group), DASH, Parkview Services, HUD, Hopelink, Archdiocesan Housing, along with some market rate developers using affordable housing incentives.

Bellevue's affordable housing inventory of about 3,000 housing units is below the 9,000 households with incomes lower than 50% of AMI, or the 13,500 households with incomes lower than 80% of AMI. Some of these households are able to afford housing that was purchased years ago (but could not afford to buy their current housing) and some live in housing that is not subsidized but still affordable. But many of these low and moderate income households are living in housing that is unaffordable.

Figure 9: Affordable Units produced by Target Population

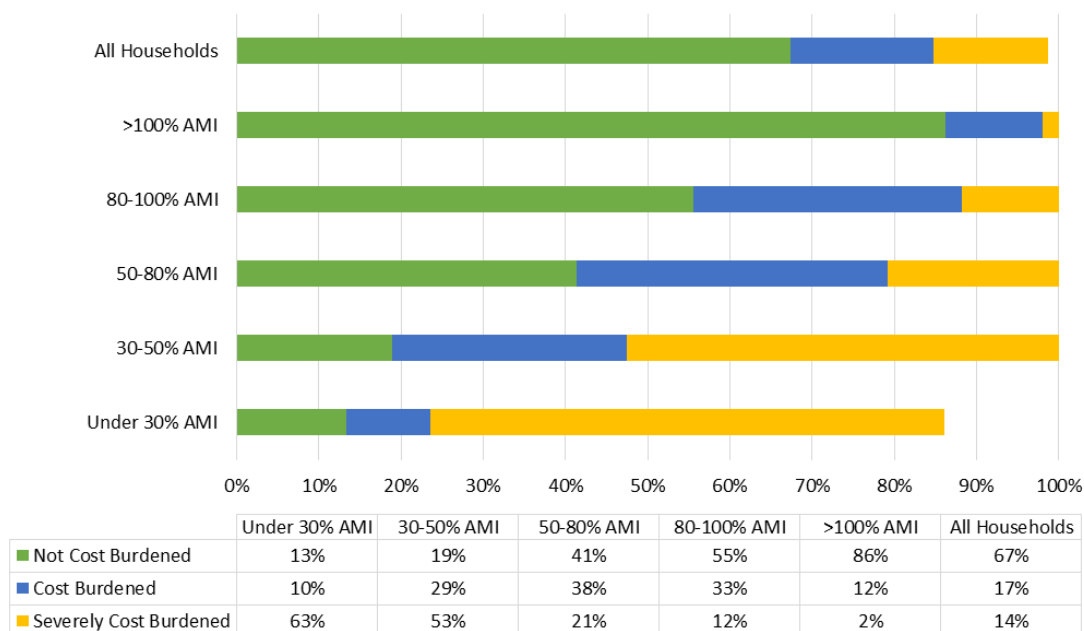
Target Population	Units
Families and Individuals	2,197
Seniors	381
Homeless/Transitional/Special Needs	133
Ownership	199
Total	2,910

Source: Appendix A.

Almost one third (31%) of all Bellevue households spend more than 30% of their income on housing. This includes 14% of households that spend more than 50% of their income on housing.

A household is considered to be “cost burdened” if they pay more than 30% of their income on housing. Paying between 30-50% of income on housing is defined as cost burdened and paying more than 50% of income towards housing is defined as severely cost burdened. For example, a severely cost burdened household earning \$30,000 per year would have \$15,000 before taxes to spend on other household needs, such as transportation, food, and child care. While 14% of *all households* are considered to be severely cost burdened, 63% of *very low income* and 53% of *low income* households pay more than 50% of income towards housing (Figure).

Figure 20: 14% of all Bellevue households are severely cost burdened



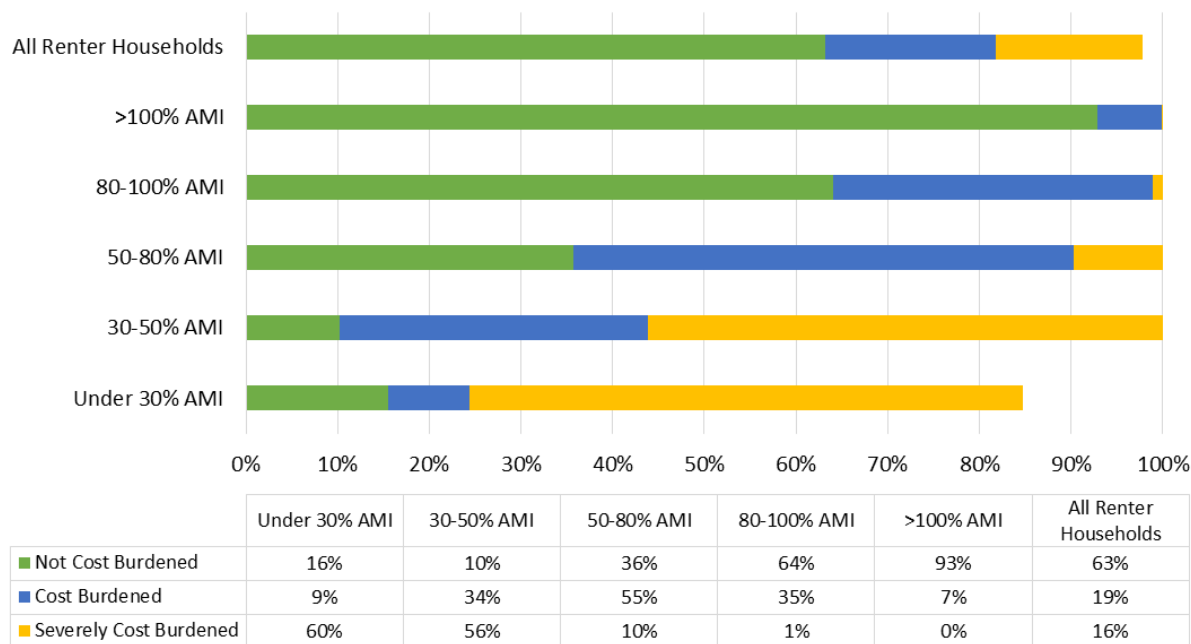
Notes: Under 30% AMI does not total 100 because of unavailable data.

Source: CHAS data based on U.S. Census Bureau data.

Looking at only renter households, the overall share of severely cost burdened households is higher at 16%, however, there are differences among categories. For example, the shares of severely cost burdened households are lower in every income category except for low income (30-50% of AMI) (

Figure).

Figure 21: 16% of renters are severely cost burdened



Notes: Under 30% AMI does not total 100 because of unavailable data.

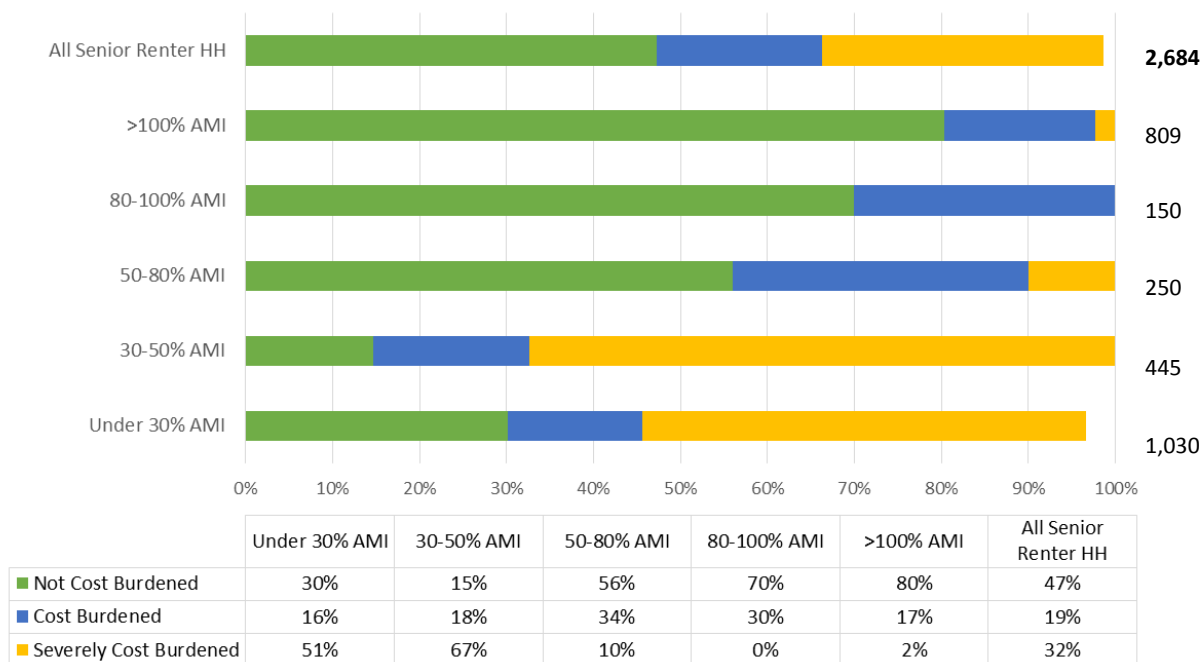
Source: CHAS data based on U.S. Census Bureau data.

Affordability was examined separately for the 2,684 senior renter and 9,642 senior owner households. Just **over half** of senior renter households are paying more than 30% of income for housing (**Over half (51%) of senior renters spend more than 30% of their income on housing. This includes almost one third (32%) of senior renters that spend more than 50% of their income on housing.**

Figure) compared to 31% of senior owner households.

Over half (51%) of senior renters spend more than 30% of their income on housing. This includes almost one third (32%) of senior renters that spend more than 50% of their income on housing.

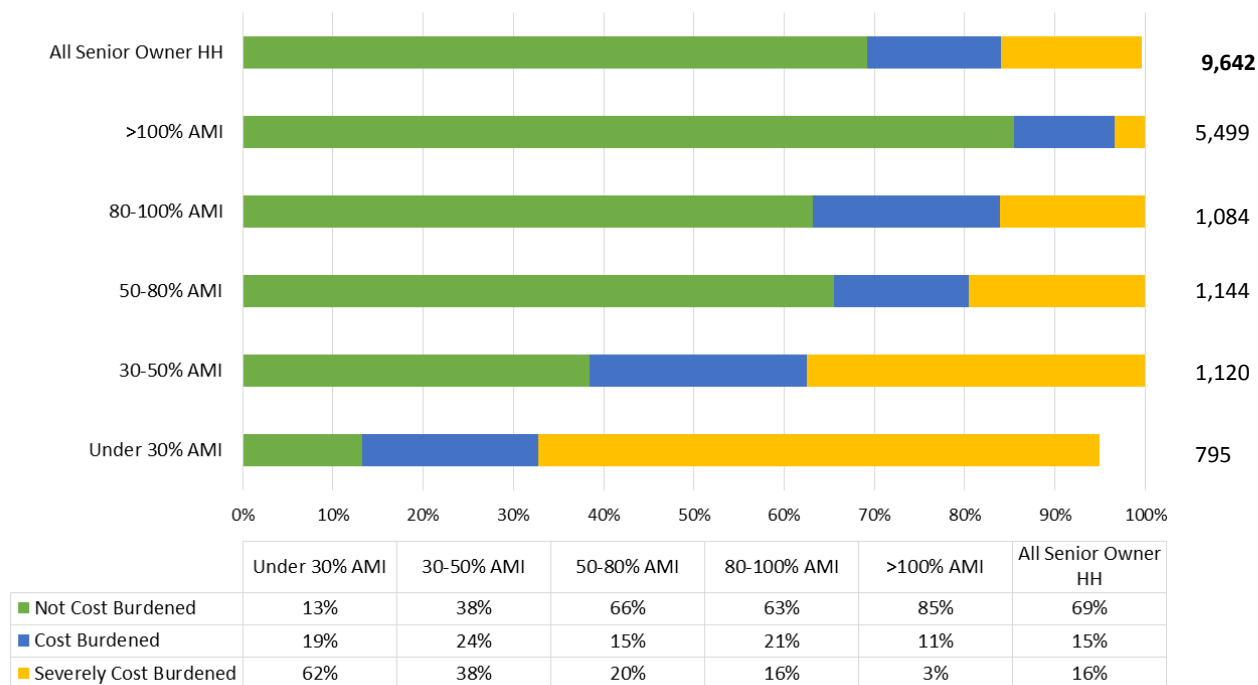
Figure 10: Over half (51%) of senior renters are cost burdened



Notes: Senior is defined as households with at least one person 62 years or older. Under 30% AMI does not total 100 because of unavailable data.

Source: CHAS data based on U.S. Census Bureau data.

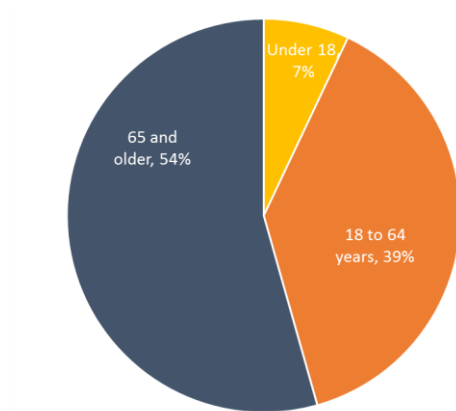
Figure 11: Fewer shares of senior owner households are cost burdened



Notes: Senior is defined as households with at least one person 62 years or older. Under 30% AMI does not total 100 because of unavailable data.

Source: CHAS data based on U.S. Census Bureau data.

Figure 24: More than half of the individuals with a disability are 65 and older



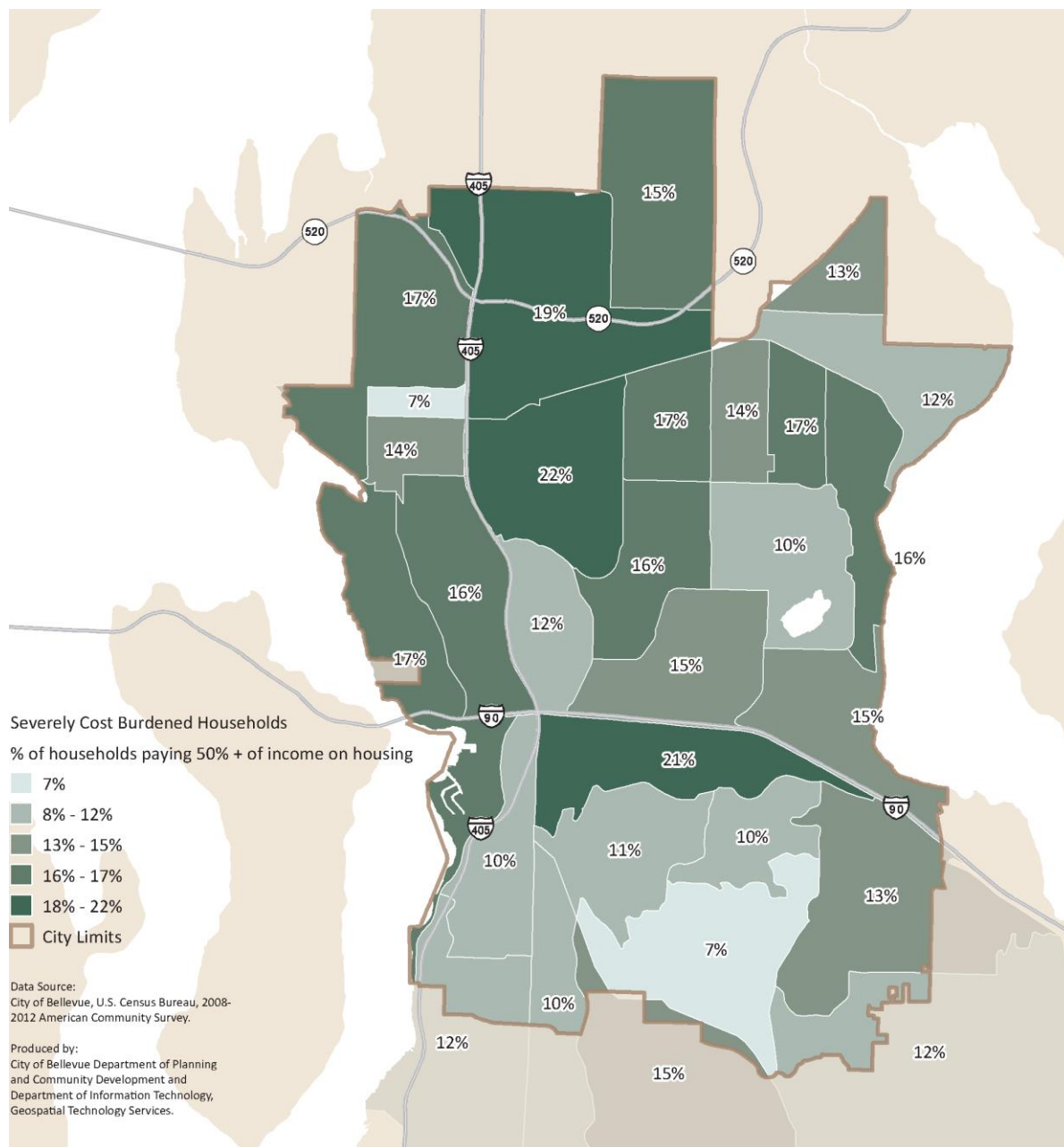
Source: U.S. Census Bureau, 2010-2014 ACS.

The Census also asks about disability status and about 8% of Bellevue's total population reported living with a disability (the survey asks about six disability types: hearing, vision, cognitive, ambulatory, self-care, and independent living). The greatest share of individuals with a disability are those age 65 and older.

Some seniors with these types of disabilities may struggle to live independently in their homes, and may desire other, affordable senior and assisted housing options in Bellevue that allow them to stay in their community.

Figure shows estimates for the percentage of all households paying fifty percent of their incomes or more on housing by Census Tract by location. More than a third (37%) of the City's census tracts have at least 16% of households (one in six) that are spending 50% or more of their income on housing.

Figure 12: Location of severely cost burdened households



Source: City of Bellevue, U.S. Census Bureau, 2008-2012 ACS.

Rental Housing

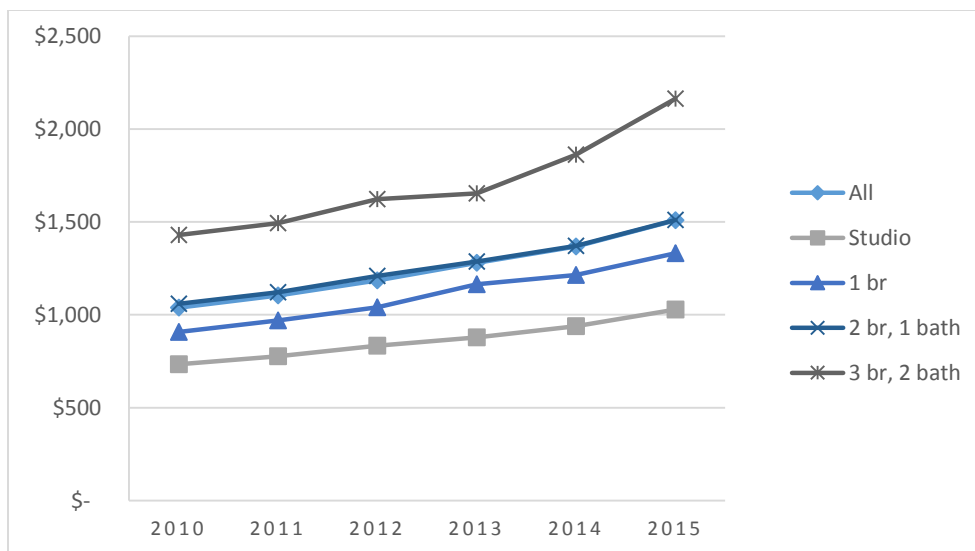
Rents have been climbing and now average over \$2,000.

Apartment rents have been climbing steadily, with average rents in East Bellevue at \$1,500/month and West Bellevue at around \$2,000/month (see Figure and Figure).

Throughout Bellevue family size units with at least 2 bedrooms exceed \$1,500/month and studio units exceed \$1,000/month. Vacancy rates were 3% in both East and West Bellevue in fall 2015. Vacancy rates below 5% indicate that new construction is insufficient to meet demand.

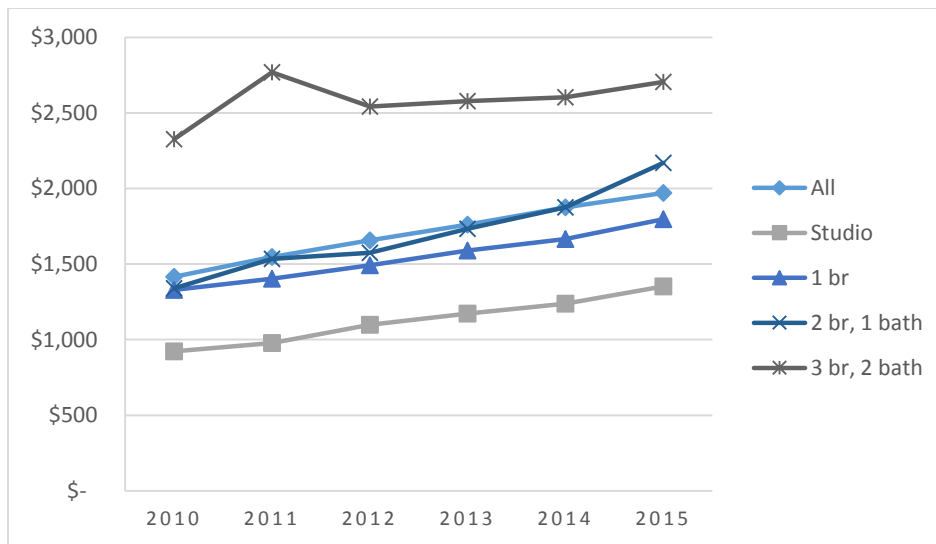
Until recently increases in rent have generally been consistent with increases in median income, and the average market rent in Bellevue has been affordable to moderate income households earning 80% of AMI. This is no longer true. Since 2011, average rents throughout the City have become unaffordable to moderate income renters. Renters at 80% AMI can afford between \$1,370 and about \$1,690 for family size units with at least 2 bedrooms (ARCH 2015 HUD Income Limits).

Figure 26: Rents in East Bellevue have been steadily climbing for all unit types



Source: Dupre and Scott Apartment Advisors, 2016.

Figure 27: Rents in West Bellevue are also climbing



Source: Dupre and Scott Apartment Advisors, 2016.

Consistent with these average rents, American Community Survey data shows that 45% of all Bellevue renter households pay more than \$1500/month. The self-reported rents reflect what households pay, including any discounts or subsidies. For example, King County Housing Authority manages about 1,700 subsidized units in Bellevue and administers federal HUD assisted Section 8 units and vouchers. Bellevue has 285 project-based Section 8 units in properties owned by KCHA and other housing non-profits. In addition there are 829 tenant-based Section 8 housing vouchers used by Bellevue households.¹ These subsidized units likely account for a large portion of the households that report paying less than \$749 per month in rent and some portion of the households that pay less than \$1000 per month in rent².

Figure 29: About 85% of renter household report paying \$1,000 or more each month for housing

Rent Paid		
Less than \$200	142	0.6%
\$200 to \$299	316	1.4%
\$300 to \$499	236	1.0%
\$500 to \$749	341	1.5%
\$750 to \$999	2,320	10.3%
\$1,000 to \$1,499	8,865	39.2%
\$1,500 or more	10,366	45.9%
Median rent	\$ 1,451	

Source: U.S. Census Bureau, 2010-2014 ACS.

¹ KCHA, 3/15/2016

² In January 2015 the KCHA opened the waiting list for Section 8 vouchers, randomly choosing 2,500 people for the waiting list from over 22,000 applicants.

While 85% of renter households report paying over \$1000 each month, affordable rents, especially for households earning 50% or less of AMI, would need to be much lower (Figure). Very low and low income households can only afford rents between \$450 and \$1,000. It is also important to note that while these rental figures include basic utilities the rental data shown earlier does not.

Figure 30: Rents need to be \$1,000 or less to be affordable to low income households

	Studio (1 person)	1 bedroom (2 people)	2 bedroom (3 people)	3 bedroom (4 people)
Very Low Income 30% AMI				
Household Income	\$18,522	\$21,168	\$23,814	\$26,460
Max. Affordable Rent	\$424	\$470	\$516	\$563
Low Income 50% AMI				
Household Income	\$30,870	\$35,280	\$39,690	\$44,100
Max. Affordable Rent	\$732	\$823	\$913	\$1,004
Moderate Income 80% AMI				
Household Income	\$49,392	\$56,448	\$63,504	\$70,560
Max. Affordable Rent	\$ 1,195	\$ 1,352	\$ 1,509	\$ 1,665

Note: Rents are net of deducting for a utility allowance.

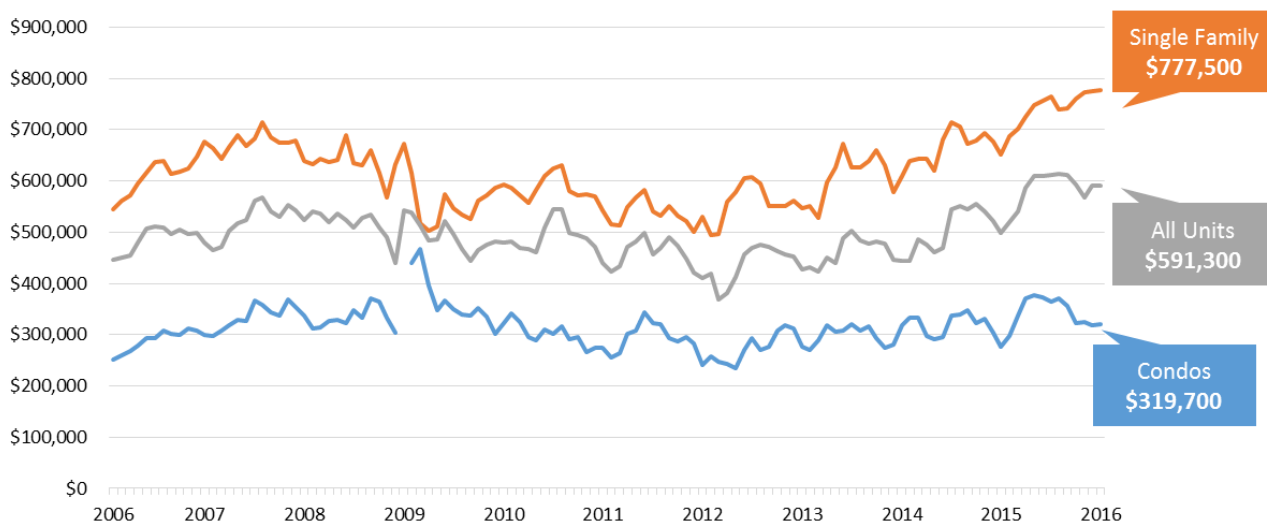
Source: U.S. HUD Income Limits, 2014 using King County median family income of \$88,200.

Ownership Housing

High home prices in Bellevue are making it hard to keep ownership costs at 30% of income.

Home ownership has historically been a significant driver of personal and household wealth for individuals and families. A key aspect to addressing a community's housing needs is to ensure there are opportunities for home ownership for moderate-income levels and first time homebuyers. As shown in Figure , median home sales prices in Bellevue are much higher than that of King County overall. King County's median sales price for all units in January 2016 was \$428,000 compared to \$591,300 in Bellevue.

Figure 31: Median Home Sales Prices Continue to Climb



Source: Zillow.com Real Estate Market Reports (<http://www.zillow.com/local-info/>)

Figure presents a rough assessment of housing attainability at current median sales prices using standard assumptions, including:

- A down payment of 20% of the sale price
- Interest rate of 4.5%
- 30 year fixed rate mortgage
- Taxes at 10.9%
- Insurance at \$3.50 per \$1,000 value
- Housing cost burden not to exceed 30% of gross income

Figure 32: Annual Income Needed to Purchase a Home at Current Median Selling Price, 2016

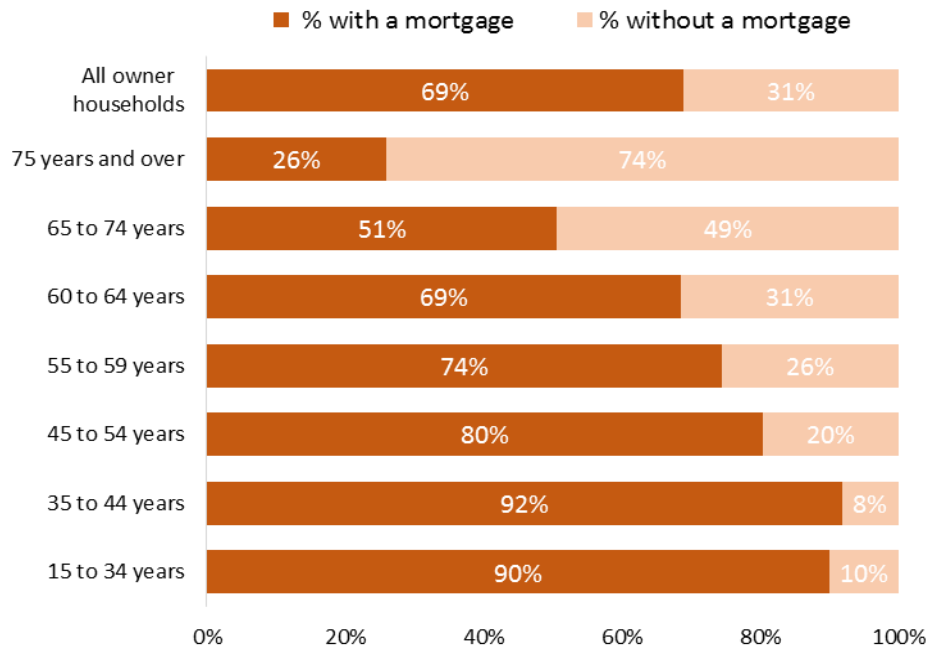
Single Family		Condominiums	
Monthly Mortgage		Monthly Mortgage	
Median Selling Price	\$777,500	Median Selling Price	\$319,700
Down Payment (20%)	<u>\$155,500</u>	Down Payment (20%)	<u>\$63,940</u>
Mortgage Amount	\$622,000	Mortgage Amount	\$255,760
Interest Rate	4.50%	Interest Rate	4.50%
Payments over 30 years	<u>360</u>	Payments over 30 years	<u>360</u>
Monthly Mortgage Payment	\$3,140	Monthly Mortgage Payment	\$1,296
Annual Housing Expenses		Annual Housing Expenses	
Mortgage Payments	\$37,678	Mortgage Payments	\$15,551
Taxes (10.9%)	\$8,506	Taxes (10.9%)	\$3,497
Insurance (\$3.50 per \$1000)	<u>\$2,612</u>	Insurance (\$3.50 per \$1000)	<u>\$1,074</u>
Annual	\$48,796	Annual	\$20,122
Monthly	\$4,066	Monthly	\$1,677
Monthly Income Needed	\$13,554	Monthly Income Needed	\$5,590
Annual Income Needed	\$162,653	Annual Income Needed	\$67,075
Households		Households	
Number of households with		Number of households with	
with income > \$162,600	9,500	with income > \$67,000	43,200
Total households	<u>53,026</u>	Total households	<u>53,026</u>
Estimate of households that	18%	Estimate of households that	81%
can afford median home price		can afford median condo price	

Source: Zillow.com, 2016; ACS, 2010-2014; City of Bellevue, 2016.

- The analysis suggests that an annual income of at least \$162,600 is required to purchase a single family home at the current median selling price. There are an estimated 9,500 households in Bellevue (18%) with incomes greater than \$162,000.
- Current condominium prices present a more affordable housing ownership opportunity. Our analysis estimates that households with incomes of \$67,000 would be able to afford a condominium at current median prices, making condominium ownership affordable for a much higher percentage of the population (81%) than single family home ownership.

Earlier in the report, it was noted that Bellevue’s overall home ownership rate is 56%. Proportion of households with a mortgage declines with the age of the household.

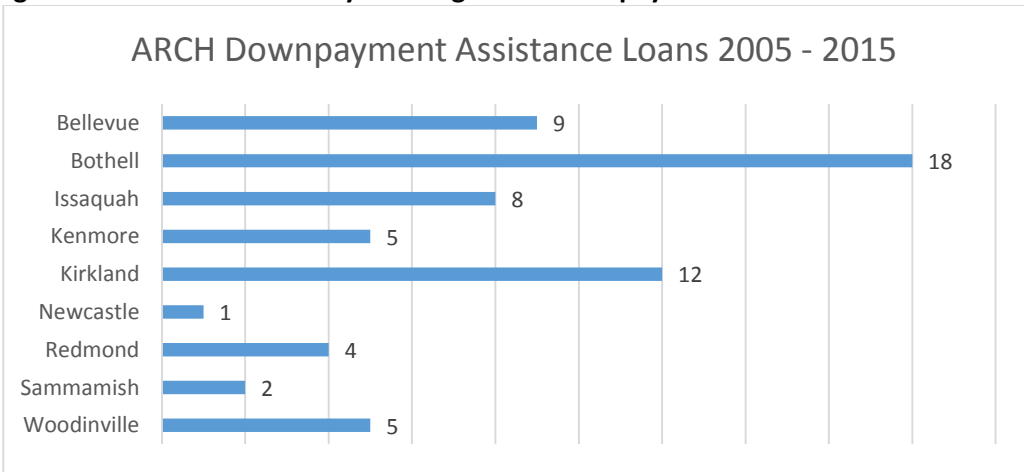
Figure 33: The majority of owner households have a mortgage



Source: U.S. Census Bureau, 2010-2014 ACS.

Fewer moderate income first time homebuyers using Washington State Housing Finance Commission (WSHFC) mortgage products, including the ARCH East King County Downpayment Assistance loan, purchased in Bellevue. The ARCH House Key Downpayment Assistance loan has a maximum purchase price limit of \$354,000 and a maximum household income of 80% AMI. Since 2005 this revolving loan fund has provided 64 first time homebuyer loans, but only 9 (14%) have purchased in Bellevue. Bellevue’s 53,978 housing units represents 30.7% of East King County’s 175,849 housing units (2011 ACS).

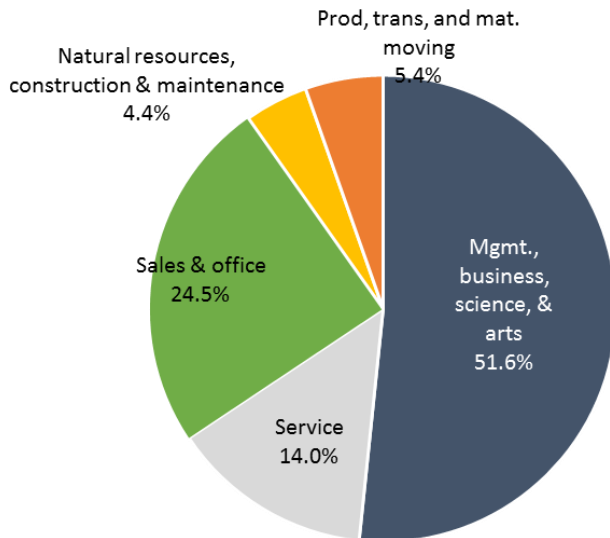
Figure 34: First time homebuyers using ARCH Downpayment Assistance Loans



Source: Washington State Housing Finance Commission (WSHFC) Dec. 2015

Bellevue's workforce

Figure 35: Half of Bellevue's workforce is employed in occupations related to management, business, science and the arts



Note: For civilian employees 16 years and over working within the City of Bellevue in 2010-2014.
Source: U.S. Census Bureau, 2010-2014 ACS.

Figure 36: A high proportion of local jobs have salaries at low and moderate income levels

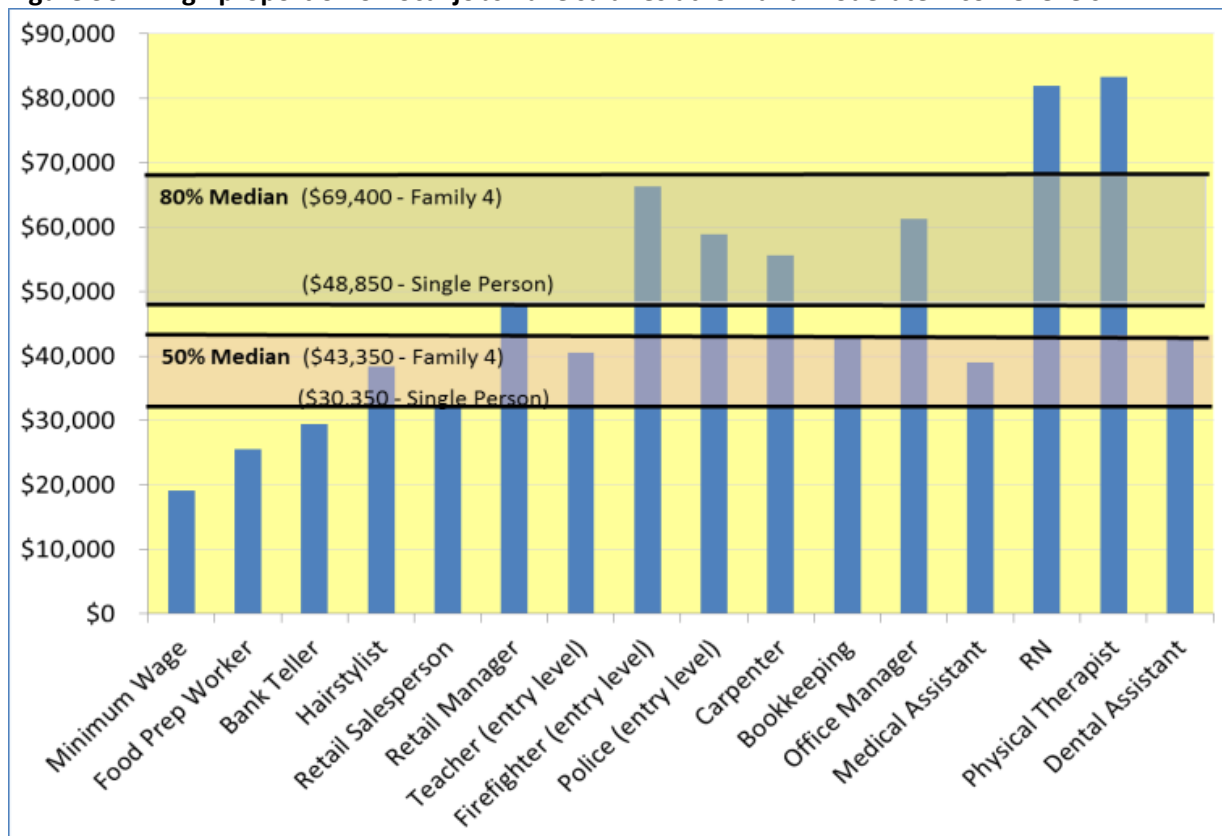
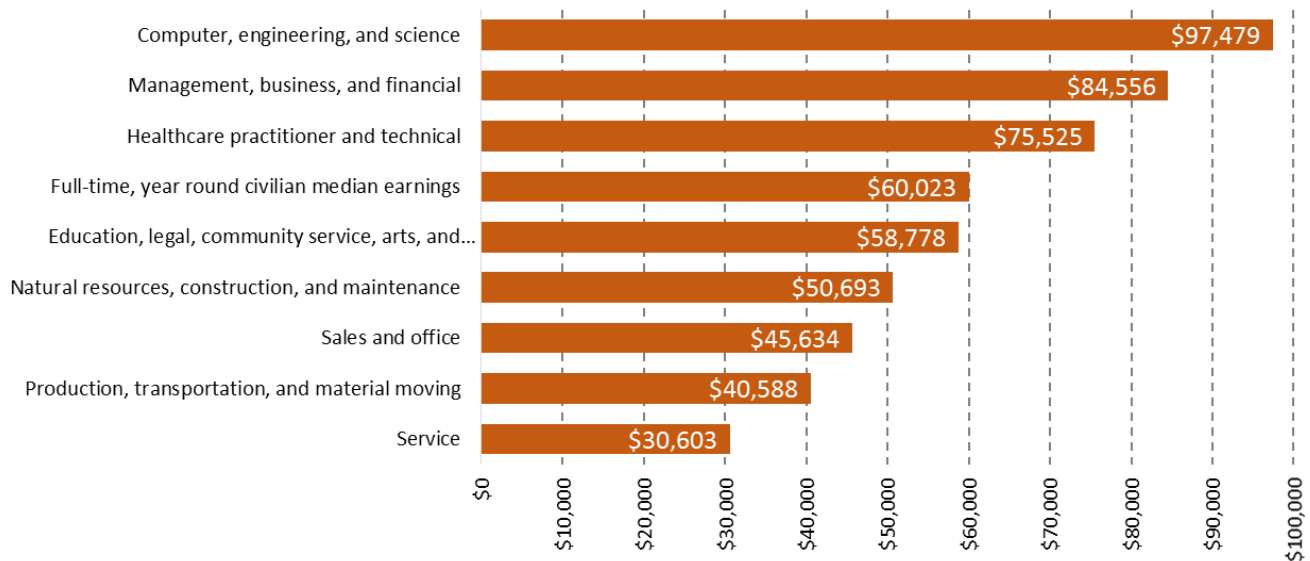
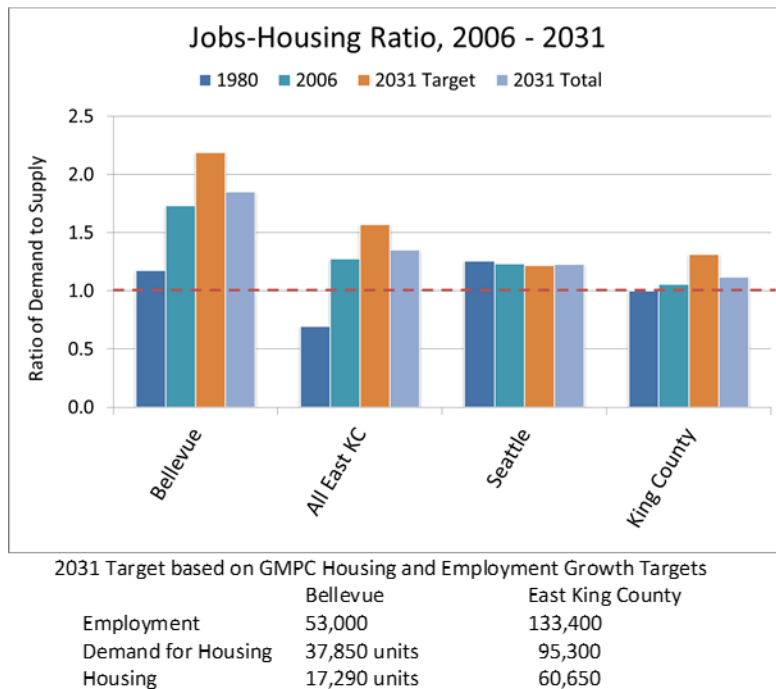


Figure 37: Occupations in Bellevue have a range of median wages



Note: For full-time year round civilian employees 16 years and over living in King County in 2010-2014, in 2014 inflation adjusted figures.
Source: U.S. Census Bureau, 2010-2014 ACS.

Figure 38: A primary demand for housing comes from a community's workforce



Over the last 30 years Bellevue has seen a significant increase in the ratio of demand of housing from its workforce to the supply of housing (job-housing ratio greater than 1.5). Planned employment growth in Bellevue will create thousands of new jobs and additional demand for housing, adding upward pressure on housing cost.

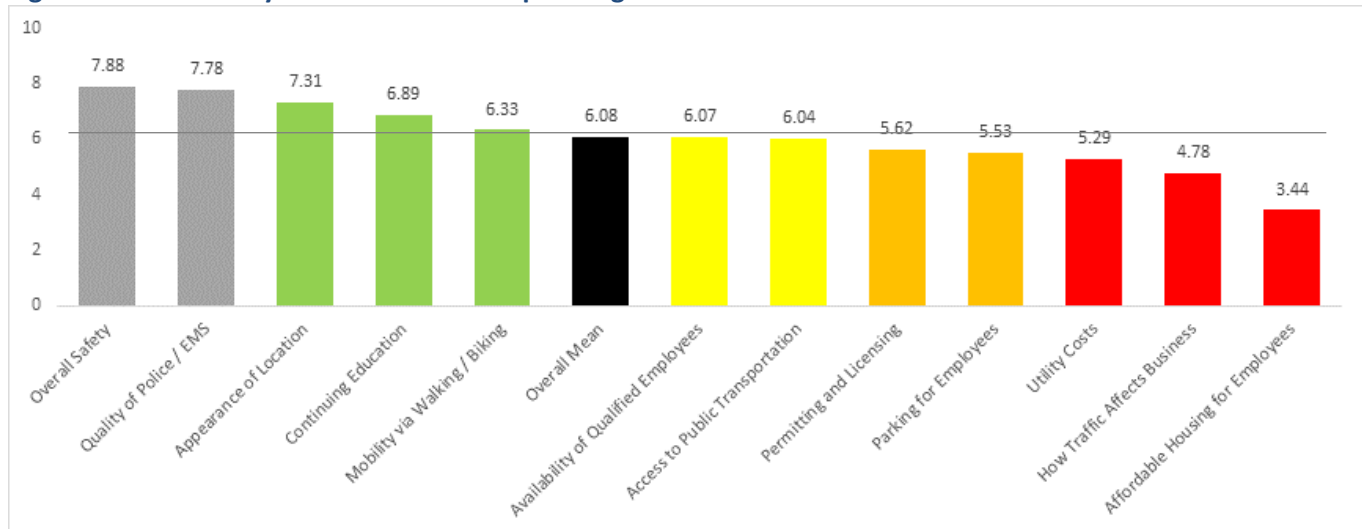
Bellevue 2015 Business Survey Report

The 2015 Bellevue Survey of Businesses was conducted between September 28 and November 8, 2015 and resulted in a total of 917 interviews—147 completed over the telephone and 770 completed via the Web.

Businesses were shown 12 key attributes that pertain to running a business in Bellevue and asked to compare Bellevue to other cities and towns for each attribute (Figure 39). Businesses used an 11 point scale where “0” indicated Bellevue was “significantly worse than other cities and towns” and “10” indicated that Bellevue was “significantly better than other cities and towns. Bellevue’s overall ranking of 6.08 indicates that Bellevue is similar to other cities and towns when all things are considered. However, there are a few key areas where Bellevue does significantly better than or worse than other cities and towns.

Bellevue performs better than other cities or towns in areas focused around safety and appearance. Bellevue is underperforming in areas regarding traffic and affordability. Affordable housing for employees received the lowest rating.

Figure 39: Community characteristics for operating a business in Bellevue



2015 Bellevue Survey of Businesses

CC1— From what you have experienced, seen, or heard, compared with other cities and towns, how would you rate Bellevue on each of the following items?

Base: All respondents (n=917)

Mean is based on an 11 point scale from 0 to 10

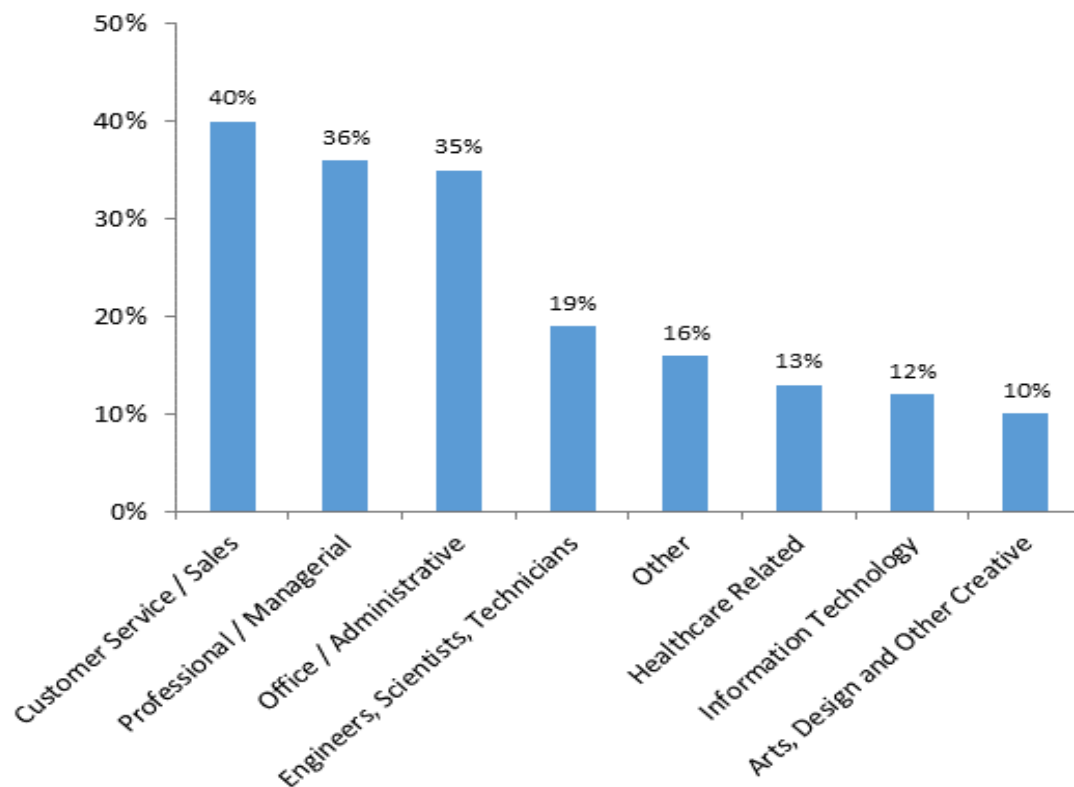
EMPLOYEES AND STAFFING

While nearly one third of businesses anticipate an increase in the number of employees, the majority do not anticipate any changes over the next 12 months. However, 41 percent of businesses state that they have had difficulty finding trained and/or qualified staff over the past 12 months. Half of retail businesses and 61% of tourist-related businesses have difficulty retaining or finding talent. Conversely, Business Services are the least likely to have issues finding qualified staffing.

Figures 40 and 41 shows the range of jobs that are being added in Bellevue. Bellevue needs to provide housing options for the range of income levels in our workforce in order to support Bellevue’s job growth and economy.

2015 Bellevue Survey of Businesses

Figure 40: Anticipated Types of Employees to be hired



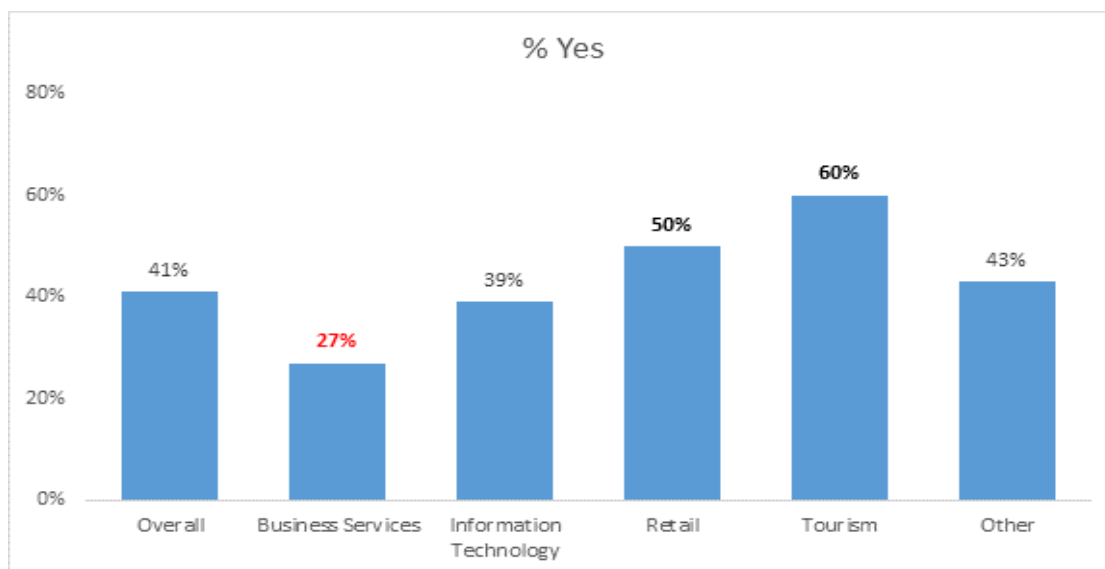
2015 Bellevue Survey of Businesses

BC5—What type of employees do you intend to hire?

Base: Respondents who anticipate some increase or a significant increase in the number of employees based in Bellevue (n = 291)

2015 Bellevue Survey of Businesses

Figure 41: Percent of Businesses that have Difficulty Finding Trained and Qualified Staffing



2015 Bellevue Survey of Businesses

ST7—Have you had difficulty finding trained and/or qualified staff in the past 12 months?

Base: All respondents (n=917)

APPENDIX A: Affordable Housing Inventory

1. Bellevue / ARCH Funded Housing			
Year funded	A. Families & Individuals Housing		# Afford. units/beds
1993	Andrews Heights Apartments	St. Andrews Housing /Imagine Housing	24
1993	Garden Grove Apartments	DASH	18
1993	Habitat Overlake Townhomes	Habitat for Humanity East King County	10
1994	Glendale Apartments	DASH	82
1995	Wildwood Court Apartments	DASH	36
1996	Pacific Inn Apartments	Pacific Inn Association	118
1996	YWCA Family Apartments	YWCA	12
1999	Somerset Apartments	KCHA workforce housing	198
2001	Eastwood Square Apartments	Park Villa LLC/KCHA workforce housing	48
2003	Chalet Apartments/ family units	St. Andrews Housing /Imagine Housing	14
2004	HouseKey + ARCH Downpayment Assistance	ARCH, WSHFC, KC, HUD	9
2008	Andrew's Glen/St. Margaret's	St. Andrews Housing /Imagine Housing	41
2012	Downtown Bellevue Apartments	LIHI	57
			667
B. Senior Housing			
1992	Brandenwood Apartments	Privately managed non-HUD assisted hsg.	60
1993	Cambridge Court Senior Housing	Resurrection Housing	20
1994	Vasa Creek Woods Apartments	KCHA/Shelter Resources	50
1996	Ashwood Court Apartments	DASH/Shelter Resources	50
2000	Evergreen Court (Assisted Living)	DASH/Shelter Resources	64
2014	Bellevue Manor Apartments	KCHA recently purchased	65
			309
C. Homeless/Transitional Housing/Special Needs Housing			
1993	Provail Eastside Community Living	Provail, formerly UCP	4
1994	Congregations for the Homeless/ Sophia's Way	Eastside Interfaith Social Concerns Council	38
1995	Residence East DD Group home	Residence East	8
1996	AIDS Housing Woodside East	Building Changes transferred to KCHA	3
1996	Hopelink Place	Hopelink	20
1997	Harrington House	Archdiocesan Housing Authority	8
1998	Community Homes DD Group Home	Community Homes, Inc	5
1999	Parkview Apple Orchards Condo	Parkview Services	1
1999	Parkview Bellevue Highlands Condo	Parkview Services	1
1999	Parkview Bellevue Highlands Condo	Parkview Services	1
1999	Parkview Midlakes Condo	Parkview Services	1
2002	Friends of Youth / Youth Haven	Friends of Youth	6
2002	Parkview DD Homes VI	Parkview Services	6
2003	Chalet Apartments/ transitional units	St. Andrews Hsg. /HUD assisted hsg.	4
2004	Kensington Square	Housing at the Crossroads	6
			112

2. Other Funded Housing				
Year Permitted	A. Families & Individuals Housing			
1997	Eastside Terrace Apartments	KCHA HUD assisted housing	50	704 147th Place NE
1981	College Place Apartments	KCHA HUD assisted housing	51	1249 145th Place SE
1991	Newporter Apartments	KCHA workforce housing	120	5900 119th Ave SE
1992	Hidden Village Apartments	KCHA preservation program/HUD assisted	78	14508 SE 24th St.
1992	KCHA scattered site single family homes	KCHA HUD assisted housing	1	1333 164th Place NE
1992	KCHA scattered site single family homes	KCHA HUD assisted housing	1	2822 107th Ave. NE
1992	KCHA scattered site single family homes	KCHA HUD assisted housing	1	928 164th Ave. SE
1992	KCHA scattered site single family homes	KCHA HUD assisted housing	1	15611 SE 11th St.
1992	Newport Apartments	KCHA preservation program/HUD assisted	23	12646 SE 42nd Street
1992	Spiritwood Manor Apartments	KCHA preservation program/HUD assisted	129	1424 148th Avenue SE
1992	Timberwood Apartments	KCHA workforce housing	240	3809 148th Ave. NE
1993	KCHA scattered site single family homes	KCHA HUD assisted housing	1	3857 136th Ave. SE
1993	KCHA scattered site single family homes	KCHA HUD assisted housing	1	14505 SE 14th St.
1993	KCHA scattered site single family homes	KCHA HUD assisted housing	1	15403 SE Newport Way
1993	KCHA scattered site single family homes	KCHA HUD assisted housing	1	3818 140th Ave. SE
1993	Woodside East Apartments	KCHA workforce housing	244	16240 NE 14th St.
1994	Cascadian Apartments	KCHA workforce/bond financial project	198	15517 NE 12 th St.
2002	The Landmark Apartments	KCHA HUD assisted housing	191	16330 NE 11th St.
2005	Summerfield Apartments	YWCA	52	14710 NE 1 st Place
			1,384	
	B. Senior Housing			
1983	Elbert House	Archdiocesan Hsg. Authority HUD assisted	50	16000 NE 8th Street
			50	
	C. Homeless/Transitional/Special Needs Housing			
1982	Champion House DD	Archdiocesan Housing Auth./HUD assisted	8	1800 145th Place SE
1998	Halcyon Group Home DD	Archdiocesan Housing Auth./HUD assisted	8	1200 134th Avenue NE
2003	Courage House	Privately managed assisted housing	4	1134 Bellevue Way SE
2004	East Shore House	Privately managed assisted housing	1	3103 125th Ave. SE
			21	
3. Bellevue Development Incentives for Affordability				
	A. Ownership Housing			
1991	Habitat Eastmont	ARCH price-restricted ownership	1	16411 SE 45th Way
1992	Sunset Ridge	ARCH price-restricted ownership	6	2969 142nd Place SE (other)
1993	Brookshire	ARCH price-restricted ownership	5	1600 118th Ave SE (other)
1993	Silver Glen	ARCH price-restricted ownership	123	1750 152nd Ave NE (other)
1993	Springtree Lane	ARCH price-restricted ownership	2	16225 Northup Way
1994	Kelsey Lane	ARCH price-restricted ownership	6	12559 NE 8th St. (other)
1994	The McKee	ARCH price-restricted ownership	10	10042 Main Street
1994	Vuemont South	ARCH price-restricted ownership	4	16722 SE 48th Place (other)
1995	Heritage Place	ARCH price-restricted ownership	2	342 102nd Avenue SE
1995	Lakemont Ridge	ARCH price-restricted ownership	25	6619 SE Cougar Mtn Way (other)
1999	Saddleback	ARCH price-restricted ownership	2	15050 SE 54th Place (other)
2001	Satomi	ARCH price-restricted ownership	9	5411 Lakemont Blvd. SE (other)
2003	Fairwind at Lakemont	ARCH price-restricted ownership	4	6750 and 6738 163rd Place SE
			199	

3. Bellevue Development Incentives for Affordability (Continued)				
B. Rental Housing				
1990	Garden Club Senior Apartments	Holiday Retirement Corp	22	13350 SE 26th St.
1990	Milano Apartments (Wilburton Heights)	Khorram Properties	5	12224 NE 8th Street
1992	Carlyle Court Townhouses	Hanson Partnership	1	1615 Bellevue Way
1992	Park Highlands at Wilburton Apartments	Bre Property (InterCorp)	41	304 118th Avenue SE
1994	Heritage Park (Archstone) Apartments	Asn Redmond Park LLC	24	14505 NE 35th Street
1995	Bellevue Heights Apartments	Tsai Family LLC	4	13902 NE 8th St
2006	989 Elements Apartments	Ashwood Commons LLC	3	989 112 Ave NE
2015	Soma	Su Development	14	288 106th Ave NE
2015	LIV	GRE	54	2170 Bel-Red Rd
			168	
		Affordable Units:	2,910	
4. Affordable/Workforce Rental, Market Developed				
Example projects with units affordable at or below 80% AMI when initially released. There are no affordability restrictions.				
1996	Second Street Apartments	2nd Street LLC	80	11115 NE 2nd St.
1999	Avalon Bellevue Apartments	AvalonBay Communities, Inc.	12	11000 NE 10 th St.
1999	Pinnacle at BellCentre Apartments	Bre Properties LLC	45	308 106th Ave NE
2001	Sir Galahad Apartments	Park on Main LLC	125	11030 Main St.
2002	Excalibur Apartments	Wilburton View LLC	186	123 112th Ave NE
2002	Masins on Main Street Apartments	The Union Group	24	10708 Main St.
5. Innovative / Other Housing, Market Developed				
Examples of housing options and affordability. May not be affordable at 80% AMI.				
	Accessory Dwelling Units	Scattered Site (about 100)		
	Adult Family Homes	Scattered Site (about 125)		
1999	Claridge (small lot SF w/ duplex, triplex)	NE 16th St off 148th Ave. NE, south of Bel-Red Rd.		
1999	Lakemont Crest (duplex condos)	161st Place SE off SE Cougar Mtn. Way		
2000	Silverleaf (duplex homes in single family)	SE 48th Drive off 164th Ave SE		

APPENDIX B: East King County Housing Analysis & Bellevue Needs Supplement

BACKGROUND INFORMATION

During the 2015 Comprehensive Plan update city staff, including A Regional Coalition for Housing (ARCH), presented a thorough study of housing data and housing-related demographics covering Bellevue, other Eastside cities, and King County (2013 East King County Housing Analysis). Important findings of the East King County Analysis and Bellevue Needs Supplement include:

- The city was expected to add some 12,600 housing units from 2012 to 2031.
 - Existing zoning provides sufficient capacity to accommodate this growth.
 - The vast majority of new housing is planned for mixed-use districts, especially downtown and in the Bel-Red corridor.
- Bellevue's mixture of household types is similar to the countywide profile, and hasn't changed significantly between 2000 and 2010.
 - 63% are 1- or 2-person households.
 - 28% live alone.
 - 30% of households are married couples without children.
 - 5% are single-parent households with children.
- The city's population is distinguished from many other King County communities by its ethnic diversity.
 - 32% of Bellevue's residents were born in other countries.
 - 9% of the city's households have limited English proficiency (relatively high for King County).
- As of the 2010 Census, Bellevue's senior population had not increased substantially as a proportion of the total; but future increases could be anticipated coming from lower age cohorts.
- Bellevue's employment growth target from 2006 to 2031 is 53,000 jobs, which is supported by existing zoning capacity.
 - At a rate of 1.4 jobs per household, this creates a demand for approximately 38,000 homes.
 - If both household and employment projections come true, Bellevue's employment would create housing demand 1.85 times the number of housing units in the city.
- Taken all together, Bellevue's private sector jobs pay the second highest average wage among Eastside communities.
- The past 20 years of development have evened the city's stock of SF and MF units at roughly 50% each. The housing produced during those 20 years is 60% rental, 40% ownership.
- The city's household income distribution—including 10% Very Low-Income, 8% Low-Income, 14% Moderate-Income—is similar to the countywide distribution.
- Poverty rates in Bellevue (6% overall, 4% of families) are similar to those of King County overall.

- Countywide Planning Policies require every city to address the countywide need for housing affordable to moderate, low, and very low-income households, including those with special needs. The countywide need for housing by income level is:
 - Very Low-Income: 12% of total housing supply.
 - Low-Income: 12% of total housing supply.
 - Moderate-Income: 16% of total housing supply.
- Bellevue's housing stock in 2011 was affordable in the following amounts: Very Low-Income, 2%; Low-Income, 5%; Moderate-Income 20%.
- Over the past 20 years, 60% of new multi-family units were affordable for incomes higher than 120% of median income; only 15% were affordable to Moderate-Income households (80% of median).
- During the last years of the recession (2010-2013), rents were rising 6% a year, and sale prices almost 10% a year.
- Bellevue has a relatively low supply of accessory dwelling units (ADUs): 4 for every 1,000 single-family detached homes, compared to 6.1 across Eastside.
- Bellevue is also relatively low in assisted senior housing units: 59 beds for every 1,000 seniors, compared to 86 across Eastside.
- More than one-third of all Bellevue households were housing-cost burdened (i.e., spending 30% or more of their gross incomes on housing).
 - Both "moderate" (30% to 50% spent on housing) and "severe" (50% or more) cases of cost burden occur in similar proportions as the rest of the county.
 - Incidence of cost burden is rising among homeowners.
 - Incidence of cost burden is higher for renters than homeowners, but steady.

Appendix 4

Effective Practices

Effective Practices Report

Introduction

A housing affordability crisis, born of rapidly increasing housing costs, relatively flat wages, and fewer low-income households served by federal rental assistance programs, has left city and county leaders across the country struggling to find effective tools. The challenge is widespread: a full-time worker earning minimum wage can afford a one-bedroom apartment in just twelve counties and one metropolitan area across the country, and no minimum-wage worker can afford a two-bedroom apartment in any US state, county, or metropolitan area (NLIHC, 2016). To address the crisis, leaders introduce incentives and regulations, deploy public funds, donate public land, and build partnerships with private and nonprofit entities. Research examining the effectiveness of these actions is limited. Because cities often employ multiple policies and programs simultaneously (and in varied market conditions), it is challenging to identify the more successful approaches.

Part 1 of this report examines a sample of strategies under consideration for the City of Bellevue and provides examples of implementation by other municipalities and results when possible. It does not contain the entirety of strategies under consideration in the Affordable Housing Strategy; instead, it focuses on actions more challenging to model quantitatively. Part 2 contains case studies of two cities and one county for an in-depth look at their affordable housing strategies.

Background

Affordable housing development is dictated by sources and uses of funds. *Uses* of funds are comprised of all costs related to development. Some are directly correlated with the size and scale of the project (i.e. building materials, construction labor) and others are relatively fixed (i.e. land, legal fees, permits, funding applications). *Sources* of funds include equity raised, commercial or publically subsidized loans, and upon building completion, rent revenue.

Sources must match or exceed uses of funds, and in cities with rapidly rising construction and land costs, this becomes increasingly difficult. Adding in affordability requirements decreases sources and widens the gap.

Cities adopt programs and policies to fill this gap. Public low-interest loan funds increase sources of cash. Tax or fee exemptions, parking requirement reductions, and building code changes decrease development costs. Density bonuses do both: buildings taller than about 80 to 85 feet cost more to construct than shorter buildings, but the cost can be offset by increased rent revenue.

Other policies and programs address affordable housing quality and equity. They improve the energy efficiency of units, make them accessible to people with disabilities, or ensure that older citizens have a safe space to live. While they may increase upfront costs, they provide social benefit and some (i.e. energy efficiency upgrades) can reduce lifetime costs.

Summary of Effective Practices Research

The multitude of factors affecting housing development vary across geographies and time, rendering it difficult to compare policy effectiveness and identify what will have the greatest impact in Bellevue. An analysis of existing research, policy documents, and interviews with housing experts, identified the following lessons:

- Different revenue sources, policies, and programs address housing at different affordability levels. Because of this, cities need a robust set of tools to meet citizens' varied needs.
- Most cities are highly dependent on federal low income housing tax credits to fund affordable housing. Tax credits are combined with multiple sources of loan and grant funding, which adds layers of complexity (and cost) to affordable housing projects (Meyer Memorial Trust, 2015). Actions to reduce the cost of funding are important to encourage development.
- Barriers to affordability such as outdated land use ordinances, zoning restrictions, and lengthy development and permitting processes can impede affordable housing development (The White House, 2016). Appendix 1 lists actions from the White House Toolkit to address these barriers.
- Several sources recommend streamlining approval of affordable housing projects, by shortening the permitting process or establishing by-right development if projects meet zoning requirements (The White House, 2016). One study ranked the potential impact of ten practices to increase housing affordability in San Francisco. The top two policies were completion of major projects already in the pipeline, and streamlined local approval of housing projects (BACEI, 2016). See appendix 2 for the complete list.
- Many cities are introducing inclusionary zoning that mandates specified percentages of affordable units in new development or payment of "fees-in-lieu". Calibration of inclusionary zoning depends on the city's objectives: for example, Arlington County, Virginia determined that the County can leverage fees to increase the number and longevity of affordable units, while in Boulder, the program is designed to encourage developers to produce the units within new development.
- More recently, cities are encouraging transit-oriented development by changing zoning to allow for increased density along transit lines and reducing parking requirements when housing is located within a specified distance from transit hubs.
- Indirect support of affordable housing is also critical. For example, cities can invest in infrastructure such as roads and sewer systems to reduce costs to housing developers.
- Continued evaluation of actions is necessary. Complex and constantly changing markets means an action or program's effectiveness may change over time. What works in one neighborhood may not work in another. Leaders must constantly evaluate and, when needed, adapt their strategy.

Part 1: Compilation of Effective Practice Examples

STRATEGY A: HELP PEOPLE STAY IN THEIR AFFORDABLE HOUSING

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

The city can pursue options to preserve existing unsubsidized and subsidized affordable housing units. For subsidized units losing their subsidy (e.g. Section 8 contracts) or being sold by a non-profit, the city can step in and purchase them to preserve their long-term affordability. Actions to preserve the long-term affordability of existing affordable, unsubsidized housing fall into two main categories: public acquisition and incentives or subsidies. Upon identifying an existing property, a city can engage with the property owner to acquire the units, or it can encourage the owner to keep the units affordable through introducing subsidies or incentives.

- The **Minnesota** Preservation Plus Initiative (MPPI) identified a set of actions to find and preserve existing unsubsidized affordable properties. MPPI recommends “light touch” interventions that help preserve affordable housing with less reporting and lower minimum compliance periods (5-7 years) than subsidized properties. These lower-cost interventions are designed to fit specific situations and are re-engineered over time as market conditions change. Specific actions recommended by the initiative include local government rent subsidies, subsidized loan programs, and property tax incentives (MPPI, 2013).
- **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.

Promote energy efficiency in design and construction of affordable units to reduce costs for residents.

Improving the energy efficiency of single-family homes and multi-family housing developments can reduce the cost burden on building owners and renters. 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 appliances can reduce water and electric bills and sealed air leaks and proper insulation can reduce heating and cooling costs, improve air quality, and increase comfort for residents. Energy efficient design can increase home value, reduce reliance on utility subsidy programs, and even reduce the likelihood of evictions resulting from utility shutdowns (U.S. Environmental Protection Agency, 2011).

	Examples	Application
Programs/Funding	-Grants or low-interest loans for energy efficiency retrofits -Free energy audits	The City of Somerville, Massachusetts offers energy audits and energy retrofits to homeowners through a reimbursement program. The affordable housing working group also recommended the City implement an Affordable Tenancy and Energy Efficiency Program to provide three-year zero-interest "forgivable" loans of up to \$4,500 for residential energy improvements, in exchange for rent restrictions for the life of the loan term.
	Design competitions to showcase energy-efficient developments	Salt Lake City launched a Housing Innovation Lab and Public Home Innovation Contest through the division of Housing and Neighborhood Development. The program was launched with the unveiling of the Emery Passive House, a 4-bedroom home for moderate-income families using passive building methods. Energy costs in the house are expected to be one-sixth of the cost of traditionally-built houses (Semerad, 2016).
Regulations	Local standards or requirements	The Denver Office of Economic Development adopted the Enterprise Green Communities standard for all projects using public funding. The Department of Neighborhood Development in Boston issued new design standards requiring new developments that receive DND funding to meet various energy-efficiency standards (specifics vary by type of development). The Washington State Evergreen Sustainable Development Standard (ESDS) contains 79 criteria that safeguard health and safety, increase durability, promote sustainable living, preserve the environment, and increase energy efficiency. This building performance standard is required of all affordable housing projects or programs receiving capital funds from the State Housing Trust Fund.
Incentives	Conditional land donations	In the Issaquah Highlands community, the City offered the land at no cost and eliminated permit-related fees, but required developers to adhere to strict energy-efficiency requirements.
	Fee waivers	Chicago offers rebates of up to \$25,000 and an expedited permitting process for affordable housing developments that meet the Chicago Green Homes Certification.
	Local ordinance variations	Seattle allows height and density bonuses for affordable housing that meets LEED-Silver certification standards.
	Competitiveness for federal tax credit allocations	Pennsylvania uses points awarded in funding applications for competitive Low Income Housing Tax Credit allocations to incentivize energy-efficient housing developments. Starting in 2015, the Pennsylvania Housing Finance Agency (PHFA) offered 10 points (out of 120 total) on its Qualified Allocation Plan for projects seeking Passive Design certification. Early results demonstrate potential: in 2015, 31 of the 85 proposed new developments stated an intent to meet Passive Design standards (7 received tax credits). In 2016, 27 of 94 new projects stated the same intent (10 received credits) (Humphries, 2016).

STRATEGY B: CREATE A VARIETY OF HOUSING CHOICES

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

Micro apartments, or micro-units, can provide additional flexibility in housing size and type, and are most attractive to young professionals, students, and seniors. Proponents argue that the availability of single-person units can free up space in larger units for low-income families. They are attractive to developers, who can collect higher rents per square foot than conventionally sized units. Policies influencing micro-unit development typically include minimum unit size requirements, density limits, and parking requirements.

- To encourage micro-unit development, **New York City** introduced new zoning regulations to remove a 400 square foot minimum and eliminate a density calculation that limits the number of studio units in an apartment building. The City would also have to relax parking requirements in outer boroughs (Greenspan, 2016). The city also launched adAPT NYC, a competition to develop affordable micro-units. The winner, however, emphasized luxury rather than affordability – which advocates claim mitigates stigma against small units used for affordable housing.
- **Seattle** was one of the country's leaders in micro-unit development, with micro-unit developments totaling 1,800 (nearly a quarter of Seattle's housing growth) in 2013 and another 1,600 units in the pipeline as of early 2015 (Beyer, 2016). Negative public reaction led to regulations to increase the minimum unit size, restrict areas they can be built, exclude micro-housing from tax exemptions, and require a design review for any micro-housing development. Prior to this requirement, developers lumped 8 bedrooms into one "dwelling unit", to keep the number of dwelling units under the minimum requirement for the design review process (Neiman, 2016).
- Other cities across the country have limited micro-unit development: **Santa Monica** limits micro-units to 15% of any building, and **Denver** closed a loophole allowing micro-unit developments to be built on tiny lots whose size previously excluded them from adhering to parking requirements (Young, 2016).

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

Accessory dwelling units (ADUs) contribute to housing affordability by expanding housing stock and providing variety in housing choice in areas zoned for single-family use. They can provide a place for families to care for aging relatives and young adults priced out of the housing market, as well as an additional source of income that can make owning a home possible for some moderate-income

homeowners. ADUs increase housing stock while preserving the character of single-family neighborhoods.

- **Portland, Oregon** provides a financial incentive for building ADUs by waiving System Development Charges. Many owners in an ADU case study project cited this waiver as a key reason for building an ADU (Accessory Dwellings, 2016). The city also relaxed restrictions present in many cities, such as increasing the allowable size, allowing permits by right (if ADUs meet guidelines they do not have to go through a design review process), removing owner occupancy requirements, and removing parking requirements. While one of the nation's leaders in ADU units, in actuality the number of ADUs is quite modest – they are on just 1% of eligible units, totaling 800 in 2013 (Brown, 2014).
- **Santa Cruz, California** encourages ADU development through a shorter ADU permitting process and provision of additional incentives, including: technical assistance grants of \$100 for one hour of professional design assistance, low-interest ADU loans of up to \$70,000, and 50% salary assistance for using graduates from a training program. The city may waive owner occupancy requirements and city permit fees (estimated at nearly \$14,000 in 2016) in exchange for renting the ADU at a price affordable at 60% of area median income. ADUs are only allowed on residentially zoned lots 4,500 square feet or greater, and must meet setback, height, and parking requirements. The city website also offers an ADU Plan Sets Book that contains seven ADU prototype concepts designed by local architects, and a step-by-step guide on how to plan, design, and obtain permits for an ADU (City of Santa Cruz, 2017).

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

Cities typically promote use of universal design through incentives or requirements. In many cases, units developed with public funding must incorporate accessibility components. Elsewhere, cities use incentives through increased FAR capacity or expedited permit processing to encourage universal design.

- **Cincinnati** has increased accessibility requirements on City-assisted rental projects, even when they would have been exempt from some ADA requirements.
- **Portland's** multi-family tax exemption program requires at least 5% of units to be ADA accessible.
- **San Diego** offers incentives for units developed at one of two tiers of accessibility (Tier I units are accessible, and Tier II are visitable¹). Units conforming to both tiers are eligible for a FAR bonus up to a maximum of 5%. Developers can choose from two sets of additional incentives depending on the tier level. Developments with at least 50% of Tier I or II units can receive the

¹ Units that are “visitable” facilitate access to and within the primary level of a housing unit, allowing at minimum access to a kitchen, bathroom, and at least one common use room.

same incentives, plus expedited permit processing. Developments with 100% Tier I or II units receive additional density-related incentives. The list of incentives is extensive, including parking reductions, driveway width reduction, and reduced setback requirements (City of San Diego, 2014). The program is most applicable to single dwelling unit and duplex development, but other types of development may qualify.

- **Suffolk County, New York** requires units developed with tax dollars to incorporate universal design. It provides a Universal Design Incentive (UDI) permit fee structure and other benefits to reduce the time and cost of producing accessible housing. Individual local governments can offer permits for production of new developments and alterations to existing developments under an incentive based fee structure with expedited application processing.

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

Down payment assistance programs typically target moderate-income households (household incomes cannot exceed 80% AMI in Seattle and Bellevue, and Portland programs target households between 60-100% AMI). Bellevue provides down payment assistance through the Washington State Housing Finance Commission administered ARCH East King County Down-payment Assistance Loan Program. The program requires potential homebuyers to attend a homebuyer education course, as do the Seattle and Portland programs. Of the programs examined, only the ARCH program does not have a first-time homebuyer restriction; other programs exclude applicants who have owned a home in the past three years. Like ARCH, other programs do not require repayment until the borrower sells or refinances the property.

- The ARCH East King County Down-payment Assistance Loan Program provides up to \$30,000 in down payment assistance with 4% interest. No payments are due until the borrower sells the property, refinances, or pays off its Home Advantage loan. It must be combined with Washington State Housing Finance Commission Home Advantage first mortgage loan program, for which prospective homebuyers must attend a homebuyer education seminar. The home price limit is \$354,000. Since 2005, 65 ARCH down payment loans have been issued, with 9 in Bellevue (Washington State Housing Finance Commission, n.d.).
- **Portland's** Down Payment Assistance Loan is a second mortgage, no-interest loan with no obligation to pay for 30 years or until the home is sold. It benefits households at 70-100% AMI. Homebuyers must work with a homeownership counseling agency on a "Client Action Plan" and cannot have owned a home in the past three years (Portland Housing Bureau, 2016). A separate program, offered by Proud Ground, a regional nonprofit housing organization, uses state and local funding to support first-time homebuyers between 60-80% AMI that have held a job for two consecutive years. Homebuyers receive a grant to assist with a down payment on a permanently affordable home made available through a nonprofit. To keep homes permanently affordable, buyers sign a contract to resell the home at an affordable price to an income-

qualified buyer. The program assisted 310 homebuyers by the end of 2015. Clients had a median income of 65% AMI and 59% of clients are people of color (Proud Ground, 2015).

- **Seattle's** down payment assistance program provides up to \$45,000 to first-time homebuyers at or below 80% AMI through partnerships with nonprofit organizations. The home price limit is \$354,000.
- **Arlington County, Virginia's** Moderate Income Purchase Assistance Program (MIPAP) provides a deferred-payment, no-interest loan for first-time homebuyers of up to 25% of the home purchase price, with a maximum loan amount of \$90,700. The program uses a lottery process to allocate funding to qualified moderate-income homebuyers. The maximum home price is \$662,790.

STRATEGY C: CREATE MORE AFFORDABLE HOUSING

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

This practice is effective in cities with surplus or under-utilized public land to expand the supply of affordable housing, primarily for households at 80% AMI and below. It promotes partnerships with nonprofits, and can be especially applicable for transit-oriented development (PSRC, 2016; HDC, 2016). Cities often issue requests for proposals (RFPs) for redevelopment of identified public lands. Alternatively, in areas with increasing market demand or recent public investment, cities can sell land at market price to affordable housing developers prior to the increase in land value (PSRC, 2016).

- 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, and added 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, n.d.). This project shows the added community benefit that accrues from developing under-utilized public land, while continuing to preserve the land's original public purpose.
- 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 at 60% AMI, energy-efficient design, communal space and other amenities, Velocity is an excellent 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. The City of Kirkland preferred to have a mixed income project (as opposed to two separate projects) but the separate projects

worked best for both developers. City flexibility allowed public subsidies to help the nonprofit-developed affordable housing project.

- In **Arlington County, Virginia**, The Arlington Mill Residences was completed in 2014 as a public/private partnership between the County and a nonprofit housing developer, Arlington Partnership for Affordable Housing (APAH). All of the 122 units house residents at 60% AMI or below, and 98 units have two or three bedrooms. It was built on county-owned land alongside a community center built by the county. A shared parking garage serves as the foundation for both buildings.

The County purchased the land, which is near a transit corridor, in 1996 when it was used as an obsolete surface parking lot. They offered APAH a discounted 75-year ground lease on the land and the right to build atop the shared parking garage. Ownership of the building will revert to the County at the end of the 75-year lease. Success factors and lessons learned include:

- The discounted, 75-year ground lease and shared infrastructure proved a more dependable and attractive form of assistance to APAH than direct financial assistance from the County.
- The shared parking garage improved cost efficiencies for both the County and APAH.
- Advance planning, and close coordination and communication between APAH and the County was essential for project success. APAH and the County met with each other's architects, engineers and contractors to build mutual trust, and both parties strove to meet each other half way.
- Pairing housing with public facilities generates an immediate user base for the facilities, removing concerns about whether the market will produce adequate housing near the facilities (Urban Land Institute, 2015).

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

The Puget Sound Regional Council (PSRC) considers multi-family tax exemption (MFTE) a very effective tool at producing units affordable at 80% or less AMI in urban centers and transit-oriented developments (Puget Sound Regional Council, n.d.). An additional source contends that because tax exemption programs keep housing affordable for a limited length of time, they are best used as "bridge solutions" until long-term solutions are developed (ChangeLab Solutions, 2015).

The PSRC notes several important considerations when calibrating MFTE, including: target areas, level of standards (higher standards may deter developers from using the program, but lower standards may yield less public benefit for the foregone tax revenue); and whether the program incentivizes market rate or affordable housing.

Bellevue's MFTE program specifications appear to align with other local programs, which are based on Washington State law (RCW 84.14.020). The main difference is that some other cities in the Puget Sound

region that want to increase housing at any affordability offer 8-year exemptions on multi-family units that have no affordability set-aside requirement. Puget Sound cities with MFTE programs include:

City	Zone(s)	Notes
Auburn	Downtown Core	8-year (no afford req.) 12-year (afford req.)
Bremerton	Downtown Core and Multiple Residential Zones	8-year (no afford req.) 12-year (afford req.)
Burien	Downtown Commercial Zone	8-year (no afford req.) 12-year (afford req.)
Des Moines	Pacific Ridge	
Everett	Downtown Urban Center; 41 st St Mixed-Use Overlay Zone; 50 th St Mixed-Use Overlay Zone; Madison-Pecks Mixed-Use Overlay Zone; Casino Road Mixed-Use Overlay Zone, 4 th Ave W Mixed-Use Overlay Zone, 112 th St SW Mixed-Use Overlay Zone, Airport Road Mixed Use Overlay Zone, North Broadway Urban Center, Waterfront Place Urban Center	12-year (afford req.)
Federal Way	City Center	8-year (no afford req.) 12-year (afford req.)
Kenmore	NE 181 st at 68 th Ave NE	12-year (afford req.) only
Kent	Downtown	8-year (no afford) only
Kirkland	Central Kirkland, Totem Lake and North Rose Hill, Juanita, NE 85 th St, Houghton/Everest, Bridle Trails, Lakeview, Market Street Corridor, Finn Hill North, Finn Hill South, and Kingsgate	8- and 12-year exemptions both require affordability
Lynnwood	City Center	8-year (no afford req.) 12-year (afford req.)
Mercer Island	Town Center; Multifamily Area	8-year (5-10% affordable depending on area) 12-year (5-10% affordable + 5-10% moderate-income depending on area)
Mountlake Terrace	Multifamily Area; Town Center; Freeway/Tourist Area	8-year (no afford req.) only
Renton	Sunset Area; Downtown, South Lake Washington	8-year (no afford req.) 12-year (afford req.)
Puyallup	Central business district (CBD) and certain areas south of the CBD	
SeaTac	154th Street and SeaTac/Airport Station Areas	
Seattle	39 neighborhoods or districts	12-year (afford req.)
Shoreline	Aurora North; Aurora South; Ballinger Way NE; Hillwood; Richmond Beach; SE Neighborhoods; North City; Ridgecrest	5-year (no afford) 8- and 12-year exemptions both require affordability (10% and 20% of units, respectively)
Tacoma	17 mixed-use centers designated on the Generalized Land Use Plan and in the Comprehensive Plan	8-year (no afford req.) 12-year (afford req.)

- In 1996, **Tacoma** was the first city in Washington to implement a MFTE program. The City provides property tax exemption for 8 years on residential improvements that create four or

more additional housing units with no affordability restrictions (this is down from 10 years in 2007). It offers a 12-year exemption for the development if 20% of all units are affordable to renters at 80% AMI or homebuyers at 115% AMI. The development must be located within one of 17 mixed-use centers that are target areas for growth under the City's comprehensive plan.

- **Seattle's** MFTE program offers a 12-year property tax exemption for developers and owners of rental and for-sale multi-family residential projects. The program produced 6,363 affordable units between 2004 and the end of 2015 (City of Seattle, 2016). First enacted in 1998, the program was renewed and expanded in 2015 to encompass new areas of the city and introduce additional incentives for family-sized units. To qualify for the property tax exemption at least 20% of units must be rent-restricted (if a minimum number of 2-bedroom or larger units are provided) or 25% of units (if the minimum number of larger units is not met). Affordability restrictions are dependent on unit size (i.e. 40% AMI for small efficiency dwelling units, 65% AMI for studios, 75% AMI for 1-bedroom, 85% AMI for 2-bedroom, and 90% AMI for 3+ bedrooms).
- When inclusionary zoning passed in 2016, **Portland's** tax exemption programs were repurposed to help offset the cost of the mandatory affordable units. The policy offers a 10-year tax exemption on affordable units only in Central City Zones with Base FAR below 5.0, and is for all residential units in zones with Base FAR above 5.0.

STRATEGY D: UNLOCK HOUSING SUPPLY BY MAKING IT EASIER TO BUILD

Revise code to reduce costs (e.g. reduced parking requirements within walking distance of light rail stations) and process time for building multi-family housing.

Overly restrictive building and fire codes can increase development costs, which are either passed on to residents or inhibit housing development from taking place. One analysis of 1,100 metropolitan regions across the country found that those with more restrictive codes have housing prices 4.9% higher than those that did not (Noam, 1983).

- 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 excessively strict 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 (City of Loveland, 2016).

STRATEGY E: PRIORITIZE STATE, COUNTY AND LOCAL FUNDING FOR AFFORDABLE HOUSING

Tap additional King County and other local tax sources (e.g. property tax levy, business & occupation tax, tax on resale of property).

Many cities dedicate local revenue sources to the provision of affordable housing. A nation-wide survey of housing trust funds found that revenues collected ranged from less than \$100,000 to a reported high of \$30 million. Twelve cities collected over \$5 million in 2015: Los Angeles, San Francisco, and Fremont, California; Denver and Boulder, Colorado; Chicago, Illinois; Cambridge and Boston, Massachusetts; Minneapolis, Minnesota; Charlotte, North Carolina; Philadelphia, Pennsylvania; and Seattle, Washington (Center for Community Change, 2016). According to the survey, the most common dedicated funding sources were developer impact or linkage fees and inclusionary zoning in-lieu fees, followed by property taxes. In recent years, cities have become more creative at finding revenue sources:

- **Nashville**, followed by other cities (including **Portland** and **Oakland**) requires short-term rentals to pay equivalent hotel/motel taxes.
- Voters in **Austin** opted to add property tax revenue generated from previously city-owned properties to their affordable housing fund. It is estimated to add more than \$68 million over the next decade.
- The **Washington State** Regional Affordable Housing Program (RAHP) was created in 2002, establishing a document recording fee to provide a dedicated resource to fund housing programs, including the creation of new affordable housing. The **King County** administered portion of RAHP averages over \$3 million per year, which is made available to King County cities and unincorporated areas outside of Seattle.
- Three cities in Washington (**Seattle**, **Bellingham**, and most recently, **Vancouver**) have housing levies. They can provide a reliable and flexible source of funding for affordable housing. The target population is typically 60% AMI and below, and levies are also used to support households earning 30% AMI and below (HDC, 2016).
- In November 2016, voters in **Portland** approved the city's first housing-related general obligation bond. The \$258 million bond will allow the City to build and preserve 1,300 affordable units (600 at 30% or less AMI and 700 units at 60% AMI or less) (Law, 2015). It will raise property taxes 42 cents per \$1,000 of assessed value (Schmidt, 2016).

Dedicated Revenue Sources for Housing Trust Funds:

Revenue Source	Example Cities
Developer impact fees	Berkeley, CA; Oakland, CA; Palo Alto, CA; San Diego, CA; Elk Grove, CA; Santa Rosa, CA; Denver, CO Boulder, CO; Cambridge, MA; Somerville, MA; Boston, MA; Santa Fe, NM; Seattle, WA; Arlington, VA; 304 communities in New Jersey under the NJ Fair Housing Act
Developer agreements	Fairfax, VA

Property tax	Denver, CO; New Orleans, LA; Red Wing, MN; Greensboro, NC; Raleigh, NC; Portland, OR; Burlington, VT; Seattle, WA; Bellingham, WA; Vancouver, WA; Milwaukee, WI; plus 161 communities in Massachusetts under the Community Preservation Act
Inclusionary zoning in-lieu fees	Pasadena, CA; Fremont, CA; Highland Park, IL; St. Charles, IL; Somerville; MA; Portland, OR
Document recording fees	Chicago, IL; Indianapolis, IN; Philadelphia, PA; Washington State
Short-term rental fee/tax	Oakland, CA; Portland, OR; Nashville, TN
Hotel/motel tax	Mammoth Lakes, CA; San Francisco, CA
Housing bond	San Francisco, CA; Charlotte, NC; Portland, OR; Austin, TX
Income and interest earned	Asheville, NC; Portland, OR
Condo conversion fees	Berkeley, CA
Construction excise tax	Portland, OR
City-owned land sales	Santa Fe, NM
Property taxes on previously owned city land	Austin, TX
General fund set-aside	San Francisco, CA
Real property transfer tax / Real property sales excise tax	Santa Rosa, CA
Demolition tax	Highland Park, IL
Building permit fee	Bend, OR
General funds	Livermore, CA; Los Angeles, CA; Santa Rosa, CA; Fremont, CA; Longmont, CO; Savannah, GA; Arlington Heights, IL; Evansville, IN; Lexington, KY; Louisville, KY; Minneapolis, MN; Greensboro, NC; Asheville, NC; Charlotte, NC; Albuquerque, NM; Portland, OR; Nashville, TN; Knoxville, TN; San Antonio, TX; Austin, TX; Salt Lake City, UT; Charlottesville, VA; Richmond, VA; Charlotte, VT; Bainbridge Island, WA; Madison, WI; Milwaukee, WI; ARCH cities (including Bellevue); and three cities creating funds under the Iowa housing trust fund

Source: adapted from Housing Trust Fund Survey Report, 2016, p.24

Housing Levies:

- **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.² It costs the average homeowner approximately \$122/year (Beekman, 2016). A Housing Levy Oversight Committee monitors the program and the Administrative & Financial plan guides distribution of levy funds and is reviewed, revised and adopted by City Council every 2 years (City of Seattle, 2016).

² The \$290 million is separated into 3 areas: Rental preservation & production for 2,150 units; reinvestment in 350 affordable units; and Operating and maintenance for 510 affordable units (City of Seattle, 2016).

- **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. "Two-thirds of housing levy dollars are reserved for housing people at or below 50% AMI and the remaining third for people above 50% AMI and below 80% AMI. It is overseen by a Community Development Advisory Board and funds are administered by the Planning and Community Development Department" (HDC, 2016, p. 65).
- **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 (Hass, 2016).

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

Increasingly, cities are looking for innovative partnerships to increase sources of low-cost funding for affordable housing. Many models promote opportunities for investors to earn a financial return while meeting a social need. While these alternative funding models remain relatively small in scale compared to traditional capital sources, and primarily focus on acquisition and rehabilitation of existing housing, many show potential to bring new players into the affordable housing funding landscape.

Examples of innovative funding partnerships include:

- *Below market debt funds* blend government and foundation funding with conventional debt to increase borrowing capacity.
 - The **Bay Area Transit-Oriented Affordable Housing Fund** was established in 2011 by a coalition of local government agencies, nonprofits, and foundations. It provides short and medium-term early stage financing for affordable housing developments or other community facilities near transit lines. Funds are used for acquisition, predevelopment, and construction, or to leverage investments into New Market Tax Credits transactions. The fund has financed eight developments. In 2015, the fund's capitalization was \$50 million and it had financed eight developments with 900 affordable units. Senior lenders to the fund received interest rates of 4-6% (Urban Land Institute, 2015).
- *Private equity vehicles* use private capital from pension funds, financial institutions, university endowments, high net-worth individuals, and foundations.
 - *Pension Funds:* **New York State's** Common Retirement Fund has a revolving agreement with the Community Preservation Corporation to invest \$710 million in below-market housing projects. As loans are repaid, CRF will invest the pension fund's money in new projects. Loans will fund nearly 1,500 apartments in 24 projects across the state. CRF's chief operating officer Sadie McKeown said, "The investment in rent-controlled housing is not as lucrative for the pension fund as putting money into stocks and bonds, but it is

more secure. The mortgages are 30-year, fixed-rate loans, which many banks do not want to take on anymore” (Goldenberg, 2016).

- *Individuals*: Bellwether Housing launched an impact investing initiative in **Seattle** to raise low-cost debt for affordable housing. Through the Seattle Futures Fund, socially minded investors can earn a modest 2% on their investment and know their dollars are positively impacting their community. 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 low- to modest-income households earning 30-60% AMI (Stiles, 2015; Urban Land Institute, 2015).
- *Real Estate Investment Trusts (REITs)* are investment vehicle authorized by Congress in 1960 to allow small-scale investors to invest in real estate. While REITs invest in all types of real estate, some are beginning to specifically target affordable housing.
 - The **Housing Partnership Equity Trust (HPET)** acquires and rehabilitates naturally occurring affordable multifamily properties. Established in 2013 by the Housing Partnership Network, HPET is national in scope and comprised of nonprofit organizations and 12 member organizations, which are large nonprofit housing developers. As of 2015 the trust had raised \$80 million, delivered economic returns of 4.5%, and had purchased and begun rehabilitation of seven properties with over 1,500 units of affordable housing (Urban Land Institute, 2015).
- *Partnerships with local employers* provide financial support for affordable housing development, directly develop housing, or more often, offer financial assistance to employees to rent or purchase homes near their employer. Partnerships are primarily with anchor institutions, such as universities and medical centers. An increasingly mobile workforce and employee hesitancy to live in employer-sponsored housing may limit the scalability of employer partnerships.
 - Two major **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 stemmed from meeting a regulatory requirement – as part of Children’s expansion, they were required to contribute to the City’s affordable housing fund, or provide housing to replace an existing housing complex demolished for the expansion. The project has a first source agreement to rent to UW and Children’s employees, though occupancy by employees has been limited. The project shows that employers can facilitate housing for their employees, but location and hesitancy of employees to live near employer or unease with employer-directed housing may limit usage.
 - In **Detroit**, the Henry Ford Health System provides both rental and purchase assistance to employees. The medical center’s Live Midtown program incentivizes employees to

live and invest in the Midtown neighborhood. It provides new homeowners with a one-to-one matching forgivable loan up to \$20,000 for purchase of their primary residence and provides existing homeowners a matching allowance of up to \$5,000 for exterior improvements. For renters, the program provides a \$2,500/month subsidy during their first year moving to Midtown and \$1,000/month in their second year or if moving within Midtown.

- o In **Silicon Valley**, the Silicon Valley Leadership Group's 385 members (representing 1 in 3 private sector jobs in the area) engage in advocacy and education to generate political will for affordable housing. The group formed the Housing Trust of Silicon Valley, raising \$76 million from public and private sectors to leverage \$1.88 billion. The Trust offers three loan programs for first-time homebuyers, multi-family projects, and for the homeless.
- o Since 2010, **Google** has contributed \$100 million to affordable housing developments, including a \$6.5 million contribution (of \$23.4 million total costs) for the 51-unit Franklin Street Family Apartments project completed in 2013. The contributions have generated ample tax benefits and goodwill from residents (Player, 2015).
- o **Facebook** contributed to the 294-unit Anton Menlo apartments in Menlo Park. Facebook's \$4.5 million contribution funded 15 affordable units.
- *Partnerships with school districts*
 - o **Santa Clara Unified** provides 70 units of subsidized housing for teachers. The apartment complex, called Casa del Maestro, or House of Teachers, was developed on a former school site in 2002 and expanded in 2009. Demand for the below-market rate units far outpaces supply: the complex has a 30-person wait list, and the complex has a seven-year residency limit despite the desire of many residents to remain there indefinitely (Palomino, 2016). The school district funded the project with \$7 million in bonds that will be paid back over 30 years with proceeds from tenants' rents.
 - o The **Los Angeles Unified School District** built two apartment complexes (and an additional is in progress) on vacant district land. While created to house teachers, the use of federal subsidies set income requirements at 30-60% AMI, so even the lowest-paid teachers did not qualify. Still, the housing developments have benefited lower-paid staff such as cafeteria workers, bus drivers and special education assistants. LA Unified leases the land under 66-year lease agreements. There has been no cost to the school district, and the three projects have brought in \$315,000 in payments from developers as of October 2016 (Phillips, 2016).
 - o The **Roaring Fork School District** in Colorado is using \$15 million in bond financing to develop 45-60 units of affordable rental housing in three communities. The district will utilize district-owned land in one community and purchase land in two communities.

The school district will own the units and rent them to teachers and staff at reduced rates. They will use rental income to secure additional units as they become available to expand the program (Roaring Fork Schools, 2017).

Part 2: Case Study Cities

Case Study 1: Portland, Oregon

Background

Like Bellevue, Portland has experienced immense population growth in the past decade, driven in particular by an influx of young, educated professionals. Population growth shows no signs of slowing; officials predict the city will grow by 23,000 households by 2035. Construction costs are also rising, making housing more expensive to build. As a result, housing production has not kept pace with in-migration, and wages have not kept pace with increasing housing costs – making the city less and less affordable to long-time residents.

	Portland	Bellevue
2015 Population (% growth from 2000)	632,309 (8.3%)	139,820 (9.3%)
2011-2015 Median household income	\$55,003	\$94,638
2011-2015 Median home value (single-family, owner-occupied)	\$295,100	\$562,000
2011-2015 Median gross rent	\$971	\$1,530

Source: US Census Bureau, 2016

Portland operates as a commission-based government, with an elected mayor and four commissioners responsible for city policy and serving as the heads of the bureaus that manage day-to-day operations. In addition, Metro, the only directly elected metropolitan planning organization in the United States, is responsible for developing the urban growth strategy in the Portland Metropolitan Area (which includes Portland and its surrounding suburbs). Portland's housing programs are spread across multiple entities, including:

- *Portland Housing Bureau*: responsible for all housing programs, including rent assistance, tax exemption programs, subsidized development
- *Bureau of Planning and Sustainability*: responsible for zoning-related regulations and incentives, including density bonus incentives and inclusionary zoning policy
- *Portland Development Commission*: oversees development in specific urban renewal areas (TIF, invests in affordable housing, though money goes through the Housing Bureau)
- *Portland Metro*: responsible for maintaining regional urban growth boundaries. Dictates the densities areas should try to achieve, balancing supply and demand of land in the Portland Metro area. Focus is on transit-oriented development, prioritizing high-quality multi-family development along transit lines.

Housing Need & Strategy

Revitalization of lower-income neighborhoods has led to gentrification, displacement, and rapid change of neighborhood character, which has made some residents resistant to some of the zoning changes and other tools often used to increase housing stock. In October 2015, the City Council declared a housing and homelessness emergency and has since taken an increasingly aggressive approach to addressing affordable housing.

Key Actions

- A housing bond, approved by voters in November 2016, will allow the city to build and preserve 1,300 affordable units.
- In December 2016, Portland adopted a new inclusionary zoning program mandating that new multifamily or mixed-use development with 20 or more units include 20% of units affordable at 80% AMI. Developers can opt to produce 10% of units affordable at 60% AMI. The program repurposes current density bonus, tax exemption, fee exemption, and parking reduction incentives to become offsets to the mandatory requirements. Because State law prohibits the City from mandating affordability at a level deeper than 80% AMI, they are adding economic incentives for developers to produce units affordable at 60% AMI or below. Precise incentives vary by zone, but all are calibrated to ensure the deeper affordability option is more economically attractive. See Appendix 4 for additional detail on incentives and fees.
- City commission adopted a mandatory relocation assistance policy through October 2017. Property owners must provide relocation assistance between \$2,900-\$4,500 (depending on number of bedrooms) if they cause the tenant to relocate due to 1) increasing rent more than 10% within 12 months, 2) terminate a term lease prior to the end date with no cause, or 3) terminate a month-to-month lease with no cause.

Actions: Similar to Bellevue

Home Ownership Support (down payment assistance loans)

Portland's Down Payment Assistance Loan is a second mortgage, no-interest loan with no obligation to pay for 30 years or until the home is sold. It benefits households at 70-100% AMI. Homebuyers must work with a homeownership counseling agency on a "Client Action Plan" and cannot have owned a home in the past three years (Portland Housing Bureau, 2016). A separate program, offered by Proud Ground, a regional nonprofit housing organization, uses state and local funding to support first-time homebuyers between 60-80% AMI that have held a job for two consecutive years. Homebuyers receive a grant to assist with a down payment on a permanently affordable home made available through a nonprofit. To keep homes permanently affordable, buyers sign a contract to resell the home at an affordable price to an income-qualified buyer. The program has assisted 310 homebuyers as of the end of 2015. Homebuyers had a median income of 65% AMI and 59% were people of color. Zero homes have been lost to foreclosure (Proud Ground, 2015).

Actions: Under consideration in Bellevue's Affordable Housing Strategy

Housing Bond

The Housing Bureau recently advocated for Portland's first housing-related general obligation bond, which was passed by 62% of voters in November 2016. The \$258 million bond will allow the City to build and preserve 1,300 affordable units (600 at 30% or less AMI and 700 units at 60% AMI or less) (Law, 2015). It will raise property taxes \$0.42 per \$1,000 of assessed value (Schmidt, 2016).

The general obligation bond is an imperfect tool, but one that both the City and its citizens deemed necessary. Because Oregon law prohibits bond funds to be given to private entities, the Housing Bureau must develop and operate the affordable housing units themselves, rather than funding outside developers as they have in the past. Overall, this results in an increased public subsidy for affordable housing development, as the City cannot rely on federal tax credits like private developers do to supplement funding sources.

Construction Excise Tax

In July 2016, City Commission approved a 1% construction tax on commercial and residential projects worth more than \$100,000 in value. Specified projects, including affordable housing development, some owner-occupied residential projects, nonprofit care facilities, religious buildings, public buildings, schools, and other types are exempt from the tax.

Revenue estimates are \$8 million per year, which will be used to develop housing for households earning less than 80% of the national median income (Templeton, 2016). A portion of funds will go to a state fund for home ownership programs, and the rest will go towards public and private affordable housing development. Local real estate professionals have expressed concern that in the long run, this could result in fewer new developments and higher costs for customers (Slowey, 2016).

Short-term rental tax

In July 2014, City Commission adopted a measure permitting short-term rentals of owner-occupied homes in residential zones. In return, the City collects a 11.5% transient lodging tax directly from the online rental facilitators (i.e. Airbnb, FlipKey, TripAdvisor) (Office of Management & Finance, 2016). The estimated \$1.2 million annually generated from the tax will be dedicated to the housing investment fund.

Land Acquisition

The Oregon Housing Acquisition Fund (OHAF) is administered by NOAH, a statewide housing nonprofit. The fund allows developers and City partners to acquire land for affordable housing as it becomes available. Portland Housing Bureau invested \$1 million in early 2016, and additional capital in the Fund is from trust organizations, Oregon Housing and Community Services, and private banks (Portland Housing Bureau, 2016). This revolving loan fund provides short-term financing to purchase land or market-rate projects to develop or turn into affordable housing. PHB's investment lowers the interest rate from 5% to 2% and reduces equity required from 20% to 5%.

Zoning Changes

Nearly 45% of Portland's land area is zoned as single-family, and just 10% is zoned for multi-family (see map in Appendix 3). The Bureau of Planning and Sustainability has recommended several zoning changes to increase capacity of single-family neighborhoods to accommodate population growth. The proposed zoning changes fall into three categories:

- *Housing choice*: allow more housing types in select zone overlay areas; in particular, this means houses with both attached and detached ADUs, duplexes, and triplexes on corner lots, and allow for cottage cluster developments on lots of at least 10,000 square feet
- *Scale of houses*: limit house size while maintaining flexibility, lower rooflines, and adjust setbacks to better match adjacent houses
- *Narrow lots*: rezone historically narrow lots to R2.5, reduce minimum lot widths, and revise parking rules (Bureau of Planning & Sustainability, 2016).

Accessory Dwelling Units

Portland provides a financial incentive for building ADUs by waiving System Development Charges. Many owners in an ADU case study project cited this waiver as a key reason for building an ADU (Accessory Dwellings, 2016). The city also relaxed restrictions present in many cities, such as increasing the allowable size, allowing permits by right (if ADUs meet guidelines they do not have to go through a design review process), removing owner occupancy requirements, and removing parking requirements. While one of the nation's leaders in ADU units, in actuality the number of ADUs is quite modest – they are on just 1% of eligible units, totaling 800 in 2013 (Brown, 2014). One major concern brought up by ADU owners is an unexpectedly large increase in property taxes resulting from building an ADU.

Actions: Anything Different that Bellevue isn't considering?

Tax Increment Financing (TIF) – not allowed in Washington

Portland's first TIF Set-Aside Policy was implemented in 2006 and updated in 2011. After the mayor's declaration of the housing state of emergency, 45% (up from 30%) of TIF funds were set aside for the "development, preservation, and rehabilitation" of affordable housing in Urban Renewal Areas. TIF spending is limited to Urban Renewal Areas, and is decreasing in use as many areas reach their expiration date (Portland Housing Bureau, 2014).

Case Study 2: Arlington County, Virginia

Background

Arlington County is the most populous suburb in the Washington, DC Metropolitan area and one of the most densely populated jurisdictions in the country. This density creates unique housing challenges that the County has addressed by encouraging dense development along transportation corridors. This strategy allows the County to add housing for a growing population while preserving single-family neighborhoods. Arlington is a high-wealth community with a strong advocate community that campaigns for funding and programs to provide affordable housing.

	Arlington County	Bellevue
2015 Population (% growth from 2000)	229,164 (10.3%)	139,820 (9.3%)
2011-2015 Median household income	\$105,763	\$94,638
2011-2015 Median home value (single-family, owner-occupied)	\$607,700	\$562,000
2013 Median detached house price	\$780,421	\$694,551
2011-2015 Median gross rent	\$1,827	\$1,530

Source: US Census Bureau, 2016

Arlington is classified as an urban county, governed by a county board with members elected at large for five-year terms. Virginia constitution enumerates different powers for cities and counties, which constrains Arlington's options to address affordable housing. In addition, Virginia is a "Dillon's Rule" state, so unlike Washington (a "home rule" state), a local government cannot do anything they do not have explicit permission in the constitution to do. More recently, this has limited the county's ability to pass an inclusionary zoning policy.

Housing Needs & Strategy

The housing needs assessment for the County highlighted the need for rental housing stock for households earning less than 60% AMI, and homeownership options for moderate-income households (Arlington County, 2015). The County's housing strategy employs different resources for each segment of the population. It targets very low-income households, as well as vulnerable populations including seniors and persons with disabilities, through direct financial assistance. For low and moderate-income households, it uses financing and zoning incentives and regulatory approaches to encourage market production of affordable units (Arlington County, 2015).

Arlington County excels in the clarity and communication of their affordable housing goals and strategy. The County's housing department website contains their affordable housing master plan, implementation plan, and monitoring and reporting plan. This enables citizens to easily understand the County's priorities and policies. The same web page links to their affordable housing study, which helps community members understand how and why the strategy was selected.

Key Actions

- The Affordable Housing Investment Fund is the workhorse of Arlington's affordable housing strategy. Created in 1988, it provides low-interest, subordinate loans to developers, using public funds to leverage private investment.
- Bond financing through the Industrial Development Authority provides an additional source of below-market rate financing. Funds are repaid by developers' profits.
- Like Bellevue, Arlington offers density bonuses to encourage the market to develop affordable housing. The County considers the program effective, noting that the variety of ways to fulfill the provision helps the County meet multiple goals: cash-in-lieu allows the County to leverage resources and produce units with greater long-term affordability; on-site units provide affordable housing in mixed-income, transit-accessible buildings, and; off-site units spreads affordable housing throughout the county. In reality, the program has been most successful at providing funding for the Affordable Housing Investment Fund (AHIF), which allows the County to leverage funding to create units affordable for longer periods of time (Arlington County, 2015).

Actions: Similar to Bellevue

Market-rate Affordable Unit Preservation

Similar to the King County Housing Authority, Arlington County maintains a comprehensive inventory of market-rate affordable units (which the County refers to as MARKs). Updated annually, the data is used

to identify properties that are likely to become unaffordable in the near future. The County then works with the property owners to develop a plan to maintain affordability or find alternative locations for tenants. The Implementation Framework recommends continuing to monitor MARKs and look for possible zoning changes to maintain MARKs' affordability.

Density Bonus Incentives

In exchange for additional density beyond 1.0 FAR, developers can choose to provide affordable housing units or pay a fee to the Affordable Housing Investment Fund. Units must be affordable to households at 60% AMI and must be maintained for 30 years. The zoning ordinance allows even greater density bonuses if it deems the increased units would provide a variety of affordable housing units – such as family-sized units, senior housing, or varied housing forms such as town houses. See Appendix 5 for additional detail.

The density bonuses have proven an effective incentive for developer contributions to affordable housing. Between 2006 and 2013, 172 on-site affordable units were produced, and \$51.6 million dollars was contributed to the AHIF (George Mason University, 2014). The off-site option was not used. Under the current density bonus calibration, most developers opt to pay the fee-in-lieu, in part because it is relatively low, and in part because it is simpler than providing units. On one hand, this allows the County to leverage other funds and produce a higher number of “unit-years” due to longer affordability requirements with AHIF funds.³ On the other hand, this results in more standalone affordable housing projects, meaning affordable housing is not integrated with market-rate housing.

Home Ownership Support

Arlington offers assistance to homebuyers through the Moderate Income Purchase Assistance Program, similar to the ARCH East King County Down-payment Assistance Loan Program. Arlington provides deferred payment, no-interest loans for first-time home buyers, of up to 25% of the purchase price. The County uses a lottery system to allocate support. The maximum loan size is \$90,700 and the maximum home purchase price is \$362,790 (Arlington County, 2016).

Accessory Dwelling Units

Like Bellevue, Arlington County has identified the potential of accessory dwelling units (ADUs) to increase the supply of rental housing for older adults and persons living with disabilities, as well as provide additional income to homeowners. Between 2009 and 2013 the County approved 10 ADUs. The Implementation Framework recommends engaging the community to review the ADU ordinance to encourage ADU development (Arlington County, 2015).

³ Between 2005 and October 2014, a total of 7,177 site plan units were approved – which would have yielded 295 affordable units had developers selected to build on-site affordable units. In reality, just 30 units were built on site, and the off-site option had not been used. Instead of the 265 on-site units, developers contributed \$36.2 million to the AHIF. In turn, the AHIF financed 426 affordable units (with an average loan size of \$85,000). In addition- because units developed through the Affordable Housing Ordinance need remain affordable for 30 years, and units developed through the AHIF must remain affordable for 60 years, in effect the cash contribution resulted in 25,550 “unit-years” of housing compared to 7,950 unit-years had the units been produced in-house (Arlington County, 2015).

Actions: Under consideration in Bellevue's Affordable Housing Strategy

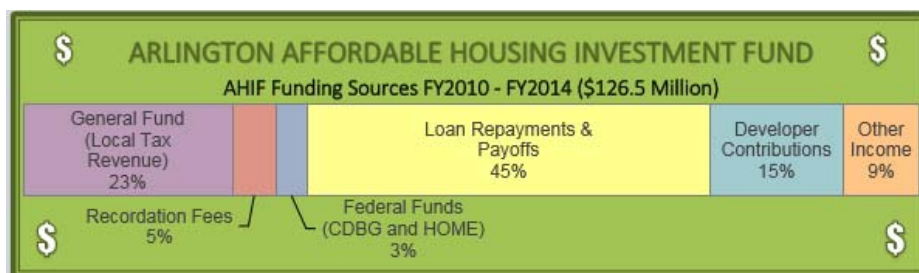
Bond Financing

Arlington County provides below market-rate financing to acquire, construct, and renovate affordable housing through an Industrial Development Authority (IDA). Bonds are repaid by developers from revenue generated from the projects financed with the bonds. The Implementation Framework, which reviewed the County's affordable housing strategy, states that "Bonding has been a critical piece of the County's overall affordable housing program and should be used as needed in the future" (p.7). In addition to the IDA, The Virginia Housing Development Authority (VHDA) provides both tax-exempt and taxable bond financing to developers. It has over \$100 million in annual tax-exempt bond authority.

Revolving Loan Funds

The Affordable Housing Investment Fund (AHIF), created in 1988, funds physical development and services for tenants of low-income housing complexes. It provides low-interest, subordinate loans for developers and subsidizes rehabilitation of existing units. The AHIF uses public funds to leverage private investment; every \$1 of public funds can leverage \$3 of private funds. Between 1988 and 2014, the AHIF helped create the majority of the County's 7,000 affordable rental units, often in combination with IDA bonds and Low Income Housing Tax Credits (Arlington County, 2015). The majority of units are affordable to households earning between 41-60% AMI (George Mason University, 2014). The program has had mixed success in producing family-sized units: 53% of units produced between 2001 and 2013 had at least two bedrooms, but just 13% had three or more bedrooms.

Figure 1. AHIF funding sources FY2010-FY2014



Source: Implementation Framework, p. 6

The 2014 Housing Study found that while the program is largely successful, and integral to the production and preservation of affordable housing in the County, several factors warrant consideration and may necessitate increased financial, regulatory and zoning incentives.

- The amount of funding, both public and private, could decrease in the future;
- The developer pipeline is uncertain, resulting in uncertain developer contributions;
- Loan repayments may diminish because fewer developers were refinancing in 2014 due to rising interest rates;
- The per-unit cost of subsidies is rising, resulting in larger subsidies to fewer projects;
- Households beyond the 60% AMI target still struggle to find affordable housing in Arlington County; and

- The rising cost of housing development leads to larger gaps between affordable and market-rate units (George Mason University, 2014).

Partial Tax Exemptions for Renovations to Older Developments (Requires State legislation)

Bellevue's MFTE program targets new developments, whereas Arlington's tax exemption program encourages renovation of older rental properties. It provides 10-year partial tax exemptions for multi-family rental projects of five units or more that are at least 25 years old. After 10 years of exemption, the exemption is phased out over five years. This exemption is currently not tied to provision of affordable housing. The Implementation Framework recommends introducing an affordable component and removing the five-year step down – so a portion of units would be designated affordable, and the tax exemption would last for 15 years (Arlington County, 2015).

Actions: Anything Different that Bellevue isn't considering?

Special District Housing Protection

Arlington has two programs to protect affordable housing supply in specific districts. In high-density metro corridors, all developments must replace existing market-rate affordable units on a one-to-one basis (no fee-in-lieu is permissible). In the Columbia Pike district, an additional voluntary density bonus can be claimed by setting aside between 20 and 35% of units for 40-80% AMI households.

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Transfer of Development Rights

Zoning ordinance was amended in 2006 to allow the Transfer of Development Rights (TDR). TDR allows projects to transfer their additional density rights from one site to another when it preserves affordable housing or contributes to other defined community benefits such as open space or historic preservation. The County board can decide where the additional density may be more appropriate, and must approve all sending and receiving sites. The Implementation Framework recommends encouraging an effective TDR market, by identifying potential TDR receiving sites and researching additional ways to incentivize TDR transactions (Arlington County, 2015).

Commercial Linkage Fees

Arlington charges linkage fees of \$1.77 per square foot for commercial development. Between 2008 and 2012, the County collected \$8.8 million. They anticipate \$13.9 million between 2013 and 2016 (ChangeLab Solutions, 2015).

Case Study 3: Boulder, Colorado

Background

Boulder is located at the base of the Rocky Mountains, just 25 miles northwest of Denver. Home to the University of Colorado (and its over 30,000 students), the city is the recipient of numerous awards, such as the Healthiest Cities in America, Best Green Cities for Families, and Most Active City in the US. Like Bellevue, Boulder has a council-manager form of government, governed by a city council elected at-large. It is a home rule municipality, giving the city ample control over housing policy. Shown in the table below, the median household income is significantly lower than Bellevue, but median housing prices are just slightly lower.

	Boulder	Bellevue
2015 Population (% growth from 2000)	107,349 (10.1%)	139,820 (9.3%)
2011-2015 Median household income	\$58,484	\$94,638
2011-2015 Median home value (single-family, owner-occupied)	\$512,600	\$562,000
2011-2015 Median gross rent	\$1,243	\$1,530

Source: United States Census Bureau, 2016

Housing Needs & Strategy

Boulder's housing strategy is built around a commitment to social sustainability and provision of affordable housing for varied income levels. The city has set clear goals of 10% of housing units affordable to low- and moderate-income households. While they have increased the number of affordable units from just 3.1% of units (totaling 1,270 units) in 2000 to 7.3% of units (totaling 3,319) in 2016, the number of affordable units falls short of the city's goal (City of Boulder, 2016).

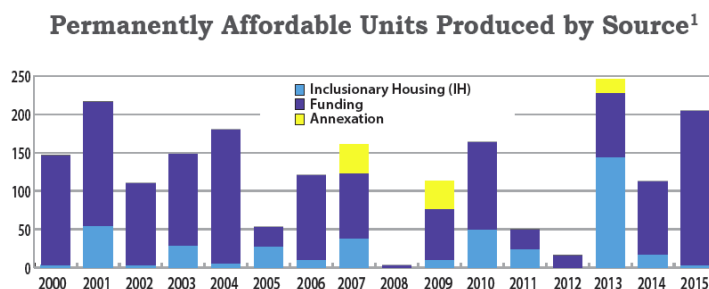
Additionally, the city set a goal to have 10% of housing units affordable to middle-income households (80-150% AMI). Middle income households are leaving the city to live in surrounding communities due to home prices, which rose 31% in the past two years alone (City of Boulder, 2015). The majority of Boulder's market-rate rental units are affordable to this group, but home ownership opportunities are limited.

Adopted by City Council in 2014, Boulder's housing strategy is guided by the following principles:

1. Strengthen Our Current Commitments
2. Maintain the Middle
3. Create Diverse Housing Choices
4. Create 15-Minute Neighborhoods
5. Strengthen Partnerships
6. Enable Aging in Place

Key Actions

- Production of affordable units in Boulder has primarily come from three methods: inclusionary housing, funding, and annexation.⁴



- Boulder's Housing Fund Program distributes more than \$3 million annually for affordable housing development through a competitive RFP process administered by the City's Division of Housing. Sources of funding include federal HOME and CDBG funds, as well as the local Community Housing Assistance Program (CHAP) and Affordable Housing Funds (AHF). CHAP and AHF are funded through inclusionary housing contributions, a housing excise tax, and property and sales tax revenue.
- Past proposals to increase funding sources, including a hotel tax and occupancy tax, have been defeated by voters (City of Boulder, 2015). Regardless, the 2010 Affordable Housing Task Force recommended raising or implementing new taxes for affordable housing and establishing a revolving loan fund.
- Boulder Housing Partners (the local housing authority) owns and operates eight public housing projects, comprising about 15% of the city's affordable units in 2015. The authority primarily serves families, seniors, and people with disabilities. BHP launched Project Renovate in 2015 to upgrade and improve energy efficiency of six of the eight buildings and transfer ownership from the federal government to BHP (City of Boulder, n.d.).
- Boulder has addressed some affordable housing needs through zoning. For example, in 2004, the city created a high-density zone around the university campus to allow apartment buildings to house students.

Actions: Similar to Bellevue

Homeownership Programs

Like Bellevue, Boulder offers programs to support homeownership. The city has three homeownership programs to assist low, moderate, and middle-income households purchase homes. Down-payment grants and below-market homes are available for low-income households, while down-payment loans are available for moderate and middle-income households (City of Boulder, 2016). See Appendix Y for additional detail.

⁴ When county properties annex to the city, 40-60% of new development must meet affordability requirements.

Home repair loans

The City of Boulder also offers low-interest loans of up to \$25,000 for health and safety repairs and energy conservation upgrades. Repayment is deferred for fifteen years unless the home is sold. To qualify, owners must have lived in their home for at least a year, demonstrate a financial need, and not have assets exceeding \$50,000 (excluding the home). This program is comparable to Bellevue's Home Repair Program.

Density Bonus Incentives

Boulder's density bonus program for affordable housing provision is relatively small, offered in just two mixed-use zones. The program has only been used by nonprofit developers because the bonus does not provide adequate incentives for market-rate developers (City of Boulder, 2015).

Accessory Dwelling Units

Accessory Dwelling Units (also called Owner Accessory Units or OAU) are allowed in most residential zones in Boulder. As of June 2015, there were 190 licensed ADUs and OAUs in Boulder (City of Boulder, n.d.).

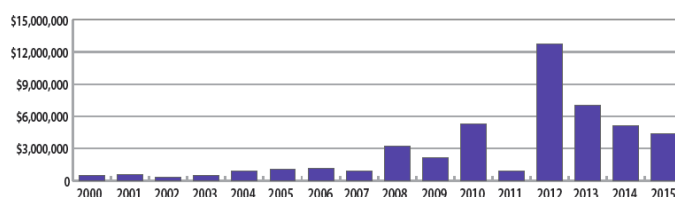
Actions: Under consideration in Bellevue's Affordable Housing Strategy

Inclusionary Zoning and incentive programs

Boulder's inclusionary zoning program requires that new residential development contribute at least 20% of units as permanent affordable housing. Developers can choose to provide on-site units, off-site existing units or new developments, dedicate vacant land for affordable unit development, or pay a fee. The program is a cornerstone of the city's affordable housing program; inclusionary units represent 33% of all affordable housing units in Boulder. Program highlights include:

- Unit types (i.e. numbers of bedrooms) should be proportional to the rest of the development, and affordable units must be "functionally equivalent" to the market-rate units, meaning they must have similar, but not identical, features. In reality, this loose definition has created a lengthy approval process causing frustration to developers.
- In contrast to Arlington County, Boulder prefers that units are built on-site mixed in with market rate housing. For-sale developments must provide 50% of units on-site. If it is not possible to produce the required units on-site, developers will pay a 50% premium on their fee-in-lieu. However, for-rent developers are not required to produce any units on site – the entirety may be produced off-site or paid through developer contributions.
- Vacant land donations are evaluated on a case-by-case basis by city staff.

Inclusionary Housing Cash-in-Lieu Payments¹



Preservation Strategy

The City'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.

Actions: Anything Different that Bellevue isn't considering?

Affordable Housing Commercial Linkage Fee

One source of funding for affordable housing is the Affordable Housing Commercial Linkage Fee. The fee is increasing by 25% in 2017 to \$12/ft² for offices and \$8/ft² for commercial, retail, and hotel (City of Boulder, 2016).

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Appendix 1: White House Toolkit Actions

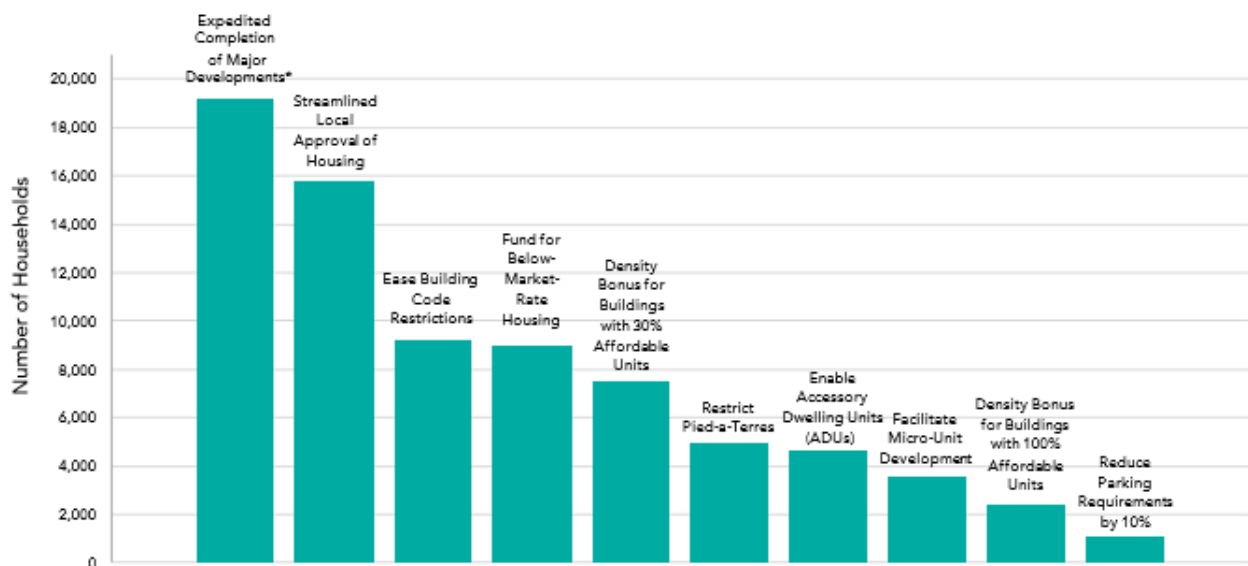
The White House toolkit provides a non-exhaustive list of strategies being used by local governments to reduce barriers to affordable housing. Strategies include the following:

- Establishing by-right development
- Taxing vacant land or donate it to non-profit developers
- Streamlining or shortening permitting processes and timelines
- Eliminate off-street parking requirements
- Allowing accessory dwelling units
- Establishing density bonuses
- Enacting high-density and multifamily zoning
- Employing inclusionary zoning
- Establishing development tax or value capture incentives
- Using property tax abatements

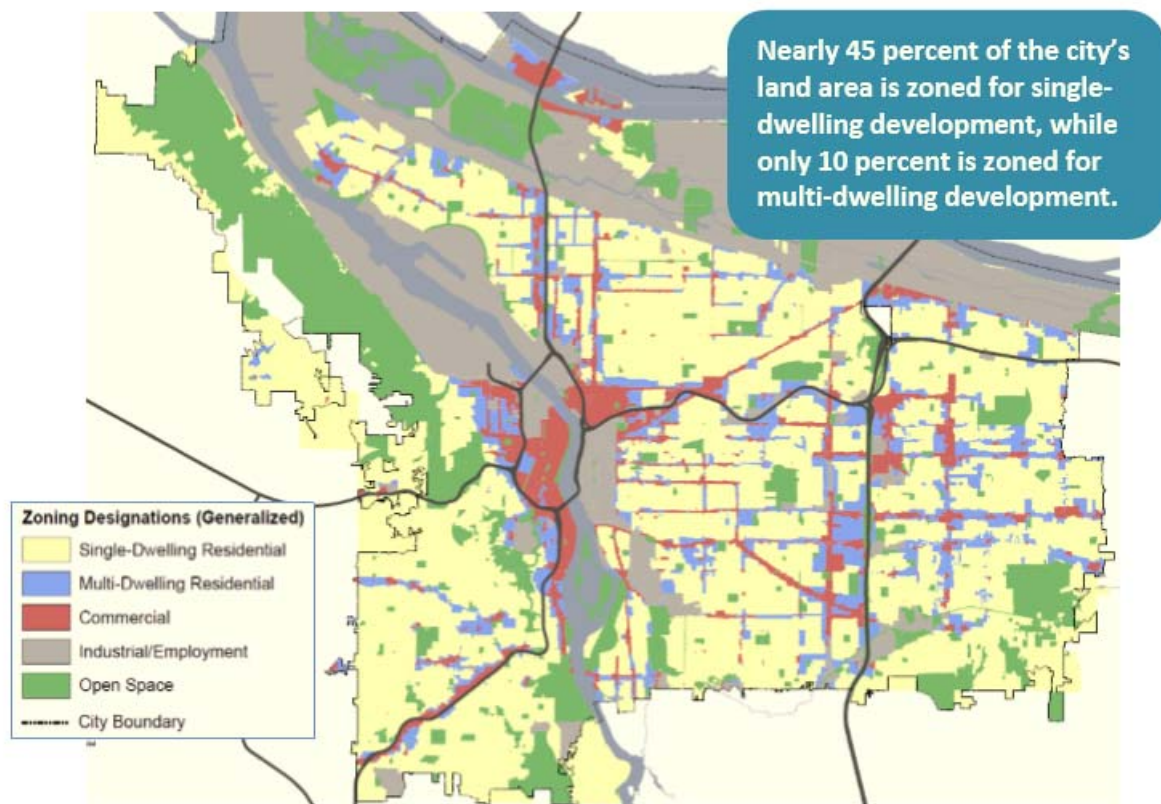
Appendix 2: Policies to Increase Housing Affordability in San Francisco

This study by the Bay Area Council Economic Institute models the potential increase in number of households that will be able to afford housing resulting from each housing policy.

Top Ten Policies that Increase Affordability ...



[Appendix 3: Portland Zoning Districts](#)



Source: Bureau of Planning & Sustainability, 2016

[Appendix 4: Portland Inclusionary Zoning Incentives and Fees](#)

Portland's inclusionary zoning program combines mandatory requirements and incentives designed to offset their costs, including System Development Charge (SDC) waivers and Construction Excise Tax (CET) exemptions. The table below specifies the requirements and incentives associated with the program:

Development of on-site affordable units:

	Mandatory Requirement: 20% of units at 80% AMI (or 15% if outside Central City Plan District)	Deeper Affordability Option: 10% of units at 60% AMI (or 8% if outside Central City Plan District)
Central City Zones with Base FAR below 5.0	Incentives: Density/FAR bonus 10-year property tax exemption on affordable units CET exemption on affordable units Parking requirement exemption	Incentives: Same as mandatory, plus: SDC waivers on affordable units

Central City Zones with Base FAR <i>above</i> 5.0	Incentives: Density/FAR bonus 10-year property tax exemption on <i>all residential units</i> CET exemption on affordable units Parking requirement exemption	Incentives: Same as mandatory, plus: SDC waivers on affordable units
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Development of off-site affordable units:

	Option 1: off-site construction of affordable units	Option 2: off-site dedication of existing units
Affordability Requirement:	20% of total units in sending site at 60% AMI or 10% of total units in sending site at 30% AMI	25% of total units in sending site at 60% AMI or 15% of total units in sending site at 30% AMI
Additional requirements:	-Receiving site must be no more than ½ mile from sending site, in area with equal or higher opportunity score -Comparable size, quality, and bedroom count as units in sending site -Sending site retains FAR bonus and parking requirement exemption -Receiving site affordable units receives CET exemption and SDC waivers -Housing bureau must approve off-site plan	-Receiving site must be no more than ½ mile from sending site, in area with equal or higher opportunity score -Comparable size, quality, and bedroom count as units in sending site -Sending site retains FAR bonus and parking requirement exemption -Housing bureau must approve off-site plan

Source: Portland Housing Bureau, 2016

Payment of fee-in-lieu:

Developers may opt to pay a fee instead of producing affordable units. The fee is calibrated based on the difference in market value between a 100% market rate building and a building with 20% of units affordable at 80% AMI. The following table shows the fee schedule:

Within Central City Plan District

Zone/FAR	Fee per GSF
3.0/4.0 <i>Base FAR</i>	\$27.39
3.0/4.0 <i>Base with Bonus FAR</i>	\$28.57
5.0/6.0 <i>Base FAR</i>	\$28.57
5.0/6.0 <i>Base with Bonus FAR</i>	\$28.99
8.0 <i>Base FAR</i>	\$28.99
8.0 <i>Base with Bonus FAR</i>	\$29.81
9.0 <i>Base FAR</i>	\$29.81
9.0 <i>Base with Bonus FAR</i>	\$29.42
12.0 <i>Base FAR</i>	\$29.42
12.0 <i>Base with Bonus FAR</i>	\$29.85
15.0 <i>Base FAR</i>	\$27.39
15.0 <i>Base with Bonus FAR</i>	\$28.57

Outside Central City Plan District (before December 31, 2018)

Zone/FAR	Fee per GSF
CN1, CO1, CO2, CM, CS, CG, CX plus EG1, EG2, EX and R3, R2, R1, RH and RX zones	\$19.50

Outside Central City Plan District (after December 31, 2018)

Zone/FAR	Fee per GSF
CM1 Base FAR	\$23.83
CM1 Base with Bonus FAR	\$25.79
CM2 Base FAR	\$25.79
CM2 Base with Bonus FAR	\$26.50
CM3 Base FAR	\$26.03
CM3 Base with Bonus FAR	\$28.58

GSF= Gross Square Feet

Source: Portland Housing Bureau, 2017

[Appendix 5: Additional Detail on Arlington County Density Bonus Program](#)

County-wide density program:

- Unit provision: 5% of the GFA if units are provided on-site; 7.5% for nearby off-site affordable units; 10% for off-site units at a further distance
- Cash-in-lieu (residential projects): \$1.91/sq. ft. of GFA for first 1.0 FAR; \$5.08/sq. ft. from 1.0 to 3.0 FAR
- Cash-in-lieu (commercial projects): \$5.08/sq. ft. above 1.0 FAR

The zoning ordinance allows increased density (maxed at 25%) height (maxed at 6 stories or 60 feet) beyond the General Land Use Plan if it deems the increased units would provide a variety of affordable housing units, such as family-sized units, senior housing, or varied housing forms such as town houses. All plans must be approved by the County Board and cannot negatively impact the community. Two districts are exempt from this provision, and three districts have additional provisions to allow for increased density.

Appendix 5
Public Engagement Summary

City of Bellevue

Affordable Housing Strategy

Final Outreach and Engagement Report

April 11, 2017

Prepared by



BROADVIEW
PLANNING

BACKGROUND

The City of Bellevue has long been a leader in addressing housing affordability challenges, and Bellevue's Affordable Housing Strategy is an opportunity to leverage an ambitious suite of policy actions – tools, partnerships, and resources – to promote housing options throughout the city at a range of affordability levels. Affordable housing is a critical need for Bellevue – housing prices are higher than pre-recession levels; apartment rents are climbing steadily; and more than a third of Bellevue renters are cost burdened to meet their housing needs. Low- and moderate-income households, young and senior households, and households of color are struggling to stay in our community, a place that they consider home.

To ensure successful public outreach for the project, the City of Bellevue hired Broadview Planning as engagement specialists, and this report summarizes the outreach activities for the Affordable Housing Strategy conducted from July 2016 through April 2017. Outreach for the project allowed for people to provide input and feedback in person, by mail, and online through a variety of forums, as outlined below. From the level of engagement experienced throughout the project, it is obvious that the community values the opportunity to be a part of the conversation and their opinions on the subject of affordable housing are diverse. The tables included within this report summarize the fruits of these engagement efforts.

OUTREACH + ENGAGEMENT OBJECTIVES

Broad and authentic engagement makes communities stronger and is fundamental to successful implementation of policies and programs. Residents who feel like their voices are heard in planning processes are more likely to own the final recommendations, and successful civic engagement cultivates new leadership within historically underrepresented communities.

Recognizing that the Affordable Housing Strategy's success depends on a robust public engagement program, outreach and engagement for the purposes of this project aimed to:

1. Raise awareness of housing challenges in Bellevue and create momentum around the Affordable Housing Strategy.
2. Solicit authentic input from community stakeholders to inform and shape the broad affordability strategies.
3. Use feedback from community stakeholders to refine and finalize the specific affordability actions.
4. Reach historically underrepresented communities, particularly those not represented on the Technical Advisory Group (TAG).
5. Garner broad community buy-in into the final suite of affordability strategies and actions.

OUTREACH + ENGAGEMENT ACTIVITIES

As a project priority and a Council Guiding Principle, robust engagement was premised on a wide range of ways to participate in the process. Public outreach included traditional community meetings, small group meetings, two online surveys/open houses, and outreach to citizens through newsletters, a project website (<http://www.bellevuewa.gov/affordable-housing.htm>), and social media.

Summary reports of detailed information for each of the outreach events have been provided throughout the process.

Community Meetings

- *Community Education Forum.* On June 23, 2016, the City hosted an education forum that included a panel of local experts for a discussion of the need for affordable housing in Bellevue, and challenges to providing for that need facing the City and local developers. Participants 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 (62) participants signed in at this meeting.
- *Public Workshop.* On March 21, 2017, community members were invited to discuss and provide feedback on the Draft Affordable Housing Strategy. Conversations were facilitated by trained residents, and participants were asked to weigh in on draft strategies and actions. Fifty-four (54) participants signed in at this meeting.

Council and Commission 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 TAG, and provides background information and project reports. The website also hosted an online survey and online open house, described below.
 - *2016 Online Affordable Housing 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 and analyzed.
 - *2017 Online Affordable Housing Open House.* An online open house was launched on March 17 and ran through April 4, 2017. It received 283 total responses over the two-and-a-half-week period, with more than 800 unique comments. 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 Affordable Housing Strategy 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.
 - o 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.
 - o The second round of stakeholder meetings included two meetings in February 2017 with non-profit developers, for-profit developers, employers, affordable housing advocates, and faith-based organizations. The purpose of these meetings was to receive feedback on draft Affordable Housing Strategy actions.
- *Other events.* City staff also presented information about the strategy to the Bellevue Downtown Association and the 2016 Bellevue Essentials class.

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.

HIGH-LEVEL FEEDBACK + THEMES

Bellevue residents, employers, service providers, and other stakeholders came to the different outreach and engagement events with a wide range of opinions and perspectives about how best to address the City's affordable housing crisis. With a high level of participation and passion exhibited, people are invested in the future of their city. In no particular order, here are themes that emerged consistently across outreach venues:

- Overall, most participants want a city that is accommodating and welcoming to all income levels, as economic and cultural diversity is seen as a value.
- It is felt by many residents that the high demand for housing is attributable to the overall desirability to live in Bellevue, while the high cost of housing is attributable to high salaries at companies in and around Bellevue.
- Participants generally wanted the costs of addressing Bellevue's affordable housing challenges to be shared fairly. However, the definition of "fair" had varied interpretations.
- Among some, there is a strong sense that affordable housing will threaten neighborhood property values, safety, character, and tree canopy, and will bring more people to Bellevue, further burdening congested roads and overcrowded schools.

- Even among those supportive of many of the strategies and actions, people had less favorable opinions about the government's role in providing affordable housing if it requires raising taxes and offering tax breaks to developers.
- Tax exemptions, exploring more funding tools at the state and local level, and innovating partnerships with employers, financial institutions, and foundations were more popular than property tax increases; however, many people conceded that increasing property tax is the fairest way to distribute the financial burden of many of the proposed affordability solutions.
- People expressed a high level of confidence in non-profit developers and their ability to partner authentically to solve the affordability crisis.
- Noting the alignment with the mission of faith-based organizations, most expressed favorable opinions about the City partnering with churches and similar organizations to explore land use changes to make it easier to provide housing on their property. Anomalously, comments left during the online open house did not reflect such favorability.
- Many were broadly supportive of home repair and weatherization programs, utility and property tax relief programs, promoting energy efficient design and construction, and social services and other support programs, but they also wondered whether such actions would have a sufficient impact on affordability.
- There persists a perception that foreign investors are purchasing homes across Bellevue, leaving them vacant, and driving up the cost of real estate. Many people are interested in a foreign investor tax or a vacancy tax similar to that seen in Vancouver, and this could help fund some of the strategies and actions.
- Furthermore, interest piqued around inventorying property. Whether it was identifying foreclosed properties, under-utilized or vacant condos/homes, or existing affordable housing, the idea of inventorying property emerged consistently across strategies.
- Many residents expressed deep anxiety about parking and balked at strategies that would reduce parking requirements. These people might be persuaded by parking studies and similar evidence that residents in micro apartments and other units in TOD use dramatically fewer parking spots.
- People were generally supportive of changing land use regulations to allow detached ADUs. 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.

SUMMARY OF FEEDBACK BY STRATEGY

Through content analysis, feedback specific to each strategy was codified and summarized by action in the following tables.

STRATEGY A: HELP PEOPLE STAY IN AFFORDABLE HOUSING.

The actions described in Strategy A aim to preserve existing affordable housing and help residents afford to stay in their homes.

OVERALL IMPRESSION	SPECIFIC CONCERNS	ADDITIONAL NOTES (interesting ideas, creative solutions, etc.)
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.		
<i>Most people expressed confidence that these non-profit organizations 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.</i>	<i>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.</i>	<i>Several people noted that true partnerships between the City and these non-profits would recognize the communities we're building more than the number of units alone (i.e. wraparound services, transit, schools, jobs, etc.)</i>
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.		
<i>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.</i>	<i>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.</i>	<i>Some suggested that a partial exemption would likely be enough to motivate developers to set aside affordable units.</i>
A-3: Promote programs that provide social and physical support to help seniors and disabled people remain in their homes.		
<i>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.</i>	<i>A handful of people didn't see social services as the mandate of City government.</i>	<i>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.</i>
A-4: Increase funding and expand eligibility for the city's home repair and weatherization programs.		
<i>Expanding the block grant for home repair and weatherization programs was very well received.</i>	<i>Some noted that these programs would been nice but would not have a significant impact on affordability.</i>	<i>Some mentioned that having home repair and weatherization programs regardless of income would be useful for the City to pursue.</i>
A-5: Promote energy efficiency in design and construction of affordable units to reduce utility costs for residents.		
<i>Opinions were mixed about promoting energy efficiency in design and construction. While many people though well-designed, energy efficiency units seemed logical, others thought the connection to affordability was tenuous.</i>	<i>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.</i>	<i>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.</i>
A-6: Promote existing utility rate relief, utility tax relief, and property tax relief programs for income-eligible residents.		
<i>Promoting utility rate, utility tax, and property tax relief were strategies that ranked favorably among nearly all participants. These were seen as actions well within the purvue of the City and ones that would have a significant impact on people's abilities to stay in their homes.</i>	<i>Very few participants mentioned that relief programs for income-eligible residents were not appropriate, since most Bellevue residents pay their "fair share of taxes."</i>	<i>Some suggested existing utility and property tax relief programs were insufficient and should go much further to prevent displacement of income-eligible residents.</i>

STRATEGY B: CREATE A VARIETY OF HOUSING CHOICES.

The actions described in Strategy B aim to 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 (interesting ideas, creative solutions, etc.)
B-2: 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.

The actions described in Strategy C aim to increase the amount of housing affordable to people at lower and moderate income levels.

OVERALL IMPRESSION	SPECIFIC CONCERNS	ADDITIONAL NOTES (interesting ideas, creative solutions, etc.)
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.

The actions described in Strategy D aim to 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 (interesting ideas, creative solutions, etc.)
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.

The actions described in Strategy E aim to expand the types and amounts of funding available to support affordable housing.

OVERALL IMPRESSION	SPECIFIC CONCERNS	ADDITIONAL NOTES (interesting ideas, creative solutions, etc.)
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>

EVALUATION OF OUTREACH + ENGAGEMENT ACTIVITIES

Efforts to engage Bellevue residents, employers, service providers, and other relevant stakeholders by City of Bellevue staff and Broadview Planning were productive and successful, though some lessons were learned that should be applied to future outreach and engagement activities.

STRENGTHS OF OUTREACH

- Attendance and participation targets for outreach and engagement events were ambitious, and they were roundly met or exceeded.
 - Attendance at the community education forum and public workshop was sufficient to inspire robust dialogue between participants.
 - The 2016 community survey and 2017 online survey/open house were successful, as they offered a comprehensible clearinghouse for information and people had a low barrier-to-entry way of participating.
 - The goal for the 2016 community survey was to reach 500 respondents, and that target was exceeded by nearly double.
- Of the venues for input and feedback, stakeholder workshops seemed the most successful, as people had time to dive deep into the substance of different policy options, offer their unique perspectives, and build relationships with other people invested in finding a solution.
 - More focused conversations such as these would be helpful to move people passed entrenched positions and to common interests.
- Conversations with stakeholders were very people-centered. This was about true engagement, not top-down distribution of information.

OPPORTUNITIES FOR IMPROVEMENT

- Outreach and engagement did not effectively reach people who lived in affordable housing.
- Activities did not effectively reach residents who don't speak English. Access to translation and interpretation services was a strength, though these services were underutilized.
 - While the initial community survey was successful at reaching these demographics, it would be fruitful to identify community leaders in key demographics to help with recruitment throughout the trajectory of engagement.
 - Social media also seemed to be a real strength in reaching these demographics. These tools should have been used as extensively in subsequent rounds of outreach and engagement as they were in the first round.
 - While a strategy to access non-traditional ethnic media channels was developed, it was underutilised.
- Using community facilitators at the public workshop was challenging, as they likely needed more training than was provided.
- The TAG could have been used at more events and in more strategic ways for outreach and engagement activities.

A FINAL NOTE

Participants in these engagement activities were interested in engaging in this topic and continuing this conversation in other venues. Some participants struggled to weigh in, as they needed more detailed information on how much of the city budget is going to affordable housing to make educated contributions to discussions on affordable housing. Deeper and more robust conversations seem to be of interest. An annual

affordable housing symposium among ARCH cities, facilitated conversations on Nextdoor, Consider.It, or another social media platform, or a City Hall speakers series might be ways of fostering continued discussion on this topic that resonates across so many sectors of the community.

Appendix 6

Technical Advisory Group Discussion Draft of Actions

TAG DISCUSSION DRAFT

STRATEGY A: HELP PEOPLE STAY IN THEIR AFFORDABLE HOUSING -- <i>Preserve existing affordable housing and help residents afford to stay in their homes.</i>								
ACTION <i>(cross-reference to Council approved list of potential actions)</i>	AMI LEVEL SERVED		DURATION	EST. CITY COST* (10 YRS)	FUNDING SOURCE	SEE NOTES	POLICY TRADE-OFFS & OTHER CONSIDERATIONS FOR COUNCIL	
	Up to 50/60%	50/60% - 80%					ADVANTAGES	DISADVANTAGES
1. Partner with non-profit organizations to fund the purchase of existing, affordable multi-family housing to preserve it for the long term. (C6)	250 – 500	250-500	life of project	\$45,000 to \$200,000 per unit depending on leverage	City + other leveraged funders + private debt	(a)	• Prevents loss of some existing affordable • Helps prevent displacement of existing residents • Preserves affordability long term	• Requires additional city funding above current levels
2. Increase funding and expand eligibility for the city’s home repair and weatherization programs. (C3, D9, D14)			no affordability or long term restrictions	\$16.5 million (\$10M GF / \$6.5M CDBG)	City + HUD	(b)	• Improves living condition of residents • Repair/investment benefits neighborhood • Program is scalable in city’s budget decisions • Helps preserve existing housing • Increases affordability for resident	• 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
3. Promote energy efficiency in design and construction of affordable units to reduce costs for residents. (A17)			Varies by affordable housing program		Private		• 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	• Already some requirements for energy efficiency in code, additional requirements will add cost to unit • Does not preserve or create an affordable unit
4. Advocate for state legislation to extend property tax exemptions to existing multi-family properties that agree to set aside some apartments as affordable. (C9, E2)	55-110		15 years (proposed)	\$660,000 - \$1.3 million (reduced city tax revenue)	City and local tax districts (not state)	(c)	• Could encourage investment in older multifamily housing • Additional tool for improving building conditions and preserving existing affordability for a time	• Reduces city tax revenues (versus forgoing future tax revenues on new construction) • 15 year requirement for preserving affordability may be disincentive to owners • Preserves affordability only for 15 years
5. Promote existing utility and property tax relief programs for income-eligible residents. (A8, D14)			no affordability or long term restrictions		City and County		• Programs exist, city programs are scalable • Assists current owners • Increases affordability for residents • May prevent some people from experiencing homelessness	• Impacts city budget • Does not preserve or create an affordable unit
6. Promote programs that provide social and physical support to help seniors and disabled people remain in their homes. (New, D16)			no affordability or long term restrictions		City		• 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	• Does not preserve or create an affordable unit
STRATEGY SUBTOTAL	55-110							

NOTES:

- *Certain city costs (e.g. program funding, MFTE tax exemptions) could extend beyond the 10 year period.
- (a) Funding dependent, potential units accounted for in Strategy E (see Actions 1 and 2). King County Housing Authority has identified several Bellevue properties (potentially 500 - 1,000 units) they may be interested in acquiring, given a willing seller. Acquisition cost estimated at \$250,000 to \$285,000 per unit. Affordability at 80% AMI except where project vouchers are used.
- (b) Existing Home Repair program serves 35-40 homeowners/year at ~\$10,000 - \$28,000 per unit. To achieve twice existing level of assistance, assumes (10 year) \$10M City General Fund + \$6.5M City CDBG that would become a revolving fund. With additional funding serving up to 70-80 homeowners/year, the total over 10 years would be 700-800 homeowners; however, the housing would not be restricted or preserved as affordable.

TAG DISCUSSION DRAFT

(c) The estimated cost to the city is for more than 10 years. Inventory of small-scale multi-family (i.e. duplex, triplex, fourplex) identified 887 units citywide. Assuming 6% to 12% of units participated and estimating \$2,000 per year (lower assessment per unit than new) X 10% (city share) x15 years (current legislative proposal) = \$3,000 per unit, or \$12,000 per affordable unit over the life of the exemption, which is beyond the 10 years of the strategy. Proposed legislation: 15 year tax exemption for 25% of units affordable at 50% AMI. Does not exempt state property tax.

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.								
ACTION <i>(cross-reference to Council approved list of potential actions)</i>	AMI LEVEL SERVED		DURATION	EST. CITY COST* (10 YRS)	FUNDING SOURCE	SEE NOTES	POLICY TRADE-OFFS & OTHER CONSIDERATIONS FOR COUNCIL	
	Up to 50/60%	50/60% - 80%					ADVANTAGES	DISADVANTAGES
1. Encourage micro apartments around light rail stations through reduced barriers to development (e.g. minimum size, parking requirements). (A4)		100-200	no long term restrictions	no cost	Private	(a)	• 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	• Public concerns about not having enough parking – spill-over into other neighborhoods • Market rate rents, no requirement for affordability
2. Update accessory dwelling unit standards and allow detached units in self-selected neighborhoods. (A5, A8)		100-400	no long term restrictions	no direct	Private	(b)	• 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)	• Incorporating sufficient provisions to address public concerns about requirements for parking, setbacks, additional people in the neighborhood • No guarantee that ADUs will be affordable
3. Promote design in affordable units that ensures accessibility for all ages and abilities (e.g. “universal design”). (A16)			no affordability or long term restrictions		Private		• Housing design serving target demographics, i.e. seniors, some special needs • May reduce potential for displacement from existing residence to a less affordable unit	• Could add costs to construction • Does not preserve or create an affordable unit
4. Provide down payment assistance to low-income and first time homebuyers to encourage more home ownership. (D,4 D10)			no affordability or long term restrictions	~ \$0.4 - \$0.6 million of additional funding	City, County, and WSHFC	(c)	• 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”	• Existing program purchase price limits make use in Bellevue virtually impossible • Does not preserve or create an affordable unit
STRATEGY SUBTOTAL		200-600						

NOTES:

*Certain city costs (e.g. program funding, MFTE tax exemptions) could extend beyond the 10 year period.

(a) Estimate of market units that are affordable; includes new units (e.g. micro-units) or existing units that become affordable over time.

(b) ADU creation in Bellevue has averaged 5/year over the last 10 years. Assume code changes would double that over the next 10 years to achieve the lower end of the range. If production increases to match the Mercer Island rate (31.5/1,000) then the upper range could be achieved. Although there is no income qualification for ADUs, they are generally affordable to moderate incomes.

(c) Current down payment assistance program provides \$30K/unit (~\$12K from city funds, the balance from King County and the Washington State Housing Finance Commission). Home purchase price limit is \$354,000.

TAG DISCUSSION DRAFT

STRATEGY C: CREATE MORE AFFORDABLE HOUSING -- Increase the amount of housing affordable to people at lower and moderate income levels.								
ACTION <i>(cross-reference to Council approved list of potential actions)</i>	AMI LEVEL SERVED		DURATION	EST. CITY COST* (10 YRS)	FUNDING SOURCE	SEE NOTES	POLICY TRADE-OFFS & OTHER CONSIDERATIONS FOR COUNCIL	
	Up to 50/60%	50/60% - 80%					ADVANTAGES	DISADVANTAGES
1. Increase development potential on suitable land owned by public agencies, faith-based and non-profit housing entities for affordable housing (A6, B4): Public agencies Faith-based organizations Non-profit housing providers	 35-115 65-250 25-200	 15-235 35-125 10-100	50 years		Public	(a)	- 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	- Limited number of public properties - Many similar sites not considered due to location in or adjacent to single family neighborhoods
2. Develop affordable housing on suitable public lands in proximity to transit hubs. (D5)	135-220	65-130	50 years		Public, private	(b)	- Leverages agreements with Sound Transit on their properties around 120th and 130th stations - Could reduce land costs for affordable housing	Limited opportunities beyond 2 BelRed sites at this time
3. Update existing tax exemption program (MFTE) for affordable housing to increase participation by developers of new housing. (B1)		360-650	12 years	\$4.2-\$12M Property tax foregone in 12 years	City, state, other local tax districts	(c)	- Adjustments may encourage more use of Multifamily Tax Exemption (MFTE) - Other taxing entities leverage city costs (MFTE ~ 8:1)	- Affordability only lasts for 12 years - Foregoes some future tax revenues
4. Reduce costs of building affordable housing (e.g. code amendments, lower fees, reduced parking, city-funded street improvements, alternatives to providing retail in mixed use). (A10, A11, A13, A14, A15, A18, B5)			50 years		City		Helps reduce funding gap	- Does not close funding gap, additional public funding still needed - City takes on more capital costs for infrastructure improvements
5. Mandatory: Increase density in exchange for requiring affordable units in new development. (A1)		330-740	30 years		Private	(d)	- Produces affordable units in proportion to development of market housing - Disperses affordable units within new apartment development and residential growth areas	- Requires upzone, which could limit where this would be applied - Societal problem being borne by private housing developers - If not calibrated properly, could discourage development
6. Voluntary: Provide density bonuses as an incentive to provide affordable units in new development. (A2)			30 years		Private	(e)	- Bonuses may encourage more development - Targeted	Voluntary incentive may not be used so may not generate affordable housing with each development
Strategy Subtotal		690-1,390						

NOTES:

- *Certain city costs (e.g. program funding, MFTE tax exemptions) could extend beyond the 10 year period.
- (a) The potential affordable units in this action are funding dependent, so they are accounted for in Strategy E, Actions 1 and 2, and are not counted in the subtotal for this Strategy C.
- (b) The potential affordable units in this action are funding dependent, so they are accounted for in Strategy E, Actions 1 and 2, and are not counted in the subtotal for this Strategy C. OMFE models estimate 500-1,000 residential units, 20% affordable=100-200. 130th models (estimate 220-290 residential units. 50% affordable = 110-145. Both sites 210-345 (200-350 split low and mod: 2/3rd 1/3rd)
- (c) City portion per unit: \$2,500 per year x 10% (city share) x 12 years = \$3,000 per unit, or \$15,000 per affordable unit. Between 2006 and 2015 Bellevue saw an average of 684 (and a median of 709) new MF units per year, in 20+ unit projects. Over 75% of Seattle MF utilize MFTE.
- (d) Assume 60% rental and all rental use Multi-Family Tax Exemption (MFTE). Consultant EconW analysis of citywide 10% affordable (e.g. Bellevue's prior) could produce 70 units/year.
- (e) 20% of project use / 5% of total units are affordable

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.								
ACTION <i>(cross-reference to Council approved list of potential actions)</i>	AMI LEVEL SERVED		DURATION	EST. CITY COST* (10 YRS)	FUNDING SOURCE	SEE NOTES	POLICY TRADE-OFFS & OTHER CONSIDERATIONS FOR COUNCIL	
	Up to 50/60%	50/60% - 80%					ADVANTAGES	DISADVANTAGES
1. Revise code to reduce costs (e.g. right-sizing parking requirements near light rail stations), allow alternative public benefit to providing retail in mixed use projects and reduce process times for building multi-family housing. (A10, A11, A13, A14, A15, A18)			no affordability or long term restrictions		Private	(a)	• Provides cost and time savings for market housing development	• 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)
2. Advocate for amendments to state condominium statutes to rekindle interest in condominium development. (E6)			no affordability or long term restrictions		Private		• Condominiums provide entry level and more affordable options for homeownership • Would allow for a broader range of affordability not currently available in the market	• May increase housing choice, but does not preserve or create affordable units
3. Change the city’s approach to density calculation in multi-family zones to allow more flexibility in unit size and type. (A19)			no affordability or long term restrictions				• Change from dwelling units per acre to site ratio may result in smaller or more diverse apartment size	• Smaller unit sizes may result in more intense land use • Does not preserve or create affordable units
Strategy Subtotal								

NOTES:

*Certain city costs (e.g. program funding, MFTE tax exemptions) could extend beyond the 10 year period.

(a) Based on citywide 2035 targets, the allocation assumptions for the city’s three major employment centers and the amount of development that has occurred within these areas between 2012 and 2016, rounded projections for housing growth within these three areas between 2016 and 2035 are: Downtown 7,600; BelRed/SR520 (5,900); and Eastgate/Factoria (930). The annual changes for these three areas are: Downtown (400); BelRed/SR 520 (300); and Eastgate/Factoria (50) for a total of 7,500 new housing units over 10 years.

STRATEGY E: PRIORITIZE STATE, COUNTY AND LOCAL FUNDING FOR AFFORDABLE HOUSING -- <i>Expand the types and amounts of funding available to support affordable housing.</i>								
ACTION <i>(cross-reference to Council approved list of potential actions)</i>	AMI LEVEL SERVED		DURATION	EST. CITY COST* (10 YRS)	FUNDING SOURCE	SEE NOTES	POLICY TRADE-OFFS & OTHER CONSIDERATIONS FOR COUNCIL	
	Up to 50/60%	50/60% - 80%					ADVANTAGES	DISADVANTAGES
1. Tap additional local sources (e.g. reallocation of general fund and/or REET, increase of property tax and/or business & occupation tax, bonds). <i>(B2, B7, B8, E1)</i>	100-1,900	100-200	50+ years	\$27-\$282.5M	City	See Table 1 below.	• 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	• 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
2. Pursue funding partnerships with employers, financial institutions, foundations, and others. <i>(D4)</i>			Will vary with program		Public and private		• 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	• Few affordable housing program models with public and employer or other private partners
3. Advocate for legislative actions that expand state and local funding tools. <i>(E1, E2, E4)</i>			50+ years		City, county and state		• A variety of tools gives city flexibility in how to increase revenues and can provide greater stability in funding over time	• Opposition to generating additional funding authority
Strategy Subtotal	700-1900	100-200						

*Certain city costs (e.g. program funding, MFTE tax exemptions) could extend beyond the 10 year period.

GRAND TOTAL	755 – 2010	990 - 2190						
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TABLE 1: RANGE OF POTENTIAL PRODUCTION AND FUNDING LEVELS – CITY RESOURCES

	AMI LEVEL SERVED		City Funded Gap/Unit	EST. TOTAL CITY COST (10 YRS)	NOTES:
	Up to 50/60%	50/60% - 80%			
a. Current levels (leveraged) b. Current+200 units (leveraged) c. Current+600 units (leverage)	400 600 1,000		(See Note 3)	\$10M \$27M \$45M	1. Current city contribution to affordable housing = \$415,000/yr general fund; including loan repayments and fee-in-lieu payments vary but have averaged approximately \$500,000 annually the last five years. Total average approximately \$1M/yr or \$10M over 10 years. 2. In recent years, cities in East King County have funded about 100 units annually (proportionally Bellevue is about 1/3). 3. In general the more units assisted, the local cost per unit increases because there is a set of other public funding sources that can be leveraged. The numbers in the chart assume the following: a. At current levels of funding (about 30-40 units annually), city funding is ~\$25,000 per unit. b. At approximately 100 affordable units annually, city funding is ~\$45,000 per unit (this is estimated to be the level that maximizes leveraging other available public sources). c. Over approximately 100 affordable units per year, those additional units will have limited ability to leverage local resources (see Note 4), which could require \$150,000 to \$200,000 per unit depending on affordability level.
550 (no leverage) 1,100 (no leverage)	450 900	100 200	(See Notes)	\$118.75M \$237.5M	4. Without leveraging, local per/unit support at \$225,000/unit (up to 50/60% AMI) and \$175,000/unit (50/60-80% AMI). Production # based on funds available. 5. These units would all be created after the maximum amount of leveraged funds were exhausted. 6. Potential resources examples: a. Property Tax Levy \$0.10 = \$4.4M/year; \$0.50= 22.2M/year (Note: Seattle’s affordable housing levy is \$0.254/\$1,000 assessed value and Bellingham’s affordable housing levy rate is \$0.36/\$1,000 assessed value). b. REET 0.1%= \$2.1M/year; .25%= \$5.2M/year. 7. There are potentially other ways to provide “local assistance” besides direct funding: a. A primary alternative source would be securing land at below market value. This could be either donated or discounted public land, fully or partially redeveloped properties owned by non-profits, Housing Authority or faith-based organizations. b. Impact Fee waiver (e.g. city current waives transportation impact fees of ~\$2,600 for affordable housing).