





Bellevue Housing Affordability TAG – Meeting #2

Which actions on the list does this analysis apply to?

1. Density Incentives (Actions A1 and A2)
2. Review/Recalibrate MFTE program (Action B1)
3. Housing Type Flexibility (Action A4)
4. Reduce Construction Costs (Actions A10, A13, A14, A15, A18.)

Offsetting Financial Incentives

	Revenue-oriented	Cost-oriented
Construction-oriented	<p>Direct Subsidies</p> 	<p>Reduced Parking</p> 
Operations-oriented	<p>Density Bonus</p> 	<p>Operating Subsidies</p> 

Process

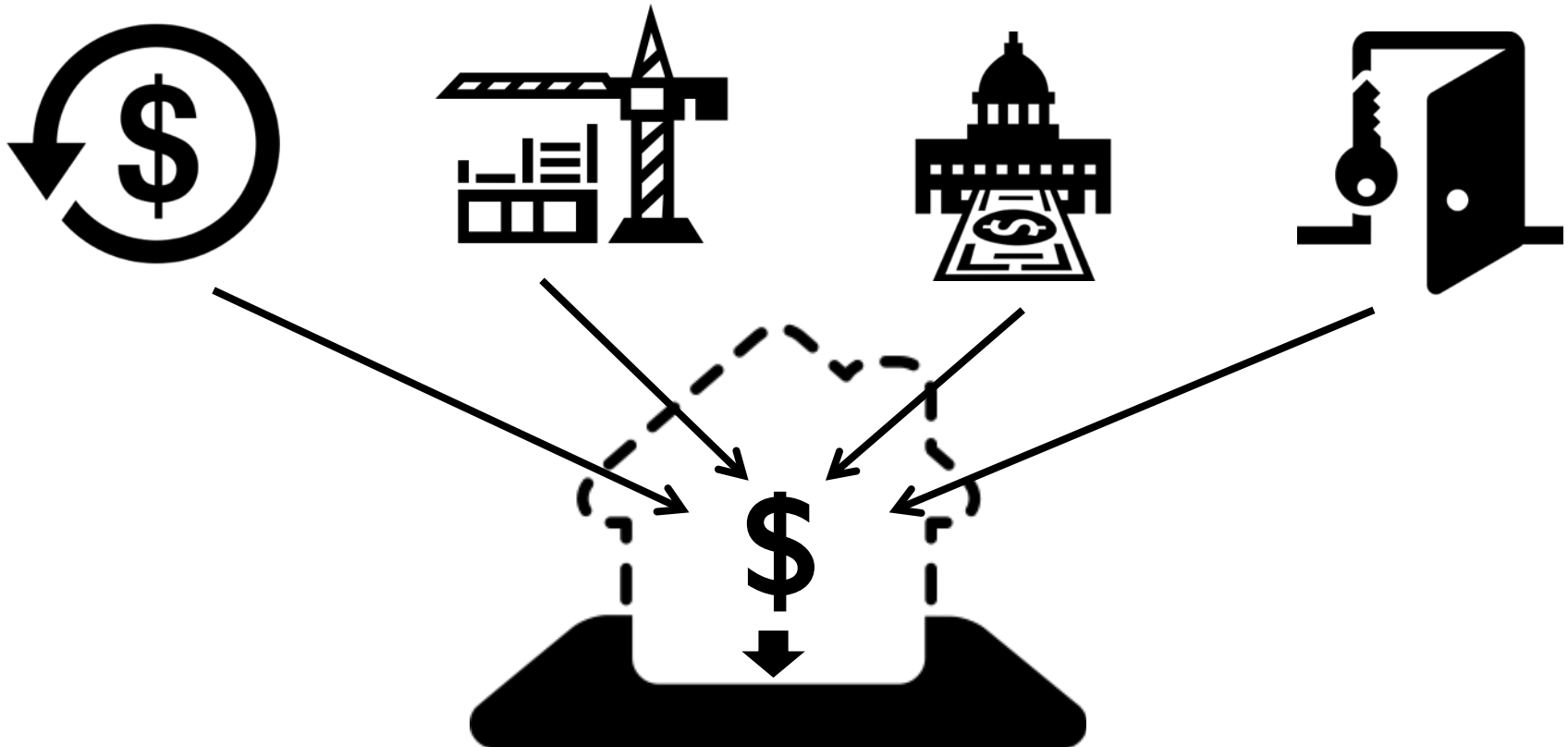
- Use TAG Subgroup
- Vet development assumptions (current underwriting conditions)
- Preliminary: Run “Pencil-Out” model to get “best case” numbers for actions
- Refined: Use “Multiforma” tool to calibrate actions given zoning and building code dynamics

Questions we ask

- Is the project feasible under current conditions?
- Is there value in using incentives?
- What is the impact of specific affordability tools?
- Can those tools be tailored to fit conditions?

RLV = Developer Maximum Land Budget

Given a set of capital, construction, operating costs, and revenue assumptions



Building Prototypes

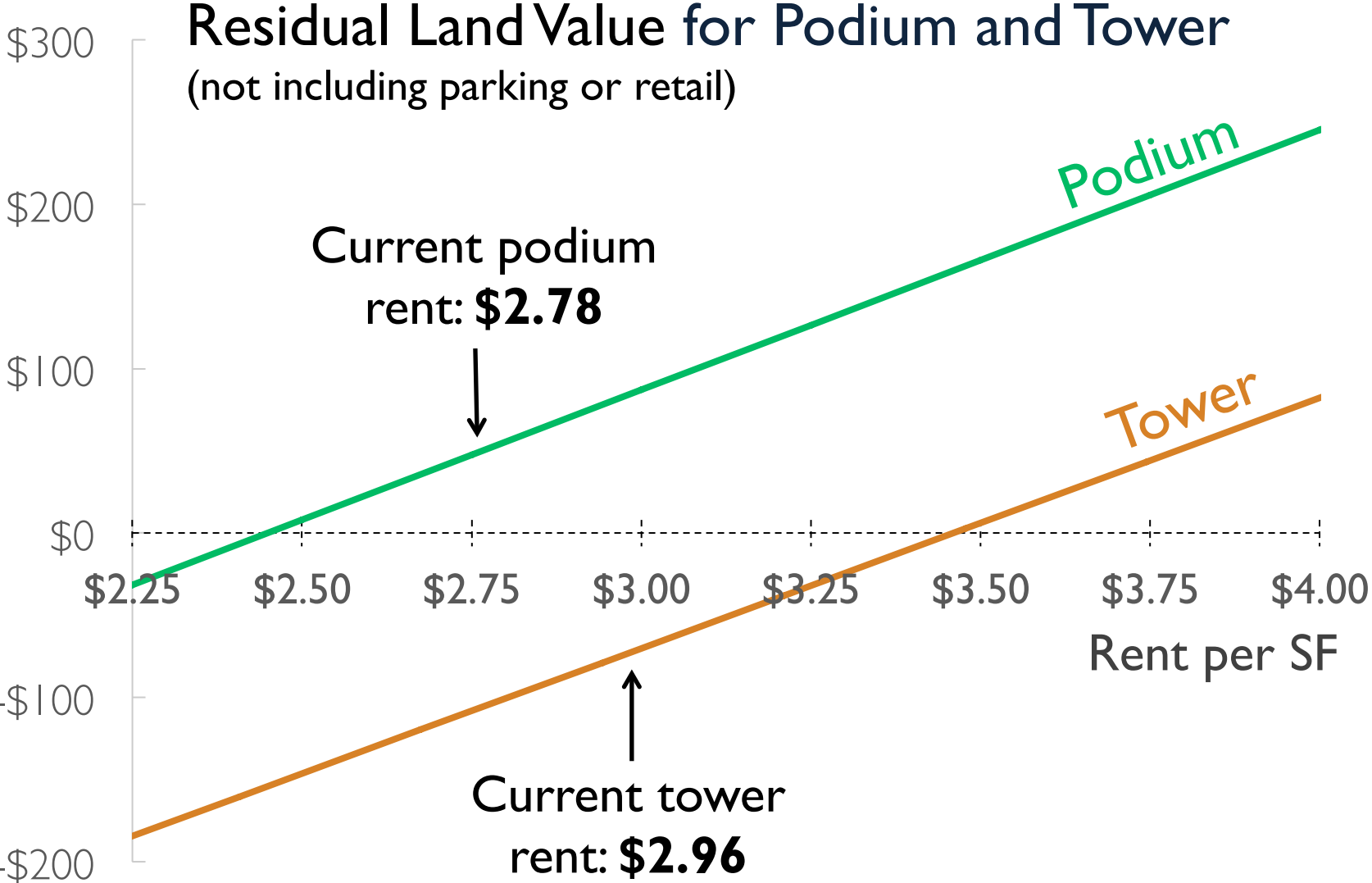
Mixed-Use Podium (e.g., 4 over 1)



Mid-Rise Residential Tower



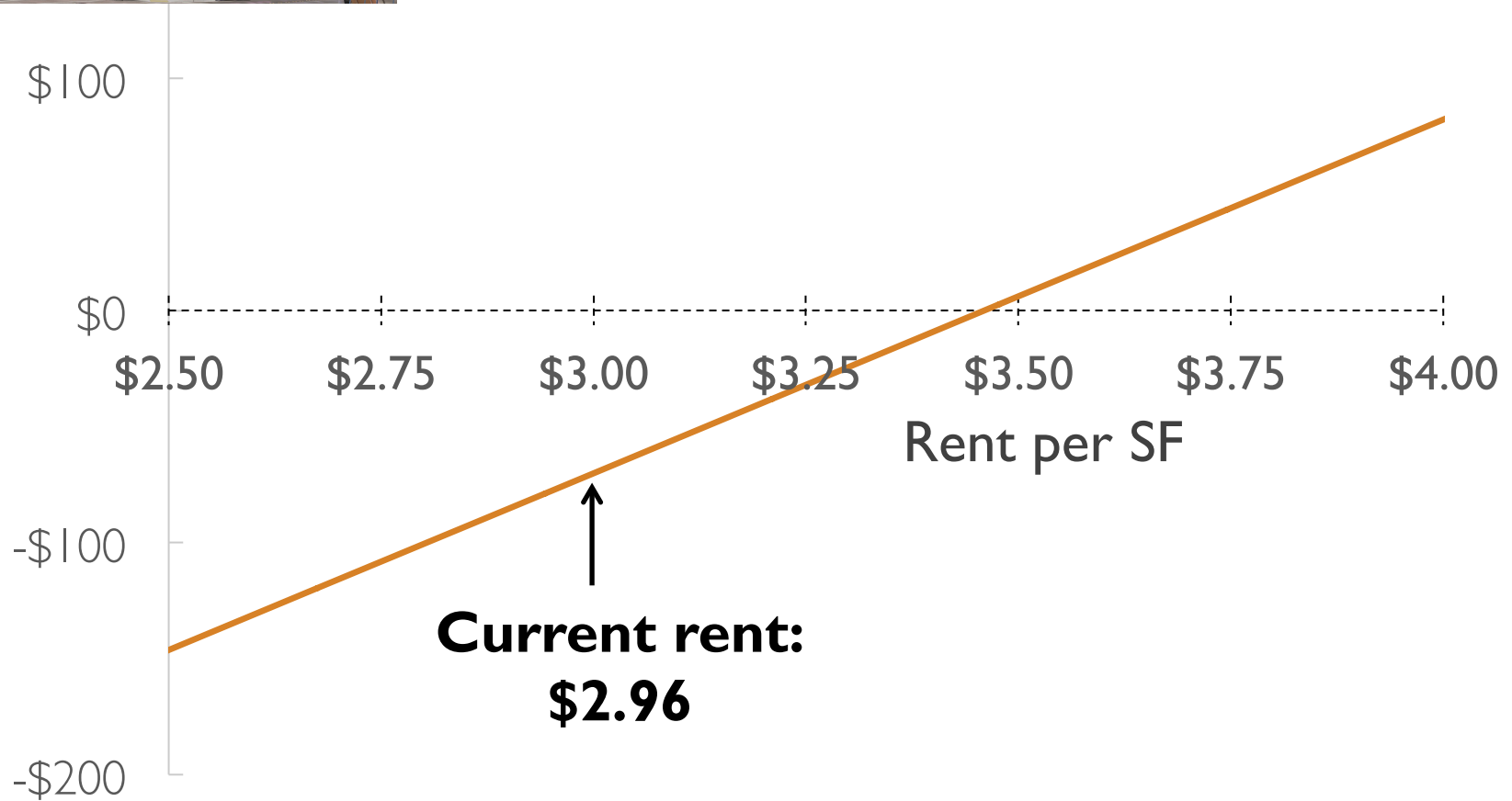
Initial Screen with Pencil-Out Model



Initial Screen with Pencil-Out Model



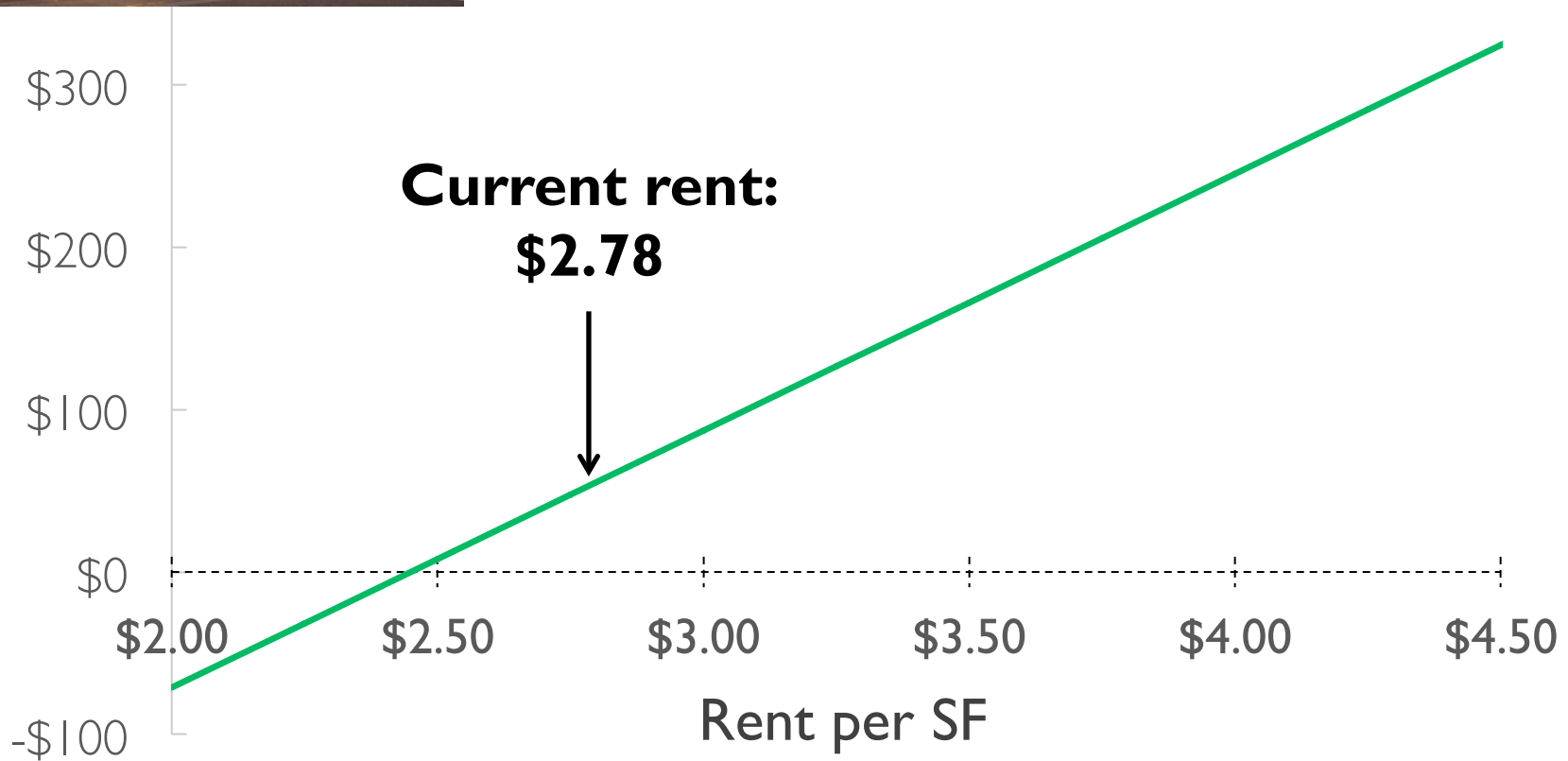
Residual Land Value for Tower (not including parking or retail)



Initial Screen with Pencil-Out Model



Residual Land Value for Podium (not including parking or retail)



Existing Density Bonus System

	Podium	Mid-Rise Tower
Base FAR	1.0	2.0
Bonus	3.0	3.0
Max FAR	4.0	5.0

FAR calculations exclude parking and mechanical

Results:

Bel-Red: ~89 affordable units created since 2009

Baseline Incentive Zoning Policy

- 22% of density bonus sqft at 80% AMI (1:4.6 ratio)
- Affordable for 50 years
 - Example
 - AMI = \$90,000
 - Market Rent for 1 bedroom = \$2,000
 - Affordable Rent for 1 bedroom = \$1,300

Baseline MFTE Policy

- 12 year property tax exemption in exchange for 20% of units set aside as affordable.
- Affordability level depends on location. Bel-Red:
 - 10% of units for 50% AMI or below
 - 10% of units for 70% AMI or below
 - Any unit <300 Sf must be affordable to 45% AMI or below

Results:

0 affordable units created since 2015

ECONorthwest

ECONOMICS • FINANCE • PLANNING



Eugene



Portland

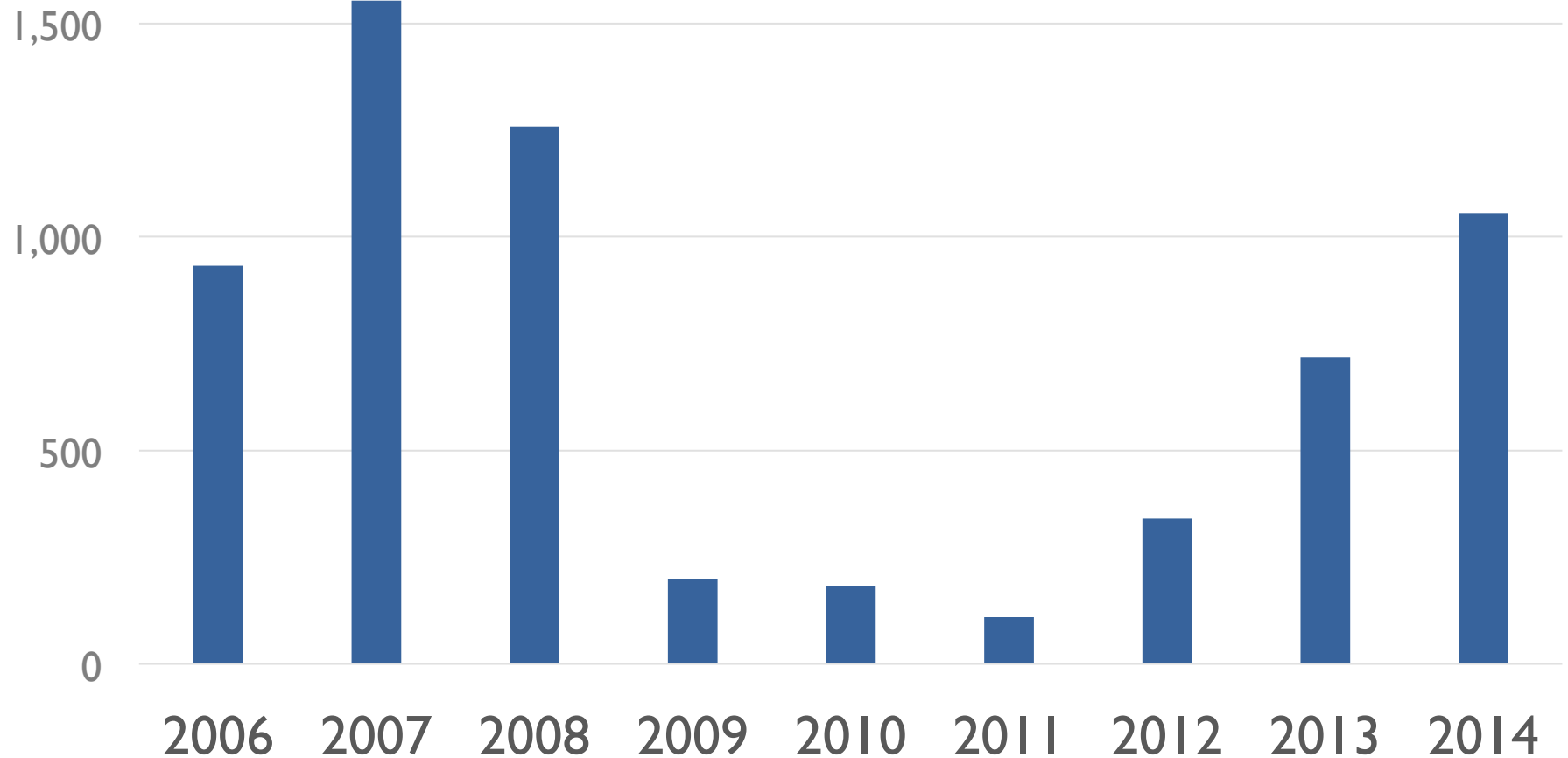


Seattle



Boise

Net Units Permitted, Bellevue



ADUs per 1,000 housing units (2014)

