

II. NEEDS ANALYSIS SUPPLEMENT: BELLEVUE

The Bellevue Needs Analysis Supplement is the third section of the East King County Needs Analysis. Along with the *East King County Report* and the *Housing Needs Analysis Appendix*, these three reports provide ARCH (A Regional Coalition for Housing) member cities with consistent data and analysis which will inform and assist in the updates of local comprehensive plans. The purpose of The Bellevue Needs Analysis is to: highlight demographic and housing data for Bellevue that varies from the material presented in the *Housing Analysis*; describe potential housing issues in different Bellevue neighborhood areas; and summarize housing programs utilized by the City.

The following tables show demographic trends for Bellevue's population since 1990. The first table compares data from the past three decennial censuses, and the second compares data from the 1990 and 2000 census long forms and the 2005-2009 American Community Survey.

| Bellevue Demographic | 1990 Census | 2000 Census | 2010 Census | Percent Change 2000-2010 |
|----------------------|-------------|-------------|-------------|--------------------------|
| Population | 86,874 | 109,827 | 122,363 | 11.4% |
| Percent Minority | 14.7% | 28.3% | 40.8% | 44.2% |
| Percent Asian | 9.9% | 17.4% | 27.5% | 58.0% |
| Housing Units | 37,428 | 48,396 | 55,551 | 14.8% |
| Vacancy Rate | 4.5% | 5.3% | 9.4% | 77.4% |

| Bellevue Demographic Characteristic | 1990 Census | 2000 Census | 2005-2009 ACS* |
|---|-------------|-------------|----------------|
| Percent of population that are foreign born | 13.3% | 24.5% | 30% |
| Percent of population (age 5+) that speak a language other than English | 13.6% | 26.9% | 33% |
| Percent of adults (age 25+) with at least a bachelor's degree | 45.7% | 54.1% | 58% |
| Percent of residents employed in management, professional and related occupations | 39.8% | 53.1% | 58% |
| Household median income (in 2009 inflation adjusted dollars) | \$73,155 | \$80,247 | \$80,350 |
| Percent of individuals with incomes below poverty | 5.6% | 5.7% | 6.6% |
| Percent of residents commuting to work by means other than driving alone | 22.8% | 26.0% | 31% |

*Note: Not all 2005-2009 American Community Survey 5-year estimates are directly comparable to 1990 and 2000 census figures.

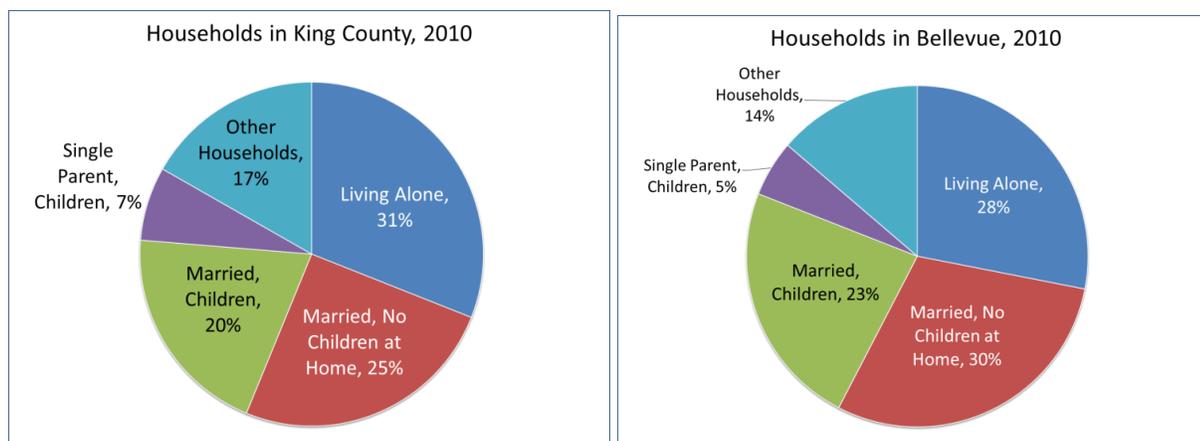
LOCAL DEMOGRAPHIC-HOUSING DATA

Housing Demand

Bellevue, which includes 28% of the population of East King County ARCH cities¹, is a city of vibrant residential neighborhoods and commercial areas, and a Downtown that is a designated Regional Growth Center. Existing zoning allows Bellevue to meet its 20-year Countywide Planning Policy growth target for housing of 17,000 units. However, the vast majority of Bellevue's future housing growth is planned to occur in the mixed use districts of Downtown and BelRed. It will be a challenge for the city to promote a range of affordability within these growth areas to reflect the housing needs of the local workforce and the larger community. Bellevue's population growth excluding annexations between 2000 and 2010 has been modest at 8.7%², compared to East King County's 2000-2010 population growth excluding annexations of 34% (**Appendix, Exhibit A**).

Household Types/Size. *Mix of household types in Bellevue is similar to countywide and East King County totals*, where 62-64% of households consist of one or two persons. (**Appendix, Exhibit C-2**). East King County cities including Bellevue have a slightly higher percentage of married-couple households than King County overall (**Chart B-1**, below).

CHART B-1 Household Types



Source: 2010 U.S. Census

One of the distinguishing demographic characteristics of Bellevue is its ethnic diversity, particularly its foreign-born population. Between the 2000 and 2010 census Bellevue's foreign born population increased from 25% to 32% of the city's population (**Appendix, Exhibit E-2**). In this same time, Bellevue's percent minority race or ethnicity grew from 24.5% to 40.8%. For

¹ In this section, "EKC cities" and "Eastside" are used interchangeably, and always refer to the same cities of the ARCH program. "EKC" is also used at times for brevity, although "EKC cities" would be more precise.

² Population change from 2000 (109,827) to 2010 (122,363) without Annexations (3022) = 8.7% ; population change from 2000 (109,827) to 2013 (132,100) less annexations (8,652) = 12.4%.

persons age 18 and under the percent minority race or ethnicity is 51.4 percent. Bellevue also has the largest percentage of population that speak a language other than English (33%), and households with limited English proficiency (about 9%), compared to other East King County cities (**Appendix, Exhibit E-3**).

Bellevue's profile of cost-burdened households is very similar to that of East King County (**Appendix, Exhibit H-1**). There was a steady increase in the percentage of Bellevue households (renters and owners) that were cost burdened from 1990 (28%) to 2000 (31%) to 2011 (34%). A cost-burdened household is defined as a household that spends more than 30% of its income on housing costs. However, percentage of cost-burdened renter households decreased from 1990 (41%), to 2000 (39%) to 2011 (36%); while percentage of cost-burdened homeowners increased from 1990 (18%) to 2000 (25%), to 2011 (31%). Bellevue's homeownership rate has been steady at about sixty percent.

As with other East King County cities, *the median household income of Bellevue residents is higher than the countywide average* (**Appendix, Exhibit F-1**). About 18% of households are lower income and about 14% are moderate-income³, which is similar to the proportions in other cities in East King County, and lower than countywide figures.

Bellevue's growth in jobs and pronounced shift from "bedroom suburb" to Regional Center has resulted in a greater demand for housing from the workforce than there is available housing. This increases pressure on housing availability and affordability. Jobs-housing balance indicates the ratio of housing demand from the local workforce to the local supply of housing. A ratio of 1.0 means there is an amount of housing equal to the demand for housing from the local workforce. **Chart 5** in the East King County Housing Analysis, indicates that in East King County since 1970 this ratio has gone from well below 1.0 (more housing than jobs typical of "bedroom suburbs") to a ratio closer to 1.5, which means there is a greater demand for housing from the workforce than there is available housing. In Bellevue this shift from "bedroom suburb" has been more pronounced, with the most recent estimate being over 1.5. Bellevue's jobs-housing ratio for planned growth, from 2006 to 2031, is 2.25. Including existing levels and planned growth, in the year 2031, the cumulative jobs-housing ratio for Bellevue would be approximately 1.8. (**Appendix, Exhibit I**).

Bellevue's employment mix is similar to the rest of King County and to other cities in East King County. In most sectors, average salaries for employees in Bellevue are 6% to 12% greater than the average salaries across East King County. The exception is the services sector, but that is skewed by an extraordinarily high average in Redmond. Services sector includes technology employment (**Appendix, Exhibit J-1 and J-2**).

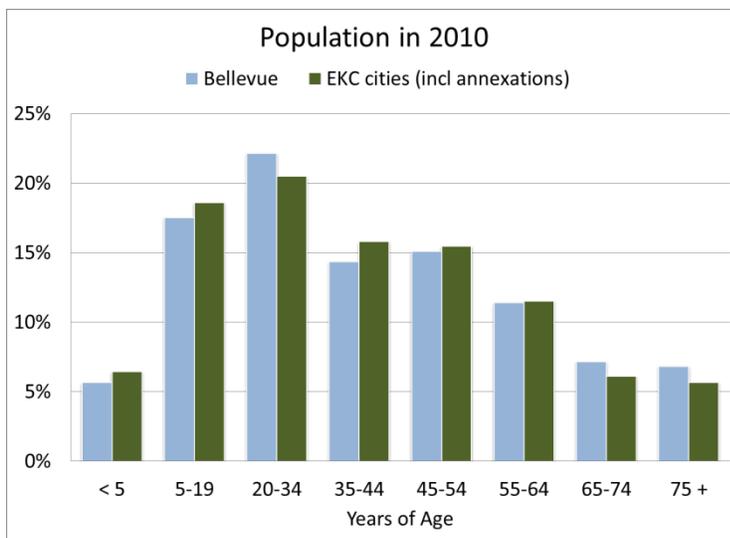
³ King County 2013 household median income (family of 4) is \$86,700. Low-income families are those whose incomes are 50% or less of median; and moderate income families are at 50% to 80% percent of median.

Housing Supply

Bellevue has a nearly 50/50 split of single family versus multifamily (apartment and condo) housing units. This proportion of single family is somewhat lower than most cities in East King County. With a smaller proportion of its housing stock in single family homes, home ownership rates in Bellevue have been a few percentage points lower than other East King County cities (**Appendix, Exhibit L-3**). Overall, King County has seen a decrease in ownership rates since 1990, while Bellevue's rate has kept steady at about 60%.

Average rents in eastern Bellevue run 12% to 14% lower than the average in East King County since 2010, while rents in western Bellevue have been 18% to 24% higher (**Appendix, Exhibit O**).

CHART B-2: Population Age



Source: 2010 U.S. Census Bureau

Home sales prices in Bellevue (including condominiums) are about 20% higher than county-wide averages and similar to average prices for East King County (**Appendix, Exhibit O**). Since 2000, home prices in Bellevue, similar to cities in East King County, went up significantly more than increases in median income. Prices also increased more than the countywide average.

NEIGHBORHOOD CONDITIONS

As discussed in the East King County Analysis, the majority of development capacity for housing in East King County cities is in mixed-use zones. This is even more the case in *Bellevue where over 90% of residential development capacity is in mixed-use zones.*

Bellevue supports the character and vitality of existing neighborhoods by focusing planned housing growth into mixed use areas. Most of Bellevue's housing capacity is in Downtown and BelRed. Prior to 2000, there was both existing single-family and multi-family housing scattered throughout the Downtown planning area, with most located in the peripheral areas.

Redevelopment in the Downtown has included mixed-use with both rental and ownership housing. To date, this redevelopment has not resulted in the loss of any significant amount of

existing housing. It may be worth tracking this issue, and if necessary, reviewing policies regarding preserving or replacing existing affordable housing to see if updates are warranted.

The other major mixed-use area planned for significant housing growth is BelRed, including the planned transit development nodes around light rail stations at 120th Avenue NE and 130th Avenue NE. Current uses in this area are predominantly manufacturing, warehousing, and office-related. There is virtually no existing housing in this area. In 2009 the city updated the subarea plan and zoning code for BelRed. The unique vision of this plan is that new businesses will be adjacent to, and sometimes mixed with, livable neighborhoods with a broad range of housing types, all served by a multi-modal transportation system. The plan was developed to help ensure that this area includes a significant amount of housing to help meet the city's overall housing needs.

Given the high proportion of the city's overall housing capacity in these two areas, one challenge will be for future development to address the full range of housing needs in terms of diversity and affordability. While in the past areas such as these have targeted primarily households without children, housing and the community amenities that serve families with children could be more of a need in the future.

The city has also completed other rezones to include housing in existing commercial areas, including Lake Hills Shopping Center, Factoria Shopping Center and Crossroads commercial area.

SUMMARY OF LOCAL HOUSING STRATEGIES

Affordable housing tools and strategies

Following is a list of housing strategies that have been used by Bellevue to increase the supply of affordable housing, or to provide greater housing choice. Providing housing choice is primarily about encouraging more diverse housing types that better match the needs of the community.

1. **Direct Support**, primarily contributions to the ARCH Housing Trust Fund, land donations, and fee waivers. Member cities of ARCH have provided over to \$39 million of assistance for over 2,800 units since 1993, including over 900 units in Bellevue. However, available funding for affordable housing does not come close to addressing need. Funds are generally targeted at lower affordability levels not addressed by market-rate housing.
2. **Affordable Housing Incentives**. Voluntary or mandatory incentive programs provide bonus density in return for affordable units. Bellevue's current voluntary incentive program has achieved few affordable units. However, affordable units are being achieved in BelRed's FAR Incentive Program, where affordable housing is a 1st tier incentive in order to achieve a density increase.

3. **Reduced parking requirements** can also provide an incentive for affordable housing. In Downtown and BelRed the parking minimum is .25 parking spaces per small affordable unit.
4. **Financial Incentives.** Bellevue currently waives transportation impact fees for affordable housing. *(updated 6/2015) Bellevue adopted the Multifamily Tax Exemption (MFTE) in June 2015.* The MFTE exempts property taxes up to 12 years on new apartments (not land) that includes at least 20% affordable units.
5. **Housing Regulations.** One of the most effective housing strategies for Bellevue and other local cities is **residential or mixed use rezones.** The 1980s Downtown plan included rezones for housing that have resulted in over 7,300 downtown units; the 2009 BelRed Subarea plan could result in 5,000 new housing units within 30 years. Bellevue has also completed several rezones to allow housing in commercial areas where housing was not previously allowed or viable. This includes Lake Hills Shopping Center, Factoria Shopping Center and Crossroads commercial area. Some of these rezones, such as BelRed, require affordable units to achieve the FAR or density increase. A significant number of affordable units are expected to be developed through the BelRed FAR affordable housing incentive. **Planned Unit Development (PUD)** regulation encourages innovative site design, including clustering density to protect critical areas. Smaller clustered units, such as cottage housing, can be developed under Bellevue's PUD regulations.
Senior Housing Regulation Bellevue counts smaller senior units as .5 units per acre, allowing higher density than normally allowed.
Accessory Dwelling Units (ADUs) Bellevue has permitted about 100 attached ADUs for extended family, caregivers or rental units. Detached ADUs are not allowed.
6. **Catalyst Housing.** Public investment in housing, or the infrastructure that supports housing, can be a catalyst to housing development. For example, Bellevue's Downtown Housing Fund was used in the mid-1990's to encourage new housing consistent with the Downtown Plan. Ashwood Court and Pacific Inn provided affordable units and pioneer Downtown housing development.
7. **Transit Oriented Development.** Catalyst housing projects around transit encourages transit oriented development. Village at Overlake in Redmond and Imagine Housing at South Kirkland Park and Ride are examples of new housing at transit centers that include all or a portion of housing as affordable units.

COMPREHENSIVE PLAN HOUSING VISION

Meeting the community's housing need is central to Bellevue's draft Comprehensive Plan housing vision:

Bellevue meets the housing needs of its diverse population, strengthening neighborhoods and communities. Bellevue works with its partners to meet the community's housing needs

through a range of housing types and affordabilities. Bellevue employs a wide range of strategies to meet its share of the regional housing need.

Through its adopted plans and policies, the city pursues opportunities to:

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

OVERALL RESULTS

A re-energized housing market and targeted affordable housing strategies both impact the amount, type and affordability of new Bellevue housing, and progress towards the city's affordable housing goals. Despite the recession, by 2011 Bellevue was on a pace to exceed its overall housing target for 2001–2022, averaging 596 units per year against the target average of 506 units (**Appendix, Exhibit R-2**).

With respect to affordable housing goals, between 1993 and 2010 (that is, over the first 18 years of Growth Management Act implementation), Bellevue was somewhat below target for provision of moderate income housing; averaging 100 moderate income units per year against the target average of 116 units per year (86% of target). Bellevue lagged considerably in the creation of low income housing; averaging 47 low income units per year versus the target average of 163 units per year (29% of target). The overall results of Eastside cities is further below target, achieving 67% of target for moderate income units and 20% of target for low income units. (**Chart 11**).