

CITY COUNCIL AGENDA TOPIC

Land Use Code Amendment to establish a development agreement pathway specifically for projects involving public-private partnerships.

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EXECUTIVE SUMMARY**DIRECTION**

Staff will be presenting on the proposed scope of this Land Use Code Amendment (LUCA) establishing a public-private partnership (P3) development agreement (DA) pathway to allow greater zoning and development flexibility when the city has ownership or control of property or is a major funder of a project, in order to advance city policy priorities such as affordable housing, environmental stewardship, and economic development.

Following discussion, staff will ask City Council to enter a finding of necessity for the council to process this LUCA and direct staff to schedule a public hearing on this LUCA.

RECOMMENDATION

Enter a finding of necessity for the council to process this LUCA and direct staff to schedule the public hearing.

BACKGROUND/ANALYSIS**Statutory Framework and Purpose of Development Agreements**

State law expressly authorizes development agreements through the Local Project Review Act, Chapter 36.70B RCW. Under this framework, a development agreement is a voluntary, legally binding contract between a local jurisdiction and a party that owns or controls property within the jurisdiction. The agreement specifies the obligations of both parties and establishes the development regulations, standards, and conditions that will govern development of the property for the duration of the agreement. Once executed, a development agreement runs with the land and is binding on the parties and their successors.

Development agreements provide certainty to developers by specifying applicable development regulations for the agreed term. In exchange, a city may negotiate project specific commitments, including mitigation of project impacts, clarification of phasing and timing, and provision of public improvements or amenities. Development agreements are approved through a City Council process

and are negotiated as contracts executed by the council.

Existing Development Agreement Pathways In Bellevue

The Land Use Code (LUC) currently authorizes development agreements in specific contexts and geographic areas to advance defined policy objectives. In Downtown, development agreements may be used for the siting of pedestrian bridges and for council review of the “Flexible Amenity” option within the amenity incentive program. That option allows applicants to propose an amenity not listed among the standard downtown amenities when it would substantially increase downtown livability, with the council determining whether the proposal meets this threshold through the development agreement process.

Similar flexibility exists in East Main, where development agreements are authorized for transit-oriented redevelopment projects that provide higher levels of affordable housing or propose a “Flexible Amenity”. In Wilburton, development agreements are authorized for sites abutting the Grand Connection to provide substantial development flexibility in exchange for delivery of that major public connection. Development agreements may also be used throughout the city to site homeless services uses.

The most prominent example of a DA in the city is the BelRed Spring District Catalyst Project. In 2009, the city executed a DA with the developer Wright Runstad for the Spring District, providing long term regulatory certainty and reduced incentive fee in lieu rates over a 15-year period that was subsequently extended by action of the council. In exchange, the developer committed to delivering developer funded infrastructure along with housing and office to spur development in the area.

Proposed P3 Development Agreement LUCA

The proposed P3 DA LUCA would establish additional development agreement pathways specifically for projects involving public-private partnerships. The intent is to allow greater zoning and development flexibility when the city has ownership or control of property or is a major funder of a project, in order to advance city policy priorities such as affordable housing, sustainability, and economic development. A primary use case includes redevelopment of city owned sites, such as parcels in the BelRed and Wilburton areas where the city is seeking residential and mixed use development near high-capacity transit. Through a P3 DA, council would be able to negotiate clear and enforceable public benefits and project outcomes while offering flexibility in development standards that may otherwise constrain development capacity or impact project feasibility. These additional DA pathways are intended to make city owned or city supported projects more attractive to private sector partners while ensuring delivery of defined public benefits.

The LUCA would also consolidate existing DA provisions, which are currently dispersed across multiple sections of the LUC, into a single chapter to improve clarity, efficiency, and ease of use. It would define when a P3 DA is authorized, generally when the city owns or controls real property or serves as a major project funder. The LUCA would also establish submittal requirements, the review and approval process, which includes council direction to initiate and negotiate a development agreement, the framework for city evaluation of proposed DAs, and procedures for modification of an approved agreement. The Strike Draft for this LUCA proposes amendments to some provisions of the Land Use Code that are also proposed to be amended by the Housing Opportunities in Mixed-Use Areas (HOMA) LUCA. If the HOMA LUCA is modified, then staff will update the Strike Draft of the P3 DA LUCA as may

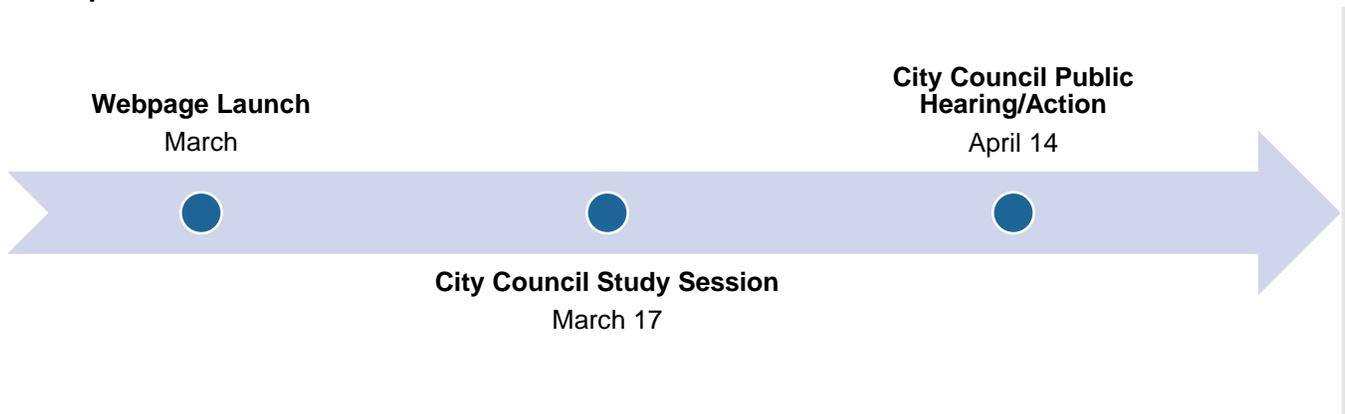
be needed to maintain consistency.

Public Engagement

Because the LUCA establishes a policy tool rather than approving a specific development project, public engagement is structured differently from a typical LUCA. Engagement is focused on transparency and awareness of the proposed LUCA and process. To promote transparency and public awareness, staff are implementing a targeted engagement plan with two modes of outreach:

1. Process IV Requirements. Process consistent with Chapter 20.35 LUC procedural requirements to provide opportunities for public comment.
2. Online Presence. A city webpage was published in March for members of the public to find more information on the LUCA, updates on the review process, staff contact information, and methods for providing comments.

Anticipated Timeline



POLICY & FISCAL IMPACTS

Policy Impact

The proposed P3 Development Agreement LUCA would provide the council with a new and targeted tool to advance adopted policy priorities when the city owns, controls, or significantly funds a project. By allowing negotiated development flexibility in exchange for defined and enforceable public benefits, the LUCA would improve the feasibility of public-private partnership projects and support outcomes related to housing, sustainability, transit-oriented development, and economic vitality.

The LUCA is consistent with and helps implement the Comprehensive Plan and related functional plans, including the Economic Development Plan, Sustainable Bellevue Plan, and Affordable Housing Strategy.

Fiscal Impact

There is no direct fiscal impact associated with establishing the pathway for P3 development agreements. This LUCA establishes a regulatory framework and does not approve or fund any specific project.

Negotiation, review, and administration of individual development agreements will require staff time and resources. Any fiscal impacts associated with a specific development agreement, including potential

revenues, expenditures, or long-term financial obligations, would be evaluated and disclosed as part of the council's review and consideration of that development agreement.

OPTIONS

1. Enter a finding of necessity for the council to process this LUCA and direct staff to schedule the public hearing.
2. Provide alternative direction to staff.

ATTACHMENTS

A. Public-Private Partnership Development Agreement LUCA Strike Draft

AVAILABLE IN COUNCIL LIBRARY

N/A