

Bellevue Grand Connection: Tax Increment Financing Update

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Direction

Consider directing staff to prepare an ordinance to establish the tax increment finance area for action at a future meeting



Agenda

1. Grand Connection Overview
2. TIF Overview
3. TIF Adoption Timeline and Taxing Districts



Grand Connection Overview



Grand Connection Origins, Vision

- First established as a Council Priority in 2012
- Framework Plan adopted by Council in 2017-2018
- Early design work for the Crossing in 2021-2022
- WSP selection to perform 30% design in 2023
- Creation of the Office of the Grand Connection in 2025, received state permission to pursue GC/CM



Crossing will Accelerate Development in Wilburton



Crossing Connects Key Regional Growth Centers

- 2025 land use update enables transit-oriented development of up to 450' at the core.
- Robust ped and bike connections, including 42-mile Eastrail corridor
- Crosslake connection of light rail to SeaTac Airport is critical
- Magnet for major employers, including T-Mobile, TikTok, OpenAI, Amazon, Snowflake, and more



TIF Overview



Participating in TIF: Taxing Districts

Senate Bill 5801, section 1310

18 (D) A governing body of any taxing district within the increment
19 area approves by a majority vote, and according to the governing
20 body's ordinance and publication procedures, the taxing district's
21 partial or full participation in the tax increment project. If the
22 governing body does not approve its participation, the taxing
23 district's property taxes are not subject to apportionment under this
24 chapter and the taxing district is excluded from the provisions of
25 this section;

1. TIF Adoption requires taxing districts to **take action to participate. They must take action prior to the City taking action.**
2. Establishes statutory **authority for the governing bodies** to take required action.
3. Special authority (\$500M maximum AV) from the legislature expires in **June 2026**.

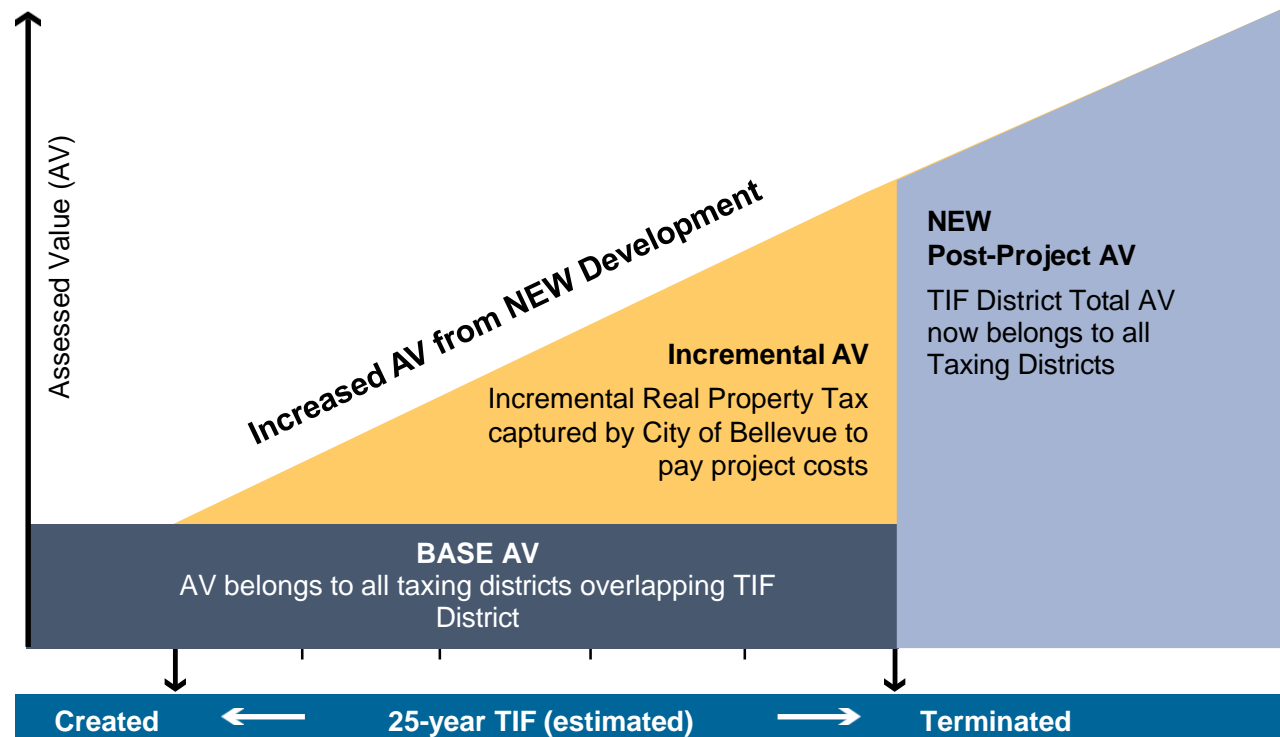
Impacted taxing districts

1. King County & King County Emergency Medical Services
2. King County Flood Control District
3. King County Library System
4. Port of Seattle
5. Sound Transit



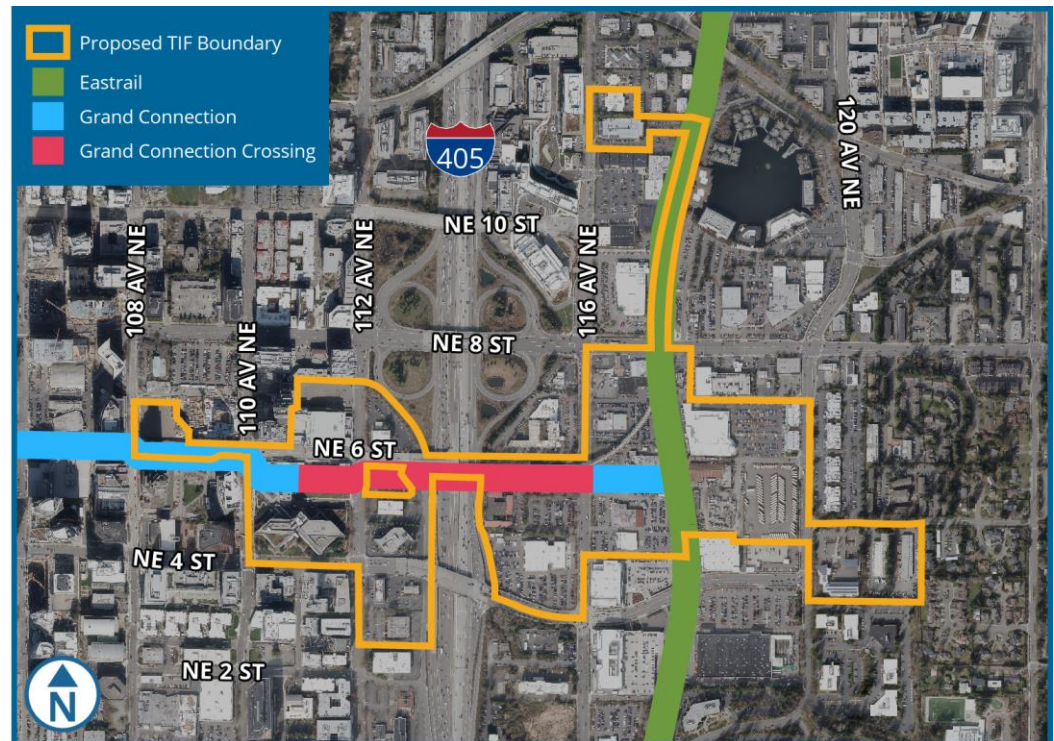
TIF Model

- Generally, TIF captures property taxes generated from increased assessed valuation on the site that results from private development following infrastructure investment.
- Washington state TIF law excludes State property tax and voter approved school levies.



Proposed Tax Increment Area (TIA)

- Authority has a \$500M assessed value maximum
- Project Analysis models three development scenarios that could result over the life of the TIF because of the Crossing project:
 - Full, Phased, Market-Responsive Limited Buildout
- Analysis delivered to State Treasurer January 14
- Includes publicly-owned parcels likely to redevelop within '27-52
- Excludes housing development projects likely to utilize MFTE for affordable housing production

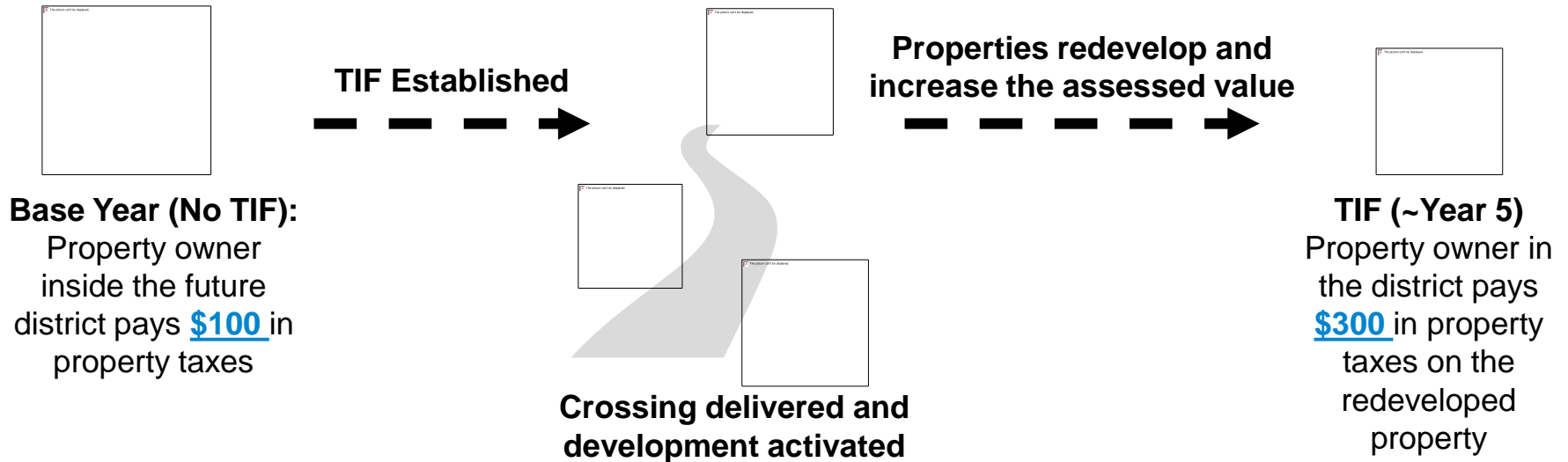


Project Analysis: Revenue Modeling

TIF Revenues (over 25 years)	Assumption	Present Value	Nominal Value
Full Buildout Scenario	Full realization of the planned development program across all sites, with rapid absorption and maximum square footage achieved.	\$60.3 Million	\$128.8 Million
Phased Full Buildout Scenario	Reflects the same ultimate development program as Full Buildout but assumes a slower absorption schedule over time.	\$46.1 Million	\$104.4 Million
Market-Responsive Limited Buildout Scenario	A conservative scenario that includes only a subset of sites expected to develop in the near term due to proximity to the Grand Connection and stronger market signals.	\$41 Million	\$84.4 Million



Property Owners in the TIF District



With the TIF District established, the entire increment of **\$200 in taxes from the new assessed value** goes to the city to invest in the Crossing – for the life of the District



TIF Frequently Asked Questions

Is TIF an additional tax on Bellevue property owners?

No, this would be **property taxes that residents will already be paying** but would be redirected from other taxing jurisdictions to Bellevue to fund a local project.

Will TIF divert money from local schools?

No, **TIF only redirects revenue from regular levies**—it does not affect excess levies, which include voter-approved bonds and levies used to fund public education.

What happens if more development occurs than anticipated?

The **TIF will terminate sooner** and other taxing agreements conclude faster. Tax revenue allocations return to a pre-TIF distribution.

TIF Allocation Revenues in a Limited Buildout Scenario

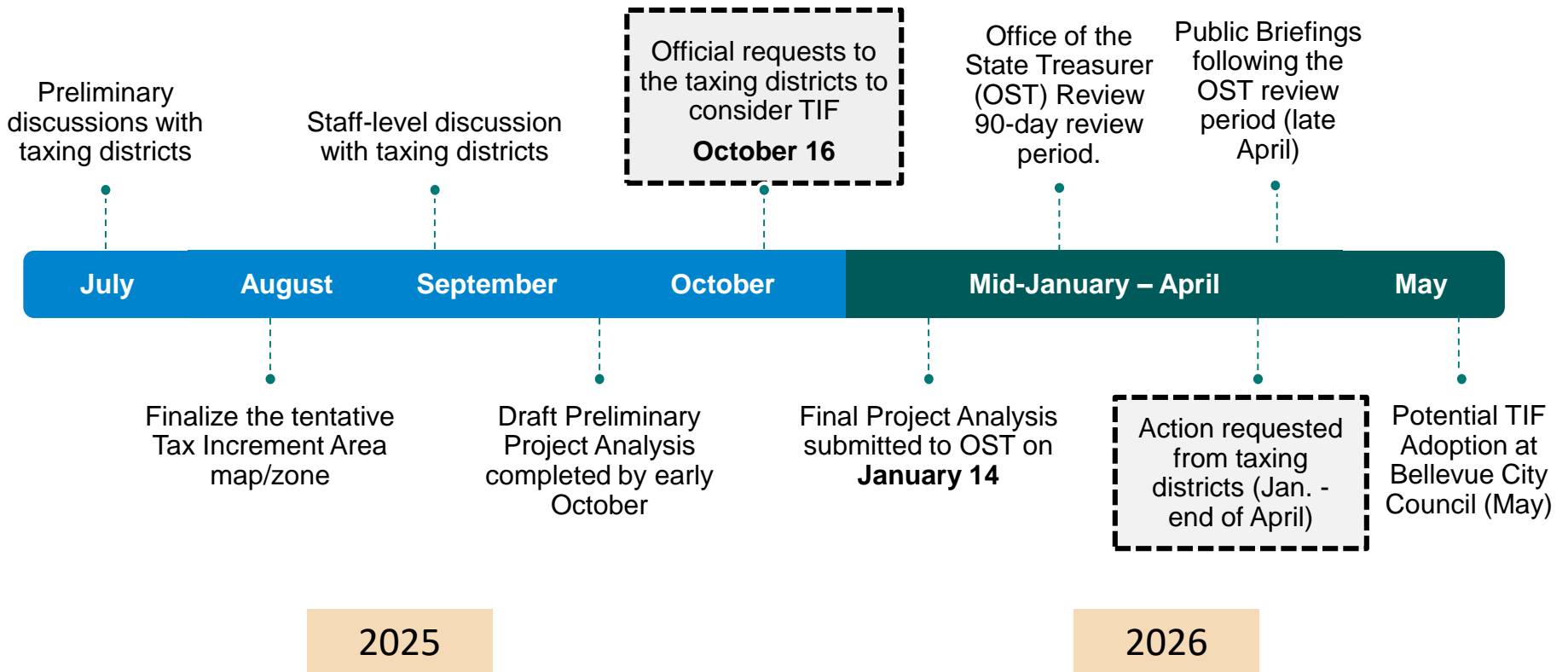
Jurisdiction	Taxes Allocated to TIF
City of Bellevue	\$21,941,000
King County Library District	\$7,047,000
Port of Seattle	\$1,407,000
Sound Transit	\$4,685,000
King County Flood Control District	\$2,659,000
King County & King County EMS	\$30,000,000
<u>Total</u>	<u>\$67,739,000</u>






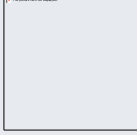
TIF Adoption Timeline and Taxing Districts



TIF Adoption Timeline




Recent and Upcoming Engagement with Taxing Districts

Taxing District	Date and/or Action	Status
King County Library System	KCLS Board of Trustees unanimously passed the resolution to participate fully on 4/29.	
Port of Seattle	Port of Seattle Commission unanimously passed the resolution to participate fully on 4/28.	
Sound Transit	Board of Directors unanimously passed the resolution to participate fully on 4/23.	
King County Flood Control District	FCD Board of Supervisors unanimously passed the resolution to participate fully on 4/28.	



Recent and Upcoming Engagement with Taxing Districts

Taxing District	Date and/or Action	Status
King County & King County EMS	Passed by the full King County Council on 5/5 (tentative)	



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