

CITY COUNCIL AGENDA TOPIC

Resolution authorizing Housing Stability Program capital funding in the amount of \$2,000,000 for the Bellwether Housing – Bellevue TOD Project; approving conditions for funding recommended by staff; and authorizing the City Manager to enter into agreements for the project and execute necessary documents consistent with approved conditions.

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A Regional Coalition for Housing (ARCH)

EXECUTIVE SUMMARY**ACTION**

As directed by City Council on February 24, this Resolution adopts the Fall 2025 Housing Stability Program (HSP) funding recommendations and authorizes disbursement from revenues collected under Revised Code of Washington (RCW) 82.14.530 (HB 1590) amounting to \$2,000,000 in capital funds for the Bellwether Housing – Bellevue TOD project. ARCH will serve as the city's designee with respect to any agreement for the Bellwether Housing - Bellevue TOD project.

RECOMMENDATION

Move to adopt Resolution No. 10605

BACKGROUND/ANALYSIS

On February 24, the council directed staff to return with legislation approving \$2,000,000 in secured funds to Bellwether Housing in support of the Bellevue Transit-Oriented Development (TOD) project.

The council approved Resolution No. 9826 on October 12, 2020, which allows the city to collect up to 0.1% sales and use tax for housing and related services under RCW 82.14.530. The legislation as adopted by the State focuses on very targeted and often underserved populations. It mandates that a majority of the revenues collected serve individuals whose income is at or below 60% of the area median income of the county where the tax is imposed.

On July 5, 2022, the council approved a framework for the use of Housing Stability Program (HSP) funds. The framework includes:

- Up to 40% for housing partnership projects and land acquisition, with exploration of bonding.
- Approximately 40% for capital projects and operations and maintenance costs, including on-site services.
- Approximately 15% for behavioral health and housing-related services.

- Approximately 5% for the administration and oversight of the program.

The Fall 2025 HSP request for proposals received eight applications. Summaries of these projects, the review process, and staff recommendations were presented to council on February 24. Council’s direction following this presentation aligned with staff’s recommendation to fund four of the eight applications, including Bellwether Housing’s request of \$2,000,000 in capital funds.

The proposed development will be a 127-unit, 8-story residential building, located on the corner of 120th Ave NE and Bel Red Road in Bellevue’s Wilburton neighborhood on city-owned land. The proposed project sets aside units for a broad range of lower-income individuals and families with earnings less than 30%, 50%, 60%, and 80% area median income (AMI). The majority of units serve residents earning less than 50% and 60% AMI. This development will also include a focus on larger-sized units for families.

The design includes ground-floor retail space for community partners – Bellwether is collaborating with Bellevue Boys & Girls Club and WheelLab to create a community-focused space to provide education and job-training opportunities centered around cycling for families and young adults.

Project History:

- In 2014, the City of Bellevue secured the site as part of work to realign Bel Red Road and held the property for subsequent development.
- In 2025, the City of Bellevue issued an RFP for development proposals for the site and awarded the project to Bellwether Housing.
- Bellwether Housing is currently negotiating a development agreement with City of Bellevue staff and is in the early stages of design development work on the project.

Bellwether’s request is for predevelopment funds to advance the design and entitlement processes for the project. Bellwether Housing will apply for additional capital funds from Bellevue and ARCH in 2026.

To ensure compliance with RCW 82.14.530 and effective monitoring, funding for the Bellwether Housing - Bellevue TOD project will be subject to both standard conditions, detailed below, and special conditions, detailed in Attachment A, as recommended by staff:

Standard Capital Award Conditions (Apply to all projects receiving capital awards):

I. Prior to Contracting

- a. Agency shall submit evidence of funding commitments from all proposed sources. In the event commitment of funds identified in the application cannot be secured in the timeframe identified in the application, the Agency shall immediately notify City/City’s designee, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to City/City’s designee review and approval.
- b. In the event federal funds are used, and to the extent applicable, all federal laws, regulations and guidelines must be met, including but not limited to the following: contractor solicitation, bidding, and selection; wage rates; and Endangered Species Act (ESA) requirements. CDBG funds may be used, subject to program requirements. AGENCY must submit a draft management, affirmative marketing, and services plan, if applicable, for approval by staff designated by the City.

II. Through Construction Period

- a. None

III. Ongoing Requirement through Period of Affordability

- a. **(HSP ONLY)** The project must serve the target population and income levels required by the funding source, the sales and use tax for housing and related services authorized by RCW 82.14.530.
- b. AGENCY shall provide revised acquisition/development and operating budgets based upon actual funding commitments, which must be approved by staff designated by the City. If AGENCY is unable to adhere to the budgets, the City/City's designee must be immediately notified and (a) new budget(s) shall be submitted by AGENCY for City approval. The City's designee shall not unreasonably withhold its approval to (a) revised budget(s), so long as such new budget(s) does not materially adversely change the Project. This shall be a continuing obligation of the City. Failure to adhere to the budgets, either original or as amended may result in withdrawal of City's commitment of funds.
- c. AGENCY shall maintain documentation of any necessary land use approvals and permits required by the city in which the project is located.
- d. City shall retain, and not release, five percent (5%) of the award amount until the project completion and satisfaction of the close out terms.
- e. Owner/AGENCY shall submit quarterly monitoring reports until the opening of the housing/building to occupancy, and annually thereafter, and shall submit a final budget after closing on the acquisition and upon project completion. Owner shall submit initial tenant information as required by the City/City's designee.
- f. Owner/AGENCY shall maintain the project in good and habitable condition for the duration of the period of affordability.
- g. Owner/AGENCY must submit for approval by the City/City's designee a final management, affirmative marketing, and services plan at least 60 days prior to occupancy.
- h. Agency may negotiate, approve, execute, and record amendments or releases of any Bellevue loan documents as may be needed for the project; provided the project still provides the anticipated affordable housing and there is sufficient collateral to secure the members' financial investment, all as determined by City/City's designee.
- i. The net developer fee shall be established at the time of finalizing the Contract Budget and will follow the ARCH Net Developer Fee Schedule. Net developer fee is defined as that portion of the developer fee paid out of capital funding sources and does not include the deferred portion which is paid out of cash flow from operations after being placed in service.
- j. A covenant is recorded ensuring affordability for at least 55 years, with size and affordability distribution per award letter.

- k. It is further acknowledged that projects may change in any number of ways from the time of award until signing of the funding agreement. In order to continue support of projects after legislative approval, the following changes may be approved by the party identified in the table below:

Type of Change	Proposed Approver
Change to proposed population	City Manager
Change to total number of units or bedrooms of less than 20%	OH Director
Change to total number of units or bedrooms greater than 20%	City Manager
Change to affordability levels resulting in average AMI increasing 10% AMI or less change	OH Director
Change to affordability levels resulting in average AMI increasing over 10% AMI	City Manager
Increase in funding amount up to 20%**	(subject to funding availability) City Manager
Change in project sponsor	City Manager

POLICY & FISCAL IMPACTS

Policy Impact

Council has taken recent steps to expand affordable housing in Bellevue. In November 2024, council launched an update to its Affordable Housing Strategy and set an ambitious goal to produce or preserve a target of 5,700 affordable units over the next 10 years. In alignment with the City’s Strategic Target Areas and Council Priorities on affordable housing, the council authorized the establishment of an Office of Housing, and an Affordable Housing Reserve (Affordable Housing Fund, or AHF) through the adoption of the 2025-2026 Biennial Budget on November 19, 2024. The 2025 HSP and AHF funding recommendations strengthen Bellevue’s commitment to housing affordability by delivering on priorities in the 2024 Comprehensive Plan and the Affordable Housing Strategy. These actions expand housing choices for a growing and diverse population and accelerate investments in building, preserving, and sustaining affordable homes and essential services.

Fiscal Impact

The proposed Fall 2025 HSP funding resolution will authorize the allocation of funding. The HSP has a sufficient balance to cover the 2025 recommended expenditures. The uncommitted HSP balance at the end of fiscal year 2025 is expected to be \$22,996,512. There is sufficient funding in the adopted 2025-2026 budget to cover expected costs in this biennium. Appropriation for future costs will come to council via the biennial budget process.

OPTIONS

1. Adopt the Resolution authorizing Housing Stability Program capital funding in the amount of \$2,000,000 for the Bellwether Housing – Bellevue TOD Project; approving conditions for funding recommended by staff; and authorizing the City Manager to enter into agreements for the project and execute necessary documents consistent with approved conditions.
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS

- A. Fall 2025 Housing Stability Program Funding Recommendations
Proposed Resolution No. 10605

AVAILABLE IN COUNCIL LIBRARY

HB 1590 Interest Statement