

CITY COUNCIL AGENDA TOPIC

Resolution authorizing execution of a Predevelopment Agreement and future Ground Lease with Bellwether Housing for the redevelopment of the city-owned Wilburton TOD parcel for affordable housing.

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EXECUTIVE SUMMARY**ACTION**

This Resolution authorizes the execution of a Predevelopment Agreement and future Ground Lease Agreement with Bellwether Housing for the redevelopment of the city-owned Wilburton TOD parcel for affordable housing. The Predevelopment Agreement governs the obligations of the City of Bellevue and Bellwether Housing during the entitlement and design of the project, identifying specific conditions that must be met prior to closing of the Ground Lease. The Ground Lease will be signed once those conditions are met and will govern the long-term lease of the property.

RECOMMENDATION

Move to adopt Resolution No. 10590.

BACKGROUND/ANALYSIS

The Wilburton Transit-Oriented Development (TOD) parcel is located at the intersection of 120th Avenue and BelRed Road, approximately half a mile from the Wilburton Light Rail Station. The parcel was originally purchased by the City of Bellevue in 2014 to support a street improvement project and was subsequently split by the realignment of BelRed Road in 2018, resulting in a north and south parcel. In 2023, the north parcel was identified as a suitable surplus property for the development of affordable housing, consistent with the strategy identified in the Comprehensive Plan to “prioritize suitable surplus city land for development of affordable housing, including affordable homeownership” (HO-52), and pursuant to BCC Chapter 4.32 regarding the sale of city property.

On February 14, 2025, the city issued a Request for Proposals (RFP) to select a developer to enter into a 99-year ground lease of the half-acre north remnant parcel and construct a mixed-use affordable housing project that advances the vision of the Wilburton TOD District as a vibrant, walkable neighborhood. A six-member evaluation committee comprised of city subject matter experts reviewed proposals and qualifications from nine development teams, ultimately selecting Bellwether Housing. Bellwether’s proposal demonstrated their strong development experience, their commitment to maximizing the number of deeply affordable units and family-sized units, and their thoughtful inclusion of amenities and partnerships that align with the vision of the Wilburton TOD District.

Following the selection of Bellwether in July 2025, staff entered into negotiations for the eventual long-

term ground lease of the property. This has resulted in the execution of a nonbinding term sheet (Attachment A), which outlines key project outcomes based on the RFP submittals and establishes the framework for two key legal agreements that are now ready for Council's consideration – a Predevelopment Agreement and Ground Lease Agreement.

The Predevelopment Agreement (Attachment B) will be executed immediately following Council approval and will govern the obligations of the City of Bellevue and Bellwether Housing during the entitlement and design phase of the project. During this time, Bellwether will finalize the design of the project, secure entitlements, and acquire additional public and private funding commitments. The Office of Housing will collaborate with Development Services to guide Bellwether through the permitting process and will ensure that final project elements remain consistent with the initial proposal. ARCH will assist the Office of Housing in tracking public funding commitments.

There are three key closing conditions that must be met to satisfy the Predevelopment Agreement and advance the Ground Lease Agreement for final signature:

1. Permitting: Bellwether must secure all necessary permits and approvals for the construction of the project.
2. Financing: Bellwether must secure all necessary financing and submit a Financing Plan to be approved by the City Manager, which consists of a detailed budget and copies of all commitment letters, term sheets, or award notifications.
3. Affordable Housing Outcomes: Bellwether and the city must have agreed on the project's final affordability levels, income targeting, and unit mix.

Once these conditions have been satisfied, Bellwether and the city will proceed to sign the Ground Lease Agreement, along with a restrictive covenant. The outside date to meet these conditions is March 31, 2028, which is expected to provide Bellwether the necessary time to obtain permits and to apply for funding under two annual public funding rounds.

The Ground Lease Agreement (Attachment C) is included as an exhibit to the Predevelopment Agreement, with the understanding that it will be signed once all closing conditions are satisfied and that certain elements may be updated prior to closing as design and financing efforts advance. This structure allows Bellwether to demonstrate site control for funding purposes, while preserving the city's interest in the land until the project is ready to break ground. In exchange for a nominal ground lease rent of \$1 per year, Bellwether will provide affordable housing for 99 years, after which the city will own all improvements to the site. At signing, the Ground Lease will supersede the Predevelopment Agreement and govern the construction and long-term use of the property. This includes measures regarding maintenance and alterations, leasehold encumbrances, and damages, ultimately ensuring that the city remains aware of and/or involved in major decisions over the entire lease term. As consideration for the provision of the below-market ground lease, Bellwether will record a covenant that restricts the use of the land for affordable housing, establishes the final affordability levels and unit requirements, and provides monitoring and enforcement rights to the city.

Neither the Predevelopment nor Ground Lease Agreement commit the city to any additional financial support for the project outside of the below-market rate ground lease. In 2025, Bellwether applied for \$2M from the City's Housing Stability Program to reimburse predevelopment costs. This funding will be

governed by separate agreements and covenants tied specifically to the award, separate from the Predevelopment and Ground Lease Agreements. Any future additional funding requests will similarly be outside the scope of these two agreements.

POLICY & FISCAL IMPACTS

Policy Impact

This redevelopment effort and associated agreements align with the city's Wilburton/N.E. 8th St Subarea Plan, which focuses on supporting higher-density mixed use development in the Wilburton Transit-Oriented Development (TOD) area that complements Downtown, provides a variety of new housing and job opportunities, and provides convenient access to transit, amenities, and services for the adjacent neighborhoods.

Wilburton/N.E. 8th St Subarea Plan S-WI-51.

Provide for housing that supports a workforce representing a broad spectrum of professions and income levels being able to live in proximity to where they work.

Comprehensive Plan Housing Element HO-52.

Prioritize suitable surplus city land for development of affordable housing, including affordable homeownership.

Bellevue City Code:

Under BCC 4.32.020, leases of city property for less than fair market value must be submitted to the City Council for approval.

City Procedure:

The City has a procedure in place for the sale or lease of City Property which provides at a high level that "Any disposition of City real property should accomplish the greatest benefit or return possible, based on the limitations of the property and the intended City objectives. Returns to the City can be monetary or in the form of other real property. Benefits may result from a project that furthers a City objective or goal, or may be an impetus for completion of another city project."

Fiscal Impact

This future development will further catalyze the Wilburton subarea and result in activity that creates jobs, retains essential workers, and fosters economic activity in ways that support individuals and city revenues. The adopted 2025-2026 General Fund budget and 2025-2030 Capital Improvement Program supports work on the city's responsibilities in this redevelopment partnership.

The Wilburton TOD site is currently under a market-rate month-to-month lease that will be terminated prior to the closing of the Ground Lease, resulting in nominal lost revenue to the city.

OPTIONS

1. Adopt resolution authorizing execution of a Predevelopment Agreement and future Ground Lease with Bellwether Housing for the redevelopment of the city-owned Wilburton TOD parcel for affordable housing.
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS

- A. Term Sheet with Bellwether Housing
- B. Draft Predevelopment Agreement
- C. Draft Ground Lease Agreement
- D. Project and Neighborhood Maps
- E. Request for Proposals Issued February 14, 2025
Proposed Resolution No. 10590.

AVAILABLE IN COUNCIL LIBRARY

N/A