

CITY COUNCIL AGENDA TOPIC

Development Agreement to enable the BelRed Arts Transit Oriented Development project with BRIDGE Housing.

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EXECUTIVE SUMMARY**DIRECTION**

Staff will present information and initial recommendations regarding the negotiation of a Development Agreement (DA) with BRIDGE Housing to enable the future BelRed Arts Transit Oriented Development (TOD) project. Recommended DA provisions balance the developer's requested modifications to the City's development regulations in the Land Use Code in order to achieve public benefits, including deeply affordable housing, arts-supportive space, and transit-oriented design.

Following discussion, staff is seeking City Council direction to prepare the DA for a public hearing and final action at a future meeting.

RECOMMENDATION

Consider directing staff to enter into DA negotiations with BRIDGE Housing for the BelRed Arts TOD site and prepare the DA for a public hearing at a future meeting.

BACKGROUND/ANALYSIS

The BelRed Arts parcel is located adjacent to the BelRed Link light rail station at 1500 130th Avenue NE. The parcel, formerly known as the Kelly TOD site, is the former Kelly's Auto Body Shop, composed of 1.15 acres with approximately 33,000 sq. ft of developable area. This parcel was originally purchased by the City of Bellevue in 2020 to support several street improvement projects along the NE Spring Boulevard corridor and ease interim parking concerns related to the redevelopment of the neighboring 130th site. In 2022, the 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 the 2022-2027 BelRed Arts District Implementation Plan to "advocate for, incentivize, and partner in the creation of new affordable creative space and affordable housing for artists" (CS-3).

The Office of Housing leads the project selection and coordination. On March 10, 2025, the City issued a Request for Qualifications (RFQ) to select a developer to enter into a 99-year ground lease of the parcel and design, finance, construct, and operate a mixed-use affordable housing development. The project will play a significant role in advancing the city's affordable housing goals and supporting the vision of the BelRed Arts District.

A six-member evaluation committee comprised of City subject matter experts reviewed the proposals and developer qualifications, ultimately selected BRIDGE Housing. BRIDGE'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 artist inclusive amenities and arts-focused partnerships that align with the vision of the BelRed Arts District.

Following the selection of BRIDGE Housing in July 2025, the City entered into negotiations for the eventual long-term ground lease of the property, which resulted in two key legal agreements approved by City Council on June 23, 2026 – a Predevelopment Agreement and Ground Lease Agreement. The Predevelopment Agreement will govern the obligations of the City of Bellevue and BRIDGE Housing during the entitlement and design phase of the project. During this time, BRIDGE will finalize the design of the project, secure entitlements, and acquire additional public and private funding commitments.

Project Scoping and Feasibility

Following developer team selection, Development Services partnered closely with BRIDGE Housing and the Office of Housing to chart the permitting pathway and address constraints that could limit delivery of the proposed affordable units. The team held regular coordination meetings with BRIDGE, the Office of Housing, and Runberg Architects. Initial sessions concentrated on terms for the ground lease and predevelopment agreement; as those advanced, discussions moved to regulatory requirements and specific items for the DA. Through consistent cross disciplinary work, assessing project needs, potential impacts, and evaluating site-specific conditions, the team identified a set of development standard modifications that will serve as the basis for negotiation. A high-level summary appears under "Modification Requests" with the detailed matrix included in Attachment B.

Public-Private Partnership Development Agreement

On April 14 the Bellevue City Council adopted Ordinance No. 6911 establishing a DA pathway specifically for public private partnership (P3) projects. This P3 DA land use code amendment (LUCA) updated Bellevue's Land Use Code to allow greater zoning and development flexibility when the City owns or controls the property or is a major funder of the project. Additionally, the intent of a DA is to allow City Council the ability to enter into agreements with a developer to modify applicable development standards and other provisions of the Land Use Code for development, use, mitigation or public benefits for an agreed upon duration specified in the agreement.

The intent of the P3 DA is to support advancement of key City policy priorities, including affordable housing, environmental stewardship, and economic development. BRIDGE Housing has elected to pursue this P3 DA pathway for the proposed development. Once approved, the DA will serve as a guiding document for project terms and expectations; however, it does not exempt the project from required entitlement (land use), construction, or building permits.

There are four key closing conditions that must be met to satisfy the Predevelopment Agreement and advance the Ground Lease Agreement for final signature. Development Services will take the lead for

the City on the first and fourth items listed below. Item number four, the Public-Private Partnership DA (“P3 DA”), is the primary focus for this meeting:

1. Permitting: BRIDGE must secure all necessary permits and approvals for the construction of the project.
2. Financing: BRIDGE 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: BRIDGE and the City must have agreed on the project’s final affordability levels, income targeting, and unit mix.
4. Development Agreement: The BRIDGE proposal requires certain modifications to existing land use regulations that may be authorized in exchange for certain public benefits as part of a DA.

Once these conditions have been satisfied, BRIDGE and the city will proceed to sign the Ground Lease Agreement, along with a restrictive covenant. The outside date to meet these conditions, including the P3 DA, is June 30, 2029. This timeline is expected to provide BRIDGE Housing the necessary time to obtain permits and to apply for funding under two annual public funding rounds.

Requests for Modifications to Development Regulations Under the Proposed Development Agreement

The requested modifications to City development regulations in the Land Use Code primarily relate to prescriptive dimensional standards, minimum parking stall requirements, and specific building and site design standards (see Attachment B for a comprehensive list).

Roles and Responsibilities

Development Services: The Development Services Director is the City’s lead negotiator and process steward. The Director and/or their assigned delegates shall coordinate application intake, council routing, negotiation, public notice, management of public comments, environmental review (SEPA) and City Council Public Hearing Coordination.

Office of Housing: In addition to representing the City as the property owner, the Office of Housing will act as coordinator and intermediary between Development Services and BRIDGE Housing as the DA is being negotiated. The Office of Housing will also ensure that public benefits continue to align with the targets identified in the developer's original RFQ proposal.

BRIDGE Housing Corporation: BRIDGE is the applicant and negotiator working with Development Services. They provide requested information, file the DA initiation application, and secure all future required permits (land use, utilities, clear-and-grade, building, fire, and right-of-way).

City Council: City Council is the authorizing body, policy-setter, and final decisionmaker regarding the DA. The following responsibilities are assigned to City Council under City code:

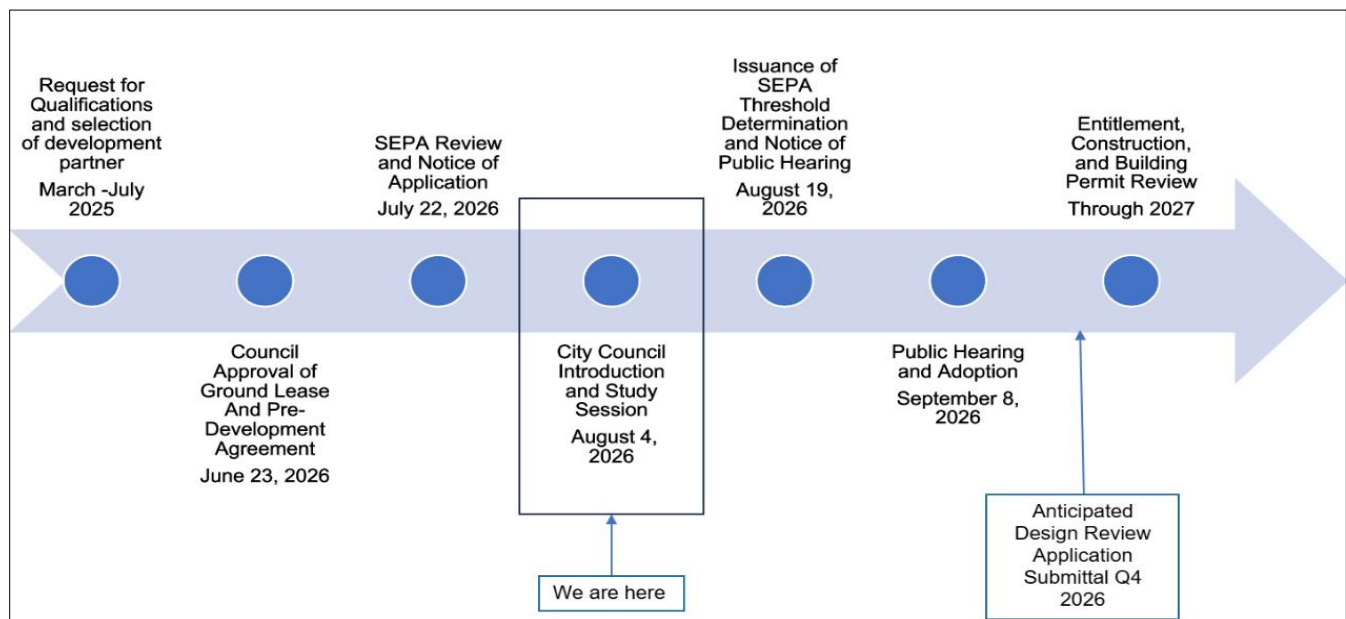
- **Authorizes the Director** to initiate negotiation or decline to negotiate.
- **Negotiation Oversight**: Provide guidance and direction to the Director to shape negotiation parameters.
- **Public Hearing**: City Council shall hold a public hearing before taking action (LUC 20.30C.060.E)

Final Action: Council may consider, approve, or deny the proposed DA. Approval is by ordinance and constitutes the final decision of the City. Final action shall consider the Decision Criteria set forth in 20.30C.030.

Pursuant to LUC 20.30C.030, the City Council may approve a DA if the DA:

- Is authorized under LUC 20.30C.020;
- Complies with all applicable requirements of the Land Use Code, except as may be modified under LUC 20.30C.020;
- Complies with all applicable requirements of the Bellevue City Code, except as may be modified under LUC 20.30C.020;
- Is consistent with the vision, goals, and policies of the Comprehensive Plan; and
- Results in a development that includes public benefits beyond what would be provided without the DA

Process Overview



Public Benefits

BRIDGE Housing will deliver the following public benefits:

- At least 140 affordable units with a target of approximately 172 affordable units, including family-sized units for households at or below 80% of the area median income.
- At least 40 units are anticipated to support persons with disabilities
- Dedicated Arts and Cultural facilities including residential units to accommodate artists
- Public Open Spaces and Gathering Areas
- All of the above are within walking distance of the light rail station

Permitting Overview

Upon approval of the DA, BRIDGE will initiate site design with their consultant, Runberg Architects. At minimum, the project is anticipated to require Design Review, project-level SEPA Review, construction permits (clear & grade, utilities), right of way permits, fire permits, and building permits.

POLICY & FISCAL IMPACTS

Policy Impact

This redevelopment effort and the associated agreements align with the city's BelRed Subarea Plan and the currently underway BelRed Look Forward LUCA, which will align development regulations with updated policies, including increased housing, job growth, and transit-oriented development.

Comprehensive Plan Housing Element, HO-52.

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

2026-2032 Affordable Housing Strategy, AH.11.1

Establish a framework to prioritize surplus city-owned land for affordable housing, especially in proximity to transit hubs, and dispose of it at a free or reduced cost.

2022 BelRed Arts District Implementation Plan, CS-3

New Space Strategy - Advocate for, incentivize, and partner in the creation of new affordable creative space and affordable housing for artists with a focus on the 130th Node.

Fiscal Impact

This future development will further catalyze the BelRed subarea and result in activity that creates jobs, retains essential workers, and fosters economic activity in ways that support individuals and city revenues.

As a 100% Affordable Housing Project, BRIDGE Housing will be eligible for City incentives such as the Affordable Housing Permit Fee Reduction Program and Traffic Impact Fee (TIF) Waivers. The Fee Reduction program offers eligible project proposals 100% fee reduction on all review and inspection fees when sufficient funds are available, while the TIF Waivers offer 100% waivers on eligible housing units.

OPTIONS

1. Direct staff to enter into development agreement negotiations with BRIDGE Housing for the BelRed Arts Transit Oriented Development Site and prepare the development agreement for a public hearing at a future meeting.
2. Provide alternative direction to staff.

ATTACHMENTS

- A. Vicinity Map
- B. Modification Requests

AVAILABLE IN COUNCIL LIBRARY

BRIDGE Housing – Executed Predevelopment Agreement with Exhibits