

CITY COUNCIL REGULAR SESSION

Resolution authorizing execution of a five-year commercial lease agreement between the Together Center, a Washington nonprofit corporation, and the City of Bellevue, on behalf of and as administering agent for A Regional Coalition for Housing (ARCH).

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Community Development

EXECUTIVE SUMMARY

This Resolution authorizes the City of Bellevue, on behalf of ARCH, to enter into a commercial lease agreement with the Together Center, replacing ARCH's current lease of temporary office facilities.

RECOMMENDATION

Move to adopt Resolution No. 10157

BACKGROUND/ANALYSIS

ARCH is a partnership of several Eastside Cities and King County to preserve and increase the supply of housing for low- and moderate-income households in the region. ARCH's Interlocal Agreement provides for the designation of an Administering Agency to enter into agreements on behalf of ARCH, and Bellevue has served in that capacity since 2010.

The Together Center, originally known as the Family Resource Center, is a nonprofit that operates a multi-tenant human service center campus in downtown Redmond. ARCH was one of the earliest tenants in the campus, joining the founding organizations in the mid-1990s. ARCH has since benefited from decades of co-location with the range of neighboring providers and community-based organizations serving diverse populations.

In 2018, the Together Center developed a strategic plan to redevelop the campus (a former strip mall) and add affordable housing. ARCH and the City of Redmond were key supporters of the redevelopment, which will boast expanded ground floor space for Together Center's variety of tenants, as well as 280 units of affordable housing. The redevelopment is nearing completion of the first phase, and ARCH and other tenants are preparing to relocate to the new facility in the first half of 2023.

As ARCH's administering agency, the City of Bellevue reviewed the lease and confirmed it contains commercially reasonable terms:

- Base monthly rent is \$17/sq. ft. or \$27,387/year (1,611 sq. ft. x \$17/sq. ft. = \$27,387)
 - This is approximately \$5/sq. ft. less than prevailing market rate.
- Annual rent increases are fixed at 3 percent per year.
- Operating expenses are estimated by the landlord at \$9.50/sq. ft.
- Overall lease rate is \$26.50/sq. ft. (\$17.00 + 9.50 = \$26.50)
 - Comparable market rates are between \$31 to \$34/sq. ft.
- Operating expense charges are based on pro-rata share (3.3 percent) of actual building and

property expenses.

- The agreement contains a right to audit operating expense records.

Under Section 4(d) of the ARCH Interlocal Agreement, the ARCH Executive Board has the power to authorize the Administering Agency to execute contracts and legal agreements necessary for ARCH to carry out its intended purposes. On October 13, 2022, the ARCH Executive Board voted to give its approval to authorize Bellevue to enter into the attached lease.

POLICY & FISCAL IMPACTS

Policy Impact

BCC 4.30.020(B) requires Council approval for any lease of real property that exceeds two years.

Fiscal Impact

All funds necessary to support ongoing lease payments are provided for through ARCH's annual budget, which is funded by its collective member jurisdictions.

OPTIONS

1. Adopt the Resolution authorizing execution of a five-year commercial lease agreement between the Together Center, a Washington nonprofit corporation, and the City of Bellevue, on behalf of and as administering agent for A Regional Coalition for Housing (ARCH).
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS

A. Commercial Lease Agreement
Proposed Resolution No. 10157

AVAILABLE IN COUNCIL LIBRARY

N/A