

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

May 28, 2019
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Chelminiak and Councilmembers Lee¹, Nieuwenhuis, Robertson, Stokes², and Zahn

ABSENT: Deputy Mayor Robinson

1. Executive Session

The meeting was called to order at 6:02 p.m., with Mayor Chelminiak presiding. There was no Executive Session.

2. Approval of Agenda

→ Councilmember Nieuwenhuis moved to approve the agenda, and Councilmember Robertson seconded the motion.

→ The motion carried by a vote of 4-0.

3. Oral Communications

- (a) Jack McCullough commented on the draft guiding principles for developing the East Main Land Use Code Amendment (LUCA). He said he and his clients submitted their proposed guiding principles to City staff on four occasions, most recently on April 10, 2019. He suggested that the City consider all East Main land use issues together and that it not postpone the FAR (floor area ratio) incentive discussion.

Mayor Chelminiak noted that the Council anticipates approving the final guiding principles in July.

¹ Councilmember Lee arrived at 6:09 p.m. during Oral Communications.

² Councilmember Stokes arrived at 6:48 p.m.

- (b) Leshya Wig asked the Council to develop the East Main LUCA instead of referring the matter to the Planning Commission. She asked the Council to consider the changes requested by Wig Properties. She noted an interest in discussing block length and the potential for a minimum housing requirement. She said predictability is important for them and for future tenants. Ms. Wig asked the City to release as much of the draft LUCA as early as possible in order to allow time for them to properly review it.
- (c) Patrick Bannon, Bellevue Downtown Association (BDA), thanked the City for its involvement and ongoing support of the Bellevue Jazz and Blues Festival.

4. Study Session Items

(a) Council Business and New Initiatives

Noting the July 4 holiday, Mayor Chelminiak suggested cancelling the July 1 meeting. He said a meeting could be scheduled for the fifth Monday in July if needed.

→ Councilmember Lee moved to cancel the July 1, 2019 meeting, and Councilmember Robertson seconded the motion.

→ The motion carried by a vote of 5-0.

(b) Briefing on King County Medic One Emergency Medical Services (EMS) Levy

City Manager Brad Miyake introduced discussion regarding the 2020-2025 Medic One Emergency Medical Services (EMS) levy reauthorization.

Joyce Nichols, Director of Intergovernmental Relations, noted that Councilmember Robertson served on the EMS Advisory Task Force that developed the recommendations for the EMS levy. Ms. Nichols said staff is seeking Council direction about whether to consider a resolution that supports placing the levy measure on the ballot. In order for the levy to be placed on the ballot, 75 percent of the 11 cities in King County with more than 50,000 people must pass a resolution affirming that the measure should go on the ballot.

Michele Plorde, Director of the King County Emergency Medical Services (EMS) Division, described the tiered EMS system. Calls to 911 are dispatched for basic life support (BLS) services, and Emergency Medical Technicians (EMTs) determine at the scene of an incident whether advanced life support (ALS) is needed. Ms. Plorde said King County's system covers more than 2,000 square miles with an average medic response time of 7.7 minutes. The cardiac arrest survival rate is 56 percent, which is one of the highest rates in the country. The system has four dispatch centers as well as medic units distributed throughout King County. The EMS system remains committed to a medical model and to identifying cost efficiencies and system effectiveness. It is a regional, tiered system built on partnerships and supported by a levy to ensure financial security.

The current six-year levy expires on December 31, 2019. The EMS Advisory Task Force recommended the following for the ALS program: 1) continue using the unit allocation to fully

fund ALS, 2) include a placeholder for adding a potential future unit, and 3) explore options to address paramedic workforce needs and other efficiencies. The recommendations for the BLS program are to: 1) streamline the BLS funding sources and distribute the costs based on current assessed valuation (AV) and service levels for individual fire departments, 2) commit \$4 million annually to explore a Mobile Integrated Healthcare (MIH) model, and 3) establish MIH guidelines to create consistency in data collection and program reporting. Ms. Plorde noted that the King County EMS Division supports strategic initiatives that leverage previous regional investments to improve patient care and outcomes.

Ms. Plorde said the task force recommends a number of financial policies to provide stability for the EMS system: 1) meet King County's rainy day fund policy, 2) incorporate sufficient reserves to mitigate unforeseen financial risks, and 3) support an EMS levy term that ensures sufficient funding. She said an analysis of the reserves determined that they are sufficient to cover most of the potential risks. The task force's recommendations were based on an August 2018 economic forecast. Ms. Plorde described the financial proposal reflecting a levy rate of 26.5 cents per \$1,000 AV. The levy will cost the average Bellevue homeowner \$250 per year.

Dave Beste, EMS Division Commander for the Bellevue Fire Department, provided background information on Bellevue's four medic units: 1) Overlake Hospital Medical Center, 2) Fire Station 2 (Eastgate), 3) Issaquah Highlands, and 4) North Bend. Bellevue's system is the primary ALS provider for the I-90 corridor between Seattle and Snoqualmie Pass. Bellevue follows King County's protocols for training EMTs and paramedics.

The estimated levy funding for Bellevue is \$11,750,000 for the ALS program, \$3,100,000 for the BLS program, and \$609,000 in MIH funding for the CARES (Citizen Advocates for Referral and Education Services) program.

Councilmember Robertson said she appreciated all of the work of County and City staff in support of the EMS Advisory Task Force. She highlighted the recommendations to streamline and rebalance the funding distribution for the BLS program, expand the CARES program, and to plan for growth. She spoke in favor of placing the levy measure on the ballot. Ms. Robertson said she would like the Council to consider holding a public hearing and taking a formal position on the ballot measure this fall.

Councilmember Nieuwenhuis thanked Councilmember Robertson for her work with the task force and expressed support for placing the measure on the ballot. Responding to Mr. Nieuwenhuis, Ms. Nichols said the 2019 levy rate is 22 cents per \$1,000 AV. The increase reflected in the proposed levy for an average Bellevue home (\$941,000 AV) is \$45 per year. Responding to Mr. Nieuwenhuis, Fire Chief Jay Hagen said the proposed levy will meet Bellevue's needs well over the next six years.

Councilmember Zahn thanked everyone for their hard work to reach this point in the process. Responding to Ms. Zahn, Mr. Beste said approximately 50 percent of EMS clients are in the Downtown, BelRed, and Crossroads areas. That number is expected to increase to 80 percent by 2035. Mr. Beste noted that the EMS program includes planning for growth and increased traffic.

[Councilmember Stokes arrived at 6:48 p.m.]

Ms. Plorde said that medic unit data is analyzed every September, and the review looks at a number of measures including response time, workload, and the optimal use of paramedics.

Responding to Councilmember Zahn, Ms. Plorde confirmed that the levy provides funds to anticipate potential equipment and/or technology advances.

Councilmember Lee thanked everyone for their hard work. He questioned what the City of Bellevue spends and receives from the levy funding. Ms. Nichols said the current levy generates approximately \$14 million from the residents and businesses in Bellevue, and the proposed levy would generate approximately \$18.6 million annually. Mr. Lee expressed support for placing the item on the ballot.

Mr. Beste said that each of the four units in Bellevue currently receive \$2.7 million for ALS, and the proposed levy would provide \$2.9 million per unit. Bellevue receives the largest portion of levy funding for BLS and MIH services. BLS program funding increases by approximately \$500,000 annually under the proposed levy, which is the first to provide MIH funding (i.e., CARES program). Mr. Beste noted that Councilmember Robertson was a strong advocate for the City as a member of the task force.

Councilmember Stokes spoke in support of placing the levy on the ballot. He said an annual tax of \$250 for an average Bellevue home is well worth the excellent emergency medical care provided in King County.

Responding to Mayor Chelminiak, Ms. Plorde said the initial rate for the current levy was 33.5 cents per \$1,000 AV and the current rate is 22 cents per \$1,000 AV. She said the levy rate varies and decreases throughout the levy term because the County collects only what is needed. Mr. Chelminiak noted that the tax rate fluctuates while the total taxes collected remain roughly the same each year because as assessed valuation increases for the region, the levy rate decreases.

Mr. Chelminiak said property owners sometimes comment that EMS is a basic government service that should not be funded through a levy. Responding to Mr. Chelminiak, Ms. Plorde said she too recalled the failure of the EMS levy in November 1997. She said the issue has been analyzed and discussed by King County staff in the past. A determination was made that the levy failed due to competing tax measures, a general anti-tax sentiment, and a lack of clarity that it was a renewal/replacement levy. Ms. Plorde said the subsequent three-year levy was approved by approximately 80 percent of the voters.

Mr. Chelminiak opined that EMS has not traditionally been considered to be a basic service of government. He said a group of Bellevue residents initiated the EMS program. He commended the EMS program as one of the best in the country and observed that the greatest benefit is the lives that are saved.

Mr. Chelminiak concurred with Councilmember Robertson's suggestion to consider taking a position on the levy after a decision is made about placing it on the ballot.

- Councilmember Robertson moved to bring a Resolution back to the Council as a Consent Calendar item to support placing the EMS levy on the ballot. Councilmember Stokes seconded the motion.
- The motion carried by a vote of 6-0.

(c) Regional Issues

Joyce Nichols, Director of Intergovernmental Relations, referred the Council to the memo in the desk packet summarizing the outcome of the state legislation session, with an emphasis on the items that address the Council's priorities. She noted that 481 of the approximately 2,200 bills introduced during the legislative session were approved. The legislature authorized tolling on I-405 between Bellevue and Renton. Ms. Nichols recognized the chairs of the House and Senate transportation committees for advocating for the bill until the last day of the session. She noted that Mayor Chelminiak and Councilmember Robertson testified regarding I-405 before the state legislature. Ms. Nichols thanked the City's lobbyist for helping to organize the coalition of stakeholders, which was broadened beyond I-405 interests to include supporters of projects on SR 167 and SR 509.

Ms. Nichols recalled that \$40 million in funding was provided in the 2015 statewide transportation package for the interchange project at SR 520 and 124th Avenue NE. She said the City advocated for construction funding for the project if a statewide transportation package was adopted this year. She said transportation-related revenues are currently lower than anticipated, in part due to more fuel-efficient and electric vehicles. Ms. Nichols said staff will provide an update in the future regarding the vehicle miles traveled pilot project. A statewide transportation package will likely be discussed during the next legislative session.

Affordable housing, homelessness, and human services were a major focus of the legislative session. The Housing Trust Fund was funded at a record high of \$175 million. Additional legislation approved condominium liability law reform, revised the Residential Landlord-Tenant Act, and approved a bill that allows flexibility in the use of real estate excise tax (REET 2) collections.

Ms. Nichols noted that the City currently dedicates its REET revenues to capital projects. House Bill 1406 allows local governments to take a credit against the state sales tax for affordable housing funding. Ms. Nichols said that if the City decided to take its portion currently available, the City would receive approximately \$625,000 per year for affordable housing priorities. She said the City's finance staff is reviewing the bill and an update will be provided to the Council in the future.

Ms. Nichols noted investments in mental health and behavioral health services. She said there is a five-year plan to move away from having the state hospitals handle all civil commitments and to move toward a more community based treatment model.

Ms. Nichols said a number of bills were related to preserving local control for municipal governments. The state legislature discussed an interest in increasing densities in cities in order to provide more housing, which will hopefully lead to more affordable housing options. Ms. Nichols said the combined efforts of cities and their lobbyists eliminated undesirable bills or combined bills in a way that allows cities to make choices about how to increase density through the use of incentives instead of mandates. Ms. Nichols said local governments retained their authority over the local business and occupation (B&O) tax. Funding was provided for the basic law enforcement academy classes.

Ms. Nichols said that two bills could potentially result in increased liability for local governments. The first expands the types of individuals who are eligible to become a beneficiary under the wrongful death statutes to include parents and siblings. The second bill expands protections for presumed occupational diseases and conditions to include fire investigators and law enforcement personnel.

The state legislature provided \$26.5 million for the removal of barriers to fish passage. Ms. Nichols said the governor indicated that the Washington State Department of Transportation (WSDOT) will help fund both state and local culvert projects. The State adopted a clean energy bill requiring electric utilities to transition to 100 percent carbon-neutral electricity by 2030, and to move to 100 percent carbon-free electricity supply by 2045. The legislation also requires electric utilities to reduce their use of coal by 2025.

Ms. Nichols said the City received \$1 million for the Downtown Park gateway project. She noted that all of the delegates in the 41st and 48th districts supported the funding request. She thanked Senator Lisa Wellman and Representative My-Linh Thai for their focus and work on this item. Ms. Nichols thanked all of the Councilmembers who were involved in advocating for Bellevue's priorities. She thanked staff and the City's lobbyist for their hard work.

Mayor Chelminiak thanked Director Nichols and Alison Bennett, Assistant Director of Intergovernmental Relations, for their work on behalf of the City. Mr. Chelminiak noted the success in achieving I-405 funding due to a strong coalition of cities and their lobbyists working together.

Councilmember Zahn thanked staff for their assistance and advice prior to her trip to the state legislature. She noted that cities must adopt resolutions of their intent to authorize the sales tax credit. Responding to Ms. Zahn, Ms. Nichols said additional details are provided in the meeting packet. If a city currently has a voter-approved levy for either human services or housing, it can take the full amount of the credit against the state sales tax. The City of Seattle and King County are the only local governments that meet that qualification. Ms. Nichols said King County can take the full amount of the credit in any city that chooses to not take the credit. She said the City of Bellevue has 6-12 months to place a human services and/or housing levy on the ballot if the City wants to receive the full tax credit.

Responding to Councilmember Nieuwenhuis, Ms. Nichols said that in the next legislative session, she anticipates more bills about density that challenge local control. She suggested that cities can potentially deter those initiatives by proactively addressing major issues and

demonstrating results. Mr. Nieuwenhuis thanked Ms. Nichols and the team who advocated for I-405 funding.

Councilmember Robertson noted that she traveled to Olympia three times during the legislative session, and she thanked everyone for their accomplishments. She spoke in favor of taking the sales tax credit to help fund affordable housing. Ms. Robertson said she would like more information, including the level of public support, regarding the potential for a housing and/or human services levy.

Councilmember Robertson said that a number of bills not approved by the state legislature are still alive, and she would like to be ahead of the next session. She said transportation funding is critical given the growth in the Downtown, including Amazon's plans to relocate more employees to Bellevue. She suggested that the legislative agenda should focus on issues that will serve the ongoing growth. She encouraged coordinating with employers and business groups to advocate for Bellevue's needs. She thanked staff and the City's lobbyist for their effectiveness with the legislature. Ms. Nichols confirmed that staff is working to identify the most critical projects for I-405 access to Bellevue.

Councilmember Stokes concurred with Ms. Robertson's suggestion about identifying key priorities early in preparation for the next legislative session. He expressed support for the importance of local control and proactively addressing issues to deter state mandates. He noted the efforts of local developers and businesses to support the development of the men's homeless shelter. He referenced a provision in HB 1923 about creating an affordable housing action plan, and questioned whether the City can collect \$100,000 for having its own plan. Ms. Nichols said staff will look into whether the provision is retroactive.

Councilmember Lee thanked staff for protecting Bellevue's interests. He noted the important link between homelessness and the need for mental and behavioral health services. He questioned the status of regulations applicable to tent encampments on faith-based properties.

Referring to mental and behavioral health services, Ms. Nichols said changes will be identified and implemented as improvements are made under the State's plan for integrating services and addressing the role of the two state hospitals. As the State moves toward fewer civil commitments to the hospitals, more community-based services will be encouraged.

Regarding tent encampments on religious properties, Ms. Nichols said that related bills have been raised during a number of legislative sessions. The City wants to ensure that religious organizations maintain their rights under federal law, and that those rights are meshing rather than conflicting with solutions and proposals for working with individuals experiencing homelessness.

Mayor Chelminiak noted that certain businesses will likely pay higher real estate excise taxes under the REET 2 bill. He suggested a future discussion to determine the criteria for spending any surplus collections. He expressed support for taking the sales tax credit and noted that Bellevue is taking steps to address affordable housing.

At 7:57 p.m., Mayor Chelminiak called for a brief recess. The meeting resumed at 8:10 p.m.

(d) East Main Transit-Oriented Development (TOD) Supplemental Guiding Principles for the East Main Land Use Code Amendment (LUCA) Process

City Manager Miyake recalled that the Council most recently addressed the East Main Transit-Oriented Development (TOD) area Comprehensive Plan Amendment during its May 20 Regular Session. The purpose of tonight's agenda item is to discuss the addition of supplemental guiding principles for the East Main TOD Land Use Code Amendment (LUCA) process.

Mac Cummins, Director of the Community Development Department, noted that the East Main area extends between Main Street and SE 8th Street, and between 112th Avenue and I-405. He recalled that the Council's vision for the area included a priority on alternative modes of transportation (e.g., transit, walking, bicycling) and on creating a unique and vibrant neighborhood with mixed uses to generate activity. The LUCA process will facilitate the implementation of that vision.

Mr. Cummins said there has been some discussion regarding the potential use of a development agreement in the East Main transit-oriented district. That process provides the flexibility for developers to negotiate certain provisions with the City and enhances certainty for both parties.

Mike Brennan, Director of the Development Services Department (DSD), provided a brief overview of the history of the project since 2014 when the Council established the East Main Citizen Advisory Committee (CAC). The CAC worked through 2016 to develop recommendations for consideration by the City Council. The Planning Commission reviewed the work during 2018 and subsequently submitted a set of Comprehensive Plan Amendment (CPA) recommendations to the Council. Mr. Brennan noted that the CPA was adopted on May 20, 2019 and the next step is to create the related LUCA for the East Main area.

Mr. Brennan compared the CPA, LUCA, and development review processes. A CPA is a generalized policy statement, a LUCA implements the CPA, and development review applies the Land Use Code to a specific project.

Trish Byers, Code Development Manager, said the guiding principles adopted in 2017 applied to the CPA, LUCA, and rezone. She said the development of supplemental principles will apply specifically to the LUCA and will refine and complement the 2017 principles. Ms. Byers said staff recommends supplemental principles related to urban design to address the activation of sidewalks and open space, location of site loading and servicing, and the overall open space system. In the area of mobility, staff recommends principles that address multimodal transportation choices, flexible parking standards, and a network of connected streets and paths. The third type of supplemental principles proposed by staff relates to the regulatory framework and the issues of transparency, predictability, and development agreements.

Mr. Brennan said the supplemental guiding principles will be specific to the LUCA, complement the 2017 principles, and incorporate the CPA and the 2018 Council discussions. He requested Council direction to approve or modify the supplemental guiding principles.

Councilmember Stokes said he did not see substantive differences between the proposed supplemental guiding principles and revisions proposed by the developer. Ms. Byers said that Wig Properties generally supports the supplemental guiding principles with the exception of principle 6 regarding the network of streets and pedestrian/bike paths. Wig Properties has suggested revisions to that item as well as the addition of language related to principle 10, which addresses the appropriate mix of housing, retail, services, and office uses.

Mr. Cummins noted that Wig Properties submitted an earlier letter, and Attachment E in the meeting packet summarizes their April suggestions and staff's responses. However, a more recent letter was submitted for tonight's meeting with similar concepts but potentially different language than the first letter.

Mayor Chelminiak referred to the concept of creating a place, not a project. He suggested that drafting the LUCA should be elevated above one stakeholder, with a focus on facilitating development of the overall East Main area. One of the principles from the CAC was that the roads would be pedestrian-oriented. He is open to providing the flexibility for rectilinear or curved blocks, as requested by the property owner, if they meet the CAC's vision for an active pedestrian environment.

Councilmember Robertson said the guiding principles are not the Land Use Code. Rather, they are meant to ensure that certain factors are considered in the development of the LUCA. She suggested that the 2017 guiding principles should be the starting place and the supplemental principles should be incorporated into that document. She said the 2017 principles helped guide the Planning Commission's work related to the Comprehensive Plan Amendment. She suggested updating those principles to be consistent with the CPA and adding the items from the CPA discussions that the Council promised to consider in drafting the LUCA.

Ms. Robertson said it is important to ensure that the incentive system, tentatively to be discussed on July 8, is incorporated into the guiding principles. She said that several of the revisions most recently proposed by Wig Properties have merit and should be considered.

Ms. Robertson recalled that the CPA and LUCA were to be finalized by the end of 2018. She wants to ensure that the process going forward results in the adoption of the LUCA by the end of this year. For the July 8 Council meeting, she would like to see a proposed process for discussing the LUCA. She prefers that the Council address the East Main LUCA while the Planning Commission turns its focus to the Wilburton area land use planning. She would like to see a draft schedule for both processes.

Councilmember Robertson noted the past extensive Downtown Livability Initiative work and the resulting LUCAs. She suggested reviewing the existing incentives provided by the City to determine the applicability to the East Main area. She likes the idea of providing the option for a development agreement. She noted that the LUCA must have predictability and should incorporate development conditions demonstrating the nexus and proportionality to the impacts of the development.

Ms. Robertson referenced language requiring connectivity to the wetlands. She questioned whether the City can legally tell a developer that it must provide connections to public wetlands that are not on their property. She said that if the development agreement option is provided, it is important to articulate the specific incentives and tradeoffs. She said development agreements must comply with the underlying zoning.

Councilmember Robertson suggested drafting the LUCA to provide predictability and to identify the requirements intended to ensure nexus and proportionality related to development impacts. Additional items could be negotiated using the development agreement option. She suggested adding a chapter to the Land Use Code that lays out the City's development agreement process.

Ms. Robertson said she would like the Council and the stakeholders to receive copies of the principles well in advance of the July 8 Council meeting. She expressed general support for the supplemental principles.

Councilmember Zahn observed that the discussion is delving into fairly detailed requirements (e.g., parking, pedestrian versus vehicle focus) while still trying to develop the LUCA. She wants to ensure that the City is looking at the LUCA in its totality to ensure consistency between the provisions. She expressed concern about micromanaging the drafting of the LUCA. She said it will be helpful to review the entire document together, including incentives, to avoid unintended conflicts in the language.

Mr. Brennan concurred with the suggestion to compile a comprehensive package for the LUCA. He said the challenge in what the stakeholders have proposed relates to what is appropriate for the Land Use Code versus the development review phase. He said there are pros and cons to the level of specificity in the Land Use Code. Mr. Brennan encouraged moving forward as soon as possible.

Councilmember Zahn said timeliness is important given that the City and the developer want to align TOD implementation with future light rail operation. She concurred with Councilmember Robertson that it will be helpful to see a merged, redline version of the two sets of guiding principles for review.

Councilmember Lee noted the importance of both certainty and flexibility for developers. He is eager to move forward with the guiding principles.

Councilmember Nieuwenhuis thanked staff for their hard work. He said that Councilmember Robertson's expertise in land use law is helpful for the decision process. He suggested a summary of the recommendations from the CAC and the Planning Commission. He would like to be able to review a package of the principles, the stakeholder's review, and the CAC and Planning Commission recommendations. He would also like to address the issues that were previously considered but not included in the CPA. He expressed support for the Council retaining the role of reviewing and developing the LUCA to expedite the process. He concurred with suggestions to release documents earlier for future Council discussions.

Responding to Mayor Chelminiak, Mr. Brennan said the intent of the guiding principles is to provide direction to staff for developing the LUCA and to clearly understand what is important

to the Council. Ms. Byers noted that certain items referred to as recommendations of the CAC are actually cited as issues that the Council and/or Planning Commission might want to consider.

Mr. Chelminiak said he would like to agree on a set of principles that can be implemented by staff in the LUCA and forwarded to the Planning Commission for review. Responding to Mr. Chelminiak, Mr. Brennan said staff will seek Council direction on two aspects of the incentive system. One issue to consider is the incentive structure and whether to have a tiered system that is similar to the approach applied in the BelRed area. The second issue is the use of incentives to reflect the City's values and goals, for example, to encourage affordable housing, specific design elements, sustainability, and other factors. Mr. Brennan said that additional analysis of potential incentives and their impacts is needed.

Responding to Mayor Chelminiak, Mr. Cummins recalled that the Council accepted the work of the Wilburton CAC last summer. The next step is to develop guiding principles for the Planning Commission's review. Staff has not completed the analysis and preparation that will be necessary to bring the matter to the Council to initiate the process.

Mr. Chelminiak said that, if the Council handles the LUCA process for the East Main area, the Planning Commission cannot move forward to review Wilburton area planning because the Council needs to initiate the Wilburton process first. He noted that there has been discussion about beginning that process this fall. However, he is not sure when the Council might be able to work on the guiding principles for Wilburton area planning.

Responding to Mayor Chelminiak, Mr. Cummins said staff tentatively anticipated discussing the incentive system on July 8. Mr. Cummins said staff will address the issues raised by the Council and the stakeholder, as well as incentive system guiding principles, during that meeting.

Councilmember Robertson suggested that the incentive system guiding principles should be combined into one document with the LUCA guiding principles. She noted the importance of narrowing the incentives to a few that best implement the City's highest priorities.

- (e) Resolution No. 9599 authorizing the City Manager or designee to execute all documents necessary for the City to exercise its right of first refusal to purchase an affordable housing unit (Unit 3, Building 3-2) at Lakemont Ridge for an amount not to exceed \$365,000 plus applicable closing costs using the City's Housing Funds.

City Manager Miyake said staff is seeking Council direction regarding Resolution No. 9599, which enables the City to exercise its right of first refusal to purchase an affordable housing unit at Lakemont Ridge.

[At 9:33 p.m., Mayor Chelminiak excused himself temporarily and asked Councilmember Lee to chair the meeting in his absence.]

Mr. Cummins noted that the Council has encouraged staff to be nimble in pursuing opportunities for affordable housing.

Janet Lewine, Associate Planner, said this is a time-sensitive item. She said the City's purchase of the housing unit could prevent a foreclosure and the loss of an affordable housing unit in the community. She said the City's purchase might be necessary only if an income-qualified buyer is not identified by June 30, which is the foreclosure deadline. The City needs to indicate by June 1 whether it intends to exercise its right to purchase the unit. The unit is currently listed for sale for \$365,000. If the City purchases the unit, the amount will not exceed that figure plus closing costs. The City's housing funds will be used for the purchase.

Ms. Lewine said the condominium was developed in 1995 under the City's mandatory affordable housing program in place at that time. The developer provided 25 affordable condominiums at 80-percent median income. The units fall under a purchase and resale covenant extending over a 50-year period. She noted that no public funds were used to subsidize the units. The current owner is facing foreclosure. However, the sale is not related to any issues of non-compliance with Bellevue's requirements.

Staff is requesting, as a precaution, the authority to purchase the unit. The June 30 foreclosure date is near, and it could be difficult to find a buyer within the next 30 days. Ms. Lewine said interior repairs are needed before the unit can be sold. The benefits of exercising the City's right to purchase the home is to maintain the affordable unit and to prevent the loss of the affordable housing covenant due to the foreclosure. If the City purchases the unit, staff will engage the Council in the future regarding the resale or other management of the unit to ensure continued affordability.

Councilmember Nieuwenhuis noted the importance of being nimble in acquiring affordable housing units. He thanked staff for bringing the matter to the Council. He expressed support for the potential purchase of the unit. Responding to Mr. Nieuwenhuis, Ms. Lewine said the owner is responsible for completing the needed repairs and maintenance from the proceeds of the sale. Mr. Nieuwenhuis said he would be in favor of renting versus selling the unit. He would like to keep this unit separate until the audit of A Regional Coalition for Housing (ARCH) is completed and the findings are addressed.

Councilmember Zahn expressed support for the resolution. She asked what the City can do to identify additional units that might be heading toward foreclosure. Mr. Cummins said the condominiums were constructed under the City's Land Use Code at that time, which included a mandatory inclusionary housing requirement. Responding to Ms. Zahn, Ms. Lewine said ARCH monitors the continued affordability and resale of the units. Ms. Zahn acknowledged the benefit of renting the unit in the short term. However, she questioned whether the City should be involved in the rental business.

Councilmember Robertson expressed support for the resolution and noted that the City learned of the opportunity by chance. Responding to Ms. Robertson, Ms. Lewine said the City, not ARCH, will be the owner of the unit. Ms. Robertson said she looks forward to the conclusion of the ARCH audit. She suggested, for the future, not allowing the covenant to be eliminated if a unit goes into foreclosure without first giving the City the opportunity to purchase. Ms. Robertson said she would have supported purchasing homes in foreclosure over the past 10 years had the City been aware of opportunities. She noted that the City owns other rental apartments.

She expressed support for renting the unit in the short term. She would like to revise the requirements to be able to restart the 50-year covenant when a unit changes hands.

[Mayor Chelminiak rejoined the meeting at 9:42 p.m.]

Councilmember Lee expressed support for the proposed purchase.

→ Councilmember Robertson moved to adopt Resolution No. 9599, and Councilmember Stokes seconded the motion.

→ The motion carried by a vote of 6-0.

5. Council Discussion of Upcoming Items: None.

6. Continued Oral Communications: None.

At 9:47 p.m., Mayor Chelminiak declared the meeting adjourned.

Karin Roberts, CMC
Deputy City Clerk

/kaw