



## Motion No. M2023-93

### Revised Key Business Terms for Affordable Housing with BRIDGE Housing at the Operations and Maintenance Facility East in Bellevue, WA

Meeting:	Date:	Type of action:	Staff contact:
Executive Committee	11/02/2023	Recommend to Board	Brooke Belman, Deputy CEO, Chief Expansion Delivery Officer
Board	11/16/2023	Final action	Don Billen, PEPD Executive Director <b>Thatcher Imboden, Director, Community Development Office</b> <b>Rennie Elliott, Senior Project Manager, TOD</b>

### Proposed action

Revises two key business terms of an affordable housing transaction with BRIDGE Housing at the Operations and Maintenance Facility East in Bellevue, Washington.

### Key features summary

- This action advances the development of equitable transit-oriented development on a portion of approximately 6.88 acres of land (TOD Property) adjacent to the Operations and Maintenance Facility East and the Spring District Station in Bellevue, WA, consisting of up to six future development sites.
- In 2019, Sound Transit released a competitive procurement for the TOD Property, and in 2020 selected a master development team led by BRIDGE Housing.
- Through Motion No. M2021-65, the Board approved the key terms of a master development comprised of an affordable housing transaction for Sites 3 and 6; a market-rate multifamily housing transaction on Sites 4 and 5; and a commercial office transaction on Sites 1 and 2.
- The key terms included a no-cost transfer of the affordable housing sites, and long-term leases for the market rate multifamily and commercial office sites, anticipated to generate \$31.1 million (YOES) of lease revenue to the agency during the first 25 years.
- The actions for consideration as part of this motion would revise two key business terms of the affordable housing transaction:
  - Shift the affordable project from Sites 3 and 6 to Sites 2 and 6; and
  - Subject to sign-off by the City of Bellevue, construct more family-sized (3-BR) units within the affordable project.
  - All other key business terms previously approved by the Board for the affordable housing transaction will remain the same.
- Staff will return to the Board at a later date to advance the transaction(s) on the remainder of the development sites.

- No further Board action on the affordable housing transaction is anticipated.

## **Background**

### Property and TOD

Sound Transit purchased the property that is the subject of this Motion to construct the OMF East in Bellevue's Bel-Red Corridor. A Memorandum of Understanding and Implementation Agreement (Motion No. M2015-33 and Motion No. M2016-73) between Sound Transit and the City of Bellevue directed the agency to integrate and advance planning for TOD as part of the design-build process for the OMF East. As a result, the TOD Property was identified as future excess property and planning efforts advanced approval of a Master Development Plan permit (MDP) that included the TOD Property.

A single parcel within the TOD Property is owned by the City of Bellevue. In 2019, the Board approved key business terms of a Property Exchange Agreement (Resolution No. R2019-21) to facilitate Sound Transit taking ownership of the City owned parcel in exchange for affordable housing outcomes, therefore creating a consolidated TOD Property to offer to development partners. Sound Transit and Bellevue each agreed to convey at no cost one of the two parcels for the affordable housing development.

### Offering Process and Development Partner Selection

In 2019, Sound Transit released a competitive request for proposals (RFP) that resulted in the selection of a master development team led by BRIDGE Housing, a nonprofit affordable housing developer and qualified entity as defined in RCW 81.112.350. BRIDGE partnered with Touchstone, as office developer, and Essex Property Trust, Inc., as multifamily housing developer (together, the Development Team) to develop the TOD Property, including constructing shared infrastructure. In 2021, the Board approved Motion No. M2021-65, which included key terms for each portion of the project: the affordable housing transaction, the market-rate multifamily housing transaction, and the commercial office transaction.

### Revision of Project

In January 2023, the market-rate multifamily developer decided to exit the project. Since that time, Sound Transit has been negotiating with the existing Development Team about replacing the multifamily developer. As a part of that process, it was determined that shifting the affordable housing building from Site 3 to Site 2 would provide an opportunity to simplify the transactions and expedite the affordable housing outcome. The affordable housing transaction is being advanced separately and first in order to allow the project to benefit from time-limited funding previously committed to the project, including through the Amazon Housing Equity Fund and the Washington State Housing Finance Commission. Flexibility in the mix of family-sized units will allow BRIDGE and the housing funders, including the City of Bellevue, to improve the family-sized unit outcome with more three-bedroom units.

### Key Business Terms

Sound Transit will make two revisions to the affordable housing transaction; (1) Sound Transit will convey Sites 2 and 6 to BRIDGE instead of Sites 3 and 6 and (2) subject to sign-off by the City of Bellevue, change family sized units from at least 15 percent of all units will have two bedrooms, and an additional 10 percent will have three bedrooms or more to at least 15 percent of all units will have two bedrooms or more and an additional 10 percent will have three bedrooms or more. All other key business terms of the affordable housing transaction will remain consistent with Board-approved Motion No. M2021-65. As approved through that motion, BRIDGE will create a minimum of 200 units of affordable housing on the two development sites, with a goal of 230 units of affordable housing.

## Timeline and Schedule

If approved, construction of the affordable housing development sites is targeted to begin in late 2024. Project milestone dates will be included as part of the transaction agreements.

## Future Board involvement

No further Board action is anticipated for the affordable housing transaction. Any material changes proposed to the key business terms will be brought to the Board for consideration. Staff intend to bring key business terms for the remaining development sites to the Board for approval in 2024.

## **Fiscal information**

There is no fiscal impact from this action, and it does not impact the affordability of the financial plan. A no cost transfer of two of the TOD Property's development sites (including one site contributed by the City of Bellevue) to facilitate affordable housing, was previously approved by the Board through Motion No. M2021-65. The market-rate multifamily and commercial office transactions are anticipated to generate \$31.1 million (YOES) of lease revenue to the Agency during the first 25 years of the leases.

## **Disadvantaged and small business participation**

Sound Transit promotes and encourages small business participation, which also includes disadvantaged business enterprises (DBEs). Small business and DBE goals are based upon an examination of subcontracting opportunities contained in the work of this contract and the number of small businesses/DBEs available to perform such subcontracting work.

Sound Transit determined that there were few small business and DBE subcontracting opportunities based upon the work described in this contract, so small business/DBE goals were not established.

## **Public involvement**

The vision for OMF East TOD was informed through planning processes that included public involvement, such as the City of Bellevue Bel-Red Subarea Plan, the City of Bellevue Affordable Housing Strategy, and the 2016 Amended and Restated Memorandum Of Understanding for the East Link Project. The OMF East planning and design process included public outreach activities including stakeholder meetings and the environmental outreach process. The stakeholder engagement process for the OMF East included input into the TOD opportunity. Sound Transit engaged the development community through the Housing Development Consortium of King County TOD Committee as well as held a developer forum in June 2019 to receive feedback on the potential development strategy.

## **Time constraints**

A one-month delay may jeopardize the development team's ability to apply for funding sources with time-sensitive commitment deadlines, including the Amazon Housing Equity Fund.

## **Prior Board/Committee actions**

Motion No. M2021-65: (1) Approved the key business terms of a transaction for transit-oriented development with a master development team led by BRIDGE Housing at the Operations and Maintenance Facility East in Bellevue, Washington, and (2) delegated the chief executive officer the authority to execute and subsequently amend as necessary multiple agreements, including a Master Development Agreement, ground leases, purchase and sale agreement and related covenants, conditions, and easements for a master planned transit oriented development, all subject to the Board-approved key business terms.

Resolution No. R2019-21: (1) Approved the key business terms of a Property Exchange Agreement between the City of Bellevue and Sound Transit; (2) approved the chief executive officer's declaration that certain property adjacent to the Operations and Maintenance Facility East is surplus and available for disposition or redevelopment upon completion of construction, (3) declared the TOD Property as suitable for development as housing; (4) authorized staff to offer the TOD Property first to qualified entities to create a mixed-use, mixed-income project outcome, and (5) authorized staff to offer property within the TOD Site at a discounted price to facilitate affordable housing outcomes.

Motion No. M2016-73: Authorized the chief executive officer to execute an Implementation Agreement with the City of Bellevue regarding the Link Operations and Maintenance Satellite Facility.

Motion No. M2015-33: Authorized the chief executive officer to (1) execute amendments to the Umbrella Memorandum of Understanding and Transit Way Agreement with the City of Bellevue to address permitting, project coordination, a potential Bellevue OMSF, financial terms, and maintenance of the East Link project; and (2) execute a new Three Party Agreement with the City of Bellevue and King County to collaboratively plan and determine the feasibility of a potential city project to re-align 120th Avenue NE.

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**Environmental review** – KH 10/11/23

**Legal review** – JV 10/23/23



## Motion No. M2023-93

A motion of the Board of the Central Puget Sound Regional Transit Authority revising two key business terms of an affordable housing transaction with BRIDGE Housing at the Operations and Maintenance Facility East in Bellevue, Washington.

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business terms of the affordable housing transaction will remain consistent with Board-approved Motion No. M2021-65. As approved through that motion, BRIDGE will create a minimum of 200 units of affordable housing on the two development sites, with a goal of 230 units of affordable housing.

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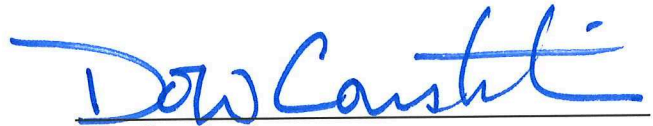
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### **Motion**

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that two key business terms of an affordable housing transaction with BRIDGE Housing at the Operations and Maintenance Facility East in Bellevue, Washington are revised.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on November 16, 2023.



Dow Constantine  
Board Chair

#### **Attest:**



Kathryn Flores  
Board Administrator