



Memorandum

Date: 9/2/2025
Meeting of: City Council

File No. AM No. 25-123
Type: Consent Item

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

| | | |
|------------------------------------|-----------------|--------------|
| Planning and Community Development | Carol Helland | 425-556-2107 |
| Parks | Loreen Hamilton | 425-556-2336 |

DEPARTMENT STAFF:

| | | |
|------------------------------------|----------------|-----------------------|
| Planning and Community Development | Seraphie Allen | Deputy Director |
| Finance | David Amble | Real Property Manager |
| Parks | David Tuckek | Deputy Director |

TITLE:

Approval of Bellwether Housing (Prisma) Purchase and Sale Agreement

OVERVIEW STATEMENT:

The City of Redmond is seeking to enter into a purchase and sale agreement with Bellwether Housing for the acquisition of a commercial property on the ground floor of the Prisma affordable housing project. This project is located adjacent to the Overlake light rail station and will contain two additional commercial spaces and 328 affordable housing units. Funds for the purchase have been identified within the City's Capital Improvement Program, and City staff have applied for federal and state grants to support the acquisition and tenant improvements. The City was successful in receiving a state grant earmark.

Prisma will be constructed on King County Parcel 644895-0020 (Parcel A), a 2.4-acre property situated south, and adjacent to Sound Transit's 2 Line Overlake Village Station. Sound Transit and Bellwether Housing are negotiating the sale and transfer of the Parcel. The Prisma includes three commercially leased or owned units on the ground floor. Bellwether Housing and the City of Redmond Planning & Community Development and Parks Departments have discussed the sale of a 1,600 sf unit in the building to the City, intended for a Small Business Support Center and City-Hall annex, where businesses and residents can receive services in the Overlake Neighborhood.

As part of the development conditions for the Prisma, the City will be deeded by dedication King County Parcel 644895-0030 (Parcel B), a 16,300+ sf parcel. After the dedication of Parcel B, Bellwether will be granted a temporary construction permit to use Parcel B as a staging area during the construction of the Prisma. At the end of the construction phase, Bellwether will complete frontage improvements (sidewalks, curbs, and roadway paving) to Parcel B prior to returning the Parcel back to the City. The City envisions the use of Parcel B as a dedicated open space, suitable for small-scale community use.

In addition to the purchase of the 1,600 sf commercial space and the dedication of a 16,000 sf open space, the City will be deeded the right-of-way on Parcel A, again with frontage improvements constructed by Bellwether at the conclusion of the Prisma project. Bellwether will grant the City a sidewalk easement and a utility easement on Parcel A. Sound

Transit and Bellwether are also finalizing access rights and other essential easements needed by Sound Transit across Parcel B to access the 2 Line's rail corridor from the public right of way (Shen Street).

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☐ **Receive Information** ☐ **Provide Direction** ☒ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
Parks, Arts, Recreation, Culture, and Conservation (PARCC) Plan
Economic Development Strategic Plan:
 - Action 1B.3. Serve as a liaison to advocate for local business needs to the City of Redmond internal departments and regional partners.
 - Action 2A.1. Expand small business engagement to further develop and communicate policies and programs aimed at assisting small- and mid-sized businesses in Redmond.
 - Action 2A.1. Expand small business engagement to further develop and communicate policies and programs aimed at assisting small- and mid-sized businesses in Redmond.
 - Develop a multilingual small business toolkit, including handbooks on starting a business and associated tax, legal, and permit requirements in Redmond and King County.
 - Work with partners to create a one-stop resource for entrepreneurs to learn about business assistance resources and programs including advising on access to financial support.
- **Required:**
N/A
- **Council Request:**
N/A
- **Other Key Facts:**
N/A

OUTCOMES:

Approval of the purchase and sale allows the City of Redmond to acquire coveted commercial space in the Overlake Neighborhood right next to light rail. Below are outlined some of the potential benefits:

- **City services:** Potential for increased access to city services, such as customer service, translation services, bill pay, mobile integrated health, Police desk, or other city services, along with rotating art.
- **Co-location:** 1,600 sq commercial condo on ground floor of transit-oriented development mixed-used project led by Bellwether Housing (328 low to moderate income homes); adjacent to a planned multicultural small business hub.
- **Multicultural:** In the Overlake Intercultural District. More than 42% of our residents are foreign born and 46.5% speak a language other than English at home.
- **Multimodal Access:** Across the street from the Overlake Village light rail station.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
N/A
- **Outreach Methods and Results:**
N/A
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:

\$618,000.00

Purchase Price - \$475,350

Tenant improvements (est.) - \$142,650

Approved in current biennial budget: ☒ Yes ☐ No ☐ N/A

Budget Offer Number:

0000345 - General Government/Facilities CIP

Budget Priority:

Vibrant and Connected

Other budget impacts or additional costs: ☒ Yes ☐ No ☐ N/A

If yes, explain:

The City is estimating responsibility for annual maintenance fees, currently scheduled at \$6,551.00 per year starting in 2028.

If and when major maintenance actions are required to protect the integrity of the building, the Condominium Association will be expected to issue special assessments (fees) to the condominium owners.

Funding source(s):

CIP and Grant

Budget/Funding Constraints:

N/A

☐ Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

| Date | Meeting | Requested Action |
|-----------|--|-------------------|
| 5/6/2025 | Committee of the Whole - Planning and Public Works | Provide Direction |
| 5/20/2025 | Business Meeting | Approve |

Proposed Upcoming Contact(s)

| Date | Meeting | Requested Action |
|------|----------------------------|------------------|
| | None proposed at this time | N/A |

Time Constraints:

Bellwether Housing has submitted the project to the Washington State Housing Finance Commission for finance closing prior to the end of October to meet public funding award deadlines - WSHFC requires Bellwether to show commitments of financial sources prior to final approval end of September. The completion of a purchase and sale agreement supports Bellwether's critical path to receive the tax credit finance allocation to close on the project. It would also impact the City's ability to secure the space.

ANTICIPATED RESULT IF NOT APPROVED:

If not approved, the City of Redmond would be unable to move forward in purchasing the commercial space within the Prisma project and Bellwether Housing would take on additional costs threatening the viability of the overall project.

ATTACHMENTS:

Attachment A - Purchase and Sale Agreement with Bellwether Housing