



Memorandum

Date: 8/4/2025

Meeting of: Committee of the Whole - Planning and Public Works

File No. CM 25-414

Type: Committee Memo

TO: Committee of the Whole - Planning and Public Works

FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Planning and Community Development	Carol Helland	425-556-2107
------------------------------------	---------------	--------------

DEPARTMENT STAFF:

Planning and Community Development	Seraphie Allen	Deputy Director
Planning and Community Development	Jeff Churchill, AICP	Planning Manager
Planning and Community Development	Ian Lefcourte, AICP	Principal Planner

TITLE:

Briefing on the Allocation of \$1,000,000 in City Funds to Bellwether Housing's Prisma Development to Support Deeper Affordability of Housing Units

OVERVIEW STATEMENT:

The Mayor has approved allocating \$1 million in funds budgeted for affordable housing to Bellwether Housing's Prisma development. Prisma is an affordable, transit-oriented housing development adjacent to Overlake Village Station. King County staff have proposed a matching contribution with an additional \$1.15 million, which is set to be approved by the King County housing committee. The funding allocation does not impact current budgeting and does not require budget changes.

Project Summary

- **Prisma:** Six-story, mixed-use building in the Overlake Neighborhood.
- **Ground Floor Uses:** Cafés, community spaces, small businesses, "mini town hall," and nonprofit services.
- **Housing:** ~328 affordable homes, including studios, 1, 2, and 3-bedrooms.
- **Affordability Levels:** 30% to 80% of Area Median Income (AMI).
- **Special Populations:** Units set aside for people with disabilities.

Economic Context and Need for Additional Funding

- In early 2023, Bellwether was selected by Sound Transit to develop affordable housing adjacent to Overlake Village Station.
- Since selection, development costs have risen sharply due to inflation, labor shortages, supply chain disruptions, and rising interest rates.
- These factors have created a funding gap.
- To mitigate the gap, Bellwether must adjust some units to higher AMI levels than originally planned, though the total unit count remains unchanged.
 - Originally, ~70% of units were proposed at 50% AMI.

Impact of Redmond's \$1 Million Contribution

- Redmond’s funding helps “buy down” affordability, preserving deeper affordability for more units than if the project did not receive the funding.
- 3-bedroom units will be prioritized for affordability at 50% AMI. This serves two critical housing needs: larger unit sizes, and units at 50% AMI or below.
- The exact number of units retained at lower AMIs is under review by Bellwether but is directly tied to this funding. The tentative impact of the \$1 million combined with part of King County’s match is a “buy down” of roughly 25 3-bedroom units to 50% AMI.

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

REQUESTED ACTION:

☒ **Receive Information**

☐ **Provide Direction**

☐ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**

The Comprehensive Plan Housing Element provides a framework for housing goals, policies, and actions to address housing needs that advance the City’s vision. Redmond 2050 Housing Policies HO-17 and HO-23 direct the City to cooperate with A Regional Coalition for Housing (ARCH) to attain a variety of housing process and outcome goals. HO-6 directs the City to identify and implement strategies to meet affordable housing need, of which housing serving households earning 50% Area Median Income or less is the greatest need.

The Housing Action Plan identifies implementation strategies to address the housing crisis. Housing at the lowest levels of affordability (50% AMI and below) are not achievable without public subsidy.

- **Required:**

N/A

- **Council Request:**

N/A

- **Other Key Facts:**

The imminent Prisma project milestones necessitated the timely commitment of the housing funds to Bellwether Housing.

OUTCOMES:

H.B. 1220 requires jurisdictions to make adequate provisions for housing at all economic segments of the community including low, very low, extremely low and moderate income households based on projected need as provided by the Department of Commerce.

A greater share of the cost-controlled affordable housing units at the Prisma Overlake Village Station Transit-Oriented Development will be at deeper levels of affordability (measured as a percent of Area Median Income). This promotes progress towards the City supporting housing which serves households earning 50% AMI or less.

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:
\$1,000,000

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:
N/A

Funding source(s):
General Fund, Real Property Fund, ARPA

Budget/Funding Constraints:
The funds allocated to Bellwether were drawn from the \$10,000,000 line item dedicated for Affordable Housing Development from the 2023-24 and 2025-26 Biennial Budgets. That \$10,000,000 was created from three combined funding sources: General Fund, Real Property Fund, and ARPA.

☐ **Additional budget details attached**

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
N/A	Item has not been presented to Council	N/A

Proposed Upcoming Contact(s)

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

Time Constraints:
Bellwether Housing is working on closing all necessary financial documentation for Prisma in October 2025. The timeline requires coordination across multiple agencies and legal review, which necessitated the expedited allocation of funds to

Bellwether Housing.

ANTICIPATED RESULT IF NOT APPROVED:

N/A - This item is a briefing.

ATTACHMENTS:

Attachment A: Funding Allocation to Bellwether's Affordable Housing One - Pager