

Funding Allocation to Bellwether's Affordable Housing

Overview

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 has proposed matching this contribution with an additional \$1.15 million. The funding is proposed to come from the allocated \$10 million for affordable housing needs 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, approximately 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.

This investment supports Redmond's goals of equitable, transit-oriented development with an emphasis on households earning 50% AMI and below.

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